

HEALTH SERVICES AND DEVELOPMENT AGENCY MEETING
APRIL 27, 2016
APPLICATION SUMMARY

NAME OF PROJECT: NHC Healthcare, Kingsport

PROJECT NUMBER: CN1601-003

ADDRESS: 2300 Pavilion Drive
Kingsport (Sullivan County), Tennessee 37660

LEGAL OWNER: NHC Healthcare/Kingsport, LLC
100 Vine Street
Murfreesboro (Rutherford County), Tennessee 37185

OPERATING ENTITY: NA

CONTACT PERSON: Bruce K. Duncan, Assistant Vice President
(615) 890-2020

DATE FILED: January 13, 2016

PROJECT COST: \$109,800

FINANCING: Cash Reserves

REASON FOR FILING: The addition of 8 beds to the existing 52 bed Medicare-Only certified skilled nursing facility. *The 8 additional nursing home beds are subject to the 125 bed Nursing Home Bed Pool for the July 2015 to June 2016 state fiscal year period.*

DESCRIPTION:

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NHC Healthcare/Kingsport, LLC, a 52 bed nursing home approved in NHC at Indian Path, CN1212-059A, seeks approval to increase from 52 to 60 total licensed beds through the addition of 8 beds from the 125 Nursing Home Bed Pool for the 2015-2016 state fiscal year period. If approved, the applicant will apply for Medicare only certification of the 8 proposed beds consistent with the current status of its existing 52 Medicare-only (skilled) nursing home beds.

As a part of project, the applicant plans to convert 8 of its 52 existing private rooms to semi-private rooms for the purpose of housing the proposed 8 additional beds. The conversion to 44 private and 8 semi-private rooms will involve only minimal renovation to approximately 2,304 square feet of patient room space at an estimated cost of approximately \$15,000 (\$6.51/SF) with a \$10,000 contingency.

Formerly known as NHC at Indian Path, LLC prior to a change in the name of the nursing home on August 26, 2014, the applicant was licensed for 52 nursing home beds by the Tennessee Department of Health effective December 2, 2014.

SERVICE SPECIFIC CRITERIA AND STANDARD REVIEW:

NURSING HOME SERVICES

Standards and Criteria

1. Determination of Need.

The need for nursing home beds for each county in the state should be determined by applying the following population-based statistical methodology:

$$\begin{aligned} \text{Need} = & .0005 \times \text{population 65 and under, plus} \\ & .012 \times \text{population 65-74, plus} \\ & .060 \times \text{population 75-84, plus} \\ & .150 \times \text{population 85 +} \end{aligned}$$

2. Planning horizon: The need for nursing home beds shall be projected two years into the future from the current year.

For 1-2 above, the net nursing home bed need for Sullivan County as determined by the Tennessee Department of Health is 665 beds in

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2018.

Since the applicant is requesting 8 additional beds, it appears that this criterion has been met.

3. **Establishment of Service Area:** A majority of the population of the proposed Service Area for any nursing home should reside within 30 minutes travel time from that facility. Applicants may supplement their applications with sub-county level data that are available to the general public to better inform the HSDA of granular details and trends; however, the need formula established by these Standards will use the latest available final JAR data from the Department of Health. The HSDA additionally may consider geographic, cultural, social, and other aspects that may impact the establishment of a Service Area.

The majority of Sullivan County residents are within 30 minute travel time of the site of the applicant's nursing home in Kingsport. As noted in Item 5 of the January 26, 2016 supplemental response, 496 or 87.6% of NHC Kingsport's 556 total admissions came from 2 Sullivan County hospitals in 2015. The hospitals are within 0.3-3.0 miles from the nursing home.

It appears that this criterion has been met.

4. **Existing Nursing Home Capacity:** In general, the Occupancy Rate for each nursing home currently and actively providing services within the applicant's proposed Service Area should be at or above 90% to support the need for any project seeking to add new nursing home beds within the Service Area and to ensure that the financial viability of existing facilities is not negatively impacted.

When considering replacement facility or renovation applications that do not alter the bed component within the Service Area, the HSDA should consider as the primary factor whether a replacement facility's own occupancy rate could support its economic feasibility, instead of the occupancy rates of other facilities in the Service Area.

There are currently six nursing homes in Sullivan County, a change from 7 nursing

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home facilities in 2014 due to the closure of Indian Path Medical Center's 22 bed transitional care unit in December 2014. According the 2014 Joint Annual Report, the combined licensed bed occupancy was approximately 74.3% during the period. Note: utilization reported by the applicant covers only 1 month of the 12-month JAR period based on the opening of the facility on December 2, 2014.

It appears that this criterion has not been met.

5. **Outstanding Certificates of Need:** Outstanding CONs should be factored into the decision whether to grant an additional CON in a given Service Area or county until an outstanding CON's beds are licensed.

Per HSDA records, there is one (1) outstanding CON for nursing home beds in the service area – Christian Care Center of Bristol, CN1404-012A (120 bed facility relocation & replacement project). These beds have been factored into the nursing home bed need formula by the Department of Health. As noted in Criteria 1 and 2 above, the Department of Health projects a need for 665 additional nursing home beds in Sullivan County in 2018.

It appears that this criterion has been met.

6. **Data:** The Department of Health data on the current supply and utilization of licensed and CON-approved nursing home beds should be the data source employed hereunder, unless otherwise noted.

The analysis above is based on data provided in the Department of Health Report for this application.

It appears that this criterion has been met.

7. **Minimum Number of Beds:** A newly established free-standing nursing home should have a sufficient number of beds to provide revenues to make the project economically feasible and thus is encouraged to have a capacity of least 30 beds. However, the HSDA should consider exceptions to this standard if a proposed applicant can demonstrate that economic feasibility can be achieved with a smaller facility in a particular situation.

The applicant facility is an existing 52 bed licensed nursing home

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requesting 8 additional beds from the 125 Bed Nursing Home Bed Pool from the 2015-2016 state fiscal year period. If approved, the facility will increase from 52 to 60 total licensed beds.

It appears that this criterion has been met.

- 8. Encouraging Facility Modernization:** The HSDA may give preference to an application that:
- a. Proposes a replacement facility to modernize an existing facility.
 - b. Seeks a certificate of need for a replacement facility on or near its existing facility operating location. The HSDA should evaluate whether the replacement facility is being located as closely as possible to the location of the existing facility and, if not, whether the need for a new, modernized facility is being impacted by any shift in the applicant's market due to its new location within the Service Area.
 - c. Does not increase its number of operating beds.

In particular, the HSDA should give preference to replacement facility applications that are consistent with the standards described in TCA §68-11-1627, such as facilities that seek to replace physical plants that have building and/or life safety problems, and/or facilities that seek to improve the patient-centered nature of their facility by adding home-like features such as private rooms and/or home-like amenities.

The project does not involve a replacement facility.

This criterion is not applicable.

- 9. Adequate Staffing:** An applicant should document a plan demonstrating the intent and ability to recruit, hire, train, assess competencies of, supervise, and retain the appropriate numbers of qualified personnel to provide the services described in the application and that such personnel are available in the proposed Service Area. However, when considering applications for replacement facilities or renovations of existing facilities, the HSDA may determine the existing facility's staff would continue without significant change and thus would be

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sufficient to meet this Standard without a demonstration of efforts to recruit new staff.

The applicant currently has 47.7 FTE clinical staff. If approved, the applicant expects to add 4 nursing aides in the first year of the project. As a result, the direct patient care staffing ratio is projected at approximately 5.0 hours per patient per day. The applicant has operated in the state for many years and has always been successful in attracting and retaining adequate professional and support staff. The applicant does not anticipate any problems in recruiting additional staff.

It appears that this criterion has been met.

- 10. Community Linkage Plan:** The applicant should describe its participation, if any, in a community linkage plan, including its relationships with appropriate health care system providers/services and working agreements with other related community services to assure continuity of care. If they are provided, letters from providers (including, e.g., hospitals, hospice services agencies, physicians) in support of an application should detail specific instances of unmet need for nursing home services.

The applicant's hospital transfer agreements with existing hospitals in Sullivan County and other contractual arrangements with medical professionals, including the facility Medical Director are identified in the application.

It appears that this criterion has been met.

- 11. Access:** The applicant should demonstrate an ability and willingness to serve equally all of the Service Area in which it seeks certification. In addition to the factors set forth in HSDA Rule 0720-11-.01(1) (listing the factors concerning need on which an application may be evaluated), the HSDA may choose to give special consideration to an applicant that is able to show that there is limited access in the proposed Service Area. However, an applicant should address why Service Area residents

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cannot be served in a less restrictive and less costly environment and whether the applicant provides or will provide other services to residents that will enable them to remain in their homes.

The applicant serves all populations in the service area. The applicant focuses on patients referred by area hospitals for extensive short term skilled nursing and rehabilitation services as evident by an average length of stay of approximately 20 days/patient during the most recent 12-month period.

It appears that this criterion has been met.

- 12. Quality Control and Monitoring:** The applicant should identify and document its existing or proposed plan for data reporting, quality improvement, and outcome and process monitoring systems, including in particular details on its Quality Assurance and Performance Improvement program as required by the Affordable Care Act. As an alternative to the provision of third party accreditation information, applicants may provide information on any other state, federal, or national quality improvement initiatives. An applicant that owns or administers other nursing homes should provide detailed information on their surveys and their quality control programs at those facilities, regardless of whether they are located in Tennessee.

The applicant has a Quality Assurance Performance Improvement (QAPI) plan that meets state and CMS requirements. The applicant is actively involved and committed to improving patient services through administration of its Quality Assurance and Performance Improvement plan.

It appears that this criterion has been met.

- 13. Data Requirements:** Applicants should agree to provide the TDH and/or the HSDA with all reasonably requested information and statistical data related to the operation and provision of services at the applicant's facility and to report that data in the time and format requested. As a

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standard of practice, existing data reporting streams will be relied upon and adapted over time to collect all needed information.

The applicant will continue to provide TDH and HSDA all requested data related to the operation of the nursing home.

It appears that this criterion has been met.

14. Additional Occupancy Rate Standards:

- a. An applicant that is seeking to add or change bed component within a Service Area should show how it projects to maintain an average occupancy rate for all licensed beds of at least 90 percent after two years of operation.

The applicant reached 75% occupancy in its first full year of operation (2015) and expects to reach 96% occupancy on 52 licensed beds in 2016. If approved, the projected occupancy of the 60 bed facility is 94.9% in Year 1 (2017).

It appears that this criterion has been met.

- b. There should be no additional nursing home beds approved for a Service Area unless each existing facility with 50 beds or more has achieved an average annual occupancy rate of 90 percent. In determining the Service Area's occupancy rate, the HSDA may choose not to consider the occupancy rate of any nursing home in the proposed Service Area that has been identified by the TDH Regional Administrator as consistently noncomplying with quality assurance regulations, based on factors such as deficiency numbers outside of an average range or standards of the Medicare 5 Star program.

Per the Department of Health's most recent published/final JAR, none of the nursing homes achieved an average occupancy rate of 90% in 2014.

The Wexford House was the only Sullivan County nursing home with a CMS 5 Star Rating Program score of 3 as a result of onsite inspections during 2012-2014. The CMS score and survey results for each nursing

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home in the county are illustrated in the table on page 135 of the application.

Based on the applicant's initial licensure and opening in December 2014, NHC Kingsport is not currently rated by the CMS 5 Star Rating program due to its lack of onsite health inspections for the most recent 3 years. However, the applicant provides a detailed description and comparison of NHC's nationwide survey and CMS 5 Star Rating Program to national and state nursing home averages on pages 124-134 of the application.

A copy of the applicant's most recent annual survey by TDH (12/2015) and a February 5, 2016 acceptance letter from TDH attests to the applicant's compliance with state and federal standards.

As a result of occupancy levels of all nursing homes below 90%, no additional consideration appears to be necessary to not consider the occupancy of any of the service area providers who have a consistent record of noncompliance with quality regulations based on factors outside of an average range or standards of the Medicare 5 Star program.

It appears that this criterion has not been met.

- c. A nursing home seeking approval to expand its bed capacity should have maintained an occupancy rate of 90 percent for the previous year.**

The applicant attained an occupancy rate of 75% during its first full year of operations (2015).

It appears that this criterion has not been met.

STAFF SUMMARY

Note to Agency members: This staff summary is a synopsis of the original application and supplemental responses submitted by the applicant. Any HSDA Staff comments will be presented as a "Note to Agency members" in bold italics.

NHC Healthcare/Kingsport, LLC is a 52 bed all private room Medicare-only certified nursing home located on an 11 acre site at 2300 Pavilion Way adjacent to the campus of Indian Path Medical Center in Kingsport (Sullivan County),

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Tennessee. The applicant received Certificate of Need approval in CN1202-059A to establish the 52 bed nursing home and was licensed on December 2, 2015. It ramped-up to a 75% licensed bed occupancy level in the first full year of operation and is expected to reach a 96% occupancy level in 2016. The facility was renovated in anticipation of future expansion for the addition of licensed patient beds.

Less than 2 years from initiation of services, the applicant now seeks Certificate of Need approval for the addition of 8 Medicare-only (skilled) beds from the 125 Bed Pool for the 2015-2016 state fiscal year period. If approved, the applicant will increase from 52 to 60 total beds. The increase will be accomplished by changing the patient room complement from 52 private rooms to 44 private and 8 semi-private rooms. Only minor renovation is necessary to accommodate patient room furniture and over bed lighting changes.

The target date for completion of the project is January 2017, subject to licensure approval by the Tennessee Department of Health.

125 bed Nursing Home Bed Pool

- The applicant is requesting 8 new beds which will come from the Nursing Home 125 bed pool for the July 2015 to June 2016 state fiscal year period.
- There are currently 100 nursing home beds available in the July 2015 to June 2016 bed pool.
- A copy of the 125 bed pool bed stats is located at the end of this summary.

Ownership

- NHC Healthcare, Kingsport, LLC is a Tennessee limited liability company (LLC) formed in August 2014.
- The applicant LLC has one (1) member, NHC/OP, L.P, that is owned 99% by National HealthCare Corporation and 1% by the limited partnership's general partner, NHC/Delaware, Inc. National HealthCare Corporation owns 100% of NHC/Delaware, Inc.
- NHC/OP, L.P. also owns 100% in numerous nursing facilities, assisted living homes for the aged and home health care organizations. Per the Applicant profile attachment in the application, it operates nursing homes in six southeastern states, Missouri, Massachusetts, and New Hampshire. Twenty-seven (27) of the nursing homes are located within Tennessee and another 3 facilities whose approved Certificate of Need projects are in various stages of completion. Updates regarding their progress are

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described in Item 1 of Supplemental 1 and at the end of the HSDA staff summary.

- The closest NHC nursing home to the applicant is located immediately across the Virginia border in Bristol (Washington County), Virginia.

Related History

The applicant received Certificate of Need approval for the ownership and operation of the 52 bed nursing home in NHC at Indian Path, LLC, CN1212-059A. The project involved the replacement and relocation of a twenty-two (22) bed existing skilled nursing home and the addition of thirty (30) new Medicare skilled private nursing home beds. Related highlights are provided below.

- As a part of the project, NHC acquired Mountain States Health Alliance's (MSHA) 22 bed nursing home at 2200 Brookside Drive and its Indian Path Pavilion building (IPP) located at 2300 Pavilion Drive (both facilities are on the campus of Indian Path Medical Center in Kingsport).
- Following the acquisition of the nursing home and IPP building, NHC converted and modernized the IPP building into a 52 bed all private room nursing home. The applicant was licensed by the Tennessee Department of Health on December 2, 2014.
- NHC changed the name of the nursing home from NHC at Indian Path, LLC to NHC Healthcare/Kingsport, LLC in August 2014. This was a change in name only and did not involve a change in the ownership structure of the applicant.
- The properly executed name change was acknowledged by HSDA. The approved Certificate of Need was modified in November 2014 pursuant to Agency Rule 0720-10-.06(8).

Facility Information

- The Indian Path Pavilion building was constructed by MSHA for use as a specialty hospital (inpatient behavioral health) in 2 phases. Phase 1 was completed in 1982 and Phase 2 in 1988. The building was closed in 2009 as a result of MSHA's consolidation of inpatient behavioral health programs onto one campus at Woodridge Psychiatric Hospital in Washington County, TN (121 bed licensed hospital in Johnson City). The original IPP building contained approximately 47,381 gross square feet (SF).
- As a part of CN1202-059A, NHC renovated approximately 42,996 square feet of the building to accommodate 52 private rooms, provide significant space for its rehabilitation services line, including physical,

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speech and occupational therapies, and house large patient dining and recreation areas.

- Approximately 3,862 SF of new space was added for future expansion during renovation of the building.
- This project for 8 additional skilled beds requires minimal renovation of 2,304 SF of space needed to convert from 52 private rooms to a 44 private and 8 semi-private rooms. This primarily involves the addition of over bed lighting and patient room furniture.
- The applicant's 52 bed facility has the highest number of private rooms (52) of all nursing homes in Sullivan County. Of the 900 total combined beds, only 74 are located in private rooms (8%), 823 in semi-private rooms (91.4%) and 3 in a ward (.06%).
- The applicant states that no other changes to the building are necessary or anticipated, including any changes to the facility's 3 existing nursing stations, patient dining and recreation areas, or patient corridors.

Project Need

- The applicant is requesting 8 additional nursing home beds. The current bed need formula identifies a gross need of 1,685 nursing home beds in Sullivan County in calendar year 2018 (CY2018).
- There are 900 existing beds operated by service area providers and 120 approved/unimplemented CON beds (Christian Care Center of Bristol. CN1404-012). Based on this inventory, there will need for 665 additional nursing home beds in CY2018.
- The age 65 and older cohort of Sullivan County residents has the highest rate of growth. This age group increased by approximately 5.2% from 2016-2018, compared to 0.03% for the county population as a whole.
- NHC projects a 96.2% licensed bed occupancy in CY2016 and is requesting more beds to meet expected demand for skilled nursing and rehabilitation services.

Service Area Demographics

The applicant's declared service area is Sullivan County. An overview of the service area is provided as follows:

- The total population is estimated at 159,938 residents in calendar year (CY) 2016 and is projected to decrease by approximately -0.7% to 159,393 residents in CY 2018.
- The overall statewide population is projected to grow by 2.2% from 2016 to 2018.

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- The 65 and older population is expected to comprise approximately 21.7% of the total county population in CY2018 compared to 16.9% statewide.
- The 65 and older population will increase by approximately 5.2% from 34,510 in CY2016 to 36,290 in CY2018 compared to a statewide increase of 7.7% during the period.
- The proportion of TennCare enrollees of the total county population is estimated to be 20.9%, compared with the state-wide average of 22.0%.

Historical Utilization

There are currently 6 operational nursing homes with 900 total beds in Sullivan County. The last major change occurred in December 2014 when the applicant opened its 52 bed facility and Indian Path Medical Center closed its 22 bed Transitional Care Unit. Distances from the applicant's facility to other nursing homes and hospitals in Sullivan County can be found in Item 5 of Supplemental 1.

Note to Agency Members: Christian Care Center of Bristol, a 120 bed facility nursing home formerly known as Bristol Nursing Home, holds an approved Certificate of Need (CN1404-012A) for the relocation and replacement of its facility. The nursing home's license was placed on inactive status in September 2013 by the Board for Licensing of Health Care Facilities, Tennessee Department of Health. The facility was acquired by Christian Care Center of Bristol, LLC in October 2013 and remains on inactive license status.

The average combined occupancy of Sullivan County nursing homes was approximately 74.2% in CY2014. The inventory and utilization of nursing homes in Sullivan County is described in detail in the tables on pages 76-80 of the application, including the utilization by skilled/non-skilled level of care in 2014 on page 78.

An overview of the utilization trend from 2012-2014 is shown in the table below.

Sullivan County Nursing Home Utilization Trends, 2011-2013

Nursing Home	2015 Licensed Beds	2012 Patient Days	2013 Patient Days	2014 Patient Days	'12- '14 % Change	2014 % Occupancy
Brookhaven Manor	180	55,390	52,289	43,840	-20.9%	66.7%
Greystone Health Care	160	50,565	48,106	43,992	-13%	75.3%
Holston Manor	204	63,659	61,640	56,861	-10.7%	76.4%
Indian Path Transitional Care Unit*	NA	5,917	5,919	6,128	3.6%	76.3%
NHC Kingsport*	52	Not Open	Not Open	150 (opened 12/14)	NA	0.8%
Cambridge House	130	43,904	43,134	42,280	-3.7%	89.1%
Wexford House	174	61,291	62,362	56,610	-7.6%	89.1%
Total*	900	280,726	273,450	249,681	-11.0%	74.2%

*Notes: Indian Path closed and the applicant opened in December 2014. Not shown in table above is Christian Care Center of Bristol (120 beds) which was placed on inactive status by TDH in 2013. Christian Care Center's Certificate of Need (CN1404-012A) for the relocation & replacement of facility is in progress. Sources: Provider Joint Annual Report, Tennessee Department of Health; page 77-R CN1601-003

The table reflects the following:

- As a whole, the combined utilization of the nursing homes in Sullivan County decreased by 11% from 280,726 in 2012 to 249,681 total patient days (74.2% occupancy) in 2014.
- Excluding the applicant, the only nursing home that had an increase during the 3 year period was Indian Path's 22 bed transitional care unit. The unit was closed in December 2014.
- Excluding the applicant, 2014 bed occupancy ranged from 66.7% at Brookhaven manor to 89.1% at the Cambridge House and the Wexford House.

Applicant's Historical and Projected Utilization

The table below shows the applicant's historical and projected utilization

Applicant's Historical and Projected Utilization

Year	Licensed Beds	Medicare Certified beds	SNF Medicare ADC	SNF Other ADC	Non- Skilled ADC	Total ADC	Average Length of Stay	Licensed Occupancy
2015*	52	52	17	22	0	39	20 days	75.1%
2016 (projected)	52	52	20	30	0	50	20 days	96.2%
Year 1	60	60	23	34	0	57	21 days	94.9%
Year 2	60	60	24	34	0	58	21 days	95.8%

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Note: 2015 was applicant's first full year of operation. Source: CN1601-003

- If the proposed project for the addition of 8 beds is approved, the applicant expects the ADC to increase from 39 patients/day in 2015 to 58 patients/day in Year Two.
- The facility occupancy is projected at 94.9% in Year One and 95.8% in Year Two.

Project Cost

The total project cost is \$109,800. Major costs are:

- Construction - \$15,000 with \$10,000 Contingency or 22.8% of total cost.
- Moveable Equipment - \$56,800 or 48.2% of total cost.
- For other details on Project Cost, see page 137 of the application.
- As reflected in the table from the HSDA website below, the project's renovation cost of \$47.66/SF is slightly below the 1st quartile (\$48.13/PSF) cost of statewide nursing home construction projects from 2012 to 2014.

Nursing Home Construction Cost per Square Foot
2012-2014

	Renovated Construction	New Construction	Total Construction
1st Quartile	\$48.13/sq. ft.	\$152.80/sq. ft.	\$110.15/sq. ft.
Median	\$70.26/sq. ft.	\$170.48/sq. ft.	\$152.80/sq. ft.
3rd Quartile	\$101.00/sq. ft.	\$185.00/sq. ft.	\$174.53/sq. ft.

Historical Data Chart

The applicant provided a historical data chart on page 157 of the application. During its first 12 months of start-up (December 2014 - November 2015), NHC Kingsport reported a net operating income loss of -\$691,568 in December 2014 and -\$2,026,390 for the 11 month period ending 11/15/15.

- Gross operating revenue increased from \$107,586 in December 2014 (\$717/patient day) to \$10,029,762 in the 11 month period ending 11/15/15 (\$769/patient day).
- Operating expenses increased during ramp-up, from \$780,000, including \$401,329 of pre-opening costs, in December 2014 to \$7,365,682 for the 11 month period ending 11/15/15 (\$565/patient day).

Projected Data Chart

In addition to Projected Data Chart for the proposed 8 beds, the applicant also provided a chart in Supplemental 1 for the facility as a whole with 60 beds. Highlights from the 2 Projected Data Charts are shown in the table below.

Applicant's Historical and Projected Financial Performance, 2014-2016

Projected Financial Performance	2014 52 Beds*	2015 52 Beds*	Year 1 60 Beds	Year 2 60 Beds
Total Patient Days	150	13,042	20,774	20,991
Gross Revenue	\$107,856	\$10,029,762	\$9,722,190	\$10,009,646
Average Gross Revenue/PPD (per patient day)	\$717/ppd	\$769/ppd	\$468/ppd	\$477/ppd
Provision for Charity	none	\$11,135	\$5,838	\$6,092
Net Revenue	\$88,432	\$5,339,292	\$9,015,362	\$9,333,746
Operating Costs	\$780,000**	\$7,365,682	\$9,725,185	\$9,993,762
Operating Costs/patient	\$2,525/ppd***	\$565/ppd	\$468/ppd	\$476/ppd
EBDITA	(\$517,717)	(\$1,307,042)	\$76,690	\$130,650
Net Operating Income	(\$691,568)	(\$2,026,390)	(\$709,823)	(\$660,016)

*Note: *2014 period is based on 1 month from 12/2 -12/31 and the 2015 period is based on 11 months from 1/1-11/15. **Includes \$401,328 of pre-opening costs. ***As adjusted after deducting pre-opening costs.*

Highlights from the table above are noted as follows:

- Using the Projected Data Chart the applicant submitted with Supplemental 1 for the 60 beds as a whole, HSDA staff estimated projected earnings before depreciation, interest, taxes and amortization (EBDITA) of \$76,690 in Year 1 increasing to \$130,650 in Year 2.
- Operating expenses were higher during ramp-up of the facility as expenses for pre-opening costs, depreciation, taxes and allocation of Fees to Affiliates are incurred.
- Although net operating income for the 60 bed facility as a whole is unfavorable through Year 2, review of the Projected Data Chart for the proposed 8 additional beds on page 157 revealed favorable NOI of \$260,236 in Year 1 increasing by 23% to \$320,391 in Year 2.
- Charity care amounts to approximately 1.0% of total gross revenue in Year 1.

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Charges

In Year 1 of the proposed project (2018), the average gross daily patient charge and average net charge after deductions for contractual adjustments, charity and bad debt is shown in the table below.

Average Daily Charge	Requested 8 beds	Total 60 beds
Average Gross Charge	\$709	\$468
Average Net Charge	\$445	\$434

- Per the applicant's clarification in Supplemental 2, the average daily gross charge of \$709/per patient for the proposed 8 additional beds is higher than the \$468/per patient charge of the facility as a whole due to estimated charges for Medicare and managed care patients only and do not represent expected reimbursement by those payors.
- The average net charge is relatively similar for the proposed 8 beds and the facility as a whole.

Medicare/TennCare Payor Mix

- TennCare-The applicant is a Medicare-Only Certified facility and does not participate in TennCare. The payor mix in Year 1 is shown in the table below.

Applicant's Payor Mix, Year 1, 60 Beds

Payor Source	Net Operating Revenue	as a % of Total
Medicare	\$3,788,991	42.0%
TennCare	NA	NA
Managed Care	\$4,877,047	54.1%
Commercial	NA	NA
Self-Pay	\$252,540	2.8%
Other	\$96,784	1.1%
Total	\$9,015,362	100%

Financing

The proposed project will be financed from Cash Reserves of NHC Healthcare Corporation, a NYSE publically traded company.

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- A January 5, 2016 letter from Donald Daniel, Senior Vice President and Comptroller attests to a balance of approximately \$70 million in cash and cash equivalents can be available on immediate notice to fund the project.
- Review of the NHC's quarterly report filed with the NYSE (Form 10-Q) revealed current assets of \$305,593,000, including cash and cash equivalents of \$70,781,000, and current liabilities of \$180,687,000 for a Current Ratio of approximately 1.7 to 1.0.

Note to Agency Members: Current Ratio is a general measure of liquidity and is the ratio of current assets to current liabilities which measures the ability of an entity to cover its current liabilities with its existing current assets. A ratio of 1:1 would be required to have the minimum amount of assets needed to cover current liabilities.

Staffing

The applicant provided the direct patient care staffing of the 60 bed facility in Item 12 of Supplemental 1. The staffing in full time equivalents in Year 1 is shown below.

- 4.2 FTE-Registered Nurses
- 10.5 FTE-LPN's
- 32.3 FTE-Nurse Aides
- 5.0 FTE-Other Clinical
- 47.7-Total Direct Care
- Staff to Patient Ratio-5.0 hours per patient/day

Note to Agency Members: 1 FTE means an employee who works 2,080 regular hours per year. Current licensure standards require nursing homes to have adequate numbers of licensed registered nurses, licensed practical nurses and certified nurse aides to provide nursing care to all residents as needed. Nursing homes shall provide a minimum of 2 hours of direct care to each resident every day including 0.4 hours of licensed nursing personnel time. There must be supervisory and staff personnel for each department or nursing unit to ensure, when needed, the availability of a licensed nurse for bedside care of any resident. Source: Chapter 1200-08-06-.06, Rules of the Board for Licensing Health Care Facilities, Division of Health Care Facilities, Tennessee Department of Health (revised March 2014).

Licensure/Accreditation

NHC Healthcare, Kingsport has an active license from the Tennessee Department of Health that will expire on December 2, 2016. The most recent recertification and complaint survey was conducted on December 7-9, 2015. The applicant was notified by the East Tennessee Regional Office, Division of Health Care Facilities, Tennessee Department of Health on February 2, 2016 that the provider plan of correction was accepted and the facility was found to be in full compliance with all Medicare Conditions of Participation effective January 13, 2016.

Corporate documentation and site control documents are on file at the Agency office and will be available at the Agency meeting.

Should the Agency vote to approve this project, the CON will expire in 2 years.

CERTIFICATE OF NEED INFORMATION FOR THE APPLICANT

There are no other Letters of Intent, denied or pending applications for this applicant.

Note: the applicant's parent company NHC Healthcare Corporation has financial interests in this and other Certificate of Need projects as follows:

Outstanding Certificates of Need

The Health Center of Hermitage, CN1404-011A, has an outstanding Certificate of Need that will expire on August 1, 2017. The project was approved at the June 25, 2014 Agency meeting for the change of site/relocation of 90 beds to be Medicare certified as approved and unimplemented in CN1306-022A from the original unaddressed 13 acre site at Bell Road near Woodland Point Road and Couchville Pike in Nashville, Davidson County, Tennessee to a new site containing approximately 14.02 acres at 4214 Central Pike, Hermitage, Davidson County, Tennessee. The project is not subject to the 125-bed Nursing Home Bed Pool for the 2013-2014 state fiscal year period. **The total estimated project cost is \$19,241,697.00** *Project Status: As part of initial the completeness review of the application for NHC Health, Kingsport, CN1601-003, HSDA staff was advised on January 26, 2016 that the project is under way with site development and construction of the building's structure with no anticipated changes to scope, budget or completion by the expiration date.*

NHC Healthcare, Kingsport

CN1601-003

April 27, 2016

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NHC-Maury Regional Transitional Care, LLC, CN1307-025AME, has an outstanding certificate of need that will expire on January 1, 2017 (*Note: The extension of the project's original expiration date from December 1, 2015 to January 1, 2017 was approved at the August 26, 2015 Agency meeting*). The CON was approved at the October 23, 2013 Agency meeting for the relocation and replacement of two (2) separately licensed nursing home facilities; NHC Healthcare Hillview and Maury Regional Hospital Skilled Nursing Unit, into one new center with a total of 112 beds. The estimated project cost is \$18,161,272. *Project Status: As a part of the initial completeness review of NHC Healthcare, Kingsport, CN1601-003, HSDA staff was advised that the project is in progress – architectural plans have been approved, site development and construction of the building structure is underway with no changes to scope, budget or completion by the extended expiration date of 1/1/2017.*

The Health Center of Nashville, CN1107-024AME, has an outstanding certificate of need that will expire on October 1, 2016 (*Note: The second extension of the project's expiration date from May 1, 2016 to October 1, 2016 was approved at the January 27, 2016 Agency meeting. The original expiration date of this project was November 1, 2014*). The CON was approved at the September 28, 2011 Agency meeting for the change of site and relocation of CN1002-007A for the construction of a 150 bed nursing home from 2816 Old Hickory Boulevard, Nashville (Davidson County), TN to an unaddressed site at the intersection of HWY 100 and Pasquo Road, Nashville (Davidson County), TN. The distance from the previously approved site to the new site is 4.1 miles or nine (9) minutes travel time. The applicant proposes to certify 75 of the beds as Medicaid only and 75 beds as dually certified Medicaid/Medicare. The estimated total project cost is \$21,512,350.00 (as modified). *Note: The applicant received approval at the September 25, 2013 Agency meeting to modify the scope, total cost and expiration date of the project. The key changes included the following: 1) reduction of the 150 approved beds to 90 beds (all private rooms in lieu of 38 private, 41 companion suites and 15 semi-private); 2) decrease in project cost from \$23,894,100 to \$21,512,150; 3) increase in size of therapy gym for use by post-acute rehabilitation services from 2,300 SF to 4,800 SF; 4) addition of 3,400 SF of shelled space for potential future growth; and 5) extension of the expiration date from November 1, 2014 to May 1, 2016.* *Project Update: As part of initial completeness review of NHC Healthcare, Kingsport, CN1601-003, HSDA staff was advised that the most recent Annual Progress Report was submitted to HSDA on 1/27/2016. A copy of the report with pictures showing of the building and site was*

submitted with the 1/26/16 Supplemental response for CN1601-003. Review of the Annual Progress Report revealed that construction was approximately 85% complete. Major highlights are as follows: 1) all exterior envelope work of the building has been completed and interior finish is in progress; 2) majority of utilities are installed; 3) driveway, parking areas are in place with asphalt base course; and 4) landscaping is underway.

CERTIFICATE OF NEED INFORMATION FOR OTHER SERVICE AREA FACILITIES:

There are no other Letters of Intent, denied or pending applications for other health care organizations in the service area proposing this type of service.

Outstanding Certificates of Need

Asbury Place at Kingsport, CN1508-034A, has an outstanding Certificate of Need that will expire on February 1, 2019. The project was approved at the December 16, 2015 Agency meeting for the renovation and expansion of the existing 67-bed nursing home at a total project cost in excess of \$2 million. The project includes the construction of a new building on the existing CCRC site to house 22 of its skilled nursing beds and the renovation of its existing 67 bed facility into a 45 bed facility. The project is not subject to the 125-bed Nursing Home Bed Pool for the 2015-2016 state fiscal years because no new beds are being added. The estimated project cost is **\$7,904,823**. *Note: The applicant's request for an additional year to complete the project was also included in HSDA approval of the application. Project Status Update: The project was recently approved.*

Christian Care Center of Bristol, CN1404-012A, has an outstanding Certificate of Need that will expire on September 1, 2016. The CON was approved at the July 23, 2014 Agency meeting for relocation and replacement of the existing 120 licensed bed nursing home from 261 North Street, Bristol (Sullivan County) to 2830 Highway 394, Bristol (Sullivan County), Tennessee a distance of approximately 8 miles. The project did not change the bed complement because no new beds were being added. The estimated project cost is **\$11,953,747**. *Project Status Update: Per an April 4, 2016 email from a representative of the applicant, purchase of the land has been completed. Plans are under review by the Department of Health. A grading permit has been issued, and site work is expected to begin the week of April 4. Due to complications beyond the CON holder's control in relation to the land*

NHC Healthcare, Kingsport

CN1601-003

April 27, 2016

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purchase, the project has been delayed but is now back on track. An extension of time will be requested at the appropriate time.

PLEASE REFER TO THE REPORT BY THE DEPARTMENT OF HEALTH, DIVISION OF HEALTH STATISTICS, FOR A DETAILED ANALYSIS OF THE STATUTORY CRITERIA OF NEED, ECONOMIC FEASIBILITY, AND CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTH CARE IN THE AREA FOR THIS PROJECT. THAT REPORT IS ATTACHED TO THIS SUMMARY IMMEDIATELY FOLLOWING THE COLOR DIVIDER PAGE.

PJG; 3/22/16

LETTER OF INTENT



State of Tennessee
Health Services and Development Agency

Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, TN 37243

www.tn.gov/hsda Phone: 615-741-2364 Fax: 615-741-9884

LETTER OF INTENT

The Publication of Intent is to be published in the Kingsport Times-News which is a newspaper of general circulation in Sullivan, Tennessee, on or before January 8, 2016, for one day.

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601 *et seq.*, and the Rules of the Health Services and Development Agency, that:

NHC HealthCare, Kingsport Nursing Home
(Name of Applicant) (Facility Type-Existing)
owned by: NHC HealthCare/Kingsport, LLC with an ownership type of Limited Liability Company and to be managed by: NHC HealthCare/Kingsport, LLC intends to file an application for a Certificate of Need for: the addition of 8 new Medicare certified SNF nursing home beds to the existing 52 bed nursing home called NHC HealthCare, Kingsport, located at 2300 Pavillion Dr., Kingsport (Sullivan Co.) TN 37660-4622. NHC HealthCare, Kingsport is certified for Medicare participation. The estimated project costs is \$109,800.

The anticipated date of filing the application is: January 13, 2016

The contact person for this project is Bruce K. Duncan Assistant Vice President
(Contact Name) (Title)

who may be reached at: National HealthCare Corporation 100 Vine Street, 12th Floor
(Company Name) (Address)

Murfreesboro Tennessee 37130 615 / 890-2020
(City) (State) (Zip Code) (Area Code / Phone Number)


(Signature)

1/5/16
(Date)

bduncan@nhccare.com
(E-mail Address)

The Letter of Intent must be filed in triplicate and received between the first and the tenth day of the month. If the last day for filing is a Saturday, Sunday or State Holiday, filing must occur on the preceding business day. File this form at the following address:

Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, Tennessee 37243

The published Letter of Intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

Copy

NHC Healthcare,
Kingsport, LLC

CN1601-003

JAN 13 10 16 AM '16

January 13, 2016

VIA: Hand Delivery

Ms. Melanie Hill, Executive Director
State of Tennessee
Health Services & Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, TN 37243

RE: Eight (8) bed addition to NHC HealthCare, Kingsport, an existing licensed 52 bed nursing home located in Sullivan County and owned by NHC HealthCare/Kingsport, LLC.

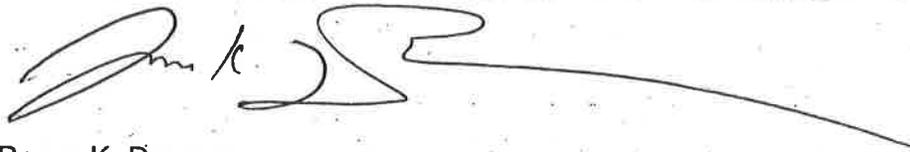
Dear Ms. Hill:

Enclosed please find the required check of \$3,000 made payable to the Health Services and Development Agency, to cover the filing fee for the referenced request. The fee has been calculated based on the total project cost of \$109,800/1,000 times \$2.25 which equals \$247.05, but in no case shall the fee be less than \$3,000.00 or more than \$45,000.00.

If you require any additional information or need clarification on any of the supplied material, please do not hesitate to contact me at 615-890-2020.

Sincerely,

NATIONAL HEALTHCARE CORPORATION



Bruce K. Duncan
Assistant Vice President, Planning/Licensure & Authorized Representative for
NHC/OP, L.P.

Enclosure

SECTION A:

1.	<u>Name of Facility, Agency, or Institution</u>		
	<u>NHC HealthCare, Kingsport</u> Name		
	<u>2300 Pavilion Dr</u> Street or Route		<u>Sullivan</u> County
	<u>Kingsport</u> City	<u>Tennessee</u> State	<u>37660-4622</u> Zip Code
2.	<u>Contact Person Available for Responses to Questions</u>		
	<u>Bruce K. Duncan</u> Name		<u>Assistant Vice President</u> Title
	<u>National HealthCare Corporation</u> Company Name		<u>bduncan@nhccare.com</u> Email address
	<u>100 Vine Street</u> Street or Route	<u>Murfreesboro</u> City	<u>TN</u> State
			<u>37130</u> Zip Code
	<u>Employee</u> Association with Owner	<u>615-890-2020</u> Phone Number	<u>615-890-0123</u> Fax Number
3.	<u>Owner of the Facility, Agency or Institution</u>		
	<u>NHC HealthCare/Kingsport, LLC</u> Name		<u>615-890-2020</u> Phone Number
	<u>100 Vine Street</u> Street or Route		<u>Rutherford</u> County
	<u>Murfreesboro</u> City	<u>Tennessee</u> State	<u>37130</u> Zip Code
4.	<u>Type of Ownership of Control (Check One)</u>		
	A. Sole Proprietorship _____	F. Government (State of TN or _____ Political Subdivision)	_____
	B. Partnership _____	G. Joint Venture _____	_____
	C. Limited Partnership _____	H. Limited Liability Company _____	<u>X</u>
	D. Corporation (For Profit) _____	I. Other (Specify) _____	_____
	E. Corporation (Not-for-Profit) _____		_____

PUT ALL ATTACHMENTS AT THE BACK OF THE APPLICATION IN ORDER AND REFERENCE THE APPLICABLE ITEM NUMBER ON ALL ATTACHMENTS.

NHC HealthCare/Kingsport, LLC has one (1) member, NHC/OP, L.P. NHC/OP, L.P. owns 100% of NHC HealthCare/Kingsport, LLC. NHC/OP, L.P. also owns 100% in other nursing facilities in various states. **Please see Attachment "Section A, Applicant Profile - 4 Type of Ownership or Control" located at the end of the CON application on page 2 for a copy of the Articles of Organization, Certificate of Existence, Organization Chart and Listing of Other Nursing Facilities owned by NHC/OP, L.P.**

5. **Name of Management/Operating Entity (If Applicable)**

Not Applicable

Name _____

Street or Route _____ County _____

City _____ State _____ Zip Code _____

PUT ALL ATTACHMENTS AT THE END OF THE APPLICATION IN ORDER AND REFERENCE THE APPLICABLE ITEM NUMBER ON ALL ATTACHMENTS.

6. **Legal Interest in the Site of the Institution (Check One)**

A. Ownership	_____	D. Option to Lease *	_____
B. Option to Purchase	_____	E. Other (Specify) _____	_____
C. Lease of <u>99</u> Years	<u>X</u>	*Land Lease is included in the building purchase price.	

PUT ALL ATTACHMENTS AT THE BACK OF THE APPLICATION IN ORDER AND REFERENCE THE APPLICABLE ITEM NUMBER ON ALL ATTACHMENTS.

Please see Attachment "Section A, Applicant Profile - 6 Legal Interest in the Site" located at the end of the CON application on page 14.

7. **Type of Institution (Check as appropriate--more than one response may apply)**

A. Hospital (Specify) _____	_____	I. Nursing Home	<u>X</u>
B. Ambulatory Surgical Treatment Center (ASTC), Multi-Specialty	_____	J. Outpatient Diagnostic Center	_____
C. ASTC, Single Specialty	_____	K. Recuperation Center	_____
D. Home Health Agency	_____	L. Rehabilitation Facility	_____
E. Hospice	_____	M. Residential Hospice	_____
F. Mental Health Hospital	_____	N. Non-Residential Methadone Facility	_____
G. Mental Health Residential Treatment Facility	_____	O. Birthing Center	_____
H. Mental Retardation Institutional Habilitation Facility (ICF/MR)	_____	P. Other Outpatient Facility (Specify) _____	_____
		Q. Other (Specify) _____	_____

8. **Purpose of Review (Check) as appropriate--more than one response may apply)**

A. New Institution	_____	G. Change in Bed Complement [Please note the type of change by underlining the appropriate response: <u>Increase</u> , Decrease, Designation, Distribution, Conversion, Relocation]	<u>X</u>
B. Replacement/Existing Facility	_____		
C. Modification/Existing Facility	_____		
D. Initiation of Health Care Service as defined in TCA § 68-11-1607(4) (Specify) _____	_____		
E. Discontinuance of OB Services	_____	H. Change of Location	_____
F. Acquisition of Equipment	_____	I. Other (Specify) _____	_____

9. **Bed Complement Data**
 Please indicate current and proposed distribution and certification of facility beds.

	<u>Current Beds</u>	<u>Licensed</u>	<u>CON</u>	<u>Staffed</u>	<u>Beds</u>	<u>Proposed</u>	<u>TOTAL</u>	<u>Beds at</u>	<u>Completion</u>
A. Medical	_____	_____	_____	_____	_____	_____	_____	_____	_____
B. Surgical	_____	_____	_____	_____	_____	_____	_____	_____	_____
C. Long-Term Care Hospital	_____	_____	_____	_____	_____	_____	_____	_____	_____
D. Obstetrical	_____	_____	_____	_____	_____	_____	_____	_____	_____
E. ICU/CCU	_____	_____	_____	_____	_____	_____	_____	_____	_____
F. Neonatal	_____	_____	_____	_____	_____	_____	_____	_____	_____
G. Pediatric	_____	_____	_____	_____	_____	_____	_____	_____	_____
H. Adult Psychiatric	_____	_____	_____	_____	_____	_____	_____	_____	_____
I. Geriatric Psychiatric	_____	_____	_____	_____	_____	_____	_____	_____	_____
J. Child/Adolescent Psychiatric	_____	_____	_____	_____	_____	_____	_____	_____	_____
K. Rehabilitation	_____	_____	_____	_____	_____	_____	_____	_____	_____
L. Nursing Facility (non-Medicaid Certified)	_____	_____	_____	_____	_____	_____	_____	_____	_____
M. Nursing Facility Level 1 (Medicaid only)	_____	_____	_____	_____	_____	_____	_____	_____	_____
N. Nursing Facility Level 2 (Medicare only)	<u>52</u>	_____	_____	<u>52</u>	_____	<u>8</u>	_____	<u>60</u>	_____
O. Nursing Facility Level 2 (dually certified Medicaid/Medicare)	_____	_____	_____	_____	_____	_____	_____	_____	_____
P. ICF/MR	_____	_____	_____	_____	_____	_____	_____	_____	_____
Q. Adult Chemical Dependency	_____	_____	_____	_____	_____	_____	_____	_____	_____
R. Child and Adolescent Chemical Dependency	_____	_____	_____	_____	_____	_____	_____	_____	_____
Swing Beds	_____	_____	_____	_____	_____	_____	_____	_____	_____
S. Mental Health Residential Treatment	_____	_____	_____	_____	_____	_____	_____	_____	_____
T. Residential Hospice	_____	_____	_____	_____	_____	_____	_____	_____	_____
U. TOTAL	<u>52</u>	_____	_____	<u>52</u>	_____	<u>8</u>	_____	<u>60</u>	_____

10. Medicare Provider Number 445517
 Certification Type Nursing Home

11. Medicaid Provider Number N/A
 Certification Type Nursing Home

12. If this is a new facility, will certification be sought for Medicare and/or Medicaid? N/A Center is not new.

- 13. Identify all TennCare Managed Care Organizations/Behavioral Health Organizations (MCOs/BHOs) operating in the proposed service area. Will this project involve the treatment of TennCare participants? No If the response to this item is yes, please identify all MCOs/BHOs with which the applicant has contracted or plans to contract.**

Discuss any out-of-network relationships in place with MCOs/BHOs in the area.

NHC HealthCare, Kingsport has contracts with the following:

Aetna Health Care
 Blue Cover TN
 Blue Cross Blue Shield
 Cariten
 CCN Managed Care
 ChampVA
 Choice Care
 Cigna Healthcare
 CompPlus
 Initial Group
 John Deere
 National Preferred Provider Network
 Preferred Health Partnership
 Signature Health Alliance
 TriCare
 United Health of TN
 United Mine Workers Health & Retirement Funds
 Vanderbilt Health Plans
 Blue Advantage
 Humana
 Medicare Complete
 Secure Horizon
 Sterling Health Plan
 Wellcare

January 26, 2016**10:54 am**

NOTE: *Section B* is intended to give the applicant an opportunity to describe the project and to discuss the need that the applicant sees for the project. *Section C* addresses how the project relates to the Certificate of Need criteria of Need, Economic Feasibility, and the Contribution to the Orderly Development of Health Care. Discussions on how the application relates to the criteria should not take place in this section unless otherwise specified.

SECTION B: PROJECT DESCRIPTION

Please answer all questions on 8 1/2" x 11" white paper, clearly typed and spaced, identified correctly and in the correct sequence. In answering, please type the question and the response. All exhibits and tables must be attached to the end of the application in correct sequence identifying the questions(s) to which they refer. If a particular question does not apply to your project, indicate "Not Applicable (NA)" after that question.

- I. Provide a brief executive summary of the project not to exceed two pages. Topics to be included in the executive summary are a brief description of proposed services and equipment, ownership structure, service area, need, existing resources, project cost, funding, financial feasibility and staffing.

Proposed Services & Equipment: The proposed project is for the addition of 8 new Medicare certified nursing home beds to the existing 52 bed nursing home called NHC HealthCare, Kingsport, located at 2300 Pavilion Dr., Kingsport (Sullivan Co.) TN 37660-4622. NHC HealthCare, Kingsport is located adjacent to Mountain States Health Alliance's (MSHA) Indian Path Medical Center.

Ownership Structure: NHC HealthCare/Kingsport, LLC (Limited Liability Company)
Service Area: Sullivan County

Need: Based on the Skilled Bed Need methodology found in the Certificate of Need Standards and Criteria, Nursing Home Services, there is a need for an additional 665 nursing home beds in Sullivan County projected for 2018. Eight (8) new beds are being requested as part of this CON which represents 1.2 percent of the beds projected to be needed in the Certificate of Need Standards and Criteria, Nursing Home Services for 2018. The 125 bed pool which is effective from July 1, 2015 through June 30, 2016 will be affected. There are currently 125 beds left in the pool as of this filing.

Existing Resources: The existing site and building located at, 2300 Pavilion Do, Kingsport, TN, will be used for the proposed project. NHC has extensive operating experience in the Tri-Cities area, specifically in Sullivan County, Virginia, where it has operates NHC HealthCare, Bristol since 1973 and NHC HealthCare, Kingsport since becoming licensed on December 2, 2014. NHC will use its resources and experience in the area to help staff and attract patients.

Project Cost: \$109,800

Funding: The project will be funded along with working capital, from NHC's cash on hand.

Financial Feasibility: The Projected Data Chart demonstrates the project is financially feasible in year one with positive net operating income less capital expenditures.

Staffing: 3.37 Direct Hours of Nursing per day (Year 1)*
 3.10 Direct Hours of Nursing per day (Year 2)*

*Nursing hours for the bed addition and additional staff which does not include the existing nursing staff what will see the patients. For example, our Direct Hours of Nursing is currently greater than 6 hours PPD.

II. Provide a detailed narrative of the project by addressing the following items as they relate to the proposal.

- A. Describe the construction, modification and/or renovation of the facility (exclusive of major medical equipment covered by T.C.A. § 68-11-1601 et seq.) including square footage, major operational areas, room configuration, etc. Applicants with hospital projects (construction cost in excess of \$5 million) and other facility projects (construction cost in excess of \$2 million) should complete the Square Footage and Cost per Square Footage Chart. Utilizing the attached Chart, applicants with hospital projects should complete Parts A.-E. by identifying as applicable nursing units, ancillary areas, and support areas affected by this project. Provide the location of the unit/service within the existing facility along with current square footage, where, if any, the unit/service will relocate temporarily during construction and renovation, and then the location of the unit/service with proposed square footage. The total cost per square foot should provide a breakout between new construction and renovation cost per square foot. Other facility projects need only complete Parts B.-E. Please also discuss and justify the cost per square foot for this project. If the project involves none of the above, describe the development of the proposal.

NHC HealthCare/Kingsport, LLC ("NHC") is applying for a Certificate of Need ("CON") to add an eight (8) bed addition to an existing 52 bed nursing home adjacent to Indian Path Medical Center in Kingsport, Tennessee.

NHC HealthCare, Kingsport was formally known as Indian Path Pavilion. The original structure had a gross building area of approximately 47,381 sq ft. The building was constructed 29 years ago in two phases, the first phase opened in 1982 and second in 1988. NHC made the following statement in its original CON filed to establish the referenced center, "NHC plans for this CON project are to: make the facility compliant with current building codes (where applicable), meet Agency requirements for licensed nursing beds, create a contemporary nursing facility providing extensive rehab services, and provide an inventory of 52 licensed beds with the ability to expand to 60 beds in the future as the market dictates." That time has come, as the center is now experiencing a capacity occupancy given the nature of the turnover and rehab services it provides.

The proposed project does not involve new construction with only minor renovation planned which primarily involve the addition of furniture and over bed lighting.

NHC HealthCare, Kingsport is a contemporary skilled nursing facility with 52 private patient rooms complemented by significant PT/OT/and Speech Rehabilitation space offering state of the art equipment and therapies.

NHC HealthCare, Kingsport should be granted the proposed CON for the following reasons: NHC has a long history of providing quality long term care services in Sullivan County. The additional beds will help local residents in need of skilled/rehab services to receive those services in their center of choice. The proposed project is financial feasible (see proforma projections), and lastly, it promotes the orderly development of the existing health care system in that it adds needed beds in an existing physical plant adjacent to a large hospital system, Indian Path Medical Center. NHC HealthCare/Kingsport, LLC is also supported by the community.

SERVICES:

- a. Nursing Services: Licensed (RN's and LPN's) and ancillary nursing personnel will serve patients and in emergencies, area residents. In recognizing the critical role qualified nursing assistants play in the care of patients, NHC has established a pilot program with levels of certified nurse assistants (CNA).
- b. Rehabilitation Services: The center provides physical, occupational, speech and recreational therapy services according to physician's orders as part of a

rehabilitation program. These³³ services are also available to all residents of the service area (outpatient) as part of the applicant's continuum of care.

- c. Dietary Services: All special diet needs will be met and proper nourishment will be provided at all times. NHC has implemented (and is the only long-term health care chain to do so) an American Dietetic Association-approved Dietetic Internship program whereby dietitians are chosen to train in the three major areas of dietetics within the long-term health care setting: administrative, clinical and community dietetics with an emphasis on the treatment of geriatric nutritional problems. Internists also receive training in hospitals and community health centers. Upon graduation and completion of exams, they become licensed and certified dietitians. NHC's goal is to place an ADA Dietitian in each NHC facility.
- d. Medical Director: A local physician, Dr. Robert Lee, is employed as medical director on a consulting basis and will be available to attend to needs of our nursing home patients.
- e. Consultant Services: Advice and instructions is sought from health care professionals, including dietitians, pharmacists, gerontologists, therapists, and social workers.
- f. Housekeeping & Janitorial Services: Housekeeping and janitorial services is provided to insure that services are rendered to patients in a clean, attractive, well-maintained and comfortable atmosphere.
- g. Laundry: Clean linens are furnished to all patients and personal laundry services are available at a nominal charge.
- h. Patient Assessment Program: A multi-disciplinary team of health professionals systematically conduct medical care evaluations, admission and extended duration review. The computerized patient assessment program of the applicant maintains patient-specific reports thereby enabling the professional staff to evaluate patient progress on a regular and comprehensive basis. Moreover, management can ensure the physician's orders are carried out in conformance with the highest standards of patient care. Detailed information is fed into the computer and analyzed monthly. This information shows each item of expense and need. The costs are then compared to expected standards and similar corporate facilities. A continuous effort is thus maintained in providing a first class nursing home at the lowest possible cost to the patient, his family and the state/federal government.
- i. Discharge Planning: A discharge planning coordinator continuously monitor each patient's progress, by individual contact, and with the use of the patient assessment program, help to return the patient to the most independent living arrangements. This position is also responsible for some family support.
- j. Respite Care: NHC HealthCare, Kingsport can also provide respite care based on bed availability. Respite care refers to providing nursing services to individuals in the community that are cared for in their home and whose families need a place to care for individuals for a short time while the family is away.
- k. Sub-Acute Care: NHC HealthCare, Kingsport provides Level II beds for skilled patients and will do so by providing both the physical plant and trained staff to accommodate a more complex and skilled nursing level of care. The facility is organized and staffed accordingly to meet the needs of these patients.

NHC HealthCare, Kingsport will provide services to persons with decubiti ulcers, feeding tubes, catheters, tracheotomies, medical problems requiring IV's, or other persons requiring "sub-acute" care. It is the policy of NHC HealthCare, Kingsport to make available heavy skilled nursing services to patients requiring such services. The project offers sub-acute services and does so with the expertise and knowledge to do them efficiently and effectively.

NHC HealthCare, Kingsport is able to³⁴ care for sub-acute patients with its increased staffing. If demand for these "heavy skilled" or "sub-acute" care beds is greater than projected, additional staff, one of the main factors determining the number of sub-acute patients the facility can serve at any given time, is added to the staffing pattern.

- i. Transportation: NHC HealthCare, Kingsport will provide non-medical transportation to and from locations in the county for patients and/or volunteers who need such a service.
- m. Community Service - NHC HealthCare, Kingsport offers a number of Community Services such as health fairs and telephone reassurance for the local community.

- B. **Identify the number and type of beds increased, decreased, converted, relocated, designated, and/or redistributed by this application. Describe the reasons for change in bed allocations and describe the impact the bed change will have on the existing services.**

The proposed project is for the addition of eight (8) SNF Medicare only beds to an existing 52 bed nursing home known as NHC HealthCare, Kingsport. NHC HealthCare, Kingsport will promote the orderly development of the health care system in that it is utilizing existing health care bed space and adds needed SNF beds in Sullivan County where there is a projected need for an additional 665 nursing home beds in 2018 planning horizon.

SQUARE FOOTAGE AND COST PER SQUARE FOOTAGE CHART

A. Unit / Department	Existing Location	Existing SF	Temporary Location	Proposed Final Location	Proposed Final			Proposed Final Cost/SF					
					Renovated	New	Total	Renovated	New	Total			
											Square Footage	Square Footage	Square Footage
Admin													
Kitchen													
Employee Break													
Laundry													
Storage/Central Supply													
Housekeeping													
Classroom													
Beauty/Barber													
PT/OT/Speech													
Nursing Support													
Dining/Rec													
Sun Porch													
Public/Staff Toilets													
Patient Rms & Baths		2,304				2,304			2,304			\$6.51	\$15,000
B. Unit/Depart. GSF		2,304				2,304			2,304			\$6.51	
Sub-Total													
C. Mechanical/ Electrical GSF													
D. Circulation /Structure GSF													
E. Total GSF		2,304				2,304			2,304			\$6.51	\$15,000

C. As the applicant, describe your need to provide the following health care services (if applicable to this application):

1. Adult Psychiatric Services
2. Alcohol and Drug Treatment for Adolescents (exceeding 28 days)
3. Birthing Center
4. Burn Units
5. Cardiac Catheterization Services
6. Child and Adolescent Psychiatric Services
7. Extracorporeal Lithotripsy
8. Home Health Services
9. Hospice Services
10. Residential Hospice
11. ICF/MR Services
12. Long-term Care Services
13. Magnetic Resonance Imaging (MRI)
14. Mental Health Residential Treatment
15. Neonatal Intensive Care Unit
16. Non-Residential Methadone Treatment Centers
17. Open Heart Surgery
18. Positron Emission Tomography
19. Radiation Therapy/Linear Accelerator
20. Rehabilitation Services
21. Swing Beds

NHC's need to provide long term care services in Sullivan County is based on two primary points. First, we are responding to ongoing discussions we have had with MSHA and other providers to deliver the increasingly needed skilled Medicare nursing home beds in the community, and specifically in proximity to their hospital, Indian Path Medical Centers. Second, NHC independently verified the need for said beds and the projected need, based on the population and currently bed inventory, but also with the State Health Plan's projected need for an additional 665 beds by 2018. Since this bed need formula projects the need for skilled Medicare beds, this need projection is not diminished by the Choices and/or Options programs. For patients being discharged from a hospital via Medicare, quite often the best and most cost effective option is a short term nursing home stay for rehab follow by home care after discharge. NHC request is being drive entirely by the local market conditions and demand for our services.

D. Describe the need to change location or replace an existing facility. **Not Applicable**

E. Describe the acquisition of any item of major medical equipment (as defined by the Agency Rules and the Statute) which exceeds a cost of \$1.5 million; and/or is a magnetic resonance imaging (MRI) scanner, positron emission tomography (PET) scanner, extracorporeal lithotripter and/or linear accelerator by responding to the following: **Not Applicable**

1. For fixed-site major medical equipment (not replacing existing equipment):
 - a. Describe the new equipment, including:
 1. Total cost ;(As defined by Agency Rule).
 2. Expected useful life;

3. List of clinical applications to be provided; and
 4. Documentation of FDA approval.
- b. Provide current and proposed schedules of operations.
2. For mobile major medical equipment:
 - a. List all sites that will be served;
 - b. Provide current and/or proposed schedule of operations;
 - c. Provide the lease or contract cost.
 - d. Provide the fair market value of the equipment; and
 - e. List the owner for the equipment.
 3. Indicate applicant's legal interest in equipment (*i.e.*, purchase, lease, etc.) In the case of equipment purchase include a quote and/or proposal from an equipment vendor, or in the case of an equipment lease provide a draft lease or contract that at least includes the term of the lease and the anticipated lease payments.

III. (A) Attach a copy of the plot plan of the site on an 8 1/2" x 11" sheet of white paper which **must include:**

Please see drawing included in the Attachment "Section B, Project Description - III (A) Plot Plan" on page 57 at the end of the application.

1. Size of site (*in acres*); 11.03 Acres
2. Location of structure on the site; and
3. Location of the proposed construction.
4. Names of streets, roads or highway that cross or border the site.

Please note that the drawings do not need to be drawn to scale. Plot plans are required for all projects.

(B) 1. Describe the relationship of the site to public transportation routes, if any, and to any highway or major road developments in the area. Describe the accessibility of the proposed site to patients/clients.

The center is located at 2300 Pavilion Dr., Kingsport, TN. The center location is adjacent to N John B Dennis Highway 93. The center site is located across the street from Indian Path Medical Center and is accessible to the major public transportation routes of Sullivan County.

Kingsport Area Transit System (KAT) bus routes access the greater Kingsport area. KATS began in 1995 and operates five vehicles on fixed route services. In addition, KATS also operates four vehicles for ADA/handicapped route passengers. NHC's site can be accessed via the Route four line.

Please see map and bus schedule included in the Attachment "Section B, Project Description - III (B) Bus Schedule" on page 59 at the end of the application.

IV. Attach a floor plan drawing for the facility which includes legible labeling of patient care rooms (noting private or semi-private), ancillary areas, equipment areas, etc. on an 8 1/2" x 11" sheet of white paper.

NOTE: **DO NOT SUBMIT BLUEPRINTS.** Simple line drawings should be submitted and need not be drawn to scale.

Please see drawing included in the Attachment "Section B, Project Description - IV Floor Plan" on page 63 at the end of the application.

V. For a Home Health Agency or Hospice, identify: **Not Applicable**

1. Existing service area by County;
2. Proposed service area by County;
3. A parent or primary service provider;
4. Existing branches; and
5. Proposed branches.

SECTION C: GENERAL CRITERIA FOR CERTIFICATE OF NEED

In accordance with Tennessee Code Annotated § 68-11-1609(b), "no Certificate of Need shall be granted unless the action proposed in the application for such Certificate is necessary to provide needed health care in the area to be served, can be economically accomplished and maintained, and will contribute to the orderly development of health care." The three (3) criteria are further defined in Agency Rule 0720-4-.01. Further standards for guidance are provided in the state health plan (Guidelines for Growth), developed pursuant to Tennessee Code Annotated §68-11-1625.

The following questions are listed according to the three (3) criteria: (I) Need, (II) Economic Feasibility, and (III) Contribution to the Orderly Development of Health Care. Please respond to each question and provide underlying assumptions, data sources, and methodologies when appropriate. *Please type each question and its response on an 8 1/2" x 11" white paper.* All exhibits and tables must be attached to the end of the application in correct sequence identifying the question(s) to which they refer. If a question does not apply to your project, indicate "Not Applicable (NA)."

Five Principles for Achieving Better Health

The following Five Principles for Achieving Better Health serve as the basic framework for the State Health Plan.

1. Healthy Lives

The purpose of the State Health Plan is to improve the health of Tennesseans.

While this principle focuses mainly on the goals and strategies that support health policies and programs at the individual, community, and state level that will help improve the health status of Tennesseans, this project is consistent in that it supports a continuum of care model where following an acute care stay patients would be able to receive intensive skilled nursing care and rehabilitative services at a stepped down cost from an acute care setting. The ultimate goal for all patients admitted is to return home to the least restrictive and least costly option available where the individual can live the healthiest life possible.

2. Access to Care

Every citizen should have reasonable access to health care.

NHC's healthcare model targets patients that are Medicare qualified beneficiaries seeking skilled nursing and rehabilitation services following a prior hospital stay. The majority of all patients placed in nursing homes from the acute care setting are Medicare beneficiaries. Since Medicare is a federal insurance program covering individuals age 65 and over, as well as disabled individuals below that age, access to long term care Medicare beds is a function of bed availability in the market. In Sullivan County, the problem exists for the acute care providers and their timely placement of Medicare nursing home patients to a qualified Medicare nursing home bed. The addition of the 8 requested Medicare beds will help to improve access to this level of care. Also, approval of the request will also help to alleviate extra patient days in acute care beds while waiting for a Medicare bed to become available, which is costly to the system and also creates access problems on the acute care side of the continuum as well. In addition, hospitals must consider readmission rates from post-acute care providers that may have negative impact on patient care and financial feasibility of their institutions. Furthermore, accountable care organizations (ACO's) and bundled payment networks are helping to shape and dictate where patients coming from hospitals are directed to receive their post-acute care services.

3. Economic Efficiencies

The state's health care resources should be developed to address the needs of Tennesseans while encouraging competitive markets, economic efficiencies and the continued development of the state's health care system.

The proposed project speaks to the very heart of this principle at several levels. First, the project was originally developed in cooperation between NHC and MSHA, a long term care provider and a large hospital system. As accountable care organizations (ACO) begin to develop, with an eye to economic efficiencies and competitive markets, the State's health care system will begin to reshape itself. Ultimately, the goal of ACO's is to better serve the needs of the patient which this project is designed to do. By assuring that the appropriate level of care and health care beds are available, when needed, the state's health care system will be able to keep cost to their lowest level possible by making sure patients utilize services at the lowest level and cost possible. NHC's average length of stay for this projected to be 21 days, which is consistent with NHC HealthCare, Kingsport's experience in Sullivan County, Tennessee.

4. Quality of Care

Every citizen should have confidence that the quality of health care is continually monitored and standards are adhered to by health care providers.

NHC as a Long term care provider is surveyed both at the State and Federal level. Through various sources, including the Medicare.gov website and the Nursing Home Compare data sets, consumers can now compare and research long term care providers, home care providers and acute care providers. NHC compares favorably both at the State level and the national level regarding these measurements. Please see NHC Survey Analysis table located in Attachment "Section C. General Criteria - 14B Additional Occupancy Rate Standards" located on page 135 at the end of the application. The attached table reflects recent quality performance. In addition, NHC's quality outcome's is also why several big health care systems are discussing establishing ACO's with NHC operations across the State of Tennessee and country.

5. Health Care Workforce

The state should support the development, recruitment, and retention of a sufficient and quality health care workforce.

NHC is consistent with this principle and has a long outstanding history with developing, recruitment and retention of a quality health care workforce. NHC non-profit, Foundation for Geriatric Education, since its inception in 1982, has funded over \$2,600,000 in books and academic programs for a qualified health care workforce through 2014. The company also has a tuition reimbursement program which has funded millions of dollars for direct tuition for students. In addition, the company runs several of its own training programs to educate long term care health care workers such as a two year administrator in training program, a dietetic internship program, certified nursing assistant program, and advanced geriatric therapy program. NHC is also active in the federal workforce development system in locations across our markets and locally in the Middle Tennessee area with the Middle Tennessee Workforce Development Board for over fifteen years.

QUESTIONS

NEED

1. Describe the relationship of this proposal toward the implementation of the State Health Plan, Certificate of Need Standards and Criteria.
 - a. Please provide a response to each criterion and standard in Certificate of Need Categories that are applicable to the proposed project. Do not provide responses to General Criteria and Standards (pages 6-9) here.
 - b. Applications that include a Change of Site for a health care institution, provide a response to General Criterion and Standards (4)(a-c) Not Applicable

The following has been taken from the State Health Plan, Certificate of Need Standard and Criteria for Nursing Home Services, Tennessee State Health Plan: 2014 Update.

NURSING HOME SERVICES

Public Chapter No. 1112, Senate Bill No. 2463, which passed during the 1998 legislative session, amended and changed the code sections establishing the bed need formula that the Health Services and Development Agency must follow when granting certificates of need for nursing home beds in Tennessee. During the fiscal year (July 1 – June 30), the Agency shall issue no more than the designated number of Medicare skilled nursing facility beds for applicants filing for a certificate of need. The number of Medicare skilled nursing facility beds issued shall not exceed the allocated number of beds for each applicant. The applicant must also specify in the application the skilled services to be provided and how the applicant intends to provide such services.

The Tennessee General Assembly directed that there be a pool of 125 skilled nursing facility beds available for certificate of need approval in the fiscal year from July 1, 2015 to June 30, 2016. The General Assembly also directed that nursing home bed certificates of need could be issued only for Medicare – certified skilled nursing facility beds, and that no applicant receives more than 30 such beds.

A. Determination of Need

- 1. According to TCA 68-11-1622, the need for nursing home beds shall be determined by applying the following population-based statistical methodology:**

$$\begin{aligned} \text{County bed need} = & \quad .0005 \times \text{pop. 65 and under, plus} \\ & \quad .0120 \times \text{pop. 65 - 74} \\ & \quad .0600 \times \text{pop. 75 - 84} \\ & \quad .1500 \times \text{pop 85+} \end{aligned}$$

As stated above, Public Chapter No. 1112, Senate Bill No. 2463, amended and changed the code sections establishing the bed need formula that the Health Services and Development Agency must follow when granting certificates of need for nursing home beds in Tennessee. Based on the above referenced bed need methodology and a Nursing Facility Bed Need: Comparison of Tennessee's Health: Guidelines for Growth 2000 vs. Statute, By Total State and County 2000, there is a need in Sullivan County of nursing home beds projected for 2018, or a need for an additional 665 beds in Sullivan County. **Please see Nursing Facility Bed Need Report located in Attachment "Section C. General Criteria - 1.A. Need" located on page 65 at the end of the application.** This information, which is the most current available to the department, was provided and is included here for reference.

These projections demonstrate a need based on the population growth in Sullivan County for nursing beds.

2. **Planning horizon:** The need for nursing home beds shall be projected two years into the future from the current year.

**SNF Need Formula
Sullivan County Bed Need**

Sullivan County – SNF Formula

County Bed Need	2018	Rate	Needed Beds
	Population		By Age
Population 65 & under	123,771	0.0005	62
Population 65-74	21,089	0.012	253
Population 75-84	11,912	0.06	715
Population 85+	<u>4,364</u>	0.15	<u>655</u>
	161,136		1,685

Outstanding CON for replacement beds*	120
Existing Beds =	900
Need =	665

So noted by the applicant. The bed need referenced in response to Question 1 is the projected two year to show the 2018 bed need. There is a net need for an additional 665 nursing beds, per this report, well in excess of NHC's requested eight (8) Medicare SNF beds.

*Christian Care Center of Bristol, CN1404-012, construction of a replacement nursing facility.

- 3. Establishment of Service Area:** A majority of the population of the proposed Service Area for any nursing home should reside within 30 minutes travel time from that facility. Applicants may supplement their applications with sub-county level data that are available to the general public to better inform the HSDA of granular details and trends; however, the need formula established by these Standards will use the latest available final JAR data from the Department of Health. The HSDA additionally may consider geographic, cultural, social, and other aspects that may impact the establishment of a Service Area.

Since the proposed project is utilized by the elderly population most frequently, and the elderly often have difficulty with transportation and travel, the primary service has been determined to be Sullivan County. However, we do expect that some residents will come from outside our primary service area. Nevertheless, we have confined our need justification to Sullivan County where the majority of the population of the service area is within 30 minutes travel time from the proposed facility.

4. **Existing Nursing Home Capacity:** In general, the Occupancy Rate for each nursing home currently and actively providing services within the applicant's proposed Service Area should be at or above 90% to support the need for any project seeking to add new nursing home beds within the Service Area and to ensure that the financial viability of existing facilities is not negatively impacted.

When considering replacement facility or renovation applications that do not alter the bed component within the Service Area, the HSDA should consider as the primary factor whether a replacement facility's own occupancy rate could support its economic feasibility, instead of the occupancy rates of other facilities in the Service Area.

So noted by the applicant. The following bed inventory was reported to the Department of Health for year ending 12/31/12 through 12/31/14 for Sullivan County. Christian Care Center of Bristol, CN1404-012 has an approved CON to construct a replacement 120 bed nursing home beds at 261 N. Street to 2830 Hwy 394 in Bristol, Sullivan County.

**Sullivan County Nursing Homes
Occupancy
2012 - 2014**

NURSING HOMES	2015 Licensed Beds	2012 Occupancy	2013 Occupancy	2014 Occupancy
Brookhaven Manor	180	84.3%	79.6%	66.7%
Greystone Health Care Center*	160	84.0%	79.9%	75.3%
Holston Manor	204	85.5%	82.8%	76.4%
Indian Path Medical Center Transitional Care*	N/A	73.7%	73.7%	76.3%
NHC HealthCare, Kingsport*	52	N/A	N/A	0.8%
The Cambridge House	130	92.5%	90.9%	89.1%
The Wexford House	174	96.5%	98.2%	89.1%
Total	900	87.9%	85.6%	78.6%

* Greystone delicensed 5 beds on 7/1/14.

Indian Path Medical Center TCU closed 12/2014. 2012 - 2014 Occupancy data is based on FYE 6/30. NHC HealthCare, Kingsport was licensed 12/4/14 and is not reported in the total utilization.

Source: 2012 - 2014 JAR Reports Utilization

As of the last available Joint Annual Report for Nursing Homes in 2014, all nursing homes did not have an annualized occupancy in excess of 90%. One of the licensed centers was hospital based nursing home bed unit, Indian Path Medical Center Transitional Care, which typically do not reach occupancy levels near 90%. In addition, another center with a lower occupancy rate has been through ownership change which often reflects on occupancy rates before and after the change. And another centers location within the county is not conveniently located to the growing population areas of Sullivan County.

Please see Nursing Facility Bed Need Report located in Attachment "Section C. General Criteria - 1.A. 3 Need" located on page 68 at the end of the application for the licensed facilities in Sullivan County and occupancy rate table, p.71 and Section C. General Criteria - 1.A. 4 Need" located on page 75 at the end of the application for the service Area JAR reports, and numerous tables reflecting facility data compiled from the JARS.

5. **Outstanding Certificates of Need:** Outstanding CONs should be factored into the decision whether to grant an additional CON in a given Service Area or county until an outstanding CON's beds are licensed.

There are no outstanding CON projects in the proposed service area resulting in a net increase in beds to Sullivan County.

6. **Data:** The Department of Health data on the current supply and utilization of licensed and CON-approved nursing home beds should be the data source employed hereunder, unless otherwise noted.

So noted by the applicant.

7. **Minimum Number of Beds:** A newly established free-standing nursing home should have a sufficient number of beds to provide revenues to make the project economically feasible and thus is encouraged to have a capacity of least 30 beds. However, the HSDA should consider exceptions to this standard if a proposed applicant can demonstrate that economic feasibility can be achieved with a smaller facility in a particular situation.

Not Applicable, the proposed project is for the addition of 8 beds to an existing licensed 52 bed licensed nursing home facility.

8. **Encouraging Facility Modernization:** The HSDA may give preference to an application that:
- Proposes a replacement facility to modernize an existing facility.
 - Seeks a certificate of need for a replacement facility on or near its existing facilities operating location. The HSDA should evaluate whether the replacement facility is being located as closely as possible to the location of the existing facility and, if not, whether the need for a new, modernized facility is being impacted by any shift in the applicant's market due to its new location within the Service Area.
 - Does not increase its number of operating beds.

In particular, the HSDA should give preference to replacement facility applications that are consistent with the standards described in TCA §68-11-1627, such as facilities that seek to replace physical plants that have building and/or life safety problems,

and/or facilities that seek to improve the patient-centered nature of their facility by adding home-like features such as private rooms and/or home-like amenities.

Not Applicable, the project does not involve a replacement facility.

9. **Adequate Staffing:** An applicant should document a plan demonstrating the intent and ability to recruit, hire, train, assess competencies of, supervise, and retain the appropriate numbers of qualified personnel to provide the services described in the application and that such personnel are available in the proposed Service Area. However, when considering applications for replacement facilities or renovations of existing facilities, the HSDA may determine the existing facility's staff would continue without significant change and thus would be sufficient to meet this Standard without a demonstration of efforts to recruit new staff.

NHC HealthCare, Kingsport is currently fully staffed and requires only a minimal staffing addition of four (4) nursing aides by year two. In addition, the center uses no agency/contracted staff and has demonstrated its ability to fully staff the project with more than adequate staffing.

10. **Community Linkage Plan:** The applicant should describe its participation, if any, in a community linkage plan, including its relationships with appropriate health care system providers/services and working agreements with other related community services to assure continuity of care. If they are provided, letters from providers (including, e.g., hospitals, hospice services agencies, physicians) in support of an application should detail specific instances of unmet need for nursing home services.

Rationale: Coordinated, integrated systems of care may not be in place in much of rural Tennessee, and therefore this language has been deleted. Additionally, the Division recognizes that nursing homes may not be the primary drivers of community linkage plans, and the Division does not mean to suggest that an applicant should develop one itself; instead it should provide information on its participation in a community linkage plan, if any. However, the Division recognizes that hospitals, particularly rural ones, often encounter difficulties in discharge planning to nursing homes due to a lack of available beds. CON applications for new nursing home beds should therefore also provide letters from hospitals, hospice service agencies, physicians, or any other appropriate providers, to provide evidence of unmet need and the intent to meet that need.

Transfer agreements have been established between all relevant health care providers in the community including but not limited to the following:

HealthSouth Rehabilitation Hospital
 Indian Path Medical Center
 Select Specialty Hospital – Tri-Cities
 Wellmont Bristol Regional Medical Center
 Wellmont-Holston Valley Medical Center
 Other Area Kingsport, Sullivan County and surrounding health care providers

Contractual relationships have been drawn up with a Medical Director, Dietary Consultant, Physical Therapist, Medical Record Consultant, and Therapists for other treatment such as oxygen therapy. Contractual relationships are established with local dentists, optometrists, gerontologists and other specialized physicians, in order to meet the needs of the patients.

A licensed pharmacist is a member of the Pharmacy Committee, and a pharmacy has been awarded a contract to supply medications for the patients. If a patient does not wish to use the pharmacy with which the facility has contracted, the patient will have the choice of the pharmacy he chooses to use provided the pharmacy agrees to the mandates of the State regulations and the rules and regulations of the nursing home.

It is the intent of this facility to meet all the requirements of the TN Department of Health with regard to agreements, contractual arrangements and participation by health care professionals. The following is the process, which has been established to coordinate and provide for a continuum of care in the project in conjunction with other providers:

Purpose: The purpose of being actively involved in the community continuum of care is to provide the consumer within our market area the opportunity to acquire the most appropriate level and type of services for his/her needs. These needs relate to medical support, personal care, personal maintenance and nutritional guidance. We will focus on coordinating our services with other health care providers through effective communication and teamwork.

Targeted Population: Although the targeted population is diverse due to the multifaceted nature

of the continuum of care, two groups dominate NHC's particular services on the continuum.

1. Individuals in other community settings who need services devoted to rehabilitation and short-term stays in the healthcare center.
2. Persons who can no longer be maintained or cared for in their current setting and need 24-hour care for chronic and/or debilitating conditions of a long-term nature.

Methodology:

Step 1: Maintain a listing of Current Community Resources-This listing is categorized according to type of service contact person for each organizations. Standard categories, with the function as it relates to our facility include the following:

<u>Organization</u>	<u>Function</u>
Hospitals	Discharge sub-acute patients to more cost-effective nursing centers.
Hospices	Care for special group of terminally ill.
Residential Facilities	Residential institution for those unable to maintain independent lifestyles but do not need intense Medical Care.
Assisted Living (ALF)	Group environment to prevent immediate admission to long-term care facility.
Home Health Care institution.	Provides Medical treatment on less expensive environment than
Home Support	Household or personal services essential to any home health care program.
Adult Day Care Needed	respite service for family support while care provided at home.
Nutrition Programs	Health promotions service which also acts to encourage socialization and prevent isolation.
Senior Centers/ Recreation Services	Acts to improve quality of life and encourages socialization

Step 2: All potential nursing center patients and referrals are pre-screened to determine whether the person's condition warrants admission to the nursing center. If admission to the nursing center is not appropriate, and if the person's condition is such that he can be cared for at home with assistance, the Admissions Director and the Social Services Director will refer the person and his family to the appropriate service provider. This will ensure that elderly persons are not being inappropriately admitted to the nursing center and coordination of other services is maintained.

For elderly persons admitted to the nursing center, discharge planning will ensure that patients are discharged to a non-institutional setting when their physical condition improves. Discharge planning begins upon the patient's admission to the center. At that time, the Admissions Director and Social Services Director will meet with the patient and his family to discuss the availability of suitable accommodations following discharge as determined by the initial assessment.

The patient's progress is monitored and reassessed on a regular basis to determine whether the patient is a candidate for transfer to the community. The Social Services Director, who is part of the center's interdisciplinary care team, will update each patient's medical record with progress notes regarding discharge planning on a regular basis. If discharge has been determined to be appropriate, the Social Services Director will advise the patient and his family of the availability of community support systems, such as home health care, adult day care, etc. The Social Services Director will serve as the liaison between the patient, his family, and the appropriate provider to coordinate the discharge home and the linkage for support services.

Linkages to facilitate referrals and transfers are established through formal working agreements and referral arrangements. These agreements are established prior to facility opening to ensure immediate linkages. Given the fact that NHC already operates in Sullivan County, the bed addition will benefit from established referral agreements with the targeted organizations listed above.

Responsible Position: The center's Admissions Director and Social Services Director are responsible for ensuring that potential patients who inquire at the center for admission are referred to the appropriate provider if admission to the nursing center is not warranted or if such service is needed. The Social Services Director is responsible for discharge planning to ensure that patients are discharged from the center when they are ready and that transfer to a semi-institutional setting or to home with appropriate support services is successfully coordinated. Through their ongoing work, the Admissions Director and Social Services Director will maintain linkages and working relationships with providers of non-institutional services.

Desired Outcome: The desired outcome is to ensure that discharges and/or referrals to support services are available and coordinated in a timely manner for patients who no longer require nursing home care and for elderly inquiring at the center for services, but who are inappropriate for admission.

- 1) Become a strong link in the chain of health care providers as it relates to an overall continuum of care.
- 2) Improve and enhance proper service utilization.
- 3) Improve patients' medical conditions by using available avenues.
- 4) Reduce cost by eliminating duplication of services.

Measurement of Outcome: The Admissions Director and Social Services Director will maintain a record of inquiries and referrals of elderly persons seeking long-term care services. These records are reviewed through Quality Assurance and state licensure surveys to determine if appropriate referrals are being made.

Patient medical records are reviewed on a regular basis by the interdisciplinary care team to determine if discharge from the nursing center is appropriate, and if discharge planning goals are being updated or modified. Discharge planning will also be monitored through Quality Assurance surveys and state licensure surveys. Utilization review is conducted every month for Medicare patients. Monitoring of discharge planning will promote the utilization of less intensive, non-institutional services whenever possible.

To integrate and utilize other providers in the health care network the center has established and will have linkages with others in the health care network through the following process:

Purpose: To promote the utilization of less intensive, non-institutional services such as home health care, adult day care, meals on wheels, etc. Since the proposed nursing center will not offer these services, linkages are established with providers of these services to ensure accessibility and transfer when appropriate by nursing center patients.

Targeted Population: Persons targeted for referral to non-institutional services are those nursing center patients whose health has improved to the point where they no longer require 24-hour nursing supervision and are eligible for transfer to home or to a semi-institutional setting, with support services. Referrals will also be made for persons inquiring at the center for long-term care services, but whom after pre-screening, are determined to be inappropriate for nursing home admission.

Linkages are developed by the center with other providers in Sullivan County to provide services not offered by the center. Sullivan County has over 24 home health agencies, 11 hospice and 20 assisted living providers. Although the residents will have a choice in health care providers, following is a list of some providers the facility will work with to provide services not offered by the center.

Home Health Agencies

Advanced Home Care
 Amedisys Home Health
 Gentiva Health Services
 Medical Center Homecare, Kingsport
 NHC HomeCare
 Smoky Mountain Home Health & Hospice

Hospice

Amedisys Hospice
 Caris Hospice
 Medical Center Hospice
 Smoky Mountain Home Health & Hospice
 Wellmont Hospice

Meals on Wheels

Area Meals on Wheels

Assisted Living Centers

Asbury Place at Steadman Hill
 Broadmore Assisted Living at Bristol
 Crown Cypress
 Elmcroft of Kingsport
 Emeritus at Kingsport
 Preston Place II
 Preston Place Suites
 Remington House
 Wellington Place of Colonial Heights
 Wellmont Madison House

Desired Outcome: The desired outcome is to ensure that discharges and/or referrals to non-institutional support services are available and coordinated in a timely manner for patients who no longer require nursing home care and for elderly inquiring at the center for services, but who are inappropriate for admission.

Consequently, transfer agreements are established between all relevant health care providers in the community.

Contractual relationships are established with local dentists, optometrists and other specialized physicians, in order to meet the needs of the patients.

A licensed pharmacist will be a member of the Pharmacy Committee, and a local pharmacy is awarded a contract to supply medications for the patients. If a patient does not wish to use the pharmacy with which the facility has contracted, the patient will have the choice of the pharmacy he chooses to use provided the pharmacy agrees to the mandates of the State regulations and the rules and regulations of the nursing home.

It is the intent of this facility to meet all the requirements of the TN Department of Health with regard to agreements, contractual arrangements and participation by health care professionals.

11. **Access:** The applicant should demonstrate an ability and willingness to serve equally all of the Service Area in which it seeks certification. In addition to the factors set forth in HSDA Rule 0720-11-01(1) (listing the factors concerning need on which an application may be evaluated), the HSDA may choose to give special consideration to an applicant that is able to show that there is limited access in the proposed Service Area. However, an applicant should address why Service Area residents cannot be served in a less restrictive and less costly environment and whether the applicant provides or will provide other services to residents that will enable them to remain in their homes.

The Applicant provides post-acute care services primarily to patients being discharged directly following an acute care hospital stay. Patients spend an average of 20 days in our facility receiving skilled nursing care and rehabilitative services, and then are able to return to a less restrictive and less costly environment. More importantly, NHC is focused on decreasing hospital readmission rates to acute care providers which not only saves the healthcare system money, but it results in better quality care and outcomes for patients.

Facility	Indian Path Medical Center	Wellmont Bristol Regional Medical Center	Wellmont Holston Valley Medical Center	Readmission Rates of Patients Discharged to all SNF Providers	Difference in Readmission Rates to all SNF Providers	Readmission Rates of Patients Discharged to Selected Market	Difference in Readmission Rates to Selected Market
Asbury Place at Kingsport	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Brookhaven Manor	N/A	N/A	27%	19%	8%	16%	11%
Cambridge House	N/A	29%	N/A	31%	-2%	17%	12%
Greystone Health Care Center	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Holston Manor	N/A	N/A	N/A	N/A	N/A	N/A	N/A
NHC HealthCare, Kingsport*	14%	N/A	18%	20% 19%	-6% -1%	20% 16%	-6% 2%
Wexford House	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Source: The Advisory Board Company, 2014 Hospital Discharges
 * NHC HealthCare, Kingsport 2015 Internal Documents
 The Advisory Board Company does not display volumes less than 11; therefore, some Readmission Rate data is Not Available (N/A).

NHC HealthCare/Kingsport, LLC

12. Quality Control and Monitoring: The applicant should identify and document its existing or proposed plan for data reporting, quality improvement, and outcome and process monitoring systems, including in particular details on its Quality Assurance and Performance Improvement program as required by the Affordable Care Act. As an alternative to the provision of third party accreditation information, applicants may provide information on any other state, federal, or national quality improvement initiatives. An applicant that owns or administers other nursing homes should provide detailed information on their surveys and their quality control programs at those facilities, regardless of whether they are located in Tennessee.

NHC centers currently meet the Quality Assessment and Assurance requirements mandated by our survey regulations (attached). Each center uses The Quality Improvement Program Manual as a guide for their internal committee (table of contents attached) and its activities. Each center is unique and as such has variations in how their QI work is accomplished. The QI section of our Patient Care Policies (attached) serve as the policy they all adhere to and procedurally adapt for their location.

NHC centers actively monitor key patient care outcomes (pressure ulcers, weight loss, and falls with injury) and respond when data indicate a need; they review Quality Measure data (from MDS submissions) and work to improve the services provided to patients.

There are proposed regulations for Quality Assurance and Performance improvement (QAPI) mandated by ACA but these have not yet been finalized. In the interim we have asked our centers to review the CMS document about QAPI (attached); we have drafted a QAPI purpose statement and principles (attached) for NHC centers to follow as they develop their own QAPI plan once the regulations are finalized.

Please see Nursing Facility Bed Need Report located in Attachment "Section C. General Criteria - 12. Quality Control and Monitoring" located on page 124 at the end of the application.

483.75(o) Quality Assessment and Assurance

(1) A facility must maintain a quality assessment and assurance committee consisting of –

- (i) The director of nursing services;**
- (ii) A physician designated by the facility; and**
- (iii) At least 3 other members of the facility's staff.**

(2) The quality assessment and assurance committee –

- (i) Meets at least quarterly to identify issues with respect to which quality assessment and assurance activities are necessary; and**
- (ii) Develops and implements appropriate plans of action to correct identified quality deficiencies.**

(3) State or the Secretary may not require disclosure of the records of such committee except insofar as such disclosure is related to the compliance of such committee with the requirements of this section.

(4) Good faith attempts by the committee to identify and correct quality deficiencies will not be used as a basis for sanctions.

NHC Quality Assurance and Performance Improvement (QAPI)

Purpose Statement:

To retain our position as the industry leader in customer and investor satisfaction, NHC's Quality Assurance and Performance Improvement Program will focus on key patient outcomes and critical business measures to assure that every patient receives the right care in the right way every time.

Guiding Principles:

1. Senior Leaders (center, region and corporate) value, support and model the performance improvement process to prioritize, guide and direct operations.
2. Our Better Way Culture expects open communication in a blame free environment resulting in constructive response to systems gaps, failures and breakdowns (complaints, gifts, suggestions).
3. Person Centered thinking defines our performance Improvement Activities
4. NHC's QAPI is interdisciplinary, i.e. encourages a collaborative, relationship-building approach that supports integrity.
5. Performance Improvement includes all partners and all services.
6. Partners are empowered through performance improvement education and are given the opportunity to participate in the performance improvement activities.
7. Continuous improvement goals are data driven, including feedback from customers and partners, as well as internal and external benchmarks.
8. Through broad monitoring we pro-actively identify opportunities for systems to be fine-tuned.

Note: Key patient outcomes (including corporate goals and industry focuses)

Critical business measures (including census building, documentation that supports every claim, and accurate collections [budget, claims processing edits])

13. **Data Requirements:** Applicants should agree to provide the TDH and/or the HSDA with all reasonably requested information and statistical data related to the operation and provision of services at the applicant's facility and to report that data in the time and format requested. As a standard of practice, existing data reporting streams will be relied upon and adapted over time to collect all needed information.

If approved, the applicant will provide the Tennessee Department of Health and the Health Services and Development Agency with all reasonably requested information and statistical data related to the operation and provision of services at the applicant's facility and to report that data in the time and format requested.

14. Additional Occupancy Rate Standards:

a. An applicant that is seeking to add or change bed component within a Service Area should show how it projects to maintain an average occupancy rate for all licensed beds of at least 90 percent after two years of operation.

Please see Section C. Economic Feasibility – 4, p.163 for an occupancy summary for the 8 bed addition.

- b. There should be no additional nursing home beds approved for a Service Area unless each existing facility with 50 beds or more has achieved an average annual occupancy rate of 90 percent. In determining the Service Area's occupancy rate, the HSDA may choose not to consider the occupancy rate of any nursing home in the proposed Service Area that has been identified by the TDH Regional Administrator as consistently noncomplying with quality assurance regulations, based on factors such as deficiency numbers outside of an average range or standards of the Medicare 5-Star program.

Please note that the occupancy rates of existing facilities with 50 or more beds have not achieved an average annual occupancy rate of 90 percent in the applicant's service area, Sullivan County. However, a review of CMS Star Ratings and Survey deficiencies comparing both the State of Tennessee averages and average deficiencies in the United States reveals deficiency numbers outside of an average range. Perhaps more importantly, of the six nursing homes located in Sullivan County, based on the most recent CMS 5 Star Ratings, only one center, Wexford House has a CMS Star rating of 3, or average, the other four facilities have a quality rating below average.

Please see Nursing Facility Bed Need Report located in Attachment "Section C. General Criteria – 14(b). Additional Occupancy Rate Standards located on page 134 at the end of the application.

The following text regarding the CMS 5 Star Rating and Survey program was taken directly from the CMS 5 Star website, <https://www.cms.gov/Medicare/Provider-Enrollment-andCertification/CertificationandCompliance/FSQRS.html>.

"CMS created the Five-Star Quality Rating System to help consumers, their families, and caregivers compare nursing homes more easily and to help identify areas about which you may want to ask questions.

The Nursing Home Compare Web site features a quality rating system that gives each nursing home a rating of between 1 and 5 stars. Nursing homes with 5 stars are considered to have much above average quality and nursing homes with 1 star are considered to have quality much below average. There is one Overall 5-star rating for each nursing home, and a separate rating for each of the following three sources of information:

- **Health Inspections** – The health inspection rating contains information from the last 3 years of onsite inspections, including both standard surveys and any complaint surveys. This information is gathered by trained, objective inspectors who go onsite to the nursing home and follow a specific process to determine the extent to which a nursing home has met Medicaid and Medicare's minimum quality requirements. The most recent survey findings are weighted more than the prior two years. More than 180,000 onsite reviews are used in the health inspection scoring nationally.
- **Staffing** – The staffing rating has information about the number of hours of care provided on average to each resident each day by nursing staff. This rating considers differences in the levels of residents' care need in each nursing home. For example, a nursing home with residents who had more severe needs would be expected to have more nursing staff than a nursing home where the resident needs were not as high.
- **Quality Measures (QMs)** – The quality measure rating has information on 11 different physical and clinical measures for nursing home residents. The rating now includes information about nursing homes' use of antipsychotic medications in both long-stay and short-stay residents. This information is collected by the nursing home for all residents. The QMs offer information about how well nursing

homes are caring for their residents' physical and clinical needs. More than 12 million assessments of the conditions of nursing home residents are used in the Five-Star rating system."

How are Star Ratings for the Nursing Home Compare Five-Star Quality Rating System determined?

1. Health Inspection Domain

The health inspection rating is based on the three most recent standard surveys for each nursing home, results from any complaint investigations during the most recent three-year period, and any repeat revisits needed to verify that required corrections have brought the facility back into compliance. CMS calculates a weighted deficiency score based on points assigned to health deficiencies identified in each active provider's current health inspection survey and the two prior surveys (including revisits), as well as deficiency findings from the most recent three years of complaint investigations. More recent surveys are weighted more heavily than older surveys: the most recent period (cycle 1) is assigned a weighting factor of 1/2, the previous period (cycle 2) has a weighting factor of 1/3, and the second prior survey (cycle 3) has a weighting factor of 1/6. The weighted time period scores are then summed to create the survey score for each facility.

Facility ratings are determined using these criteria:

- **The best 10 percent in each State receive a five-star rating.**
- **The middle 70 percent of facilities receive a rating of two, three, or four stars, with an equal number (approximately 23.33 percent) in each rating category.**
- **The worst 20 percent receive a one-star rating.**

CMS' Five-Star health inspection ratings are based on the relative performance of facilities within a state. CMS chose to compare facilities to each other within State to help control for variation among states that results from different management practices, differences in state licensing laws, and differences in state Medicaid policies.

- c. A nursing home seeking approval to expand its bed capacity should have maintained an occupancy rate of 90 percent for the previous year.

Rationale: The Division believes reducing the occupancy rates from 95 to 90 percent in numbers 14b and 14c more accurately reflects overall occupancy in the state, and also would take into consideration some increasing vacancy rates that current nursing homes may be experiencing due to decreasing admissions overall and increasing patient turnover due to short-stay patients.

NHC HealthCare, Kingsport has increased patient turnover due to short-stay patients. The following table reflects admissions by month for the center, which received its Medicare provider number in late December 2014 and has really operated at or near capacity since opening.

**2015 Admissions by Month
NHC HealthCare, Kingsport**

January	26
February	28
March	44
April	44
May	43
June	49
July	52
August	49
September	58
October	55
November	63
December	<u>55</u>

Total 566

Average Admissions for NHC HealthCare, Kingsport per month in calendar 2015, were 47.2 patients. Also, for calendar year 2015, the center experienced an average length of stay of 20.4 days for its patients.

Please see Nursing Facility Bed Need Report located in Attachment "Section C. General Criteria – 14(b). Additional Occupancy Rate Standards located on page 135 at the end of the application.

2. Describe the relationship of this project to the applicant facility's long-range development plans, if any.

At NHC, our company motto is Care is Our Business. NHC's long-range development plans for Sullivan County is quite simple, to provide quality long-term care services to meet the needs of the citizens of Sullivan County. Our goal is to expand into the Kingsport area and provide the needed long-term services we have provided over the last 42 years to the residents of Sullivan County on the Virginia side of the State line. As we mentioned in our last CON, "The building we are purchasing will accommodate another 8 nursing home beds in addition to the 52 beds which are the subject of this CON.

3. Identify the proposed service area and justify the reasonableness of that proposed area. Submit a county level map including the State of Tennessee clearly marked to reflect the service area. **Please submit the map on 8 1/2" x 11" sheet of white paper marked only with ink detectable by a standard photocopier (i.e., no highlighters, pencils, etc.).**

The service area for this proposed project is Sullivan County. This is a reasonable area since nursing residents prefer not to leave their local communities. **Please see the county level map in Attachment "Section C. General Criteria - 3 Service Area Map" located on page 82 at the end of the application.** The continued growth in the population group aged 65 and above as documented support the continued need for and existence of high quality of care nursing home beds in Sullivan County.

4. A Describe the demographics of the population to be served by this proposal.

During the 20th century, the number of person in the United States under age 65 has tripled. At the same time, the number aged 65 and over has grown by a factor of 11. According to Census Bureau's projections, the elderly populations will more than double between 1995 and the year 2050, to 80 million. By that year, as many as 1 in 5 Americans could be elderly. In 2010, persons 65 and above represented 13.0% of the total population (Census 2010).

Perhaps more significant is the rapid growth expected in oldest old age group, which are more likely to need some form of nursing home care. Thanks to the arrival of the survivors of the baby boom generation, it is expected the oldest old will number 19 million in 2050. That would make them 22 percent of elderly Americans and 4.3 percent of all Americans. (U.S. Census, *The Next four Decades: The Older Population in the United States: 2010 to 2050*, 5/10)

Diagnostic Related Group (DRG) prospective payment for hospitals made a significant impact on the demand for nursing home services. The prospective payment system encourages hospitals to discharge their elderly patients to long term care facilities (Modern Healthcare, 1984). Nursing homes today still experience great demand to accommodate patients who are admitted sicker and require greater amounts of nursing care. Consequently, there exist a growing need for nursing facilities offering and providing high level and quality skilled care services (Level II). Since many of the local medical centers do not provide nursing home care, the responsibility to provide this level of service rest on local nursing home providers.

Sullivan County's age 65 and over population grew by 27.9.0% from 2010 to 2018. According to the Census figures, Sullivan County 85 and over population increased by 796 persons from 2010 to 2018 or 22.3% from 3,568 to 4,364 residents.

The age 65+ population in Sullivan County is projected to increase from 29,215 to 37,365, from 2010 to 2018 respectively (Source: Office of Health Statistics, TN Dept of Health) The primary population to be served by the proposal is those over the age of 65. **Please see Attachment "Section C – General Criteria – 4A Demographics of the Population Served" located on page 86 at the end of the application.**

Sullivan County Population Projections

Age	Sullivan County				
	2010	2016	2018	2010 - 2016 % Increase	2010 - 2018 % Increase
60 - 64	10,731	12,507	13,312	16.6%	24.1%
65-74	16,234	20,021	21,089	23.3%	29.9%
75-84	9,413	10,938	11,912	16.2%	26.5%
85+	3,568	4,290	4,364	20.2%	22.3%
65+	29,215	35,249	37,365	20.7%	27.9%
Total Population	156,823	160,039	161,136	2.1%	2.8%

Source: TN Department of Health, Division of Policy, Planning & Assessment, Office of Health Statistics

B.

Describe the special needs of the service area population, including health disparities, the accessibility to consumers, particularly the elderly, women, racial and ethnic minorities, and low-income groups. Document how the business plans of the facility will take into consideration the special needs of the service area population.

The proposed project is accessible to all consumers, including women, racial and ethnic minorities, and low-income groups seeking skilled care. NHC HealthCare/Kingsport, LLC is proposing to add 8 beds to an existing 52 bed nursing home located adjacent to Indian Path Medical Center in Sullivan County. The services proposed herein address special needs of the population which this center will serve. The services will be made readily available to each of the following:

- (a) Low income persons;
- (b) Racial and ethnic minorities;
- (c) Women;
- (d) Handicapped persons;
- (e) Elderly; and
- (f) Other underserved persons (e.g., "sub-acute" care patients discharged from hospitals and persons with dementia).

It is and will be the centers policy to be readily accessible to low income persons, racial and ethnic minorities, women, handicapped persons, elderly, and other underserved persons.

5. Describe the existing or certified services, including approved but unimplemented CONs, of similar institutions in the service area. Include utilization and/or occupancy trends for each of the most recent three years of data available for this type of project. Be certain to list each institution and its utilization and/or occupancy individually. Inpatient bed projects must include the following data: admissions or discharges, patient days, and occupancy. Other projects should use the most appropriate measures, e.g., cases, procedures, visits, admissions, etc.

The following bed inventory was reported to the Department of Health for year ending 12/31/12 through 12/31/14 for Sullivan County. In addition, there are no approved or outstanding CON's for nursing home beds in Sullivan County.

**Sullivan County Nursing Homes
Occupancy
2012 - 2014**

NURSING HOMES	2015 Licensed Beds	2012 Occupancy	2013 Occupancy	2014 Occupancy
Brookhaven Manor	180	84.3%	79.6%	66.7%
Greystone Health Care Center*	160	84.0%	79.9%	75.3%
Holston Manor	204	85.5%	82.8%	76.4%
Indian Path Medical Center Transitional Care*	N/A	73.7%	73.7%	76.3%
NHC HealthCare, Kingsport**	52	N/A	N/A	0.8%
The Cambridge House	130	92.5%	90.9%	89.1%
The Wexford House	174	96.5%	98.2%	89.1%
Total	900	87.9%	85.6%	78.6%

* Greystone delicensed 5 beds on 7/1/14.

** Indian Path Medical Center TCU closed 12/2014. 2012 - 2014 Occupancy data is based on FYE 6/30. NHC HealthCare, Kingsport was licensed 12/4/14 and is not reported in the total utilization.
Source: 2012 - 2014 JAR Reports Utilization

- 6. Provide applicable utilization and/or occupancy statistics for your institution for each of the past three (3) years and the projected annual utilization for each of the two (2) years following completion of the project. Additionally, provide the details regarding the methodology used to project utilization. The methodology must include detailed calculations or documentation from referral sources, and identification of all assumptions.

Annual utilization for each of the two (2) years following completion of the project.

	<u>2017</u>	<u>2018</u>
NHC HealthCare, Kingsport	86.44%	93.87%

Please see Attachment, Section C, General Criteria – 6, Historical & Projected Utilization, p. 123 for the details and methodology used to project utilization.

ECONOMIC FEASIBILITY

1. Provide the cost of the project by completing the Project Costs Chart on the following page. Justify the cost of the project.
 - All projects should have a project cost of at least \$3,000 on Line F. (Minimum CON Filing Fee). CON filing fee should be calculated from Line D. (See Application Instructions for Filing Fee)
 - The cost of any lease should be based on fair market value or the total amount of the lease payments over the initial term of the lease, whichever is greater.
 - The cost for fixed and moveable equipment includes, but is not necessarily limited to, maintenance agreements covering the expected useful life of the equipment; federal, state, and local taxes and other government assessments; and installation charges, excluding capital expenditures for physical plant renovation or in-wall shielding, which should be included under construction costs or incorporated in a facility lease.
 - For projects that include new construction, modification, and/or renovation; documentation must be provided from a contractor and/or architect that support the estimated construction costs.

The cost of this proposed project is \$109,800 for the eight (8) bed nursing home addition. Costs for the proposed project are based on actual cost incurred on projects undertaken by NHC and based on the experience of Johnson & Bailey, Architects. Estimates provided are considered to be consistent with past experience and to be based on sound assumptions.

Special efforts to be made by the applicant to contain the costs of offering the proposed services are the following:

- a. Group Purchasing
- b. Shared Services
- c. Energy Conservation
- d. Controlled Management Costs
- e. Cost and Quality Control

Please see Attachment "Section C - Economic Feasibility – 1 Project Cost Chart" located on page 137 at the end of the application.

2. Identify the funding sources for this project.

- a. Please check the applicable item(s) below and briefly summarize how the project will be financed. (Documentation for the type of funding **MUST** be inserted at the end of the application, in the correct alpha/numeric order and identified as Attachment C, Economic Feasibility-2.)

The proposed project has the following source of funds: A commitment of working capital has been secured from National HealthCare Corporation. Debt incurred for the project will be retired as reflected on Projected Data Chart.

- A. Commercial loan--Letter from lending institution or guarantor stating favorable initial contact, proposed loan amount, expected interest rates, anticipated term of the loan, and any restrictions or conditions;
- B. Tax-exempt bonds--Copy of preliminary resolution or a letter from the issuing authority stating favorable initial contact and a conditional agreement from an underwriter or investment banker to proceed with the issuance;
- C. General obligation bonds--Copy of resolution from issuing authority or minutes from the appropriate meeting.
- D. Grants--Notification of intent form for grant application or notice of grant award; or
- E. Cash Reserves--Appropriate documentation from Chief Financial Officer.
- F. Other--Identify and document funding from all other sources.
Please see letter indicating the required information in Attachment "Section C Economic Feasibility - 2" located on page 141 at the end of the application.

3. Discuss and document the reasonableness of the proposed project costs. If applicable, compare the cost per square foot of construction to similar projects recently approved by the Health Services and Development Agency.

The proposed project is reasonable in relation to similar facilities in the state. The cost per bed is \$13,725 which is comparable to similar types of projects in the state taking into consideration the proposed project is a bed conversion of existing square footage of the building. Furthermore, project costs are reasonable and inline with our past experience. Thus, quality nursing services and the continuum of care will be expanded in the local area cost effectively.

**Nursing Home Construction Cost Per Square Foot
Years: 2012 - 2014**

	Renovated Construction	New Construction	Total Construction
1st Quartile	\$48.13/sq. ft.	\$152.80/sq. ft.	\$110.15/sq. ft.
Median	\$70.26/sq. ft.	\$170.48/sq. ft.	\$152.80/sq. ft.
3rd Quartile	\$101.00/sq. ft.	\$185.00/sq. ft.	\$174.53/sq. ft.

Source: HSDA website, Tennessee.gov/HSDA/article, HSDA, Applicant Toolbox, Construction Cost Per Square Foot Ranges. Source of information is CON approved applications for years 2012 through 2014, 6/1/2015.

4. **Complete Historical and Projected Data Charts on the following two pages--Do not modify the Charts provided or submit Chart substitutions!** Historical Data Chart represents revenue and expense information for the last *three (3)* years for which complete data is available for the institution. Projected Data Chart requests information for the two (2) years following the completion of this proposal. Projected Data Chart should reflect revenue and expense projections for the *Proposal Only* (i.e., if the application is for additional beds, include anticipated revenue from the proposed beds only, not from all beds in the facility).

Please see Attachment "Section C Economic Feasibility – 4 Historical & Projected Data Chart" located on page 156 at the end of the application.

5. **Please identify the project's average gross charge, average deduction from operating revenue, and average net charge. The Projected Data Chart was used as the source for the requested calculations.**

	Year One (Patient Days 2,524)	Year Two (Patient Days 2,741)
Average Gross Charge	\$709.34	\$685.71
Average Deduction	\$264.45	\$231.88
Average Net Charge	\$444.89	\$453.83

6. Please provide the current and proposed charge schedules for the proposal. Discuss any adjustment to current charges that will result from the implementation of the proposal. Additionally, describe the anticipated revenue from the proposed project and the impact on existing patient charges.

Patient Charge/Reimbursement	Year 1(12/2017) <u>Proposed</u>	Year 2(12/2018) <u>Proposed</u>
Managed Care	\$434.04	\$442.72
Medicare	\$460.80	\$470.02
Private Pay	\$239.20	\$248.77

The proposed CON project calls for the addition of 8 new SNF beds to the existing 52 bed nursing home called NHC HealthCare, Kingsport. Please note that the existing rates for NHC HealthCare, Kingsport can be found in Section C, Economic Feasibility, six (6) B. Consequently, once the Medicare RUG rates were projected, they were inflated 3.0% annually. The anticipated revenue from the proposed project is sufficient to produce positive net operating income in year two of \$320,391.

- B. Compare the proposed charges to those of similar facilities in the service area/adjoining service areas, or to proposed charges of projects recently approved by the Health Services and Development Agency. If applicable, compare the proposed charges of the project to the current Medicare allowable fee schedule by common procedure terminology (CPT) code(s).

Please see Attachment "Section C – Economic Feasibility – 6b Estimated Rates" on page 181 at the end of the application for a comparison of the proposed charges to those of similar facilities in Sullivan County. Please note that Medicare reimburses providers via a perspective payment system. Providers are compensated equally based on the particular service rendered. A comparison of the 2014 rates, JAR, inflated 4.5% a year to the projected 2017 opening show the proposed charges to be similar.

7. Discuss how projected utilization rates will be sufficient to maintain cost-effectiveness.

The projected utilization rates are sufficient to maintain cost-effectiveness. Please see the proforma Projected Data Chart located in the Attachments to this CON application on page 160 including page 163 for a two-year projection showing utilization rates sufficient to maintain cost effectiveness.

8. Discuss how financial viability will be ensured within two years; and demonstrate the availability of sufficient cash flow until financial viability is achieved.

The nursing home is projected within the second year to have sufficient positive cash flow to achieve financial viability. (Please see Projected Data Chart on page 160 of the attachments and page 141 documenting the availability of sufficient cash for the project)

9. Discuss the project's participation in state and federal revenue programs including a description of the extent to which Medicare, TennCare/Medicaid, and medically indigent patients will be served by the project. In addition, report the estimated dollar amount of revenue and percentage of total project revenue anticipated from each of TennCare, Medicare, or other state and federal sources for the proposal's first year of operation.

The proposed project will be accessible to patients eligible for nursing home care. Medicare, insurance and private funded payment sources are accepted by the center. Patient payor mix for NHC HealthCare, Kingsport has been projected in the proforma based on NHC's experience and assumptions based on the acute care market place needs.

The estimated dollar amount of revenue and percentage of total project revenue anticipated by payor source for year one is as follows:

Medicare	\$537,397	47.86%
Managed Care	\$578,377	51.51%
Other Revenue	\$ 7,114	0.63%
Total	\$1,122,888	100%

Source: Attachments, page 179 of the financial proforma assumptions.

10. Provide copies of the balance sheet and income statement from the most recent reporting period of the institution and the most recent audited financial statements with accompanying notes, if applicable. For new projects, provide financial information for the corporation, partnership, or principal parties involved with the project. Copies must be inserted at the end of the application, in the correct alpha-numeric order and labeled as Attachment C, Economic Feasibility-10.

Please see Attachment "Section C Economic Feasibility - 2 page 142 at the end of the application for the most recent audited financial statements for NHC (year end 12/31/2014) and the most current available 10Q, dated 9/30/15.

11. Describe all alternatives to this project which were considered and discuss the advantages and disadvantages of each alternative including but not limited to:

- a. A discussion regarding the availability of less costly, more effective, and/or more efficient alternative methods of providing the benefits intended by the proposal. If development of such alternatives is not practicable, the applicant should justify why not; including reasons as to why they were rejected.

After compiling all of the facts, it was decided that the best alternative would be to add eight (8) additional beds to the existing 52 bed NHC HealthCare, Kingsport. This proposal will allow NHC HealthCare, Kingsport to meet the long-term care needs of the residents of Sullivan County and continue to offer the medical community in the Mountain States Health Alliance (MSHA), as well as others, access to a convenient high quality provider that will help to ensure continuity of care for its patients in the coming years.

- (a) Do nothing. This option was rejected based on the centers occupancy and growing demand for our services. Our desire is to continue to serve the local hospitals and Sullivan County residents' health care needs for years to come.
- (b) Request more than 8 beds. This proposal was considered but rejected because the proposed eight (8) beds with allow maximum efficiency of operation and design by bringing the center to 60 beds. The projected need in Sullivan County is for an additional 665 Medicare beds in 2018.
- (c) Request fewer than 8 beds. This proposal was considered but rejected based on project financial feasibility and our goal to increase operational efficiency. To accommodate the projected growth and need for skilled beds for the year 2018, additional beds should be added. The bed need projected by the new Nursing Home Services, Certificate of Need Standards and Criteria shows a need for 665 additional skilled beds by year 2018. Our request is for 8 beds to open by 2017.
- (d) Add 8 new Medicare beds to the existing 52 bed center. This proposal was considered and accepted. The proposed project will be able to use existing resources and continue to offer the skilled nursing services. The centers site is adjacent to an existing hospital location in an area of town which is part of a medical center of town, and offers good access to other areas of Sullivan County. This proposal is being pursued because it meets the projected needs and orderly development of the health care community in Sullivan County.

- b. The applicant should document that consideration has been given to alternatives to new construction, e.g., modernization or sharing arrangements. It should be documented that superior alternatives have been implemented to the maximum extent practicable.

NHC has chosen an alternative to new construction by deciding to utilize existing space within NHC HealthCare, Kingsport. The center was designed with the intent to add the proposed eight (8) beds in the future.

<u>Organization</u>	<u>Function</u>
Hospitals	Discharge sub-acute patients to more cost-effective nursing centers.
Hospices	Care for special group of terminally ill.
Residential Facilities	Residential institution for those unable to maintain independent lifestyles but do not need intense Medical Care.
Assisted Living (ALF)	Group environment to prevent immediate admission to long-term care facility.
Home Health Care	Provides Medical treatment on less expensive environment than institution.
Home Support	Household or personal services essential to any home health care program.
Adult Day Care	Needed respite service for family support while care provided at home.
Nutrition Programs	Health promotions service which also acts to encourage socialization and prevent isolation.
Senior Centers/ Recreation Services	Acts to improve quality of life and encourages socialization

Step 2: All potential nursing center patients and referrals are pre-screened to determine whether the person's condition warrants admission to the nursing center. If admission to the nursing center is not appropriate, and if the person's condition is such that he can be cared for at home with assistance, the Admissions Director and the Social Services Director will refer the person and his family to the appropriate service provider. This will ensure that elderly persons are not being inappropriately admitted to the nursing center and coordination of other services is maintained.

For elderly persons admitted to the nursing center, discharge planning will ensure that patients are discharged to a non-institutional setting when their physical condition improves. Discharge planning begins upon the patient's admission to the center. At that time, the Admissions Director and Social Services Director will meet with the patient and his family to discuss the availability of suitable accommodations following discharge as determined by the initial assessment.

The patient's progress is monitored and reassessed on a regular basis to determine whether the patient is a candidate for transfer to the community. The Social Services Director, who is part of the center's interdisciplinary care team, will update each patient's medical record with progress notes regarding discharge planning on a regular basis. If discharge has been determined to be appropriate, the Social Services Director will advise the patient and his family of the availability of community support systems, such as home health care, adult day care, etc. The Social Services Director will serve as the liaison between the patient, his family, and the appropriate provider to coordinate the discharge home and the linkage for support services.

Linkages to facilitate referrals and transfers are established through formal working agreements and referral arrangements. These agreements are established prior to facility opening to ensure immediate linkages. Given the fact that NHC already operates in Sullivan County, the center addition will benefit from established referral agreements with the targeted organizations listed above.

Responsible Position: The center's Admissions Director and Social Services Director are responsible for ensuring that potential patients who inquire at the center for admission are referred to the appropriate provider if admission to the nursing center is not warranted or if such service is needed. The Social Services Director is responsible for discharge planning to ensure that patients are discharged from the center when they are ready and that transfer to a semi-institutional setting or to home with appropriate support services is successfully coordinated. Through their ongoing work, the Admissions Director and Social Services Director will maintain linkages and working relationships with providers of non-institutional services.

Desired Outcome: The desired outcome is to ensure that discharges and/or referrals to support services are available and coordinated in a timely manner for patients who no longer require nursing home care and for elderly inquiring at the center for services, but who are inappropriate for admission.

- 1) Become a strong link in the chain of health care providers as it relates to an overall continuum of care.
- 2) Improve and enhance proper service utilization.
- 3) Improve patients' medical conditions by using available avenues.
- 4) Reduce cost by eliminating duplication of services.

Measurement of Outcome: The Admissions Director and Social Services Director will maintain a record of inquiries and referrals of elderly persons seeking long-term care services. These records are reviewed through Quality Assurance and state licensure surveys to determine if appropriate referrals are being made.

Patient medical records are reviewed on a regular basis by the interdisciplinary care team to determine if discharge from the nursing center is appropriate, and if discharge planning goals are being updated or modified. Discharge planning will also be monitored through Quality Assurance surveys and state licensure surveys. Utilization review is conducted every month for Medicare patients. Monitoring of discharge planning will promote the utilization of less intensive, non-institutional services whenever possible.

To integrate and utilize other providers in the health care network the center has established and will have linkages with others in the health care network through the following process:

Purpose: To promote the utilization of less intensive, non-institutional services such as home health care, adult day care, meals on wheels, etc. Since the proposed nursing center will not offer these services, linkages are established with providers of these services to ensure accessibility and transfer when appropriate by nursing center patients.

Targeted Population: Persons targeted for referral to non-institutional services are those nursing center patients whose health has improved to the point where they no longer require 24-hour nursing supervision and are eligible for transfer to home or to a semi-institutional setting, with support services. Referrals will also be made for persons inquiring at the center for long-term care services, but whom after pre-screening, are determined to be inappropriate for nursing home admission.

Linkages are developed by the center with other providers in Sullivan County to provide services not offered by the center. Sullivan County has over 24 home health agencies, 11 hospice and 20 assisted living providers. Although the residents will have a choice in health care providers, following is a list of some providers the facility will work with to provide services not offered by the center.

Home Health Agencies

Advanced Home Care
Amedisys Home Health
Gentiva Health Services
Medical Center Homecare, Kingsport
NHC HomeCare
Smoky Mountain Home Health & Hospice

Hospice

Amedisys Hospice
Caris Hospice
Medical Center Hospice
Smoky Mountain Home Health & Hospice
Wellmont Hospice

Meals on Wheels

Area Meals on Wheels

Assisted Living Centers

Asbury Place at Steadman Hill
Broadmore Assisted Living at Bristol
Crown Cypress
Elmcroft of Kingsport
Emeritus at Kingsport
Preston Place II
Preston Place Suites
Remington House
Wellington Place of Colonial Heights
Wellmont Madison House

Desired Outcome: The desired outcome is to ensure that discharges and/or referrals to non-institutional support services are available and coordinated in a timely manner for patients who no longer require nursing home care and for elderly inquiring at the center for services, but who are inappropriate for admission.

Consequently, transfer agreements are established between all relevant health care providers in the community.

Contractual relationships are established with local dentists, optometrists and other specialized physicians, in order to meet the needs of the patients.

A licensed pharmacist is a member of the Pharmacy Committee, and a pharmacy supplies medications for the patients. If a patient does not wish to use the pharmacy with which the facility has contracted, the patient will have the choice of the pharmacy he chooses to use provided the pharmacy agrees to the mandates of the State regulations and the rules and regulations of the nursing home.

It is the intent of this facility to meet all the requirements of the TN Department of Health with regard to agreements, contractual arrangements and participation by health care professionals.

2. Describe the positive and/or negative effects of the proposal on the health care system. Please be sure to discuss any instances of duplication or competition arising from your proposal including a description of the effect the proposal will have on the utilization rates of existing providers in the service area of the project.

NHC HealthCare/Kingsport, LLC is requesting the authority to add 8 new Medicare SNF nursing home beds to an existing 52 bed nursing home center located adjacent to Indian Path Medical Center. The results are seen to have positive effects for both the long-term care industry and the growing aging population in Sullivan County.

National HealthCare Corporation is one of the largest providers of post-acute care beds and services in the State of Tennessee, of which NHC HealthCare/Kingsport, LLC is a subsidiary. NHC HealthCare, Kingsport is committed to providing the highest quality of care at maximum efficiency. Through the proposed project, NHC will continue with its commitment to improve both efficiency and care in Sullivan County.

This project will serve as an expansion of needed skilled nursing home beds and services to the residents of Sullivan County. The proposed project will serve as a referral source for home health agencies, assisted living centers, doctors and area hospitals. This project will not have negative effects on the health care system of duplication or competition because the 8 beds represent only a fraction of the 665 beds projected in the State's formula to be needed by 2018 in Sullivan County. In addition, these beds, which will be located adjacent to Indian Path Medical Center, will serve the growing quality care long term care bed needs in the acute care delivery system.

4. **Discuss the availability of and accessibility to human resources required by the proposal, including adequate professional staff, as per the Department of Health, the Department of Mental Health and Developmental Disabilities, and/or the Division of Mental Retardation Services licensing requirements.**

Please see Attachment "Section C Economic Feasibility – 4" located on page 180 at the end of the application for a listing of projected human resources required by the proposal per the licensing requirements of the Department of Health. The proposed project will require a total of 4.0 FTE's of which 4.0 FTE's are in nursing (Aides) (Year 2). NHC is approved to provide CNA training programs in-house at many of its centers; it currently does not have that need at NHC HealthCare, Kingsport, but nevertheless maintains the ability to staff the projected FTE increase based on its current staff and potential employees on file.

5. **Verify that the applicant has reviewed and understands all licensing certification as required by the State of Tennessee for medical/clinical staff. These include, without limitation, regulations concerning physician supervision, credentialing, admission privileges, quality assurance policies and programs, utilization review policies and programs, record keeping, and staff education.**

The applicant has reviewed and understands all licensing certification as required by the State of Tennessee for medical/clinical staff. Specifically, the applicant is familiar with the Rules of the Tennessee Department of Health, Board for Licensing Health Care Facilities, Chapter 1200-8-6, Standards for Nursing Homes.

6. **Discuss your health care institution's participation in the training of students in the areas of medicine, nursing, social work, etc. (e.g., internships, residencies, etc.).**

NHC has been in operation for over 44 years and is currently operating NHC HealthCare, Bristol an established center on the Virginia side of Sullivan County. NHC HealthCare, Kingsport has generated a lot of interest from professional nursing personnel in the community. NHC recognizes that staffing shortages are an issue across the nation. Nevertheless, NHC has operated in the Sullivan County since 1973 and based on that experience, does not expect to have a problem staffing the proposed project.

The anticipated medical personnel (FTE's) required for the eight (8) bed addition, at 93.87% occupancy in year two, during the three shifts, is as follows:

<u>Personnel</u>	<u>Total FTE's</u>
Aides	4.0

Staffing at long-term health care facilities is, of course, dependent on the availability of licensed and unlicensed personnel in the market area. While a review of the general market area of this facility indicates that NHC's recruitment efforts should have little impact on existing facilities, NHC has a company-wide policy to provide in-house education and incentive programs to assist in obtaining licensed as well as certified non-licensed personnel. Company strives to have each health care center owned or managed by NHC will have two partners attending nursing school under a scholarship program.

Secondly, NHC has identified areas in which there appear to be acute shortages of licensed personnel and in these areas has an active scholarship program at all 2 and 4-year nursing schools, as well as a recruitment effort with the graduating high school classes. This program, which was initiated in 1987, has attained excellent success. In addition to the educational push for licensed personnel, the Company operates a full in-house certification program for nurse aides and technicians. The program is headed up by a registered nurse located in Knoxville, Tennessee, concentrates on utilizing existing vocational schools and/or nonprofit groups to provide classroom space. Classes are run, on the average, every two months and reach a dozen or so potential nurse aides or technicians in each program. At the end of the course, the individuals who graduate are eligible to participate as certified nurse aides in all of the southeastern states, which have such certification courses.

Finally, the Company runs an intensive administrator-in-training program, which takes college graduates and works them through a 24-month training program, learning every aspect of the management and

administration of long-term health care centers. More than half of the company's administrators are presently graduates of this program. All in all, the company has the highest commitment to the continuing education of its partners and the recruitment of qualified outside individuals with intent to assist their educational activities to help meet the continuing health care needs of the aging population of America.

National HealthCare Corporation prides itself and owes much of its success to over 11,000 partners. NHC realizes that staffing of medical facilities across the country is becoming more of a problem. However, NHC has managed to avoid many of the staffing problems experienced by other operators by offering competitive salaries and extended benefits to all levels of personnel. The NHC philosophy is to operate as a team, with every job having equal bearing on our desired goal to provide the best possible long-term health care to the growing elderly population. All company partners are carefully screened for each job to ensure that the best possible placement. The company attitude toward all its partners along with competitive salaries and a friendly, secure, professional work environment has enabled NHC to attract the kind of team that has made it so successful for over forty four (44) years. NHC also has many strict requirements and company training programs (which are nationally recognized) that continue the level of expertise necessary to deliver state of the art nursing care. Consequently, NHC has an outstanding record for low staff turnover in the industry.

NHC HealthCare, Kingsport draws nurses from the surrounding market area. Staff is often acquired from local advertising, recruitment at area colleges, and word of mouth from other partners. And as stated previously, applicants are drawn from resumes kept on file by NHC.

To provide access by health professional schools and behavioral research projects NHC has established the following:

Purpose: The purpose of NHC's established and proven recruitment plan is to recruit and maintain staff in a variety of disciplines necessary to meet the needs of residents, and provide high quality patient care. The recruitment plan is also used to eliminate and/or reduce reliance on nursing pool personnel and to recruit the highest quality personnel available in the area with the potential for career advancement and longevity. The beneficiaries of staffing retention are the patients that are provided with continuous, superior care.

Targeted Staff Categories: All staff categories, including nursing, social service, administration, dietary, housekeeping, laundry, and maintenance. Particular emphasis is placed on professional and non-professional nursing personnel. NHC has experienced its primary shortage of staff in nurses and nurse aides, and has targeted increased efforts toward the recruitment of personnel in these positions.

Methodology: This recruiting plan has been approved by the management of NHC and has been implemented in all 74 facilities owned and/or managed by NHC. NHC HealthCare, Kingsport will use the following methods:

National HealthCare Corporation's philosophy whenever adding new beds is that the time and effort expended prior to opening in obtaining quality personnel is beneficial for both the company and the patients of the facility. Thus, considerable effort is used to recruit a staff for the facility that meets the following major criteria:

- 1) Each staff member is attuned to the National HealthCare Corporation philosophy of restorative nursing and emphasizing quality of life for our patients; and
- 2) To the extent possible, each staff member has a record of stable employment and a commitment to both the facility and the elderly. The Administrator is trained in the company Administrator program, and will likely be a member of the National HealthCare Corporation corporate staff for training for approximately two (2) years. NHC currently has (10) ten Administrators in its training program. The Administrator and the corporate staff will tailor our Recruitment Plan to meet the local market. The goal of this plan is to put together a cohesive program of partner recruitment at the outset, which will enable the facility to select and recruit an initial staff, which will have not less than 40% partner retainage after five years.

In order to implement the Recruitment Plan and to recruit new partners after opening the facility, the following methods are used:

The recruitment plan is updated annually to account for changes in local market conditions. A great majority of staff personnel are recruited through traditional means, which include classified advertisements, word of mouth among existing staff members and within the community at-large, and through individuals approaching the facility on a walk-in basis to apply for employment. This method has been quite successful for NHC in attracting staff of varied disciplines to its facilities. National HealthCare Corporation owned and operated facilities enjoy an outstanding reputation in their communities and offer prospective partners an opportunity for growth and advancement while working for a quality nursing home operator in a clean, stable work environment at competitive wages.

Currently NHC includes the following recruiting incentives in its package:

Highly competitive wages	Non-partner Educational Loan Program
Tuition Reimbursement	Continuing Education Program (C.E.U.s)
Ongoing skills training	Earned Time Off
Group Life Insurance	Group Health Insurance (w/ Dental)
Company-Paid Retirement	Partner Stock Purchase Plan
Corporate promotions and recognition	

For nursing personnel, additional recruitment steps are taken to supplement those described above. The first step involves more intensified recruitment for the nurse aid positions to help alleviate shortages experienced within the state. NHC has begun an aggressive recruitment program in Tennessee for nurses and nurse aides aimed at the retired and semi-retired persons living within the service area of its facilities. The program involves both advertising and community outreach in order to invite this targeted group to visit the facility and explore opportunities in the geriatric nursing field. An advantage of this program is the availability of flexible hours, which conform to the needs of the prospective partner. NHC recognizes the retiree/semi-retiree as the largest untapped work force in the service area and in Tennessee as a whole, and desires to benefit from the broad experience, compassion, and understanding these people can bring to the patients and other staff at the facility.

The second step to aid in recruiting nursing personnel to the facility involves integration with the area's educational institutions. To assist with staff recruitment and promote community involvement, the facility will work within the community in the following manner:

- A. DON will serve with local advisory boards of Vocational Technical Schools. In addition, the facility will provide a classroom for Certified Nursing Assistant, Advanced Certified Nursing Assistant, and Home Health Aide Classes. This will provide NHC with an advantage for staff recruitment. Upon graduation from each step, partners are given a banquet dinner, certificates, and monetary raises.
- B. NHC has established relationships with the following educational institutions to aid in recruitment of qualified nursing personnel:

East Tennessee State University
 Milligan College
 King College
 Northeast State Technical Community College
 CNT School
 Nashville Area Technical School
 Tennessee State Vocational College

Not only are top-notch applicants recruited from the above schools, but all major schools in the Southeast are include in our recruiting plans. Also, all state and national association meetings are well attended including an exhibit booth and display on recruiting. (This includes National meetings of Nurses, Registered Physical Therapists, Speech Pathologists and Occupational Therapists.

Responsible Positions: The overall recruitment plan is implemented initially by the facility's administrator who then reports and has input and output from the National HealthCare Corporation's corporate staff. On an ongoing basis, the Administrator working with department heads are responsible for recruitment. The DON is heavily involved in the recruitment of LPN's and RN's, as is the corporate staff.

Judy W. Powell, R.N., MS, is Senior Vice-President of Patient Services and is responsible for the overall plan of National HealthCare Corporation.

Desired Outcome: The desired outcome is to attract and maintain a full, stable, motivated staff capable of providing the level of patient care expected by the patient and Applicant alike and who respect and strive to maintain the dignity of each and every patient. Particular emphasis is placed on obtaining long-term partners.

Measure of Outcome: The outcome is measured by monthly data collected, maintained and reported in the monthly administrative meeting regarding manpower characteristics.

Specifically, the effectiveness of the Recruitment Plan is measured:

- 1) By the general success of the facility in staff recruitment;
- 2) By the partner turnover rate through either voluntary or involuntary dismissal;
- 3) By facility Quality Assurance and licensure ratings; and
- 4) By overall staff retention for various periods of time.
- 5) Hours of Nurse Registry used during the year.

An overall turnover of 40% of the facility's initial staff and 70% of its professional staff after five years is the goal of the program. Although at some times unavoidable, the use of nursing pool personnel is considered unacceptable and represents a failure of the Recruitment Plan.

Giving partners a choice of a primary care assignment enhances low nursing turnover. A primary care assignment consists of the same nurse and the same nursing assistant taking care of the same patients every day. Partners who do not wish a permanent assignment may choose to work "relief" assignments when primary-care partners are off.

Nursing Administration believes that this greatly improves the quality of continuity since partners who retain the same patients are much more aware of individual patients' preferences. In addition, this enhances a bonding between patients, partners and patient families.

NHC HealthCare, Kingsport has 24-hour RN coverage.

7. (a) **Please verify, as applicable, that the applicant has reviewed and understands the licensure requirements of the Department of Health, the Department of Mental Health and Developmental Disabilities, the Division of Mental Retardation Services, and/or any applicable Medicare requirements.**

The applicant has reviewed and understands the licensure requirements of the Department of Health, and/or any applicable Medicare requirements.

- (b) **Provide the name of the entity from which the applicant has received or will receive licensure, certification, and/or accreditation.**

Licensure: licensed by the State of Tennessee to provide nursing home services
Accreditation: Not Applicable

If an existing institution, please describe the current standing with any licensing, certifying, or accrediting agency. Provide a copy of the current license of the facility.

NHC HealthCare, Kingsport is licensed by the State of Tennessee to provide nursing home services, please see the attached current license.

Please see Attachment "Section C Economic Feasibility – 7(b) located on page 190 at the end of the application for documentation from the most recent license.

- (c) **For existing licensed providers, document that all deficiencies (if any) cited in the last licensure certification and inspection have been addressed through an approved plan of correction. Please include a copy of the most recent licensure/certification inspection with an approved plan of correction.**

Please see Attachment "Section C Economic Feasibility – 7(c) located on page 192 at the end of the application for documentation from the most recent licensure/certification inspection and an approved plan of correction.

- 9. **Document and explain any final orders or judgments entered in any state or country by a licensing agency or court against professional licenses held by the applicant or any entities or persons with more than a 5% ownership interest in the applicant. Such information is to be provided for licenses regardless of whether such license is currently held.**

Not Applicable, None.

- 10. Identify and explain any final civil or criminal judgments for fraud or theft against any person or entity with more than a 5% ownership interest in the project**

Not Applicable, None.

- 11. If the proposal is approved, please discuss whether the applicant will provide the Tennessee Health Services and Development Agency and/or the reviewing agency information concerning the number of patients treated, the number and type of procedures performed, and other data as required.**

If approved, the applicant will provide the Tennessee Health Services and Development Agency and/or the reviewing agency information concerning the number of patients treated, the number and type of procedures performed, and other data as required. The applicant files a Joint Annual Report Annually

PROOF OF PUBLICATION

Attach the full page of the newspaper in which the notice of intent appeared with the mast and dateline intact or submit a publication affidavit from the newspaper as proof of the publication of the letter of intent.

Please see "Attachment – Proof of Publication" located on page 203 and the "Letter of Intent" located on page 208 at the end of the application.

DEVELOPMENT SCHEDULE

Tennessee Code Annotated § 68-11-1609(c) provides that a Certificate of Need is valid for a period not to exceed three (3) years (for hospital projects) or two (2) years (for all other projects) from the date of its issuance and after such time shall expire; provided, that the Agency may, in granting the Certificate of Need, allow longer periods of validity for Certificates of Need for good cause shown. Subsequent to granting the Certificate of Need, the Agency may extend a Certificate of Need for a period upon application and good cause shown, accompanied by a non-refundable reasonable filing fee, as prescribed by rule. A Certificate of Need which has been extended shall expire at the end of the extended time period. The decision whether to grant such an extension is within the sole discretion of the Agency, and is not subject to review, reconsideration, or appeal.

1. Please complete the Project Completion Forecast Chart on the next page. If the project will be completed in multiple phases, please identify the anticipated completion date for each phase.
2. If the response to the preceding question *indicates that the applicant does not anticipate completing the project within the period of validity as defined in the preceding paragraph*, please state below any request for an extended schedule and document the "good cause" for such an extension.

Form HF0004
Revised 05/03/04
Previous Forms are obsolete

PROJECT COMPLETION FORECAST CHART

Enter the Agency projected Initial Decision date, as published in Rule 68-11-1609(c): 05/25/16

Assuming the CON approval becomes the final agency action on that date, indicate the number of days from the above agency decision date to each phase of the completion forecast.

<u>Phase</u>	<u>DAYS REQUIRED</u>	<u>Anticipated Date (MONTH/YEAR)</u>
1. <u>Architectural and engineering contract signed</u>	<u>30</u>	<u>06/16</u>
2. <u>Construction documents approved by the Tennessee Department of Health</u> **	<u>60</u>	<u>08/16</u>
3. <u>Construction contract signed</u>	<u>30</u>	<u>09/16</u>
4. <u>Building permit secured</u>	<u>30</u>	<u>09/16</u>
5. <u>Site preparation completed (Not Applicable)</u>	<u> </u>	<u> </u>
6. <u>Building construction commenced</u>	<u>30</u>	<u>09/16</u>
7. <u>Construction 40% complete</u>	<u>30</u>	<u>10/16</u>
8. <u>Construction 80% complete</u>	<u>30</u>	<u>11/16</u>
9. <u>Construction 100% complete (approved for occupancy)</u>	<u>30</u>	<u>12/16</u>
10. <u>*Issuance of license</u>	<u>30</u>	<u>01/17</u>
11. <u>*Initiation of service</u>	<u>0</u>	<u>01/17</u>
12. <u>Final Architectural Certification of Payment</u>	<u>60</u>	<u>03/17</u>
13. <u>Final Project Report Form (HF0055)</u>	<u>30</u>	<u>04/17</u>

* For projects that do NOT involve construction or renovation: Please complete items 10 and 11 only.

Note: If litigation occurs, the completion forecast will be adjusted at the time of the final determination to reflect the actual issue date.

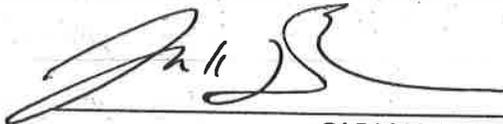
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STATE OF Tennessee

COUNTY OF Rutherford

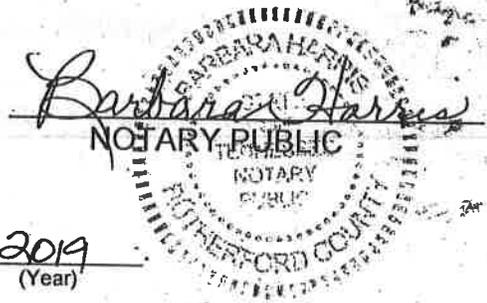
Bruce K. Duncan, being first duly sworn, says that he/she is the applicant named in this application or his/her/its lawful agent, that this project will be completed in accordance with the application, that the applicant has read the directions to this application, the Rules of the Health Services and Development Agency, and T.C.A. § 68-11-1601, *et seq.*, and that the responses to this application or any other questions deemed appropriate by the Health Services and Development Agency are true and complete.



/Assistant Vice President
SIGNATURE/TITLE

Sworn to and subscribed before me this 12th day of January, 2016 a Notary
(Month) (Year)

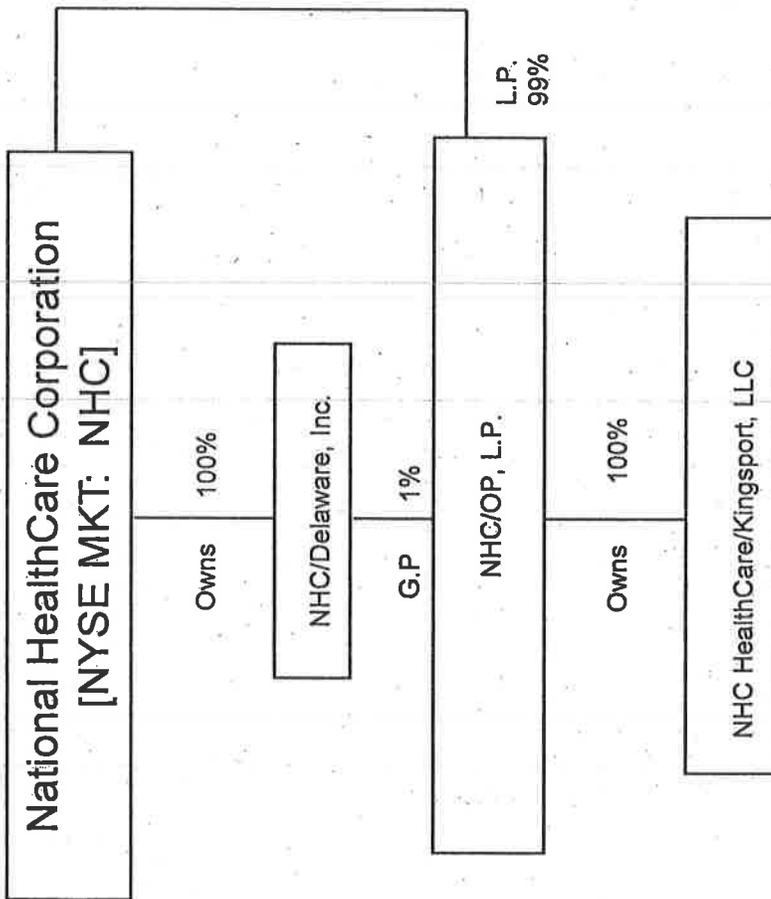
Public in and for the County/State of Rutherford/Tennessee



My commission expires 9/25, 2019
(Month/Day) (Year)

ATTACHMENTS

2014-10-15 10:58 AM



NHC/OP, L.P. owns interest in the following nursing facilities:

12/2/15

Alabama

NHC HealthCare, Anniston
2300 Coleman Road
Anniston, AL 36207

NHC HealthCare, Moulton
300 Hospital Street
Moulton, AL 35650

Georgia

NHC HealthCare, Rossville
1425 McFarland Avenue
Rossville, GA 30741

NHC HealthCare, Ft. Oglethorpe
2403 Battlefield Pkwy
Ft. Oglethorpe, GA 30742

Kentucky

NHC HealthCare, Glasgow
P.O. Box 247
Homewood Blvd.
Glasgow, KY 42142-0247

NHC HealthCare, Madisonville
419 North Seminary Street
Madisonville, KY 42431

Massachusetts

Buckley-Greenfield HealthCare Center
95 Laurel Street
Greenfield, MA 01301

Holyoke HealthCare Center
282 Cabot Street
Holyoke, MA 01040

John Adams HealthCare Center
211 Franklin Street
Quincy, MA 02169

Longmeadow of Taunton
68 Dean Street
Taunton, MA 02780

Missouri

NHC HealthCare, Desloge
801 Brim St.
Desloge, MO 63601

NHC HealthCare, Joplin
2700 E 34th Street
Joplin, MO 64804

NHC HealthCare, Kennett
1120 Falcon Drive
Kennett, MO 63857

Macon Health Care Center
29612 Kellogg Avenue
Macon, MO 63552

NHC HealthCare, Maryland Heights
2920 Fee Fee Road
Maryland Heights, MO 63043

Osage Beach Rehab & Health Care
844 Passover Road
Osage Beach, MO 65065

Springfield Rehab & Health Care
2800 S. Fort Avenue
Springfield, MO 65807

NHC HealthCare, St. Charles
35 Sugar Maple Lane
St. Charles, Mo 63303

NHC HealthCare, Town & Country
13995 Clayton Road
Town & Country, MO 63017

NHC HealthCare, West Plains
211 Davis Drive
West Plains, MO 65775

The Villages of Jackson Creek
3980 S. Jackson Drive
Independence, MO 64057

The Villages of Jackson Creek Memory
Care
19400 E. 40th St. Ct South
Independence, MO 64057

The Villages of St. Peters
5400 Executive Centre Parkway
St Peters, MO 63376

New Hampshire

Epsom HealthCare Center
901 Suncook Valley Highway
Epsom, NH 03234

Maple Leaf HealthCare Center
198 Pearl Street
Manchester, NH 03104

Villa Crest Nursing & Retirement
1276 Hanover Street
Manchester, NH 03104

South Carolina

NHC HealthCare, Anderson
1501 East Greenville
Anderson, SC 29622

NHC HealthCare, Bluffton
3039 Okatie Highway
Bluffton, SC 29910

NHC HealthCare, Charleston
2230 Ashley Crossing Drive
Charleston, SC 29414

NHC HealthCare, Clinton
304 Jacobs Highway
Clinton, SC 29325

NHC HealthCare, Garden City
9405 Highway 17 Bypass
Murrells Inlet, SC 29576

NHC HealthCare, Greenville
1305 Boiling Springs Road
Greer, SC 29650

NHC HealthCare, Greenwood
437 East Cambridge Avenue
Greenwood, SC 29646

NHC HealthCare, Laurens
301 Pinehaven Ext
Laurens, SC 29360

NHC HealthCare, Lexington
2993 Sunset Blvd.
West Columbia, SC 29169

NHC HealthCare, Mauldin
850 East Butler Road
Mauldin, SC 29662

NHC HealthCare, North Augusta
200 Austin Graybill Road
North Augusta, SC 29841

NHC HealthCare, Parklane
7601 Parklane Road
Columbia, SC 29223

Tennessee

The Health Center at AdamsPlace
1927 Memorial Blvd
Murfreesboro, TN 37130

NHC HealthCare, Athens
1204 Frye Street
Athens, TN 37303

NHC HealthCare, Chattanooga
2700 Parkwood Avenue
Chattanooga, TN 37404-1729

The Place at Cool Springs
211 Cool Springs Boulevard
Franklin, TN 37067

NHC HealthCare, Columbia
101 Walnut Lane
Columbia, TN 38401

NHC HealthCare, Dickson
812 N. Charlotte St.
Dickson, TN 37055

NHC HealthCare, Farragut
120 Cavett Hill Lane
Farragut, TN 37922

NHC HealthCare, Franklin
216 Fairground St
Franklin, TN 37064

Holston Health & Rehabilitation Center
3916 Boyds Bridge Pike
Knoxville, TN 37914

NHC HealthCare, Hendersonville
370 Old Shackle Island Road
Hendersonville, TN 37075

NHC HealthCare, Hillview
2710 Trotwood Ave.
Columbia, TN 38401

NHC HealthCare, Johnson City
3209 Bristol Highway
Johnson City, TN 37601

NHC HealthCare, Kingsport
2300 Pavilion Drive
Kingsport, TN 37660

NHC HealthCare, Knoxville
809 Emerald Avenue, NE
Knoxville, TN 37917

NHC HealthCare, Lewisburg
1653 Mooresville Highway
Lewisburg, TN 37091

NHC HealthCare, McMinnville
928 Old Smithville Road
McMinnville, TN 37110

NHC HealthCare, Milan
8017 Dogwood Lane
Milan, TN 38358

NHC HealthCare, Oakwood
244 Oakwood Drive
Lewisburg, TN 37091

NHC HealthCare, Pulaski
993 E. College Street
Pulaski, TN 38478

NHC HealthCare, Scott
2380 Buffalo Road
Lawrenceburg, TN 38464

NHC HealthCare, Sequatchie
405 Dell Trail
Dunlap, TN 37327

NHC HealthCare, Somerville
308 Lake Drive
Somerville, TN 38068

NHC HealthCare, Smithville
825 Fisher Avenue
Smithville, TN 37166

NHC HealthCare, Sparta
34 Gracey Street
Sparta, TN 38583

NHC HealthCare, Springfield
608 8th Avenue East
Springfield, TN 37172

NHC Place, Sumner
140 Thorne Boulevard
Gallatin, TN 37066

NHC HealthCare, Tullahoma
1321 Cedar Lane
Tullahoma, TN 37388

Virginia

NHC HealthCare, Bristol
245 North Street
Bristol, VA 24201

NHC/OP, L.P. owns interest in the following hospice agencies:

Missouri

Caris Healthcare
13995 Clayton Rd
Town and Country MO 63017

Caris Healthcare, Kansas City
3980 South Jackson Drive
Independence, MO 64057

South Carolina

Caris Healthcare, LLC
208 Adley Way
Greenville, SC 29607

Tennessee

Caris Healthcare, Athens
421 Old Riceville Road, Suite 3
Athens, TN 37303

Caris Healthcare, Nashville
2525 Perimeter Place Dr, S 131
Nashville, TN 37214

Caris Healthcare, Chattanooga
5959 Shallowford Road, Suite 551
Chattanooga TN 37421

Caris Healthcare, Springfield
2308 A Memorial Boulevard
Springfield TN 37172

Caris Healthcare, Johnson City
110 West Springbrook, Suite A
Johnson City TN 37604

Caris Healthcare, Somerville
17410 Highway 64
Somerville TN 38068

Caris Healthcare, Knoxville
10651 Coward Mill Road, Suite B
Knoxville TN 37931

Caris Healthcare, Murfreesboro
242 Heritage Park Dr, 101 & 102
Murfreesboro, TN 37129

NHC/OP, L.P. owns interest of the following assisted living facilities:

Assisted Living Facility:

Missouri

Villages of St Peters Memory Care
5300 Executive Center Parkway
Saint Peters, MO 63376

South Carolina

NHC Place-Charleston
1900 Ashley Crossing Drive
Charleston, SC 29414

The Palmettos of Mauldin
810 East Butler Road
Greenville, SC 29607

Palmettos of Parklane
7811 Parklane Road
Columbia, SC 29223

Tennessee

AdamsPlace
1927 Memorial Blvd.
Murfreesboro, TN 37129

NHC Place at Cool Springs
211 Cool Springs Blvd.
Franklin, TN 37067

NHC HealthCare, Dickson
812 N. Charlotte Street
Dickson, TN 37055

NHC Place, Farragut
122 Cavett Hill Lane
Knoxville, TN 37934

NHC HealthCare, Smithville
825 Fisher Avenue
Smithville, TN 37166

NHC HealthCare, Somerville
308 Lake Drive
Somerville, TN 38068

NHC Place, Sumner
140 Thorne Boulevard
Gallatin, TN 37066

Home for the Aged:

NHC HealthCare Assisted Living
3209 Bristol Highway
Johnson City, TN 37601

Home Health Agencies

NHC HomeCare-St Louis
1850 Craigshire Road, Suite 200A
St. Louis, MO 63146

NHC HomeCare-Murrells Inlet
780 Highway 17 S, Suite D
Surfside Beach, SC 29575-6095

NHC HomeCare-Low Country
109 Burton Avenue, Suite D
Summerville, SC 29845

NHC HomeCare-Beaufort
3039 Okatie Highway
Bluffton, SC 29910

NHC HomeCare-Piedmont
1674 Cranium Drive, Suite 101
Rock Hill, SC 29732

NHC HomeCare-Midlands
3229 Sunset Blvd, Suite N
West Columbia, SC 29169

NHC/OP, L.P. is the license holder of the following HomeCare agencies

HomeCare Agencies

Tennessee

NHC HomeCare, Athens
1011 West Madison Avenue
Athens, TN 37303

NHC HomeCare, Cookeville
567 S. Willow Avenue
Cookeville, TN 38501

NHC HomeCare, Chattanooga
5959 Shallowford Road, Suite 539
Chattanooga, TN 37421

NHC HomeCare, Dickson
305 Highway 70 East
Dickson, TN 37055

NHC HomeCare, Columbia
915 S. James Campbell Blvd.
Columbia, TN 38401

NHC HomeCare, Franklin
4601 Carothers Parkway, Suite 250
Franklin, TN 37067

NHC HomeCare, Hendersonville
112 Saundersville Road, Suite B200
Hendersonville, TN 37075

NHC HomeCare, Johnson City
709 Med Tech Parkway, Suite 2
Johnson City, TN 37604

NHC HomeCare, Knoxville
9000 Executive Park Drive, Suite A-205
Knoxville, TN 37923

NHC HomeCare, Lawrenceburg
399 Tripp Road
Lawrenceburg, TN 38464

NHC HomeCare, Lewisburg
493 Cornersville Road
Lewisburg, TN 37091

NHC HomeCare, McMinnville
612 Sparta St.
McMinnville, TN 37110

NHC HomeCare, Milan
14091 South First Street
Milan, TN 38358

NHC HomeCare, Murfreesboro
1923 Memorial Blvd, Suite A
Murfreesboro, TN 37129

NHC HomeCare, Pulaski
1102 E. College Street
Pulaski, TN 38478

NHC HomeCare, Somerville
17985 Highway 64
Somerville, TN 38068

NHC HomeCare, Sparta
456 Vista Drive
Sparta, TN 38583

NHC HomeCare, Springfield
506 Northcrest Drive
Springfield, TN 37172

South Carolina

NHC HomeCare, Aiken
30 Physician Drive
Aiken, SC 29801

NHC HomeCare, Greenville
111 Smith Hines Road, Suite L
Greenville, SC 29607-6511

NHC HomeCare, Greenwood
315 W. Alexander Avenue
Greenwood, SC 39646

NHC HomeCare, Laurens
700 Plaza Circle, Suite O
Clinton, SC 29325

Florida

NHC HomeCare, Carrabelle
1617 West Highway 98, Suite E
Carrabelle, FL 32322

NHC HomeCare, Chipley
1513 Hwy 90
Chipley, FL 32428

NHC HomeCare, Crawfordville
3034 Coastal Hwy
Crawfordville, FL 32327

NHC HomeCare, Merritt Island
2395 N. Courtenay Pkwy, Suite 101
Merritt Island, FL 32953

NHC HomeCare, Panama City
1830 Lisenby Ave., Suite B
Panama City, FL 32405

NHC HomeCare, Port St. Joe
418 Reid Ave.
Port St. Joe, FL 32456

NHC HomeCare, Quincy
860 Strong Rd
Quincy, FL 32351

NHC HomeCare, Vero Beach
946 16th Place
Vero Beach, FL 32960

Section B - Project Description - III (A)

Plot Plan

Section B - Project Description - IV

Floor Plan

Section C – General Criteria - 1.A.

Nursing Facility Bed Need

SNF Need Formula

1/1/2016

Sullivan County

County Bed Need	2018 Population	Rate	Needed Beds By Age
Population 65 & under	123,771	0.0005	62
Population 65-74	21,089	0.012	253
Population 75-84	11,912	0.06	715
Population 85+	4,364	0.15	655
	161,136		1,685
Existing Beds =			900
Need =			785

Source: Office of Health Statistics, Bureau of Health Informatics, Tennessee Department of Health
Existing beds based on licensed beds, Licensed Health Facilities, TN Department of Health

General Bed Need Formula

Sullivan County

County Bed Need	2018 Population	Rate	Needed Beds By Age
Population 65 & under	123,771	0.0004	50
Population 65-74	21,089	0.01	211
Population 75-84	11,912	0.04	476
Population 85+	4,364	0.15	655
	161,136		1,392
Existing Beds =			900
Need =			492

Source: Office of Health Statistics, Bureau of Health Informatics, Tennessee Department of Health
Existing beds based on licensed beds, Licensed Health Facilities, TN Department of Health

NURSING HOME BED POOL STATS

July 1, 2015 through June 30, 2016
125 BED POOL

Nursing Home Beds APPROVED	0 NH Beds
Swing Beds APPROVED	0 Swing Beds
Nursing Home Beds DENIED	0 NH Beds
Swing Beds DENIED	0 NH Beds
Total Beds AVAILABLE from Bed Pool	125 Beds Available
Nursing Home Beds PENDING	25 NH Beds
Swing Beds PENDING	0 Swing Beds
Total Beds PENDING from Bed Pool	25 Beds Pending

<u>COUNTY</u>	<u>PROJECT NUMBER</u>	<u>FACILITY</u>	<u>PROJECT DISPOSITION</u>	<u>MEETING DATE</u>	<u>DESCRIPTION</u>
Humphreys	CN1511-049	Humphreys County Nursing Home	Pending	2/24/2016	Relocate and replace an existing nursing home 2 miles from its current location. The new facility will add 25 new beds to increase its bed count to 91 beds.

NURSING HOME BED POOL STATS

Updated 12/2/2015

Page 1 of 1

Section C - General Criteria – 1.A.3

Inventory and Utilization

Licensed Facilities

Last Updated: 11/4/2015 11:00:10 PM

For more information, please contact:

Health Care Facilities: (615)741-7221 or 1-888-310-4650

Current Listings:

Type = Nursing Home County = SULLIVAN

[Click here to return to the search page](#)

Total Facilities:6

Total Beds:900

1.
BROOKHAVEN MANOR
2035 STONEBROOK PLACE
Kingsport , TN 37660
Attn: Kathy Lynn Samples (3446)
(423) 246-8934
Rank:

Administrator: Kathy Lynn
Samples
Owner Information:
KINGSPORT NH OPERATIONS,
LLC
2035 STONEBROOK PLACE
Kingsport, TN 37660
(423) 246-8934

Facility License
Number: 00000261
Status: Licensed
Number of Beds: 0180
Date of Last
Survey: 09/10/2014
Accreditation Expires:
Date of Original
Licensure: 07/01/1992
Date of Expiration: 05/12/2016

This Facility is Managed By:
Epic Management LLC
Chesnee SC

Facility License
Number: 00000263
Status: Licensed
Number of Beds: 0160
Date of Last
Survey: 07/15/2015
Accreditation Expires:
Date of Original
Licensure: 07/01/1992
Date of Expiration: 05/19/2016

This Facility is Managed By:
NORTHPOINT REGIONAL,
LLC
SUITE 402 Louisville KY

Facility License
Number: 00000264

2.
GREYSTONE HEALTH CARE
CENTER
181 DUNLAP ROAD
P.O. BOX 1133 TCAS
Blountville , TN 37617
Attn: JESSICA SHELTON (3366)
(423) 323-7112
Rank:

Administrator: Jessica Shelton
Owner Information:
BLOUNTS OPERATOR, LLC
7400 NEW LAGRANGE ROAD
SUITE 100
Louisville, KY 40222
(502) 429-8062

3.
 HOLSTON MANOR
 3641 MEMORIAL BLVD.
 Kingsport , TN 37664
 Attn: LEONARD P SMITH (2232)
 (423) 246-2411
 Rank:

Administrator: Leonard P. Smith
 Owner Information:
 HOLSTON NH OPERATIONS,
 LLC
 5005 N. OCEAN BLVD
 PO BOX 71030
 Myrtle Beach, SC 29572
 (423) 246-2411

Status: Licensed
 Number of Beds: 0204
 Date of Last
 Survey: 10/22/2014
 Accreditation Expires:
 Date of Original
 Licensure: 07/01/1992
 Date of Expiration: 04/14/2016

This Facility is Managed By:
 HOLSTON NH
 MANAGEMENT LLC
 Myrtle Beach SC

Facility License
 Number: 00000401
 Status: Licensed
 Number of Beds: 0052
 Date of Last
 Survey: 11/24/2014
 Accreditation Expires:
 Date of Original
 Licensure: 12/02/2014
 Date of Expiration: 12/02/2016

Facility License
 Number: 00000262
 Status: Licensed
 Number of Beds: 0130

Date of Last
 Survey: 02/11/2015
 Accreditation Expires:
 Date of Original
 Licensure: 07/01/1992
 Date of Expiration: 06/23/2016

This Facility is Managed By:
 Alta Care Corp.
 Suite 100 Alpharetta GA

Facility License
 Number: 00000265
 Status: Licensed
 Number of Beds: 0174
 Date of Last
 Survey: 10/22/2014
 Accreditation
 Expires: 05/22/2017
 Date of Original
 Licensure: 07/01/1992
 Date of Expiration: 05/17/2016

4.
 NHC HEALTHCARE
 KINGSPORT
 2300 PAVILION DRIVE
 Kingsport , TN 37660
 Attn: M. DEBORAH HUBBARD
 (3185)
 (423) 765-9655
 Rank:

Administrator: M. Deborah
 Hubbard
 Owner Information:
 NHC
 HEALTHCARE/KINGSPORT
 LLC
 2300 PAVILION DRIVE
 Kingsport, TN 37660
 (423) 765-9655

5.
 The Cambridge House
 250 BELLEBROOK ROAD
 Bristol , TN 37620
 Attn: SUZANNE RICH (728)
 (423) 968-4123
 Rank:

Administrator: SUZANNE RICH
 Owner Information:
 HP/Cambridge House, Inc
 250 Bellebrook Road
 Bristol, TN 37620
 423-968-4123

6.
 THE WEXFORD HOUSE
 2421 JOHN B. DENNIS
 HIGHWAY
 Kingsport , TN 37660
 Attn: Gary Sheets (Temporary)
 423-288-3988
 Rank:

Administrator: Gary Sheets
 Owner Information:
 WELLMONT WEXFORD
 HOUSE
 1905 AMERICAN WAY
 Kingsport, TN 37660
 (423) 230-8200

**Sullivan County Nursing Homes Occupancy
2012 - 2014**

NURSING HOMES	2015 Licensed Beds	2012 Occupancy	2013 Occupancy	2014 Occupancy
1 Brookhaven Manor	180	84.3%	79.6%	66.7%
2 Greystone Health Care Center*	160	84.0%	79.9%	75.3%
4 Holston Manor	204	85.5%	82.8%	76.4%
5 Indian Path Medical Center Transitional Care*	N/A	73.7%	73.7%	76.3%
NHC HealthCare, Kingsport*	52	N/A	N/A	0.8%
6 The Cambridge House	130	92.5%	90.9%	89.1%
7 The Wexford House	174	96.5%	98.2%	89.1%
Total	900	87.9%	85.6%	78.6%

* Greystone delicensed 5 beds 7/1/14.

Indian Path Medical Center TCU closed 12/2014. 2012 - 2014 Occupancy data is based on FYE 6/30.

NHC HealthCare, Kingsport was licensed 12/4/14 and is not reported in the total utilization.

Source: 2012 - 2014 JAR Reports Utilization



INTRODUCTION DETAILED METHODOLOGY DATES AND DATA SOURCES RELATED RESOURCES SHARE FEEDBACK / HELP

PROVIDER SELECTION

The tables show inpatient and post-acute care providers within the marketplace you have selected. Click a provider name to view care transitions between this provider and other facilities. To select a provider from a different setting such as post-acute care, click the tabs at the top of the table. You can return to this selection panel at any time by clicking the "Provider Selection" link in the navigation bar at the top of the screen. Please note that to uphold compliance with PHI requirements we do not display volumes less than 11.

ACTIONS

Back Grid Map

Acute Inpatient Skilled Nursing Facility Home Health Hospice Long Term Acute Care Rehab

Provider ID	Provider Name	Total Encounters	Percent of total that used PAC within 30-days	Market Share
440017	WELLMONT HOLSTON VALLEY MEDICAL CENTER	1498	37%	33%
440012	WELLMONT BRISTOL REGIONAL MEDICAL CENTER	1387	35%	30%
440176	INDIAN PATH MEDICAL CENTER	635	42%	14%
440063	JOHNSON CITY MEDICAL CENTER	482	30%	10%
440184	FRANKLIN WOODS COMMUNITY HOSPITAL	63	30%	1%
490053	JOHNSTON MEMORIAL HOSPITAL	39	10%	0%
440039	VANDERBILT UNIVERSITY HOSPITAL	36	44%	0%
440173	PARKWEST MEDICAL CENTER	22	Less than 11	0%
440018	SYCAMORE SHOALS HOSPITAL	17	41%	0%
490009	UNIVERSITY OF VIRGINIA MEDICAL CENTER	17	29%	0%
340047	NORTH CAROLINA BAPTIST HOSPITAL	16	25%	0%
440120	TENNOVA HEALTHCARE	16	31%	0%
440015	THE UNIVERSITY OF TN MEDICAL CENTER	15	Less than 11	0%
340030	DUKE UNIVERSITY HOSPITAL	11	18%	0%
440033	TENNOVA HEALTHCARE-LAFOLLETT MEDICAL CENTER	Less than 11	28%	-
450076	UNIVERSITY OF TEXAS M D ANDERSON CANCER	Less than 11	Less than 11	-

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PROVIDER SELECTION

The tables show inpatient and post-acute care providers within the marketplace you have selected. Click a provider name to view care transitions between this provider and other facilities. To select a provider from a different setting such as post-acute care, click the tabs at the top of the table. You can return to this selection panel at any time by clicking the "Provider Selection" link in the navigation bar at the top of the screen. Please note that to uphold compliance with PHI requirements we do not display volumes less than 11.

ACTIONS

[Back](#) [Grid](#) [Map](#)

[Acute Inpatient](#) [Skilled Nursing Facility](#) [Home Health](#) [Hospice](#) [Long Term Acute Care](#) [Rehab](#)

Provider ID	Provider Name	Total Encounters	Market Share
445355	INDIAN PATH MEDICAL CENTER TRANSITIONAL CARE	81	11%
495131	NHC HEALTHCARE, BRISTOL	76	10%
445174	BROOKHAVEN MANOR	72	10%
445481	ASBURY PLACE AT KINGSPORT	58	8%
445190	CAMBRIDGE HOUSE, THE	57	8%
445295	HOLSTON MANOR	55	7%
445024	NHC HEALTHCARE, JOHNSON CITY	40	5%
445207	WEXFORD HOUSE, THE	34	4%
445237	CHURCH HILL CARE & REHAB CTR	33	4%
445242	GREYSTONE HEALTH CARE CENTER	24	3%
445356	PRINCETON TRANS CARE AT NORTH	20	2%
445479	LIFE CARE CENTER OF GRAY	18	2%
495412	NOVA HEALTH AND REHAB	15	2%
445487	CHRISTIAN CARE CENTER OF JOHNSON CITY, INC	13	1%
445483	APPALACHIAN CHRISTIAN VILLAGE	Less than 11	-
445162	AGAPE NURSING AND REHABILITATION CENTER, LLC	Less than 11	-
445302	LIFE CARE CENTER OF ELIZABETHTON	Less than 11	-
445145	GOLDEN LIVING CENTER - MOUNTAIN VIEW	Less than 11	-

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INTRODUCTION TOOL DESCRIPTION PROVIDER SELECTION MARKET SELECTION PATIENT TYPE SELECTION ACRONYM KEY

HOSPITAL DISCHARGES ⓘ

Selected Provider : 445355 - INDIAN PATH MEDICAL CENTER TRANSITIONAL CARE

ACTIONS

Selected Post-Acute Care Facility Type : Skilled Nursing Facility

Selected Condition Types : AMI,CABG,COPD,HF,HIP,KNEE,PNE,OTHER

Selected Year : 2014

Grid Map Excel

The table shows total discharges and readmissions from the selected market to each of the inpatient providers listed below. Please note that to uphold compliance with PHI requirements we do not display volumes less than 11.

* RR - Readmission Rate

Medicare Provider ID	Inpatient Provider Name	Discharges to Selected PAC Provider	RR from Selected PAC Provider	Discharges to all Skilled Nursing Facility Providers	RR of Patients Discharged to all Skilled Nursing Facility Providers	Total Discharges to Selected Market	RR of Patients Discharged to Selected Market
440176	INDIAN PATH MEDICAL CENTER	80	23%	146	20%	635	20%
440063	JOHNSON CITY MEDICAL CENTER	Less than 11	-	81	20%	482	17%

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Section C – General Criteria – I.A. 4

Service Area JAR Report

**Sullivan County
Private and Semi-private Rooms**

	Nursing Homes	Beds Set Up and Staffed	# of Beds in Pvt Rooms	# of Beds in Semi-Pvt Rooms	# of Beds In Ward
1	Brookhaven Manor	180	0	180	0
2	Greystone Health Care Center	160	7	153	0
3	Holston Manor	204	5	196	3
4	NHC HealthCare, Kingsport*	52	52	0	0
5	The Cambridge House	130	4	126	0
6	The Wexford House	174	6	168	0
	Total	900	74	823	3

* If NHC HealthCare, Kingsport 's 8 Bed CON is approved, the facility will have 44 private and 16 semi-private beds.

Source: 2014 TN JAR Summary Reports Schedule E - Beds

**Sullivan County Nursing Homes
2012 - 2014 Patient Days**

	2015 Licensed Beds	2012 Patient Days	2013 Patient Days	2014 Patient Days	'12 - '14 % of Change	2012 % Occ.	2013 % Occ.	2014 % Occ.
1 Brookhaven Manor	180	55,390	52,289	43,840	-20.9%	84.3%	79.6%	66.7%
2 Greystone Health Care Center	160	50,565	48,106	43,992	-13.0%	84.0%	79.9%	75.3%
3 Holston Manor	204	63,659	61,640	56,861	-10.7%	85.5%	82.8%	76.4%
4 Indian Path Medical Center - TCU	N/A	5,917	5,919	6,128	3.6%	73.7%	73.7%	76.3%
NHC HealthCare, Kingsport	52	N/A	N/A	150	N/A	N/A	N/A	0.8%
5 The Cambridge House	130	43,904	43,134	42,280	-3.7%	92.5%	90.9%	89.1%
6 The Wexford House	174	61,291	62,362	56,610	-7.6%	96.5%	98.2%	89.1%

* Christian Care Center of Bristol, CN1404-012, CON for the construction of a 120-bed replacement nursing facility to be located in Bristol, Tennessee.

Source: 2012 - 2014 JAR Reports

**Sullivan County Nursing Homes
2014**

	NURSING HOMES	Licensed Beds	SNF Beds - Medicare	SNF/NF Beds Dually Certified	NF Beds - Medicaid	Licensed Only Beds - Non Certified	SNF Medicare/ Level II ADC	NF - ADC (Medicaid/ Level I Only)	Licensed Occupancy
1	Brookhaven Manor	180	0	180	0	0	25	0	66.7%
2	Greystone Health Care Center	160	0	160	0	0	18	86	75.3%
3	Holston Manor	204	0	204	0	0	29	123	76.4%
4	Indian Path Medical Center - TCU	22	22	0	0	0	15	0	76.3%
	NHC HealthCare, Kingsport	52	52	0	0	0	1	0	0.8%
5	The Cambridge House	130	0	130	0	0	-	-	89.1
6	The Wexford House	174	0	174	0	0	27	113	89.1%

Source: 2014 TN JAR Summary Reports

Sullivan County Nursing Homes
2013

NURSING HOMES		Licensed Beds	SNF Beds - Medicare	SNF/NF Beds Dually Certified	NF Beds - Medicaid	Licensed Only Beds - Non Certified	SNF Medicare/ Level II/ADC	NF - ADC (Medicaid/ Level II Only)	Licensed Occupancy
1	Brookhaven Manor	180	0	180	0	0	24	120	79.6%
2	Greystone Health Care Center	165	0	165	0	0	24	92	79.9%
3	Holston Manor	204	0	204	0	0	28	138	82.8%
4	Indian Path Medical Center - TCU	22	22	0	0	0	15	0	73.7%
5	The Cambridge House	130	0	130	0	0	15	103	90.9
6	The Wexford House	174	0	174	0	0	31	124	98.2%

Source: 2013 TN JAR Summary Reports

Sullivan County Nursing Homes
2012

	NURSING HOMES	Licensed Beds	SNF Beds - Medicare	SNF/NF Beds Dually Certified	NF Beds - Medicaid	Licensed Only Beds - Non Certified	SNF Medicare/ Level II ADC	NF - ADC (Medicaid/ Level I Only)	Licensed Occupancy
1	Brookhaven Manor	180	0	180	0	0	18	133	84.3%
2	Greystone Health Care Center	165	0	165	0	0	21	106	84.0%
3	Holston Manor	204	0	204	0	0	24	148	85.5%
4	Indian Path Medical Center - TCU	22	22	0	0	0	15	0	73.7%
5	The Cambridge House	130	0	130	0	0	13	90	92.5
6	The Wexford House	174	0	174	0	0	28	124	96.5%

Source: 2012 TN JAR Summary Reports

Section C – General Criteria - 3

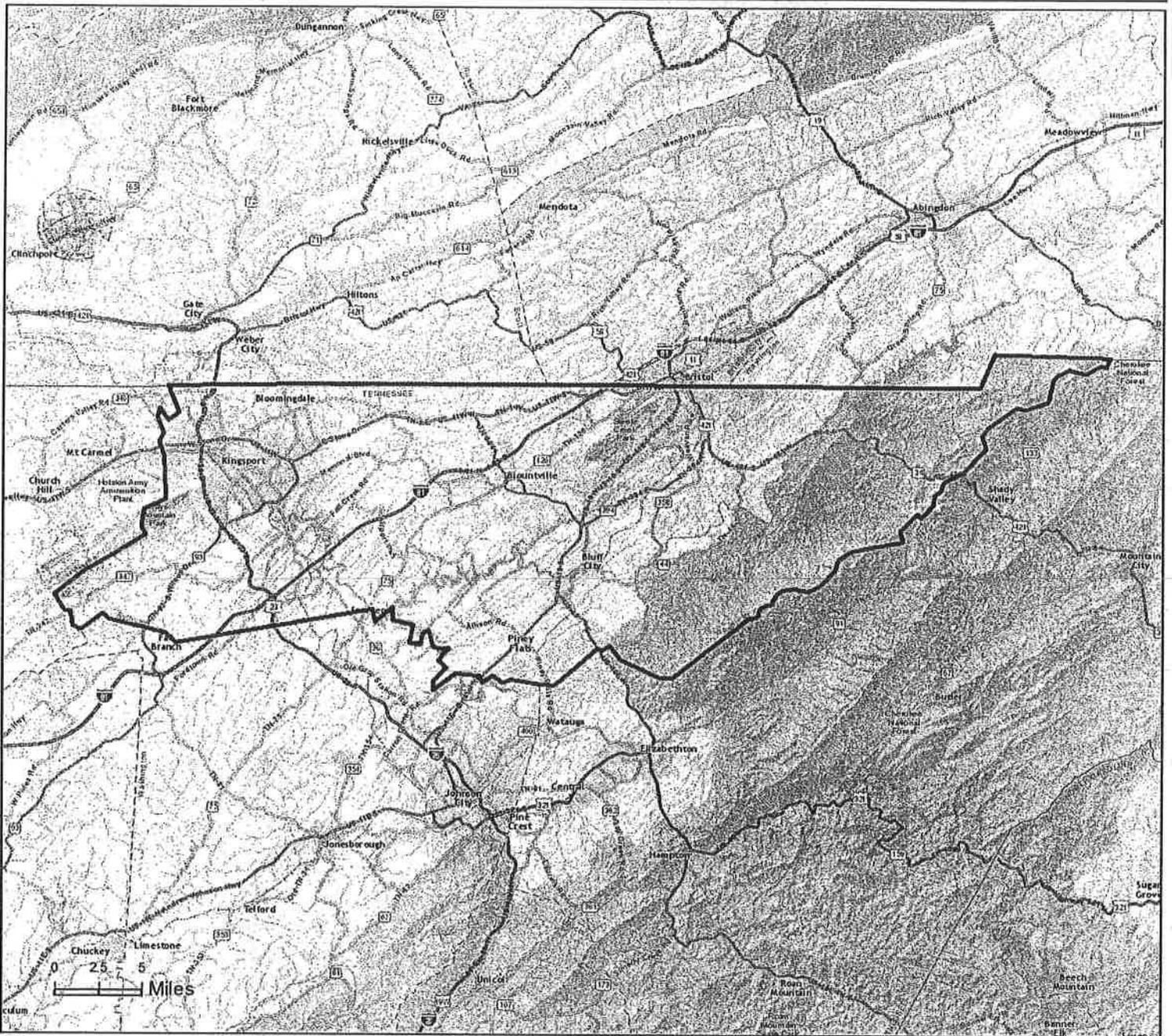
Service Area Map



Site Details Map

Sullivan County, TN
Sullivan County, TN (47163)
Geography: County

Prepared by Esri



This site is located in:

- City:** ---
- County:** Sullivan County
- State:** Tennessee
- ZIP Code:** 37617
- Census Tract:** 47163043401
- Census Block Group:** 471630434011
- CBSA:** Kingsport-Bristol-Bristol, TN-VA Metropolitan Statistical Area

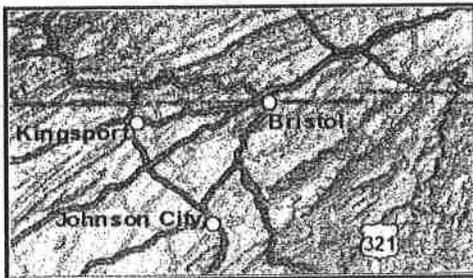
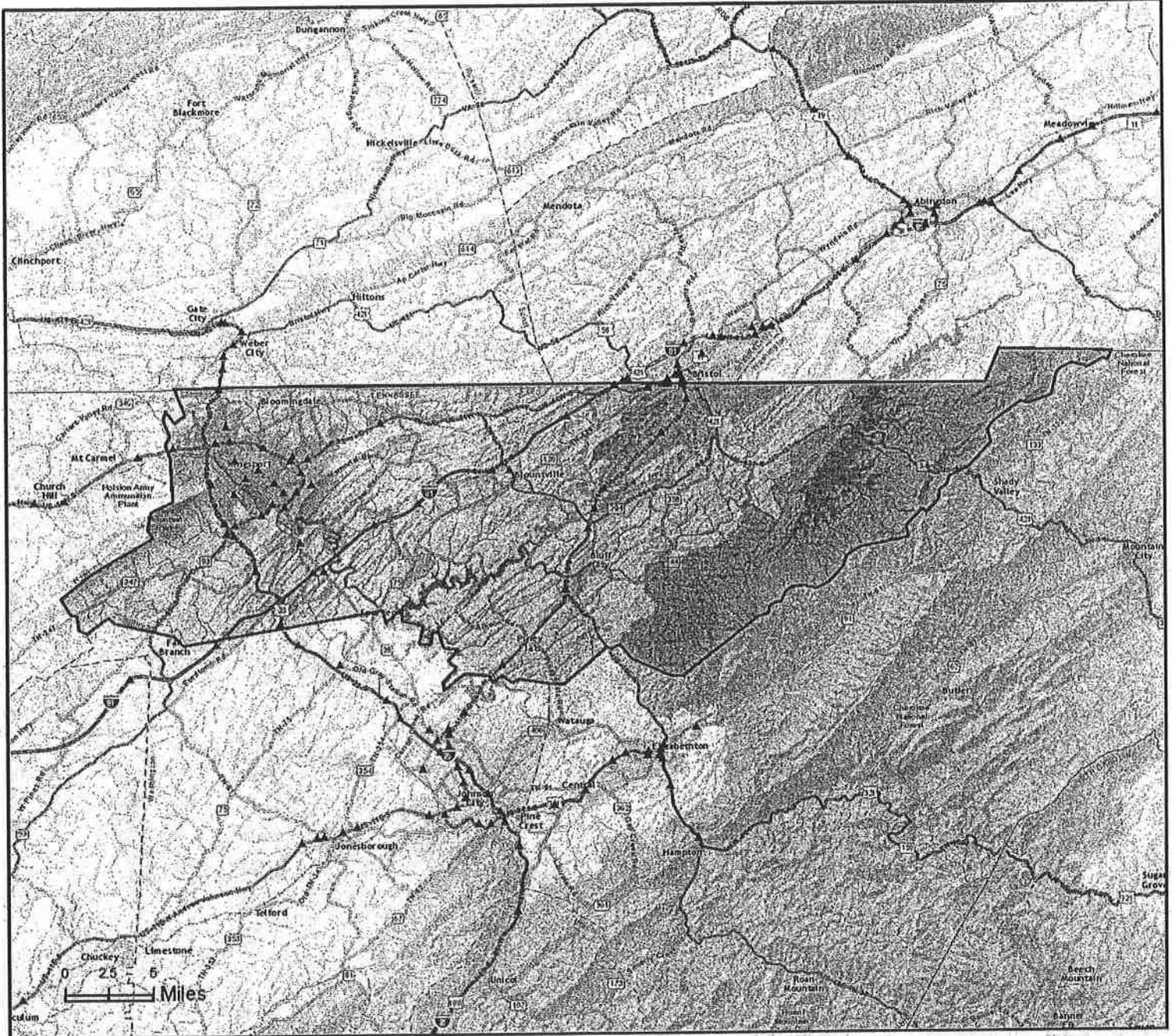


Traffic Count Map

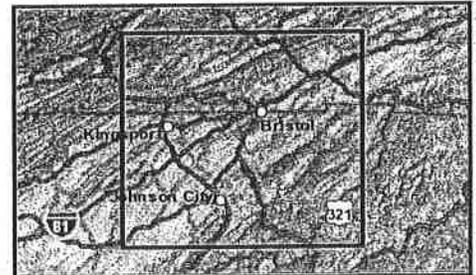
122

Sullivan County, TN
Sullivan County, TN (47163)
Geography: County

Prepared by Esri



- Average Daily Traffic Volume**
- ▲ Up to 6,000 vehicles per day
 - ▲ 6,001 - 15,000
 - ▲ 15,001 - 30,000
 - ▲ 30,001 - 50,000
 - ▲ 50,001 - 100,000
 - ▲ More than 100,000 per day



Source: ©2015 Market Planning Solutions, Inc.

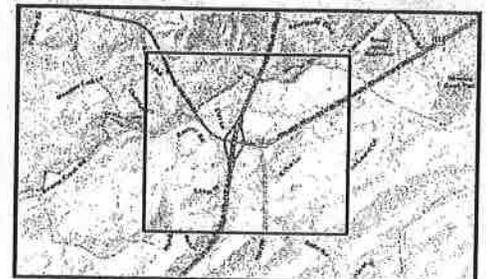
December 09, 2015



124
Site Map on Satellite Imagery - 1.6 Miles Wide

Sullivan County, TN
Sullivan County, TN (47163)
Geography: County

Prepared by Esri



Source: ArcGIS Online World Imagery Basemap

December 09, 2015

Section C, General Criteria – 6

Historical & Projected Utilization

NHC HealthCare, Kingsport Projected Utilization

Year	Licensed Beds	Medicare-certified beds	SNF Medicare/Level II ADC	SNF Medicaid Level II ADC	All Other Payors ADC	SNF ADC	NF ADC	Total ADC	Licensed Occupancy
2014	52	52	0.52	0	4	0	0	5	9.3%
2015	52	52	17	0	22	0	0	39	75.1%
2016 (Projected)	52	52	20	0	30	0	0	50	96.2%
2017 (Projected)	60	60	23	0	34	0	0	57	94.9%
2018 (Projected)	60	60	24	0	34	0	0	58	95.8%

Source: NHC Internal Documents

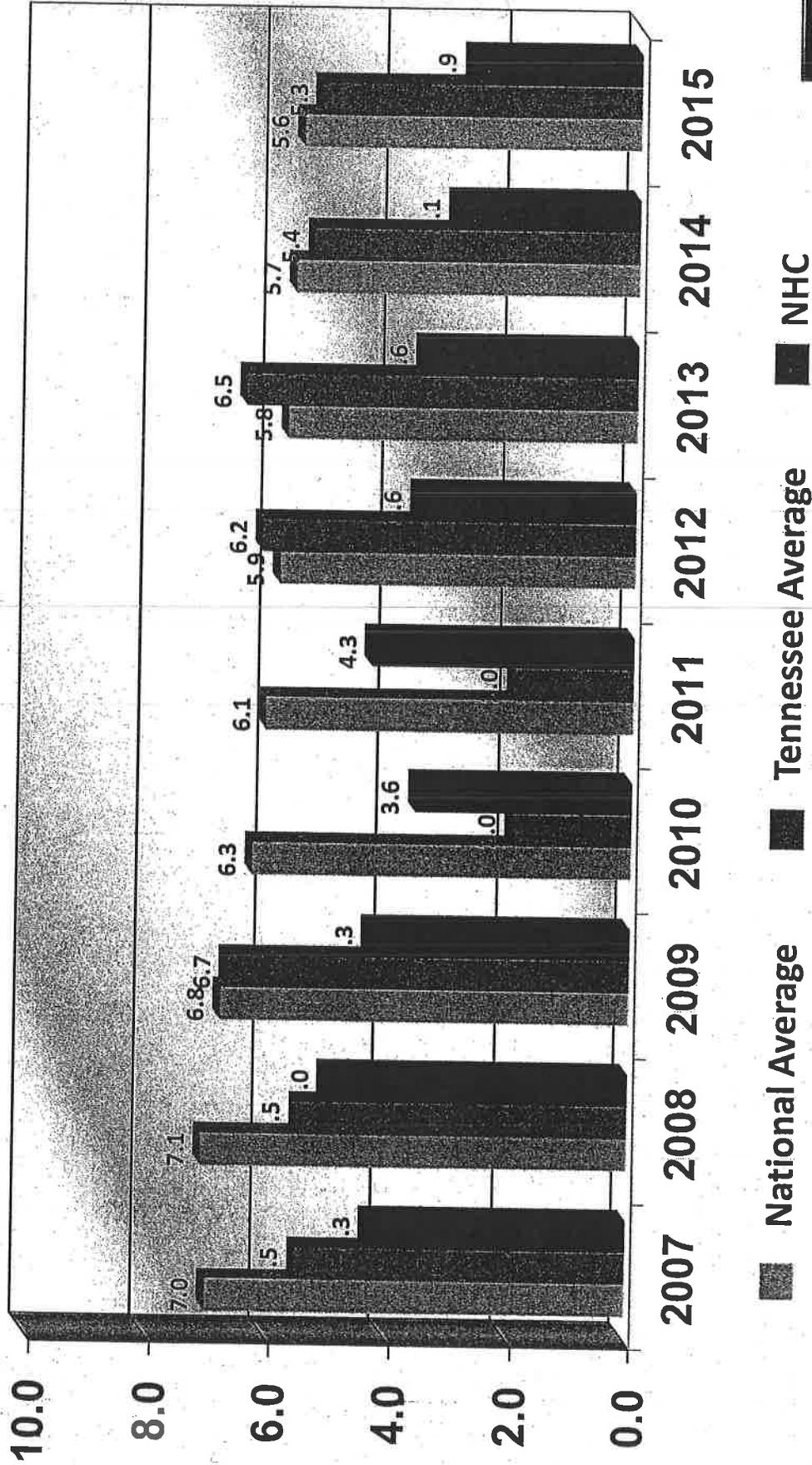
Section C, General Criteria – 12

Quality Control and Monitoring

5/24/10 10:49:17

Deficiencies per Survey

NHC vs. National and Tennessee Average (2007 – November 2015)



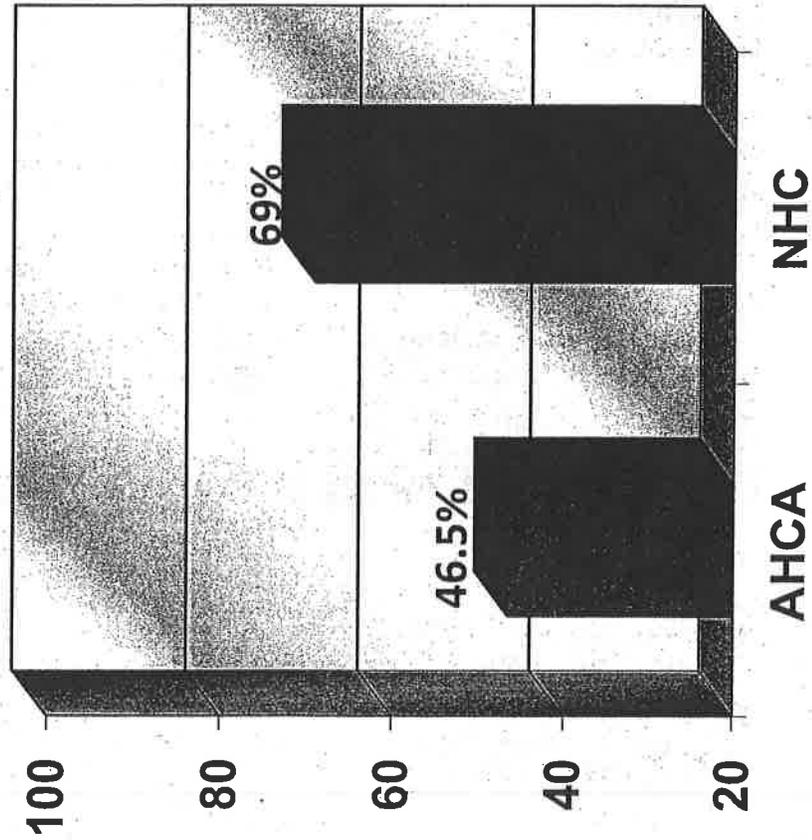
Source: Tennessee Nursing Home Inspection and Enforcement Activities Report
Medicare.gov



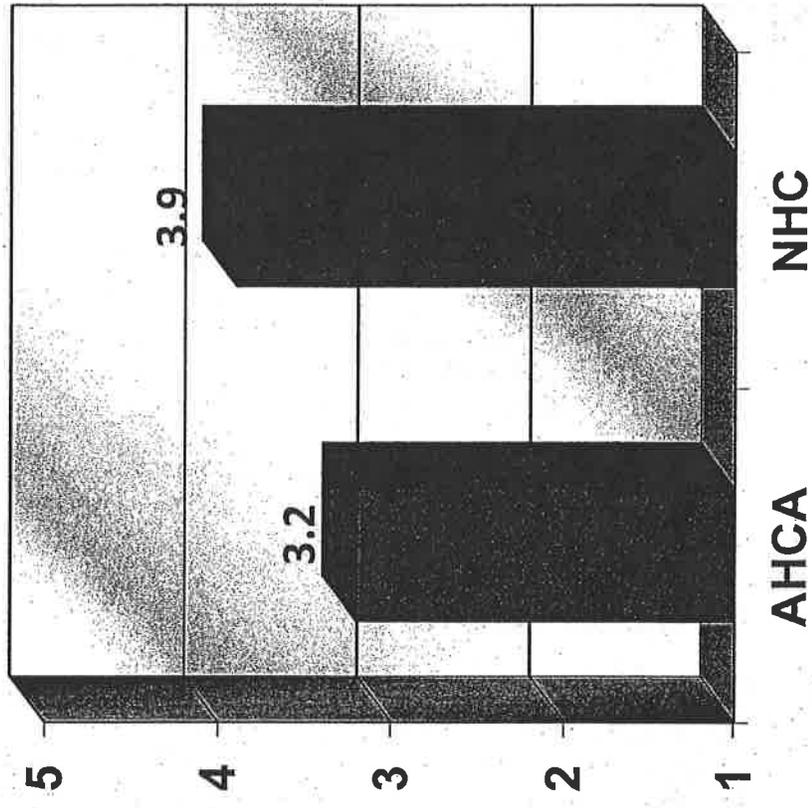
CMS Five-Star Ratings

Operational Excellence – November 2015

Four and Five-Star Ratings %
AHCA vs. NHC



Average Overall Scores
AHCA vs. NHC



* Note: System change effective January 2015.



NHC

QUALITY IMPROVEMENT PROGRAM MANUAL		
Original Date 1-1-06	Revised Date 12-20-11	Page Number 1 of 2
Section: TABLE OF CONTENTS		Section Number
Subject: TABLE OF CONTENTS		

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NHC

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X. QUALITY IMPROVEMENT

10.0 Quality Assurance Performance Improvement (QAPI)

The NHC Quality Assurance Performance Improvement Committee oversees and directs all activities aimed at evaluating and improving the quality of care rendered to patients. The Committee provides process oversight, and directs regional and center activities aimed at quality improvement. The Committee provides an ongoing analysis of these activities, and directs the development of plans of correction as deemed necessary.

Each NHC Center Quality Assurance Performance Improvement Committee is responsible for implementing and maintaining an ongoing system-wide process of quality improvement as directed by the NHC Quality Assurance Performance Improvement Committee.

Centers will cooperate and participate as appropriate to facilitate CMS initiatives related to patient-centered care.

10.1 PHARMACY COMMITTEE

In accordance with the philosophy of National HealthCare Corporation and the Quality Improvement Plan, and at the direction of the Quality Assurance Performance Improvement Committee, the Pharmacy Committee is a subcommittee of the center's Quality Assurance Performance Improvement Committee.

The Pharmacy Committee will oversee pharmacy services/programs/activities at the center level and be involved in ongoing quality improvement measures to assure the appropriate level of service.

The Committee oversees the pharmaceutical service in the center to assure that accepted professional principles and appropriate federal, state and local laws are followed. The Pharmacy Committee makes recommendations for improvement and monitors pharmacy services to insure their adequacy and accuracy.

The persons currently appointed to serve on the Pharmacy Committee (to include at least the Medical Director, DON, Consultant Pharmacist & Administrator) are listed in the minutes of the Committee meetings. The Pharmacy Committee shall meet quarterly and at the call of the chairman. The Pharmacy Committee documents its activities, findings, and recommendations. The consultant pharmacist interacts with the Quality Improvement Committee regarding the provision of pharmacy service in the center, the development of related procedures, and the evaluation of pharmaceutical services.

(CFR 483.60, Pharmacy Services)

10.2 INFECTION CONTROL COMMITTEE

In accordance with the philosophy of National HealthCare Corporation and the Quality Improvement Plan, and at the direction of the Quality Assurance Performance Improvement Committee, the Infection Control Committee is a subcommittee of the center's Quality Assurance Performance Improvement Committee.

The Infection Control Committee will oversee infection control services/programs/activities at the center level and be involved in ongoing quality improvement measures to assure the appropriate level of service.

- A. This center has an Infection Control Committee (ICC) composed of professionals and designated persons from at least the following: nursing, dietary, housekeeping, pharmacy, and administration. The ICC is a subcommittee of the QAP Committee. Regular quarterly meetings are held with reports and minutes maintained. In order to prevent and contain the spread of infections and disease, the ICC will develop guidelines based on CDC, OSHA, & NIOSH regulations. Compliance with procedures and guidelines will be determined through monitoring infection control practices, surveillance, and data collection (i.e., employee health, visitors, dietary, laundry, and environmental services).
- B. Centers will follow CDC and state-specific notifiable disease rules. Patients with contagious disease, open sores, or infected lesions are to be treated with transmission-based precautions procedures as indicated by the CDC guidelines.
- C. The center does not accept patients with suspected or confirmed infectious TB disease for admission.

Patients with TB disease who are, based on 2005 CDC Guidelines, determined to be non-infectious, can be admitted and do not require placement in an Airborne Infection Isolation room.

Since the likelihood of TB is increased in patients with HIV infection; prior to the admission of a patient with a diagnosis of HIV infection, the center will obtain a reliable negative TB skin test performed within 30 days prior to admission.

- D. The center will not allow partners with a communicable disease or infected skin lesion to be in direct contact with patients or their food if direct contact will transmit the disease.
- E. Partner TB testing and screening will be in accordance with CDC recommendations based on center risk assessment and comply with state-specific regulations.

F. Care of Patients During a Communicable Disease Episode of Epidemic Proportions

1. New patients will not be admitted until cleared by a physician and/or infection control professional. Visitation privileges will be established by the infection control committee.
2. Affected patients will be immediately isolated from other patients. If required, arrangements will be made to transfer affected persons to other facilities where appropriate isolation measures can be implemented.
3. Required medical reports will be forwarded to proper authorities.

G. The Infection Control in-service program meets state, OSHA and other federal standards for topic, frequency and program content.

10.3 PATIENT SAFETY COMMITTEE

In accordance with the philosophy of National HealthCare Corporation and the Quality Improvement Plan, and at the direction of the Quality Assurance Performance Improvement Committee, the Patient Safety Committee is a subcommittee of the center's Quality Assurance Performance Improvement Committee.

The Patient Safety Committee will oversee the safety program related to patient care and be involved in ongoing quality improvement measures to assure patient safety.

Committee make up should be limited to clinical partners. The persons currently appointed to serve on the Patient Safety Committee are listed in the minutes of the Committee meetings. The Patient Safety Committee shall meet at least monthly. The Patient Safety Committee documents its activities, findings, and recommendations, which are then presented to the Quality Assurance Performance Improvement Committee.

10.4 UTILIZATION REVIEW COMMITTEE

The center's Utilization Review Committee will review the medical necessity of skilled services to assure the appropriate level of care.

The Committee will apply the Medicare Part A Coverage Criteria in an objective and impartial manner to each Medicare Part A beneficiary's care at the time of admission and during the continued stay.

The appropriateness of professional services (including drugs and biologicals), are determined based on the individual patient's need for inpatient placement and the type, frequency, and duration of the service provided.

An objective *physician* review of patient medical need is matched with the services being rendered. Decisions of reasonableness and appropriateness of services provided are based on medical need rather than preference or choice.

The objectives are:

1. Services provided to the patient are medically necessary.
2. Type and quality of service are the appropriate response to identified patient need.
3. Care is provided in the most appropriate setting.
4. Medical necessity criteria are applied impartially.
5. Care provided meets current standards of practice (or coverage criteria for insurer).



Five Elements

Element 1: Design and Scope

A QAPI program must be ongoing and comprehensive, dealing with the full range of services offered by the facility, including the full range of departments. When fully implemented, the QAPI program should address all systems of care and management practices, and should always include clinical care, quality of life, and resident choice. It aims for safety and high quality with all clinical interventions while emphasizing autonomy and choice in daily life for residents (or resident's agents). It utilizes the best available evidence to define and measure goals. Nursing homes will have in place a written QAPI plan adhering to these principles.

Element 2: Governance and Leadership

The governing body and/or administration of the nursing home develops a culture that involves leadership seeking input from facility staff, residents, and their families and/or representatives. The governing body assures adequate resources exist to conduct QAPI efforts. This includes designating one or more persons to be accountable for QAPI; developing leadership and facility-wide training on QAPI; and ensuring staff time, equipment, and technical training as needed. The Governing Body should foster a culture where QAPI is a priority by ensuring that policies are developed to sustain QAPI despite changes in personnel and turnover. Their responsibilities include, setting expectations around safety, quality, rights, choice, and respect by balancing safety with resident-centered rights and choice. The governing body ensures staff accountability, while creating an atmosphere where staff is comfortable identifying and reporting quality problems as well as opportunities for improvement.

Element 3: Feedback, Data Systems and Monitoring

The facility puts systems in place to monitor care and services, drawing data from multiple sources. Feedback systems actively incorporate input from staff, residents, families, and others as appropriate. This element includes using Performance Indicators to monitor a wide range of care processes and outcomes, and reviewing findings against benchmarks and/or targets the facility has established for performance. It also includes tracking, investigating, and monitoring Adverse Events that must be investigated every time they occur, and action plans implemented to prevent recurrences.

Element 4: Performance Improvement Projects (PIPs)

A Performance Improvement Project (PIP) is a concentrated effort on a particular problem in one area of the facility or facility wide; it involves gathering information systematically to clarify issues or problems, and intervening for improvements. The facility conducts PIPs to examine and improve care or services in areas that the facility identifies as needing attention. Areas that need attention will vary depending on the type of facility and the unique scope of services they provide.

Element 5: Systematic Analysis and Systemic Action

The facility uses a systematic approach to determine when in-depth analysis is needed to fully understand the problem, its causes, and implications of a change. The facility uses a thorough and highly organized/ structured approach to determine whether and how identified problems may be caused or exacerbated by the way care and services are organized or delivered. Additionally, facilities will be expected to develop policies and procedures and demonstrate proficiency in the use of Root Cause Analysis. Systemic Actions look comprehensively across all involved systems to prevent future events and promote sustained improvement. This element includes a focus on continual learning and continuous improvement.

Section C, General Criteria – 14(b)

Additional Occupancy Rate Standards

**Sullivan County Nursing Facilities State Survey Results by
Number of Deficiencies**

Facility	CMS Star Rating	Survey Date	Number of Health Deficiencies	Average Number of Hith Deficiencies in TN	Difference in Avg Number of Hith Deficiencies in TN	Average Number of Hith Deficiencies in US	Difference in Avg Number of Hith Deficiencies in US
Brookhaven Manor.	1	11/10/2015	8	5.3	3	6.9	1
		9/10/2014	18	5.9	12	7.0	11
		8/7/2013	13	7.0	6	7.1	6
Cambridge House	2	2/11/2015	10	5.3	5	6.9	3
		1/23/2014	6	5.9	0	7.0	(1)
		11/29/2012	5	7.0	(2)	7.1	(2)
Greystone Health Care Center	2	7/15/2015	4	5.3	(1)	6.9	(3)
		4/3/2014	10	5.9	4	7.0	3
		2/27/2013	11	7.0	4	7.1	4
Holston Manor	1	10/22/2014	11	5.3	6	6.9	4
		9/25/2013	12	5.9	6	7.0	5
		3/28/2012	9	7.0	2	7.1	2
NHC HealthCare, Kingsport	N/A N/A	12/9/2015	3	5.3	(2)	6.9	(3.9)
		12/23/2014	0	5.9	(6)	7.0	(7.0)
Wexford House	3	10/22/2014	3	5.3	(2)	6.9	(4)
		9/5/2013	7	5.9	1	7.0	0
		2/29/2012	15	7.0	8	7.1	8

Source: Medicare web site - Nursing Home Compare

Section C - Economic Feasibility – 1
Project Costs Chart & Assumptions

PROJECT COSTS CHART

A. Construction and equipment acquired by purchase:	
1. Architectural and Engineering Fees	10,000
2. Legal, Administrative, Consultant Fees	10,000
3. Acquisition of Site (Building, including estimated closing costs)	
4. Preparation of Site	
5. Construction Costs	15,000
6. Contingency Fund	10,000
7. Fixed Equipment (Not included in Construction Contract)	
8. Moveable Equipment (List all equipment over \$50,000)	56,800
9. Other (Specify) Landscaping, pre-opening, impact fees	5,000
B. Acquisition by gift, donation or lease:	
1. Facility (Inclusive of building and land)	
2. Building Only	
3. Land Only	
4. Equipment (Specify)	
5. Other (Specify)	
C. Financing costs and Fees:	
1. Interim Financing	
2. Underwriting Costs	
3. Reserve for One Year's Debt Service	
4. Other (Specify)	
D. Total Estimated Project Cost (A + B + C)	106,800
E. CON Filing Fee	3,000.00
F. Total Estimated Project Cost (D + E)	\$ 109,800

NHC HealthCare, Kingsport 8 Bed Addition

Construction

No space construction – the project scope involves converting a private room to semi-private.

The only construction is add nurse call, overbed light, outlets and wall mounted TV.

Johnson + Bailey Architects P.C.



December 18, 2015

Mr. Bruce Duncan
National HealthCare Corporation
100 East Vine Street
Murfreesboro, TN 37130

Re: 8 Bed Addition
NHC HealthCare Kingsport
Kingsport, TN

Dear Bruce:

Based upon a project scope of converting 8 Private rooms (built originally to be converted in the future to Semi-Private rooms) to 8 Semi-private rooms encompassing 2,304 sq. ft., it is my opinion, considering the relatively minor nature of the renovation work to be completed, that the total construction costs for the referenced project should be approximately \$15,000.00.

The plans have been designed in compliance with the applicable building and life safety codes, the Tennessee Department of Health Chapter 1200-8-6 Standards for Nursing Homes (latest edition) and to the requirements specified in the latest adopted edition of the Guidelines for the Design and Construction of Health Care Facilities.

Please advise if you require any additional information relative to construction costs for this project.

Sincerely,

JOHNSON + BAILEY ARCHITECTS P.C.

A handwritten signature in black ink, appearing to read 'James H. Bailey III', written over a horizontal line.

James H. Bailey III AIA
President

Section C – Economic Feasibility - 2

Project Funding

January 5, 2016

Ms. Melanie Hill, Executive Director
State of Tennessee
Health Services and Development Agency
502 Deaderick Street, 9th Floor
Nashville, TN 37243

RE: NHC HealthCare/Kingsport, LLC d/b/a NHC HealthCare, Kingsport (Sullivan County), 8 Bed Addition \$109,800

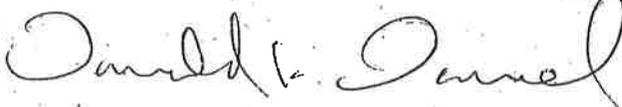
Dear Ms. Hill:

National HealthCare Corporation, a NYSE Amex publicly traded company with over \$70,000,000 of cash and cash equivalents, as stated in the October 31, 2015 10-Q, will make available all the necessary funds for the operation and working capital for the above referenced project. These funds are available on immediate notice.

- Should you have any further questions or comments, please advise.

Sincerely,

NATIONAL HEALTHCARE CORPORATION



Donald K. Daniel
Senior Vice President and Controller

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended September 30, 2015

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 001-13489

NHC

NATIONAL HEALTHCARE CORPORATION

(Exact name of registrant as specified in its Charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

52-2057472
(I.R.S. Employer
Identification No.)

100 E. Vine Street
Murfreesboro, TN
37130

(Address of principal executive offices)
(Zip Code)

(615) 890-2020

Registrant's telephone number, including area code

Indicate by check mark whether the registrant: (1) Has filed all reports required to be filed by Section 13 or 15(d), of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [x] No []

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such period that the registrant was required to submit and post such files).
Yes [x] No []

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated filer []

Accelerated filer [x]

Non-accelerated filer (Do not check if a smaller reporting company) []

Smaller reporting company []

Indicate by check mark whether the registrant is a shell company (as is defined in Rule 12b-2 of the Exchange Act). Yes [] No [x]

14,906,032 shares of common stock of the registrant were outstanding as of November 3, 2015.

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements.

NATIONAL HEALTHCARE CORPORATION
Interim Condensed Consolidated Statements of Income
(in thousands, except share and per share amounts)
(unaudited)

	Three Months Ended September 30		Nine Months Ended September 30	
	2015	2014	2015	2014
Revenues:				
Net patient revenues	\$ 215,351	\$ 207,772	\$ 641,845	\$ 613,173
Other revenues	10,035	10,451	30,850	32,136
Net operating revenues	<u>225,386</u>	<u>218,223</u>	<u>672,695</u>	<u>645,309</u>
Cost and Expenses:				
Salaries, wages and benefits	135,136	128,938	392,766	374,277
Other operating	56,616	55,365	173,830	166,803
Facility rent	10,006	9,913	29,972	29,712
Depreciation and amortization	9,273	8,639	27,442	25,144
Interest	594	632	1,782	1,566
Total costs and expenses	<u>211,625</u>	<u>203,487</u>	<u>625,792</u>	<u>597,502</u>
Income Before Non-Operating Income	13,761	14,736	46,903	47,807
Non-Operating Income	4,550	3,937	12,902	12,790
Income Before Income Taxes	18,311	18,673	59,805	60,597
Income Tax Provision	(5,744)	(5,844)	(21,638)	(22,028)
Net Income	<u>12,567</u>	<u>12,829</u>	<u>38,167</u>	<u>38,569</u>
Dividends to Preferred Stockholders	(2,152)	(2,167)	(6,487)	(6,502)
Net Income Available to Common Stockholders	<u>\$ 10,415</u>	<u>\$ 10,662</u>	<u>\$ 31,680</u>	<u>\$ 32,067</u>
Earnings Per Common Share:				
Basic	\$ 0.75	\$ 0.77	\$ 2.30	\$ 2.32
Diluted	\$ 0.72	\$ 0.75	\$ 2.21	\$ 2.25
Weighted Average Common Shares Outstanding:				
Basic	13,801,245	13,805,430	13,778,705	13,838,891
Diluted	14,422,660	14,236,512	14,365,251	14,230,031
Dividends Declared Per Common Share	\$ 0.40	\$ 0.34	\$ 1.14	\$ 1.00

The accompanying notes to interim condensed consolidated financial statements are an integral part of these consolidated statements.

NATIONAL HEALTHCARE CORPORATION
Interim Condensed Consolidated Statements of Comprehensive Income
(unaudited – in thousands)

	Three Months Ended September 30		Nine Months Ended September 30	
	2015	2014	2015	2014
Net Income	\$ 12,567	\$ 12,829	\$ 38,167	\$ 38,569
Other Comprehensive Income (Loss):				
Unrealized (losses) gains on investments in marketable securities	(6,724)	(9,707)	(21,809)	5,584
Reclassification adjustment for realized gains on sale of securities	(28)		(449)	(172)
Income tax benefit (expense) related to items of other comprehensive income	2,657	3,761	8,670	(2,035)
Other comprehensive income (loss), net of tax	(4,095)	(5,946)	(13,588)	3,377
Comprehensive Income	\$ 8,472	\$ 6,883	\$ 24,579	\$ 41,946

The accompanying notes to interim condensed consolidated financial statements are an integral part of these consolidated statements.

NATIONAL HEALTHCARE CORPORATION
Interim Condensed Consolidated Balance Sheets
(in thousands)

	September 30, 2015	December 31, 2014
	<i>unaudited</i>	
Assets		
Current Assets:		
Cash and cash equivalents	\$ 70,781	\$ 69,767
Restricted cash and cash equivalents	8,494	7,020
Marketable securities	110,567	132,535
Restricted marketable securities	18,260	19,805
Accounts receivable, less allowance for doubtful accounts of \$7,142 and \$5,738, respectively	81,854	78,843
Inventories	7,566	7,127
Prepaid expenses and other assets	2,488	2,260
Notes receivable, current portion	4,970	441
Federal income tax receivable	613	4,727
Total current assets	305,593	322,525
Property and Equipment:		
Property and equipment, at cost	856,078	821,792
Accumulated depreciation and amortization	(329,823)	(307,048)
Net property and equipment	526,255	514,744
Other Assets:		
Restricted cash and cash equivalents	3,631	3,631
Restricted marketable securities	150,564	138,468
Deposits and other assets	8,392	8,791
Goodwill	17,600	17,600
Notes receivable, less current portion	13,163	12,548
Deferred income taxes	22,168	18,700
Investments in limited liability companies	34,925	37,116
Total other assets	250,443	236,854
Total assets	\$ 1,082,291	\$ 1,074,123

The accompanying notes to interim condensed consolidated financial statements are an integral part of these consolidated statements.

NATIONAL HEALTHCARE CORPORATION
Interim Condensed Consolidated Balance Sheets (continued)
(in thousands, except share and per share amounts)

	September 30, 2015	December 31, 2014
	<i>unaudited</i>	
Liabilities and Stockholders' Equity		
Current Liabilities:		
Trade accounts payable	\$ 16,107	\$ 15,877
Capital lease obligations, current portion	3,230	3,088
Accrued payroll	59,284	59,859
Amounts due to third party payors	26,411	22,931
Accrued risk reserves, current portion	26,754	26,825
Deferred income taxes	25,510	35,506
Other current liabilities	15,517	12,472
Dividends payable	7,874	7,000
Total current liabilities	180,687	183,558
Long-term debt	10,000	10,000
Capital lease obligations, less current portion	31,067	33,508
Accrued risk reserves, less current portion	79,179	79,393
Refundable entrance fees	10,208	10,219
Obligation to provide future services	3,927	3,927
Other noncurrent liabilities	16,737	16,011
Deferred revenue	4,129	3,359
Stockholders' Equity:		
Series A Convertible Preferred Stock; \$.01 par value; 25,000,000 shares authorized; 10,761,692 and 10,836,659 shares, respectively, issued and outstanding; stated at liquidation value of \$15.75 per share	169,305	170,494
Common stock, \$.01 par value; 30,000,000 shares authorized; 14,305,185 and 14,110,859 shares, respectively, issued and outstanding	143	140
Capital in excess of par value	166,524	154,965
Retained earnings	359,365	343,941
Accumulated other comprehensive income	51,020	64,608
Total stockholders' equity	746,357	734,148
Total liabilities and stockholders' equity	\$ 1,082,291	\$ 1,074,123

The accompanying notes to interim condensed consolidated financial statements are an integral part of these consolidated statements.

NATIONAL HEALTHCARE CORPORATION
Interim Condensed Consolidated Statements of Cash Flows
(unaudited – in thousands)

	Nine Months Ended September 30	
	2015	2014
Cash Flows From Operating Activities:		
Net income	\$ 38,167	\$ 38,569
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	27,442	25,144
Provision for doubtful accounts receivable	5,474	5,001
Equity in earnings of unconsolidated investments	(3,924)	(5,069)
Distributions from unconsolidated investments	6,488	10,272
Gains on sale of restricted marketable securities	(449)	(172)
Deferred income taxes	(4,795)	(4,517)
Stock-based compensation	1,557	1,547
Changes in operating assets and liabilities, net of the effect of acquisitions:		
Restricted cash and cash equivalents	(8,897)	(6,033)
Accounts receivable	(8,485)	1,438
Income tax receivable	4,114	(5,953)
Inventories	(439)	(216)
Prepaid expenses and other assets	(228)	(705)
Trade accounts payable	230	557
Accrued payroll	(575)	(9,039)
Amounts due to third party payors	3,480	2,493
Other current liabilities and accrued risk reserves	2,674	2,764
Other noncurrent liabilities	726	1,106
Deferred revenue	770	759
Net cash provided by operating activities	63,330	57,946
Cash Flows From Investing Activities:		
Additions to property and equipment	(38,953)	(36,727)
Investments in unconsolidated limited liability companies	(373)	(1,675)
Acquisition of non-controlling interest	-	(768)
Investments in notes receivable	(5,477)	(767)
Collections of notes receivable	333	3,046
Change in restricted cash and cash equivalents	7,423	6,256
Purchase of restricted marketable securities	(49,993)	(36,947)
Sale of restricted marketable securities	39,601	27,641
Net cash used in investing activities	(47,439)	(39,941)
Cash Flows From Financing Activities:		
Tax benefit from stock-based compensation	585	201
Principal payments under capital lease obligations	(2,299)	(1,693)
Dividends paid to preferred stockholders	(6,502)	(6,502)
Dividends paid to common stockholders	(15,367)	(13,913)
Issuance of common shares	8,231	6,757
Repurchase of common shares	-	(6,995)
Entrance fee deposits	(11)	(400)
Change in deposits	486	(248)
Net cash used in financing activities	(14,877)	(22,793)
Net Increase (Decrease) in Cash and Cash Equivalents	1,014	(4,788)
Cash and Cash Equivalents, Beginning of Period	69,767	81,705
Cash and Cash Equivalents, End of Period	\$ 70,781	\$ 76,917
Supplemental disclosure of non-cash investing and financing activities:		
Buildings, personal property, and obligations recorded under capital lease agreements	\$ -	\$ 39,032

The accompanying notes to interim condensed consolidated financial statements are an integral part of these consolidated statements.

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 10-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES AND EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2014

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____

Commission File No. 001-13489

NHC

NATIONAL HEALTHCARE CORPORATION

(Exact name of registrant as specified in its Corporate Charter)

Delaware
(State of Incorporation)

52-2057472
(I.R.S. Employer I.D. No.)

100 Vine Street
Murfreesboro, Tennessee 37130
(Address of principal executive offices)
Telephone Number: 615-890-2020

Securities registered pursuant to Section 12(b) of the Act.

Title of Each Class Shares of Common Stock	Name of Each Exchange on which Registered NYSE MKT NYSE MKT
Shares of Preferred Cumulative Convertible Stock	

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months or for such shorter period that the registrant was required to file such reports, and (2) has been subject to such filing requirements for the past 90 days: Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such period that the registrant was required to submit and post such files).
Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K, or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company (as defined in Rule 12b-2 of the Act). Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

The aggregate market value of Common Stock held by non-affiliates on June 30, 2014 (based on the closing price of such shares on the NYSE MKT) was approximately \$435 million. For purposes of the foregoing calculation only, all directors, named executive officers and persons known to the Registrant to be holders of 5% or more of the Registrant's Common Stock have been deemed affiliates of the Registrant.
The number of shares of Common Stock outstanding as of February 12, 2015 was 14,110,859.

Documents Incorporated by Reference

The following documents are incorporated by reference into Part III, Items 10, 11, 12, 13 and 14 of this Form 10-K:
The Registrant's definitive proxy statement for its 2015 shareholder's meeting.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA
REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Stockholders
National HealthCare Corporation

We have audited the accompanying consolidated balance sheets of National HealthCare Corporation as of December 31, 2014 and 2013 and the related consolidated statements of income, comprehensive income, stockholders' equity and cash flows for each of the three years in the period ended December 31, 2014. Our audits also included the financial statement schedule listed in the Index and Item 15(a). These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of National HealthCare Corporation at December 31, 2014 and 2013 and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2014, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), National HealthCare Corporation's internal control over financial reporting as of December 31, 2014, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 Framework) and our report dated February 20, 2015, expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Nashville, Tennessee
February 20, 2015

NATIONAL HEALTHCARE CORPORATION
Consolidated Statements of Income
(in thousands, except share and per share amounts)

	Year Ended December 31,		
	2014	2013	2012
Revenues:			
Net patient revenues	\$ 829,287	\$ 735,837	\$ 705,386
Other revenues	42,396	53,120	55,616
Net operating revenues	<u>871,683</u>	<u>788,957</u>	<u>761,002</u>
Costs and Expenses:			
Salaries, wages and benefits	510,249	453,560	426,934
Other operating	217,143	194,989	196,230
Facility rent	39,731	39,449	39,355
Depreciation and amortization	34,384	28,547	29,792
Interest	2,165	331	455
Total costs and expenses	<u>803,672</u>	<u>716,876</u>	<u>692,766</u>
Income Before Non-Operating Income	68,011	72,081	68,236
Non-Operating Income	<u>17,182</u>	<u>30,095</u>	<u>25,245</u>
Income Before Income Taxes	85,193	102,176	93,481
Income Tax Provision	<u>(31,824)</u>	<u>(37,563)</u>	<u>(34,181)</u>
Net Income	<u>53,369</u>	<u>64,613</u>	<u>59,300</u>
Dividends to Preferred Stockholders	<u>(8,670)</u>	<u>(8,671)</u>	<u>(8,671)</u>
Net Income Available to Common Stockholders	<u>\$ 44,699</u>	<u>\$ 55,942</u>	<u>\$ 50,629</u>
Earnings Per Common Share:			
Basic	\$ 3.24	\$ 4.05	\$ 3.65
Diluted	\$ 3.14	\$ 3.87	\$ 3.57
Weighted Average Common Shares Outstanding:			
Basic	13,816,095	13,829,626	13,852,709
Diluted	14,222,133	16,698,803	16,598,816
Dividends Declared Per Common Share	\$ 1.34	\$ 1.26	\$ 2.20

The accompanying notes to consolidated financial statements are an integral part of these consolidated statements.

NATIONAL HEALTHCARE CORPORATION
Consolidated Statements of Comprehensive Income
(in thousands)

	Year Ended December 31,		
	2014	2013	2012
Net Income	\$ 53,369	\$ 64,613	\$ 59,300
Other Comprehensive Income (Loss):			
Unrealized gains (losses) on investments in marketable securities	30,416	(7,211)	24,739
Reclassification adjustment for realized gains on sale of securities	(379)	(39)	(1,640)
Income tax (expense) benefit related to items of other comprehensive income (loss)	(11,614)	2,627	(8,993)
Other comprehensive income (loss), net of tax	18,423	(4,623)	14,106
Comprehensive Income	\$ 71,792	\$ 59,990	\$ 73,406

The accompanying notes to consolidated financial statements are an integral part of these consolidated statements.

NATIONAL HEALTHCARE CORPORATION
Consolidated Balance Sheets
(in thousands)

	December 31,	
	2014	2013 <i>(as adjusted)</i>
Assets		
Current Assets:		
Cash and cash equivalents	\$ 69,767	\$ 81,705
Restricted cash and cash equivalents	7,020	10,298
Marketable securities	132,535	105,009
Restricted marketable securities	19,805	14,027
Accounts receivable, less allowance for doubtful accounts of \$5,738 and \$4,972, respectively	78,843	79,856
Inventories	7,127	7,146
Prepaid expenses and other assets	2,260	1,208
Notes receivable, current portion	441	417
Federal income tax receivable	4,727	-
Total current assets	<u>322,525</u>	<u>299,666</u>
Property and Equipment:		
Property and equipment, at cost	821,792	734,682
Accumulated depreciation and amortization	<u>(307,048)</u>	<u>(277,884)</u>
Net property and equipment	<u>514,744</u>	<u>456,798</u>
Other Assets:		
Restricted cash and cash equivalents	3,631	3,631
Restricted marketable securities	138,468	127,976
Deposits and other assets	8,791	6,808
Goodwill	17,600	17,600
Notes receivable, less current portion	12,548	14,961
Deferred income taxes	18,700	18,164
Investments in limited liability companies	37,116	38,754
Total other assets	<u>236,854</u>	<u>227,894</u>
Total assets	<u>\$ 1,074,123</u>	<u>\$ 984,358</u>

The accompanying notes to consolidated financial statements are an integral part of these consolidated statements.

NATIONAL HEALTHCARE CORPORATION
Consolidated Balance Sheets
(in thousands, except share and per share amounts)

	December 31,	
	2014	2013 <i>(as adjusted)</i>
Liabilities and Stockholders' Equity		
Current Liabilities:		
Trade accounts payable	\$ 15,877	\$ 13,050
Capital lease obligations, current portion	3,088	-
Accrued payroll	59,859	63,462
Amounts due to third party payors	22,931	21,619
Accrued risk reserves, current portion	26,825	24,325
Deferred income taxes	35,506	24,790
Other current liabilities	12,472	13,784
Dividends payable	7,000	6,730
Total current liabilities	<u>183,558</u>	<u>167,760</u>
Long-term debt	10,000	10,000
Capital lease obligations, less current portion	33,508	-
Accrued risk reserves, less current portion	79,393	86,232
Refundable entrance fees	10,219	10,720
Obligation to provide future services	3,927	3,689
Other noncurrent liabilities	16,011	14,525
Deferred revenue	3,359	3,320
Stockholders' Equity:		
Series A convertible preferred stock; \$.01 par value; 25,000,000 shares authorized; 10,836,659 and 10,837,665 shares, respectively, issued and outstanding; stated at liquidation value of \$15.75 per share	170,494	170,510
Common stock, \$.01 par value; 30,000,000 shares authorized; 14,110,859 and 14,078,028 shares, respectively, issued and outstanding	140	140
Capital in excess of par value	154,965	153,061
Retained earnings	343,941	318,216
Accumulated other comprehensive income	64,608	46,185
Total stockholders' equity	<u>734,148</u>	<u>688,112</u>
Total liabilities and stockholders' equity	<u>\$ 1,074,123</u>	<u>\$ 984,358</u>

The accompanying notes to consolidated financial statements are an integral part of these consolidated statements.

NATIONAL HEALTHCARE CORPORATION
Consolidated Statements of Cash Flows
(in thousands)

	Year Ended December 31,		
	2014	2013	2012
Cash Flows From Operating Activities:			
Net income	\$ 53,369	\$ 64,613	\$ 59,300
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	34,384	28,547	29,792
Provision for doubtful accounts	6,228	5,226	2,455
Equity in earnings of unconsolidated investments	(6,675)	(14,188)	(13,616)
Distributions from unconsolidated investments	10,288	15,473	6,317
Gains on sale of marketable securities	(379)	(39)	(1,640)
Gain on recovery of notes receivable	-	(5,454)	-
Deferred income taxes	(1,434)	(2,404)	1,416
Stock-based compensation	2,021	2,298	2,366
Changes in operating assets and liabilities, net of the effect of acquisitions:			
Restricted cash and cash equivalents	(6,245)	(10,405)	(7,636)
Accounts receivable	(5,215)	(13,778)	(7,263)
Income tax receivable	(4,727)	5,933	537
Inventories	19	(486)	759
Prepaid expenses and other assets	(2,587)	(76)	(77)
Trade accounts payable	2,827	2,495	831
Accrued payroll	(3,603)	26,219	(16,418)
Amounts due to third party payors	1,312	2,352	481
Other current liabilities and accrued risk reserves	(5,652)	(6,401)	11,675
Obligation to provide future services	238	1,898	(2,461)
Other noncurrent liabilities	1,486	635	(2,354)
Deferred revenue	39	(110)	(91)
Net cash provided by operating activities	<u>75,694</u>	<u>102,348</u>	<u>64,373</u>
Cash Flows From Investing Activities:			
Additions to property and equipment	(53,298)	(43,438)	(22,003)
Investments in unconsolidated limited liability companies	(1,975)	-	-
Acquisition of real estate of six skilled nursing facilities	-	(21,000)	-
Acquisition of non-controlling interest	(768)	-	(7,500)
Investments in notes receivable	(767)	-	(600)
Collections of notes receivable	3,156	11,865	1,260
Decrease in restricted cash and cash equivalents	9,523	8,039	46,660
Purchases of marketable securities	(62,165)	(93,155)	(111,691)
Sale of marketable securities	48,786	81,389	62,649
Net cash used in investing activities	<u>(57,508)</u>	<u>(56,300)</u>	<u>(31,225)</u>
Cash Flows From Financing Activities:			
Tax benefit (expense) from stock-based compensation	201	(225)	(267)
Principal payments under capital lease obligations	(2,436)	-	-
Dividends paid to preferred stockholders	(8,670)	(8,671)	(8,671)
Dividends paid to common stockholders	(18,704)	(17,469)	(30,849)
Issuance of common shares	7,429	991	13,412
Repurchase of common shares	(6,995)	(4,700)	-
Entrance fee deposits (refunds)	(501)	40	(1,310)
(Increase) decrease in deposits	(448)	(1,010)	230
Net cash used in financing activities	<u>(30,124)</u>	<u>(31,044)</u>	<u>(27,455)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(11,938)	15,004	5,693
Cash and Cash Equivalents, Beginning of Period	81,705	66,701	61,008
Cash and Cash Equivalents, End of Period	\$ 69,767	\$ 81,705	\$ 66,701

NATIONAL HEALTHCARE CORPORATION
Consolidated Statements of Cash Flows
(continued)

<i>(in thousands)</i>	Year Ended December 31,		
	2014	2013	2012
Supplemental Information:			
Cash payments for interest	\$ 2,242	\$ 497	\$ 383
Cash payments for income taxes	36,642	34,273	34,142
Non-cash financing and investing activities include:			
Buildings, personal property, and obligations recorded under capital lease agreements	39,032	-	-
NHC assigned the assets and liabilities of eight Solaris Hospice programs to Caris in exchange for an additional limited partnership interest.			
Current assets assigned	-	-	1,862
Property and equipment assigned	-	-	303
Current liabilities assigned	-	-	(799)
Goodwill	-	-	2,945
Investment in limited liability company	-	-	(4,311)

The accompanying notes to consolidated financial statements are an integral part of these consolidated statements.

Section C Economic Feasibility – 4
Historical & Projected Data Charts w/Assumptions

HISTORICAL DATA CHART

Give information for the last three (3) years for which complete data are available for the facility or agency. The fiscal year begins in January (Month).

	2014	1/15 - 11/15	
A. Utilization Data (Specify unit of measure) Patient Days	150	13,042	
% Occupancy	9.31%	75.09%	
B. Revenue from Services to Patients			
1. Inpatient Services			
2. Outpatient Services	\$ 107,586	\$ 10,029,762	
3. Emergency Services			
4. Other Operating Revenue (Specify) _____			
Gross Operating Revenue	\$ 107,586	\$ 10,029,762	\$ -
C. Deductions for Operating Revenue			
1. Contractual Adjustments	\$ (18,708)	\$ (4,593,962)	
2. Provision for Charity Care		(11,135)	
3. Provisions for Bad Debt	(446)	(85,373)	
Total Deductions	\$ (19,154)	\$ (4,690,470)	\$ -
NET OPERATING REVENUE	\$ 88,432	\$ 5,339,292	\$ -
D. Operating Expenses			
1. Salaries and Wages	\$ 208,804	\$ 2,294,125	
2. Physician's Salaries and Wages (Medical Services)	12,000	44,518	
3. Supplies	7,686	69,883	
4. Taxes	128,676	124,604	
5. Depreciation	45,175	594,744	
6. Rent			
7. Interest, other than Capital		2,814	
8. Management Fees:			
a. Fees to Affiliates	2,653	152,473	
a. Fees to Non-Affiliates			
9. Other Expenses (Specify) _____	375,006	4,082,521	
Total Operating Expenses	\$ 780,000	\$ 7,365,682	\$ -
E. Other Revenue (Expenses)--Net (Specify)			
NET OPERATING INCOME (LOSS)	\$ (691,568)	\$ (2,026,390)	\$ -
F. Capital Expenditures			
1. Retirement of Principal			
2. Interest			
Total Capital Expenditures	\$ -	\$ -	\$ -
NET OPERATING INCOME (LOSS) LESS CAPITAL EXPENDITURES	\$ (691,568)	\$ (2,026,390)	\$ -

**NHC HealthCare, Kingsport
HISTORICAL DATA CHART SUPPLEMENT
ANALYSIS OF HISTORICAL OPERATING EXPENSES**

	2014			1/1/15 - 11/30/15		
	Salaries	Other	Total	Salaries	Other	Total
Nursing	\$ 115,555	\$ 73,937	\$ 189,492	\$ 1,537,072	\$ 437,755	\$ 1,974,827
Social Services	12,388	21,750	34,138	69,573	38,194	107,767
Activities	2,809	966	3,775	39,924	26,353	66,277
Dietary	22,386	47,950	70,336	287,276	227,793	515,069
Plant Operations	8,420	47,458	55,878	35,806	292,362	328,168
Housekeeping	879	5,586	6,465	82,174	30,502	112,676
Laundry		2,333	2,333	24,188	16,535	40,723
Medical Records	2,464	30,891	33,355	30,289	31,489	61,778
Administrative & General	43,903	65,968	109,871	187,823	387,118	574,941
State License Fee					6,641	6,641
Insurance		17,098	17,098		9,933	9,933
IV Therapy		2,345	2,345		120,214	120,214
Pharmacy		9,594	9,594		815,377	815,377
Occupational Therapy		19,331	19,331		656,395	656,395
Speech Therapy		972	972		54,395	54,395
Inhalation Therapy		579	579		31,850	31,850
Physical Therapy		26,823	26,823		785,018	785,018
Transportation					13,124	13,124
Laboratory		1,425	1,425		52,627	52,627
X-Ray					40,209	40,209
Beauty and Barber					8,637	8,637
Miscellaneous						
TOTAL	\$ 208,804	\$ 375,006	\$ 583,810	\$ 2,294,125	\$ 4,082,521	\$ 6,376,646

NHC HealthCare, Kingsport Addendum to Historical Data Chart

NHC HealthCare, Kingsport was licensed for operations on December 2, 2014. Thus, the Historical Data Chart reflects operating results for 12/2/14 - 12/31/14 and for the 11 month period of 1/1/15 - 11/30/15.

NOTE: Operating results for 12/2/14 - 12/31/14 include various pre-opening costs in the amount of \$401,329 prior to the actual opening date.

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NHC Healthcare, Kingsport
8 Bed Conversion

PROJECTED DATA CHART

Give information for the two (2) years following completion of this proposal. The fiscal year begins in November (Month).

	Dec-17	Dec-18
A. Utilization Data (Specify unit of measure) (Patient Days)	2,524	2,741
(Specify unit of measure) (% Occupancy)	86.44%	93.87%
B. Revenue from Services to Patients		
1. Inpatient Services	\$1,790,371	\$1,879,532
2. Outpatient Services		
3. Emergency Services		
4. Other Operating Revenue (Specify)		
Gross Operating Revenue	\$ 1,790,371	\$ 1,879,532
C. Deductions for Operating Revenue		
1. Contractual Adjustments	\$ (656,213)	\$ (623,087)
2. Provision for Charity Care	(1,300)	(1,441)
3. Provisions for Bad Debt	(9,970)	(11,044)
Total Deductions	\$ (667,483)	\$ (635,572)
NET OPERATING REVENUE	\$ 1,122,888	\$ 1,243,960
D. Operating Expenses		
1. Salaries and Wages	\$ 104,817	\$ 107,436
2. Physician's Salaries and Wages	8,001	8,240
3. Supplies	14,194	15,877
4. Taxes	22,126	22,790
5. Depreciation	7,130	7,130
6. Rent		
7. Interest, other than Capital		
8. Management Fees		
a. Fees to Affiliates	33,944	37,694
b. Fees to Non-Affiliates		
9. Other Expenses (Specify) - SEE ATTACHED SCHEDULE	672,440	724,402
Total Operating Expenses	\$ 862,652	\$ 923,569
E. Other Revenue (Expenses)—Net (Specify)		
NET OPERATING INCOME (LOSS)	\$ 260,236	\$ 320,391
F. Capital Expenditure		
1. Retirement of Principal		
2. Interest		
Total Capital Expenditures	\$ -	\$ -

NET OPERATING INCOME (LOSS)

LESS CAPITAL EXPENDITURES

160

\$ 260,236

\$ 320,391

PROJECTED DATA CHART SUPPLEMENT
 NHC HealthCare, Kingsport
 PROJECTED DATA
 YEAR 1

	<u>Salaries</u>	<u>Other</u>	<u>Total</u>
Inhalation Therapy		\$ 6,837	\$ 6,837
Occupational Therapy		152,703	152,703
Physical Therapy		153,847	153,847
Speech Pathology		26	26
Pharmacy		150,160	150,160
Lab and Radiology		16,898	16,898
IV Therapy		13,831	13,831
Nursing Service	104,817	63,352	168,169
Social Service		6,733	6,733
Activities	-	3,407	3,407
Dietary	-	34,030	34,030
Plant Operations	-	22,184	22,184
Housekeeping	-	3,718	3,718
Laundry and Linen	-	1,872	1,872
Medical Records	-	5,147	5,147
Administrative and General	-	37,695	37,695
Totals	<u>\$ 104,817</u>	<u>\$ 672,440</u>	<u>\$ 777,257</u>

PROJECTED DATA CHART SUPPLEMENT
NHC HealthCare, Kingsport
PROJECTED DATA
YEAR 2

	<u>Salaries</u>	<u>Other</u>	<u>Total</u>
Inhalation Therapy		\$ 7,648	\$ 7,648
Occupational Therapy		156,546	156,546
Physical Therapy		157,825	157,825
Speech Pathology		29	29
Pharmacy		167,962	167,962
Lab and Radilology		18,902	18,902
IV Therapy		15,470	15,470
Nursing Service	\$ 107,436	67,211	174,647
Social Service	-	7,532	7,532
Activities	-	1,890	1,890
Dietary	-	38,065	38,065
Plant Operations	-	16,085	16,085
Housekeeping	-	4,158	4,158
Laundry and Linen	-	2,094	2,094
Medical Records	-	5,758	5,758
Adminstrative and General	-	57,227	57,227
Totals	<u>\$ 107,436</u>	<u>\$ 724,402</u>	<u>\$ 831,838</u>

NHC HealthCare, Kingsport
 OCCUPANCY SUMMARY
 FILL RATE = 4 NET PATIENTS PER MONTH

MONTH	CENSUS AT BEGINNING OF MONTH	NET INCREASE IN PATIENTS	CENSUS AT END OF MONTH	AVERAGE CENSUS FOR MONTH	DAYS IN MONTH	PATIENT DAYS	PATIENT DAYS AVAILABLE	% OCCUPANCY
Jan-17	0.00	4.00	4.00	2.00	31	62	248	25.00%
Feb-17	4.00	3.50	7.50	5.75	28	161	224	71.88%
Mar-17	7.50	0.00	7.50	7.50	31	233	248	93.95%
Apr-17	7.50	0.00	7.50	7.50	30	225	240	93.75%
May-17	7.50	0.00	7.50	7.50	31	233	248	93.95%
Jun-17	7.50	0.00	7.50	7.50	30	225	240	93.75%
Jul-17	7.50	0.00	7.50	7.50	31	233	248	93.95%
Aug-17	7.50	0.00	7.50	7.50	31	233	248	93.95%
Sep-17	7.50	0.00	7.50	7.50	30	225	240	93.75%
Oct-17	7.50	0.00	7.50	7.50	31	233	248	93.95%
Nov-17	7.50	0.00	7.50	7.50	30	225	240	93.75%
Dec-17	7.50	0.00	7.50	7.50	31	236	248	95.16%
YEAR 1	0.00	7.50	7.50		365	2,524	2,920	86.44%
Jan-18	7.50	0.00	7.50	7.50	31	233	248	93.95%
Feb-18	7.50	0.00	7.50	7.50	28	210	224	93.75%
Mar-18	7.50	0.00	7.50	7.50	31	233	248	93.95%
Apr-18	7.50	0.00	7.50	7.50	30	225	240	93.75%
May-18	7.50	0.00	7.50	7.50	31	233	248	93.95%
Jun-18	7.50	0.00	7.50	7.50	30	225	240	93.75%
Jul-18	7.50	0.00	7.50	7.50	31	233	248	93.95%
Aug-18	7.50	0.00	7.50	7.50	31	233	248	93.95%
Sep-18	7.50	0.00	7.50	7.50	31	233	248	93.95%
Oct-18	7.50	0.00	7.50	7.50	30	225	240	93.75%
Nov-18	7.50	0.00	7.50	7.50	31	233	248	93.95%
Dec-18	7.50	0.00	7.50	7.50	30	225	240	93.75%
YEAR 2	7.50	0.00	7.50		365	2,741	2,920	93.87%

PROJECTED OPERATING YEAR 1 ENDING

Dec-17

PROJECTED REVENUES (TOTAL FACILITY)
FOR NURSING HOME PROJECTS
PAGE 1

	PVT -PVT (1)	SP - Comp (2)	Semi-PVT (3)	Medicaid (4)	MEDICARE (5)	Managed Care (6)	Hospice (7)	MEDICARE PART B (8)	MISC (9)	RESTRICTED GRANTS & DONATIONS (10)	NON NURSING HOME REVENUE (11)	TOTAL (12)
1 ROUTINE SERVICES					353,400	403,800						757,200
2 PHYSICAL THERAPY					179,138	210,265						389,403
3 SPEECH THERAPY					11,407	16,433						27,840
4 OCCUPATIONAL THERAPY					162,587	191,858						354,445
5 MEDICAL SERVICES/TRANSPORTATION					2,727	579						3,306
6 MEDICAL SUPPLIES					6,538	7,041						13,579
7 PHARMACY					87,024	90,464						177,488
8 LAB					6,277	7,125						13,402
9 RADIOLOGY/MEDICAL SERVICES					4,546	5,323						9,869
10 OTHER - INHALATION THERAPY					4,152	4,809						8,961
11 OTHER ANCILLARY - IV THERAPY					15,487	12,277						27,764
12 UNRESTRICTED GRANTS/DONATIONS												
13 OUTPATIENT CLINIC												
14 ALLOWANCE FOR BAD DEBTS												
15 CONTRACTUAL ADJUSTMENTS					(5,428)	(5,842)			7,114			7,114
16 PRIVATE ROOM REVENUE					(290,458)	(365,755)						(11,270)
17 TOTAL NURSING HOME REVENUE					537,397	578,377						1,122,888
18 TOTAL RESTRICTED GRANTS/DONATIONS												
19 NON NURSING HOME REVENUES												
20 TOTAL REVENUE					537,397	578,377			7,114			1,122,888
22 % OF NURSING HOME REVENUE					47.86%	51.51%			0.63%			100.00%
23 PATIENT DAYS					1,178	1,346						2,524
24 % OF PATIENT DAYS					46.67%	53.33%						100.00%
25 REVENUE PER PATIENT DAY					456.19	429.70			2.82			444.88
26 TOTAL NUMBER NURSING HOME BEDS												
27 TOTAL NUMBER OTHER BEDS												
28 AVERAGE OCCUPANCY NURSING HOME												8
29 AVERAGE OCCUPANCY OTHER												86.44%

PROJECTED REVENUES (TOTAL FACILITY)
FOR NURSING HOME PROJECTS
PAGE 2

	PROJECTED OPERATING YEAR 2 ENDING							TOTAL (12)				
	PVT -PVT (1)	SP - Comp (2)	Semi PVT (3)	ICF Mcaid (4)	MEDICARE (5)	Managed Care (6)	Hospice (7)		MEDICARE PART B (8)	MISC (9)	RESTRICTED GRANTS & DONATIONS (10)	NON NURSING HOME REVENUE (11)
1 ROUTINE SERVICES					332,540	380,120						712,660
2 PHYSICAL THERAPY					202,319	237,474						439,793
3 SPEECH THERAPY					12,681	18,558						31,439
4 OCCUPATIONAL THERAPY					183,631	216,692						400,323
5 MEDICAL SERVICES/TRANSPORTATION					3,075	653						3,728
6 MEDICAL SUPPLIES					7,377	7,945						15,322
7 PHARMACY					98,282	102,167						200,449
8 LAB					7,100	8,056						15,156
9 RADIOLOGY/MEDICAL SERVICES					5,139	6,017						11,156
10 OTHER - INHALATION THERAPY					4,686	5,428						10,114
10 OTHER ANCILLARY - IV THERAPY					17,491	13,855						31,356
11 UNRESTRICTED GRANTS/DONATIONS												
12 OUTPATIENT CLINIC												
13 OTHER NURSING HOME REVENUE												
14 ALLOWANCE FOR BAD DEBTS												
15 CONTRACTUAL ADJUSTMENTS												
16 PRIVATE ROOM REVENUE									8,034			
17 TOTAL NURSING HOME REVENUE					(6,012)	(6,473)						8,034
18 NON NURSING HOME REVENUES					(273,369)	(349,718)						(12,485)
19 TOTAL RESTRICTED GRANTS/DONATIONS												(623,087)
20 TOTAL REVENUE					595,140	640,786						1,243,960
22 % OF NURSING HOME REVENUE					595,140	640,786						1,243,960
23 PATIENT DAYS					47.84%	51.51%						100.00%
24 % OF PATIENT DAYS					1,279	1,462						2,741
25 REVENUE PER PATIENT DAY					46.67%	53.33%						100.00%
26 TOTAL NUMBER NURSING HOME BEDS					465.32	438.29						453.83
27 TOTAL NUMBER OTHER BEDS												8
28 AVERAGE OCCUPANCY NURSING HOME									2.93			93.87%
29 AVERAGE OCCUPANCY OTHER												

EFFECT ON PATIENT CHARGE RATES (TOTAL FACILITY)

Patient Charge/Reimbursement type:	Present Charge per Patient Day	Projected Charge, per Patient Day During Construction	Projected Charge, per Patient Day Year 1	Projected Charge per Patient Day Year 2
Private/Private pay	230.00		239.20	248.77
Semi-private/Private pay			-	-
Semi Private - Companion			-	-
Medicare Reimbursement	449.52		460.80	470.02
ICF Medicaid				
Managed Care	425.53		434.04	442.72
Hospice				

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 NHC HealthCare, Kingsport
 ESTIMATED PPS PAYMENTS

<u>PROJECTED PPS RATE</u>	<u>PERIOD</u>	2.00%
449.52	10/1/15 - 9/30/16	
458.51	10/1/16 - 9/30/17	2% Increase
467.68	10/1/17 - 9/30/18	2% Increase
477.03	10/1/18 - 9/30/19	2% Increase

YEAR 1 = 1/17 - 12/17

	<u># OF MONTHS IN PERIOD</u>	<u>PPS RATE FOR PERIOD</u>	<u>YEAR 1 PROJECTED PPS RATE</u>
10/1/16 - 9/30/17	9	458.51	343.88
10/1/17 - 9/30/18	3	467.68	116.92
	<u>12</u>		<u>460.80</u>

YEAR 2 = 1/18 - 12/18

	<u># OF MONTHS IN PERIOD</u>	<u>PPS RATE FOR PERIOD</u>	<u>YEAR 2 PROJECTED PPS RATE</u>
10/1/17 - 9/30/18	9	467.68	350.76
10/1/18 - 9/30/19	3	477.03	119.26
	<u>12</u>		<u>470.02</u>

NHC HealthCare, Kingsport

ESTIMATED PPS PAYMENTS - 10/1/15 - 9/30/16

RUGS Category	Therapy Minutes	Rate	% of Medicare Residents in RUGS Category	Estimated Medicare Reimbursement
RUX	720	638.41	0.00%	-
RUL	720	624.50	0.72%	4.50
RVX	500	568.23	1.83%	10.37
RVL	500	509.80	0.05%	0.24
RHX	325	514.82	0.00%	-
RHL	325	459.18	0.00%	-
RMX	150	472.26	0.00%	-
RML	150	433.30	0.00%	-
RLX	45	414.74	0.00%	-
RUC	720	483.99	28.58%	138.32
RUB	720	483.99	41.31%	199.92
RUA	720	404.69	9.89%	40.04
RVC	500	415.20	5.91%	24.53
RVB	500	359.56	5.09%	18.31
RVA	500	358.17	3.55%	12.73
RHC	325	361.80	1.20%	4.34
RHB	325	325.62	0.00%	-
RHA	325	286.67	0.38%	1.10
RMC	150	317.84	0.00%	-
RMB	150	298.37	0.00%	-
RMA	150	245.50	0.00%	-
RLB	45	309.02	0.00%	-
RLA	45	199.11	0.00%	-
ES3		456.24	0.00%	-
ES2		407.55	0.00%	-
ES1		393.64	0.00%	-
HE2		326.87	0.00%	-
HE1		368.60	0.00%	-
HD2		307.39	0.00%	-
HD1		347.73	0.29%	1.00
HC2		290.69	0.00%	-
HC1		343.56	0.00%	-
HB2		287.91	0.00%	-
HB1		357.47	0.00%	-
LE2		299.04	0.00%	-
LE1		343.56	0.10%	0.33
ID2		287.91	0.00%	-
ID1		301.83	0.29%	0.87
IC2		254.53	0.00%	-
IC1		286.52	0.00%	-
IB2		243.39	0.00%	-
IB1		318.52	0.10%	0.31
CE2		293.48	0.00%	-
CE1		301.83	0.00%	-
CD2		276.78	0.00%	-
CD1		264.26	0.24%	0.63
CC2		244.79	0.00%	-
CC1		244.79	0.05%	0.12
CB2		226.70	0.00%	-
CB1		207.23	0.00%	-
CA2		193.31	0.00%	-
CA1		219.74	0.00%	-
BB2		210.00	0.00%	-
BB1		182.18	0.00%	-
BA2		173.84	0.00%	-
BA1		293.48	0.00%	-
PE2		279.57	0.00%	-
PE1		276.78	0.00%	-
PD2		262.87	0.00%	-
PD1		237.83	0.43%	1.03
PC2		226.70	0.00%	-
PC1		201.66	0.00%	-
PB2		193.31	0.00%	-
PB1		166.88	0.00%	-
PA2		159.92	0.00%	-
PA1		159.92	0.00%	-
DEFAULT RATE		159.92	0.00%	-
Projected Medicare Reimbursement			100.00%	458.69

Less: 2% Sequestration

449.52

NHC HealthCare, Kingsport
8 Bed Conversion
Expense Projection
Year 1

			Amount In \$'s	Amount Per Day
INHALATION THERAPY			\$ 6,837.26	\$ 2.71
INHALATION THERAPY			\$ -	\$ -
TOTAL INHALATION THERAPY			6,837.26	2.71
MEDICAL SUPPLIES			\$ 10,814.84	4.28
MEDICAL SUPPLIES			-	-
MEDICAL SUPPLIES			10,814.84	4.28
PHARMACY			\$ 144,050.49	57.07
PHARMACY			-	-
TOTAL PHARMACY			144,050.49	57.07
IV THERAPY			\$ 13,830.51	5.48
IV THERAPY			-	-
TOTAL IV THERAPY			13,830.51	5.48
LABORATORY			\$ 7,903.15	3.13
RADIOLOGY/Medical Services			\$ 8,995.03	3.56
PHYSICAL THERAPY	FTE	105.06% Rate		
Purchased Service - RPT	0.50	66.63	69,295.20	27.45
Purchased Service - LPTA	0.75	53.30	83,148.00	32.94
Purchased Service - Aides			-	-
ETO & SICK DAYS			-	-
PAYROLL TAXES			-	-
OTHER FRINGE			-	-
OTHER			1,403.85	0.56
TOTAL PHYSICAL THERAPY			153,847.05	60.95
OCCUPATIONAL THERAPY				
Purchased Service - OTR	0.50	66.63	69,295.20	27.45
Purchased Service - COTA	0.75	53.30	83,148.00	32.94
Purchased Service - Aides			-	-
ETO & SICK DAYS			-	-
PAYROLL TAXES			-	-
OTHER FRINGE			-	-
OTHER			259.97	0.10
TOTAL OCCUPATIONAL THERAPY			152,703.17	60.50
SPEECH THERAPY				
Purch Serv - SLP-CCC		66.63	-	-
Purch Serv - STA			-	-
Purchased Service - Aides			-	-
ETO & SICK DAYS			-	-
PAYROLL TAXES			-	-
OTHER FRINGE			-	-
OTHER			26.00	0.01
TOTAL SPEECH THERAPY			26.00	0.01
TOTAL ANCILLARY EXPENSES			499,007.49	197.71
NURSING SERVICE				
ICF RN			\$ -	-
ICF LPN			-	-
ICF AIDES			-	-
SNF RN			-	-
SNF LPN			-	-
SNF AIDES			104,816.64	41.53
REHAB AIDES			-	-
PAYROLL TAXES			7,657.80	3.03
OTHER FRINGE			3,530.95	1.40
NURSING ADMIN SUPPLIES			4,107.56	1.63
PROFESSIONAL LIABILITY INSURANCE			29,416.00	11.65
SMALL EQUIPMENT			3,327.64	1.32
OTHER			15,312.35	6.07
TOTAL NURSING SERVICE			168,168.93	66.62

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 NHC HealthCare, Kingsport
 8 Bed Conversion
 Expense Projection
 Year 1

		Amount In \$'s	Amount Per Day
ROUTINE CENTRAL SUPPLIES		3,379.64	1.34
NON LEGEND DRUGS		6,109.34	2.42
SOCIAL SERVICE	FTE	105.06%	
		Rate	
SALARIES - Director		-	-
SALARIES - Assistant		-	-
PAYROLL TAXES		-	-
OTHER FRINGE		-	-
MANAGEMENT FEE		-	-
OTHER		6,733.27	2.67
TOTAL SOCIAL SERVICE		6,733.27	2.67
ACTIVITIES	FTE	RATE	
SALARIES - Director		-	-
SALARIES - Assistant		-	-
PAYROLL TAXES		-	-
OTHER FRINGE		-	-
MANAGEMENT FEE		-	-
OTHER		3,407.40	1.35
TOTAL ACTIVITIES		3,407.40	1.35
DIETARY	FTE	Rate	
SALARIES - Reg Dietitian		-	-
SALARIES - Supervisor		-	-
SALARIES - Cooks		-	-
SALARIES - Aides		-	-
ETO & SICK DAYS - 8%		-	-
PAYROLL TAXES		-	-
OTHER FRINGE		-	-
FOOD		25,997.20	10.30
MANAGEMENT FEE		-	-
SUPPLIES		1,949.79	0.77
OTHER		6,083.34	2.41
TOTAL DIETARY		34,030.33	13.48
PLANT OPERATIONS			
SALARIES - Supervisor		-	-
SALARIES - Assistant		-	-
PAYROLL TAXES		-	-
OTHER FRINGE		-	-
UTILITIES		10,901.49	4.32
REPAIRS & MAINTENANCE		8,345.10	3.31
GROUND MAINTENANCE		-	-
MANAGEMENT FEE		-	-
OTHER		2,937.68	1.16
TOTAL PLANT OPERATIONS		22,184.28	8.79
HOUSEKEEPING			
SALARIES - Supervisor		-	-
SALARIES - Staff		-	-
ETO & SICK - 8%		-	-
PAYROLL TAXES		-	-
OTHER FRINGE		-	-
SUPPLIES		2,599.72	1.03
MANAGEMENT FEE		-	-
OTHER		1,117.88	0.44
TOTAL HOUSEKEEPING		3,717.60	1.47

NHC HealthCare, Kingsport
8 Bed Conversion
Expense Projection
Year 1

	Amount In \$'s	Amount Per Day
LAUNDRY AND LINEN		
SALARIES - Supervisor	-	-
SALARIES - Staff	-	-
ETO & SICK - 8%	-	-
PAYROLL TAXES	-	-
OTHER FRINGE	-	-
SUPPLIES & LINEN	1,819.80	0.72
MANAGEMENT FEE	-	-
OTHER	51.99	0.02
TOTAL LAUNDRY & LINEN	1,871.80	0.74
MEDICAL SERVICES	8,000.00	3.17
MEDICAL RECORDS		
SALARIES - Director	-	-
SALARIES - Staff	-	-
PAYROLL TAXES	-	-
OTHER FRINGE	-	-
SUPPLIES	519.94	0.21
MANAGEMENT FEE	-	-
OTHER	4,627.50	1.83
TOTAL MEDICAL RECORDS	5,147.45	2.04
ADMINISTRATIVE AND GENERAL		
SALARIES - Administrator	-	-
SALARIES - Bookkeeper	-	-
SALARIES - Bookkeeper	-	-
SALARIES - Secretary	-	-
SALARIES - Receptionist	-	-
PAYROLL TAXES	-	-
OTHER FRINGE	-	-
HEALTH INSURANCE	8,889.96	3.52
MANAGEMENT FEES	33,944.00	13.45
PARTNER/PUBLIC RELATIONS	3,249.65	1.29
TELEPHONE	2,339.75	0.93
EDUCATION	-	-
SUPPLIES	1,299.86	0.52
SMALL EQUIPMENT	1,377.85	0.55
STATE TAX FEE	2,261.76	0.90
OTHER	18,276.03	7.24
TOTAL ADMINISTRATIVE EXPENSES	71,638.86	28.38
TOTAL OPERATING EXPENSES	833,396.39	330.18
NET OPERATING INCOME	289,491.25	114.70
FIXED EXPENSES		
NHR LEASE PAYMENT	-	-
INTEREST - WORKING CAPITAL	-	-
DEPRECIATION	7,130.00	2.82
PROPERTY INSURANCE	-	-
PROPERTY TAXES	22,126.00	8.77
TOTAL FIXED EXPENSES	29,256.00	11.59
TOTAL NURSING HOME COSTS	\$862,652.39	\$341.78

DAILY NURSING SERVICE STAFFING PATTERN

PERIOD: Dec-17

CENTER: NHC HealthCare, Kingsport
 INTERMEDIATE CARE
 BUDG. OCCUPIED BEDS
 NSG. STATION

SHIFT	CATEGORY	NUMBER	HOURS	DAYS PER WEEK	AVERAGE HOURS PER DAY	AVERAGE HRS. BY CATEGORY	ETO & SICK %	ETO/SICK HOURS	TOTAL HOURS	AV. PAY RATE	DAILY TOTAL	AV. DAYS IN MONTH	MO. PAY CATEGORY
FIRST	DON	8.00	2,920	5	584.0	86.44%	0.00%	-	-	-	-	30	-
	RN	6.92	2,524	7	360.6		8.00%	-	-	-	-	30	-
	LPN			7			6.00%	-	-	-	-	30	-
	CNA			7			5.00%	-	-	-	-	30	-
SECOND	RN			7			5.00%	-	-	-	-	30	-
	LPN			7			5.00%	-	-	-	-	30	-
	CNA			7			8.00%	-	-	-	-	30	-
THIRD	RN			7			5.00%	-	-	-	-	30	-
	LPN			7			5.00%	-	-	-	-	30	-
	CNA			7			8.00%	-	-	-	-	30	-
	NURSING SUPPLY CLERK			5			5.00%	-	-	-	30	-	-
	NURSING SECRETARY			5			5.00%	-	-	-	30	-	-
	ADON			5			8.00%	-	-	-	30	-	-
TOTAL HRS. ICF: #DIV/0!													\$ -

SHIFT	CATEGORY	NUMBER	HOURS	DAYS PER WEEK	AVERAGE HOURS PER DAY	AVERAGE HRS. BY CATEGORY	ETO & SICK %	ETO/SICK HOURS	TOTAL HOURS	AV. PAY RATE	DAILY TOTAL	AV. DAYS IN MONTH	MO. PAY CATEGORY
FIRST	DON	1.00	11.50	7	1.64	23.00	0.00%	-	-	\$46.50	-	30	-
	RN			7			8.00%	-	-	\$27.44	-	30	-
	LPN			7			6.00%	-	-	\$20.62	-	30	-
	CNA			7			5.00%	1.15	24.15	\$11.91	287.73	30	8,631.90
SECOND	RN			7			5.00%	-	-	\$11.91	-	30	-
	LPN			7			5.00%	-	-	\$11.91	-	30	-
	CNA			7			8.00%	-	-	\$27.44	-	30	-
THIRD	RN			7			8.00%	-	-	\$35.72	-	30	-
	LPN			7			8.00%	-	-		-	30	-
	CNA			7			8.00%	-	-		-	30	-
	NURSING SUPPLY CLERK			5			5.00%	-	-		-	30	-
	NURSING SECRETARY			5			5.00%	-	-		-	30	-
	ALZHEIMER COORD			7			8.00%	-	-		-	30	-
	MDS Coordinator			5			8.00%	-	-		-	30	-
	ADON			5			8.00%	-	-		-	30	-
TOTAL HRS. SNF: 23.00													\$ 8,631.90
HRS. PPD. SNF: 3.33													

REHAB AIDES	(FTE's) NUMBER OF EMPLOYEES	% OF TURNOVER	NEW EMPLOYEES	ANNUAL ORIENTATION HOURS	DAILY ORIENTATION HOURS	AVG PAY RATE	DAILY TOTAL	MO PAY TOTAL
RN		100.00%	-	-	-	\$27.44	-	-
LPN		100.00%	-	-	-	\$20.62	-	-
CNA	2.80	100.00%	2.80	105.00	0.29	\$11.91	3.43	102.82
REHAB AIDES	2.80	100.00%	2.80	105.00	0.29		-	102.82
TOTAL NURSING SALARIES \$ 8,734.72								

(A) TOTAL HRS. (ICF, SNF, REHAB) 23.00
 (B) TOTAL ORIENTATION HOURS 0.29
 (C) TOTAL DIRECT HOURS 23.29
 (D) TOTAL DIRECT HOURS PPD 3.37
 (E) TOTAL ETO / SICK HOURS 1.15
 (F) TOTAL HRS. (C+E) 24.44
 (G) TOTAL PATIENT DAYS 6.92
 (H) TOTAL HRS. PPD: 3.53

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NHC HealthCare, Kingsport

RUGS Category	Therapy Minutes	% of Medicare Residents in RUGS Category	Estimated Year 1 Medicare Part A Days	Estimated Patient Days in RUG Category	Therapy Minutes Required Per Patient Day	Estimated Minutes of Therapy Required
RUX	720		1,178	-	103	-
RUL	720	0.72%	1,178	8	103	824
RVX	500	1.83%	1,178	22	71	1,562
RVL	500	0.05%	1,178	1	71	71
RHX	325		1,178	-	46	-
RHL	325		1,178	-	46	-
RMX	150		1,178	-	21	-
RML	150		1,178	-	21	-
RLX	45		1,178	-	6	-
RUC	720	28.58%	1,178	337	103	34,711
RUB	720	41.31%	1,178	487	103	50,161
RUA	720	9.89%	1,178	117	103	12,051
RVC	500	5.91%	1,178	70	71	4,970
RVB	500	5.09%	1,178	60	71	4,260
RVA	500	3.55%	1,178	42	71	2,982
RHC	325	1.20%	1,178	14	46	644
RHB	325		1,178	-	46	-
RHA	325	0.38%	1,178	5	46	230
RMC	150		1,178	-	21	-
RMB	150		1,178	-	21	-
RMA	150		1,178	-	21	-
RLB	45		1,178	-	6	-
RLA	45		1,178	-	6	-
ESTIMATED PART A RESIDENTS RECEIVING THERAPY				1,163	6	-

ESTIMATED THERAPY MINUTES REQUIRED FOR PART A RESIDENTS 112,466
 ESTIMATED THERAPY STAFF REQUIRED FOR PART A RESIDENTS 0.90

TOTAL MEDICARE RESIDENTS 3.23
 TOTAL MANAGED CARE RESIDENTS 3.69
 ADDITIONAL THERAPY STAFF FOR MANAGED CARE RESIDENTS 1.03

ESTIMATED PART B AND PRIVATE THERAPY REVENUE \$ -
 ESTIMATED "FEE SCREEN AMOUNT" PER 15 MINUTE PART B TREATMENT 18.75
 ESTIMATED PART B TREATMENTS (15 MINUTES PER TREATMENT) -
 ESTIMATED MINUTES REQUIRED FOR PART B TREATMENTS -
 ESTIMATED THERAPY STAFF REQUIRED FOR PART B TREATMENTS -
 ESTIMATED TOTAL THERAPY STAFF REQUIRED FOR PART A, PART B AND MANAGED CARE 1.93
 NON PRODUCTIVE FACTOR (20%) 0.39
TOTAL THERAPY STAFF REQUIRED **2.32**

PROPOSED THERAPY STAFF				
POSITION	HOURS PPD	PATIENT DAYS	BUDGETD HOURS	BUDGETED STAFF
OTR	0.4120	7	1,040	0.50
COTA	0.6181	7	1,560	0.75
OT AIDES	-	7	-	-
Purch Service	-	7	-	-
RPT	0.4120	7	1,040	0.50
LPTA	0.6181	7	1,560	0.75
PT AIDES	-	7	-	-
Purch Service	-	7	-	-
SLP - CCC	-	7	-	-
STA	-	7	-	-
ST AIDE	-	7	-	-
Purch Service	-	7	-	-
TOTAL THERAPY STAFF PER BUDGET				2.50

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 NHC HealthCare, Kingsport
 8 Bed Conversion
 Expense Projection
 Year 2

			Amount In \$'s	Amount Per Day
INHALATION THERAPY			\$ 7,647.85	\$ 2.79
INHALATION THERAPY			-	-
TOTAL INHALATION THERAPY			\$ 7,647.85	\$ 2.79
MEDICAL SUPPLIES			\$ 12,096.98	4.41
MEDICAL SUPPLIES			-	-
TOTAL MEDICAL SUPPLIES			\$ 12,096.98	4.41
PHARMACY			\$ 161,128.23	58.78
PHARMACY			-	-
TOTAL PHARMACY			161,128.23	58.78
IV THERAPY - Medicare/Managed Care			\$ 15,470.17	5.64
IV THERAPY - Private/Medicaid			-	-
TOTAL IV THERAPY			15,470.17	5.64
LABORATORY			8,840.10	3.23
RADIOLOGY			10,061.43	3.67
PHYSICAL THERAPY	FTE	Rate		
Purchased Service - RPT	0.50	68.30	71,032.00	25.91
Purchased Service - LPTA	0.75	54.63	85,222.80	31.09
Purchased Service - Aides	-	-	-	-
ETO & SICK DAYS			-	-
PAYROLL TAXES			-	-
OTHER FRINGE			-	-
OTHER			1,570.28	0.57
TOTAL PHYSICAL THERAPY			157,825.08	57.58
OCCUPATIONAL THERAPY				
Purchased Service - OTR	0.50	68.30	71,032.00	25.91
Purchased Service - COTA	0.75	54.63	85,222.80	31.09
Purchased Service - Aides	-	-	-	-
ETO & SICK DAYS			-	-
PAYROLL TAXES			-	-
OTHER FRINGE			-	-
OTHER			290.79	0.11
TOTAL OCCUPATIONAL THERAPY			156,545.59	57.11
SPEECH THERAPY				
Purch Serv - SLP-CCC	-	68.30	-	-
Purch Serv - STA	-	-	-	-
Purchased Service - Aides	-	-	-	-
ETO & SICK DAYS			-	-
PAYROLL TAXES			-	-
OTHER FRINGE			-	-
OTHER			29.08	0.01
TOTAL SPEECH THERAPY			29.08	0.01
TOTAL ANCILLARY EXPENSES			529,644.50	193.23
NURSING SERVICE				
ICF RN			-	-
ICF LPN			-	-
ICF AIDES			-	-
SNF RN			-	-
SNF LPN			-	-
SNF AIDES			107,435.88	39.20
REHAB AIDES			-	-
PAYROLL TAXES			7,849.16	2.86
OTHER FRINGE			3,619.18	1.32
NURSING ADMIN SUPPLIES			4,594.52	1.68
PROFESSIONAL LIABILITY INSURANCE			30,298.48	11.05
SMALL EQUIPMENT			3,722.15	1.36
OTHER			17,127.69	6.25
TOTAL NURSING SERVICE			174,647.06	63.72

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 NHC HealthCare, Kingsport
 8 Bed Conversion
 Expense Projection
 Year 2

		Amount In \$'s	Amount Per Day
ROUTINE CENTRAL SUPPLIES		3,780.30	1.38
NON LEGEND DRUGS		6,833.63	2.49
SOCIAL SERVICE	FTE		
	Rate		
SALARIES - Director			
SALARIES - Assistant			
PAYROLL TAXES		-	-
OTHER FRINGE		-	-
MANAGEMENT FEE		-	-
OTHER		-	-
		<u>7,531.53</u>	<u>2.75</u>
TOTAL SOCIAL SERVICE		7,531.53	2.75
ACTIVITIES	FTE		
	RATE		
SALARIES - Director			
SALARIES - Assistant			
PAYROLL TAXES		-	-
OTHER FRINGE		-	-
MANAGEMENT FEE		-	-
OTHER		-	-
		<u>1,890.15</u>	<u>0.69</u>
TOTAL ACTIVITIES		1,890.15	0.69
DIETARY	FTE		
	Rate		
SALARIES - Reg Dietitian			
SALARIES - Supervisor			
SALARIES - Cooks		-	-
SALARIES - Aides		-	-
ETO & SICK DAYS - 8%		-	-
PAYROLL TAXES		-	-
OTHER FRINGE		-	-
FOOD		-	-
MANAGEMENT FEE		29,079.27	10.61
SUPPLIES		-	-
OTHER		2,180.95	0.80
		<u>6,804.55</u>	<u>2.48</u>
TOTAL DIETARY		38,064.76	13.89
PLANT OPERATIONS			
SALARIES - Supervisor			
SALARIES - Assistant			
PAYROLL TAXES		-	-
OTHER FRINGE		-	-
UTILITIES		11,228.54	4.10
REPAIRS & MAINTENANCE		1,570.28	0.57
GROUND MAINTENANCE		-	-
MANAGEMENT FEE		-	-
OTHER		-	-
		<u>3,285.96</u>	<u>1.20</u>
TOTAL PLANT OPERATIONS		16,084.78	5.87
HOUSEKEEPING			
SALARIES - Supervisor			
SALARIES - Staff			
ETO & SICK - 8%		-	-
PAYROLL TAXES		-	-
OTHER FRINGE		-	-
SUPPLIES		-	-
MANAGEMENT FEE		2,907.93	1.06
OTHER		-	-
		<u>1,250.41</u>	<u>0.46</u>
TOTAL HOUSEKEEPING		4,158.34	1.52

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 NHC HealthCare, Kingsport
 8 Bed Conversion
 Expense Projection
 Year 2

	Amount In \$'s	Amount Per Day
LAUNDRY AND LINEN		
SALARIES - Supervisor	-	-
SALARIES - Staff	-	-
ETO & SICK - 8%	-	-
PAYROLL TAXES	-	-
OTHER FRINGE	-	-
SUPPLIES & LINEN	2,035.55	0.74
MANAGEMENT FEE	-	-
OTHER	58.16	0.02
TOTAL LAUNDRY & LINEN	2,093.71	0.76
MEDICAL SERVICES	8,240.00	3.01
MEDICAL RECORDS		
SALARIES - Director	-	-
SALARIES - Staff	-	-
PAYROLL TAXES	-	-
OTHER FRINGE	-	-
SUPPLIES	581.59	0.21
MANAGEMENT FEE	-	-
OTHER	5,176.11	1.89
TOTAL MEDICAL RECORDS	5,757.70	2.10
ADMINISTRATIVE AND GENERAL		
SALARIES - Administrator	-	-
SALARIES - Bookkeeper	-	-
SALARIES - Bookkeeper	-	-
SALARIES - Secretary	-	-
SALARIES - Receptionist	-	-
PAYROLL TAXES	-	-
OTHER FRINGE	-	-
HEALTH INSURANCE	9,943.90	3.63
MANAGEMENT FEES	37,694.00	13.75
PARTNER/PUBLIC RELATIONS	3,634.91	1.33
TELEPHONE	2,409.94	0.88
EDUCATION	-	-
SUPPLIES	1,453.96	0.53
SMALL EQUIPMENT	1,541.20	0.56
STATE TAX FEE	17,800.00	6.49
OTHER	20,442.73	7.46
TOTAL ADMINISTRATIVE EXPENSES	94,920.64	34.63
TOTAL OPERATING EXPENSES	893,647.09	326.03
NET OPERATING INCOME	350,312.91	127.80
FIXED EXPENSES		
NHR LEASE PAYMENT	-	-
INTEREST - WORKING CAPITAL	-	-
DEPRECIATION	7,130.00	2.60
PROPERTY INSURANCE	-	-
PROPERTY TAXES	22,789.78	8.31
TOTAL FIXED EXPENSES	29,919.78	10.92
TOTAL NURSING HOME COSTS	\$923,566.87	\$336.95

DAILY NURSING SERVICE STAFFING PATTERN

CENTER: NHC HealthCare, Kingsport

PERIOD: Dec-18

SHIFT	CATEGORY	NUMBER	HOURS	DAYS PER WEEK	AVERAGE HOURS PER DAY	AVERAGE HRS. BY CATEGORY	ETO & SICK %	ETO/SICK HOURS	TOTAL HOURS	AV. PAY RATE	DAILY TOTAL	AV. DAYS IN MONTH	MO. PAY CATEGORY
FIRST	DON			5			0.00%*					30	
	RN			7			8.00%*					30	
	LPN			7			6.00%*					30	
SECOND	CNA			7			5.00%*					30	
	RN			7								30	
	LPN			7								30	
THIRD	CNA			7								30	
	RN			7								30	
	LPN			7								30	
NURSING SUPPLY CLERK													
NURSING SECRETARY													
ALZHEIMER DIRECTOR													
ADON													
TOTAL HRS. ICF:													
HRS. PPD. ICF:													

SHIFT	CATEGORY	NUMBER	HOURS	DAYS PER WEEK	AVERAGE HOURS PER DAY	AVERAGE HRS. BY CATEGORY	ETO & SICK %	ETO/SICK HOURS	TOTAL HOURS	AV. PAY RATE	DAILY TOTAL	AV. DAYS IN MONTH	MO. PAY CATEGORY
FIRST	DON	8.00	2,920				0.00%*			\$47.66		30	
	RN	7.51	2,741	93.87%			8.00%*			\$28.13		30	
	LPN			7			6.00%*			\$21.14		30	
SECOND	CNA	1.00	11.50	7	11.50	23.00	5.00%*	1.15	24.15	\$12.21	294.92	30	8,847.60
	RN			7								30	
	LPN			7								30	
THIRD	CNA	1.00	11.50	7	11.50							30	
	RN			7								30	
	LPN			7								30	
NURSING SUPPLY CLERK													
NURSING SECRETARY													
MDS Coord													
ALZHEIMER COORD													
ADON													
TOTAL HRS. SNF:													
HRS. PPD. SNF:													

REHAB AIDES				ORIENTATION				TOTAL HRS. ICF, SNF, REHAB					
CATEGORY	(FTEs) NUMBER OF EMPLOYEES	% OF TURNOVER	NEW EMPLOYEES	ANNUAL HOURS	DAILY ORIENTATION HOURS	AVG PAY RATE	DAILY TOTAL	DAILY TOTAL	MO PAY TOTAL	(A) TOTAL HRS. ICF, SNF, REHAB	(B) TOTAL ORIENTATION HOURS	(C) TOTAL DIRECT HOURS	(D) TOTAL DIRECT HOURS PPD
RN		100.00%				\$47.66				23.00	23.00	23.28	3.10
LPN		100.00%				\$28.13							1.15
CNA	2.80	100.00%	2.80	105.00	0.29	\$12.21	3.51	30.00	105.39		24.44		7.51
REHAB AIDES	2.80	100.00%	2.80	105.00	0.29			30.00	105.39				3.25
											TOTAL NURSING SALARIES \$ 8,952.99		

NHC HealthCare, Kingsport

RUGS Category	Therapy Minutes	% of Medicare Residents in RUGS Category	Estimated Year 2 Medicare Part A Days	Estimated Patient Days in RUG Category	Therapy Minutes Required Per Patient Day	Estimated Minutes of Therapy Required
RUX	720		1,279	-	103	-
RUL	720	0.72%	1,279	9	103	927
RVX	500	1.83%	1,279	23	71	1,633
RVL	500	0.05%	1,279	1	71	71
RHX	325		1,279	-	46	-
RHL	325		1,279	-	46	-
RMX	150		1,279	-	21	-
RML	150		1,279	-	21	-
RLX	45		1,279	-	6	-
RUC	720	28.58%	1,279	366	103	37,698
RUB	720	41.31%	1,279	528	103	54,384
RUA	720	9.89%	1,279	127	103	13,081
RVC	500	5.91%	1,279	76	71	5,396
RVB	500	5.09%	1,279	65	71	4,615
RVA	500	3.55%	1,279	45	71	3,195
RHC	325	1.20%	1,279	15	46	690
RHB	325		1,279	-	46	-
RHA	325	0.38%	1,279	5	46	230
RMC	150		1,279	-	21	-
RMB	150		1,279	-	21	-
RMA	150		1,279	-	21	-
RLB	45		1,279	-	6	-
RLA	45		1,279	-	6	-
ESTIMATED PART A RESIDENTS RECEIVING THERAPY				1,260		

ESTIMATED THERAPY MINUTES REQUIRED FOR PART A RESIDENTS 121,920
ESTIMATED THERAPY STAFF REQUIRED FOR PART A RESIDENTS 0.98

TOTAL MEDICARE RESIDENTS 3.50
 TOTAL MANAGED CARE RESIDENTS 4.01
ADDITIONAL THERAPY STAFF FOR MANAGED CARE RESIDENTS 1.12

ESTIMATED PART B AND PRIVATE THERAPY REVENUE \$ -
 ESTIMATED "FEE SCREEN AMOUNT" PER 15 MINUTE PART B TREATMEN 18.75
 ESTIMATED PART B TREATMENTS (15 MINUTES PER TREATMENT) -
 ESTIMATED MINUTES REQUIRED FOR PART B TREATMENTS -
 ESTIMATED THERAPY STAFF REQUIRED FOR PART B TREATMENTS -
ESTIMATED TOTAL THERAPY STAFF REQUIRED FOR PART A, PART B AND MANAGED CAR 2.10
 NON PRODUCTIVE FACTOR (20%) 0.42
TOTAL THERAPY STAFF REQUIRED 2.52

PROPOSED THERAPY STAFF						
POSITION	HOURS PPD	PATIENT DAYS	BUDGETD HOURS	BUDGETED STAFF		
OTR	0.3794	8	1,040	0.50		
COTA	0.5691	8	1,560	0.75		
OT AIDES	-	8	-	-		
Purch Service	-	8	-	-		
RPT	0.3794	8	1,040	0.50		
LPTA	0.5691	8	1,560	0.75		
PT AIDES	-	8	-	-		
Purch Service	-	8	-	-		
SLP - CCC	-	8	-	-		
STA	-	8	-	-		
ST AIDE	-	8	-	-		
Purch Service	-	8	-	-		
TOTAL THERAPY STAFF PER BUDGET				2.50		

NHC HealthCare, Kingsport
Applicant's Projected Payor Mix by Level of Care

YEAR 1										
Payor/Care Level	Patient Admissions	Days of Care	Average Daily Census	Gross Revenue	Cont Adj/ Bad Debt	Net Revenue	% of Total Revenue	PPD		
Medicare/Skilled Care	45	1,178	3.23	833,283	(295,886)	537,397	47.86%	456.19		
Managed Care/Tenn Care Skilled Care	52	1,346	3.69	949,974	(371,597)	578,377	51.51%	429.70		
Private Pay - Skilled Managed Care/Tenn Care ICF							0.00%			
Hospice							0.00%			
Private Pay - ICF	0						0.00%			
Medicare Part B							0.00%			
Other Revenue				7,114		7,114	0.63%	2.82	(1)	(1)
							100.00%			
Total - Skilled Total - ICF	97	2,524	6.92	1,783,257	(667,483)	1,115,774	99.37%	442.07		
Total Other Revenue	0			7,114		7,114	0.63%	2.82		
Grand Total	97	2,524	6.92	1,790,371	(667,483)	1,122,888	100.00%	444.88		

YEAR 2										
Payor/Care Level	Patient Admissions	Days of Care	Average Daily Census	Gross Revenue	Cont Adj/ Bad Debt	Net Revenue	% of Total Revenue	PPD		
Medicare/Skilled Care	51	1,279	3.50	874,521	(279,381)	595,140	47.84%	465.32		
Managed Care/Tenn Care Skilled Care	41	1,462	4.01	996,977	(356,191)	640,786	51.51%	438.29		
Private Pay - Skilled Managed Care/Tenn Care ICF							0.00%			
Hospice							0.00%			
Private Pay - ICF	0						0.00%			
Medicare Part B							0.00%			
Other Revenue				8,034		8,034	0.65%	2.93	4.00%	
							100.00%			
Total - Skilled Total - ICF	92	2,741	7.51	1,871,498	(635,572)	1,235,926	99.35%	450.90		
Total Other Revenue	0			8,034		8,034	0.65%	2.93	4.00%	
Grand Total	92	2,741	7.51	1,879,532	(635,572)	1,243,960	100.00%	453.83	2.01%	

(1) - Other revenue is divided by total patient days to determine PPD amount.

**NHC HealthCare, Kingsport
8 Bed Addition**

Staffing - Full Time Equivalents
Year 2

	8 Beds
Administrator	
Medical Director	*
Secretary	
Receptionist	
Bookkeeper	
RN's	
LPN's	
Aides	4.00
DON	
Nursing Supply Clerk	
Nursing Secretary	
MDS Coordinator	
Alzheimer Nursing Coordinator	
ADON	
<hr/>	
Rehab Aides	
Assisted Living	
Medical Records - Head	
Medical Records - Staff	
Speech Therapy	*
Occupational Therapy	*
Physical Therapy	*
Dietary	
Laundry	
Housekeeping	
Maintenance - Dept Head	
Maintenance - Staff	
Other (spec.)	
Activities - Dept Head	
Activiteis - Alzheimer	
Activities Staff	
Social Services - Dept Head	
Social Services - Staff	
	<hr/>
Total	4.00

* Consultants

Section C – Economic Feasibility – 6b

Estimated Rates

Sullivan County 2014 Nursing Home Rates

NURSING HOMES	2014 Rates							
	SNF/Medicare (Avg Daily Charge)	Medicaid		Private Pay/Private Room		Private Pay Semi/Pvt		
		Level II	Level I	Level II	Level I	Level II	Level I	
1 Brookhaven Manor	\$431.00	N/A	\$152.00	\$204.00	\$204.00	\$204.00	\$204.00	
2 Greystone Health Care Center	\$418.00	\$198.00	\$164.00	\$202.00	\$202.00	\$192.00	\$192.00	
3 Holiston Manor	\$422.00	\$149.00	\$139.00	\$213.00	\$213.00	\$213.00	\$213.00	
4 The Cambridge House	\$220.00	\$153.00	\$155.00	\$250.00	\$170.00	\$225.00	\$162.00	
5 The Wexford House	\$447.00	\$199.00	\$162.00	\$215.00	\$210.00	\$210.00	\$195.00	
Average Rates	\$387.60	\$174.75	\$154.40	\$216.80	\$199.80	\$208.80	\$193.20	

Source: 2014 Joint Annual Report Schedule H - Financial Data - Daily Charge

Sullivan County 2017 Nursing Home Rates

NURSING HOMES	SNF/Medicare (Avg Daily Charge)	Medicaid		2014 Inflated Rates			
		Level II	Level I	Private Pay/Private Room Level II	Private Pay/Private Room Level I	Private Pay Semi/Pvt Level II	Private Pay Semi/Pvt Level I
1 Brookhaven Manor	\$491.84	N/A	\$173.46	\$232.80	\$232.80	\$232.80	\$232.80
2 Greystone Health Care Center	\$477.01	\$170.03	\$187.15	\$230.52	\$230.52	\$219.10	\$219.10
3 Holston Manor	\$481.57	\$170.03	\$158.62	\$243.07	\$243.07	\$243.07	\$243.07
4 The Cambridge House	\$251.06	\$174.60	\$176.88	\$285.29	\$194.00	\$256.76	\$184.87
5 The Wexford House	\$510.10	\$227.09	\$184.87	\$245.35	\$239.64	\$239.64	\$222.53
Average Rates	\$442.32	\$185.44	\$176.20	\$247.40	\$228.00	\$238.28	\$220.47

Source: 2014 Joint Annual Report Schedule H - Financial Data - Daily Charge Inflated 4.5% to 2017

Sullivan County 2018 Nursing Home Rates

NURSING HOMES	2014 Inflated Rates							
	SNF/Medicare (Avg Daily Charge)	Medicaid		Private Pay/Private Room		Private Pay Semi/Pvt		
		Level II	Level I	Level II	Level I	Level II	Level I	
1 Brookhaven Manor	\$513.98	N/A	\$181.26	\$243.27	\$243.27	\$243.27	\$243.27	
2 Greystone Health Care Center	\$498.47	\$177.69	\$195.57	\$240.89	\$240.89	\$228.96	\$228.96	
3 Holston Manor	\$503.24	\$177.69	\$165.76	\$254.01	\$254.01	\$254.01	\$254.01	
4 The Cambridge House	\$262.35	\$182.46	\$184.84	\$298.13	\$202.73	\$268.32	\$193.19	
5 The Wexford House	\$533.06	\$237.31	\$193.19	\$256.39	\$250.43	\$250.43	\$232.54	
Average Rates	\$462.22	\$193.78	\$184.12	\$258.54	\$238.27	\$249.00	\$230.39	

Source: 2014 Joint Annual Report Schedule H - Financial Data - Daily Charge Inflated 4.5% to 2018

Section C Economic Feasibility – 7(b)
Documentation of the most Recent License.

Board for Licensing Health Care Facilities

State of Tennessee



License No. 0000000401

No. Beds 0052

DEPARTMENT OF HEALTH

This is to certify, that a license is hereby granted by the State Department of Health to

NHC HEALTHCARE KINGSPORT, LLC

to conduct

and maintain a *Skating Home* NHC HEALTHCARE KINGSPORT

located at 2300 PAVILION DRIVE, KINGSPORT

County of SULLIVAN, Tennessee.

This license shall expire DECEMBER 02, 2016 *and is subject*

to the provisions of Chapter 11, Tennessee Code Annotated. This license shall not be assignable or transferable, and shall be subject to revocation at any time by the State Department of Health, for failure to comply with the laws of the State of Tennessee or the rules and regulations of the State Department of Health issued hereunder.

In Witness Whereof, we have hereunto set our hand and seal of the State

this 28TH day of SEPTEMBER, 2015.



By *Jessie J. Davis, MPH*

DIRECTOR, DIVISION OF HEALTH CARE FACILITIES

By *[Signature]*
COMMISSIONER

Section C Economic Feasibility – 7(c)

**Documentation from the most Recent Licensure/certification
Inspection and an Approved Plan of Correction.**

February 5, 2016

Mr. Jeff Grimm
Health Services Examiner
State of Tennessee
Health Services & Development Agency
Andrew Jackson State Office Building, 9th floor
502 Deaderick Street, Nashville, TN 37243

RE: Certificate of Need Application CN1601-003 Sullivan County, TN - NHC
HealthCare, Kingsport

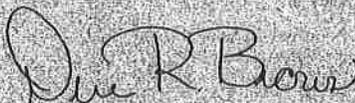
Dear Mr. Grimm:

As stated in our January 25, 2016 omission response, enclosed please find the acceptance letter for NHC HealthCare, Kingsport's plan of correction by the Tennessee Department of Health. Please include this in the CON file.

If there are any questions, please do not hesitate to contact me at 615-890-2020.

Sincerely,

NATIONAL HEALTHCARE CORPORATION



Dere R. Brown
Health Planning Assistant

Enclosure



192

FEB 2 10 49 AM '16

STATE OF TENNESSEE
DEPARTMENT OF HEALTH
OFFICE OF HEALTH LICENSURE AND REGULATION
EAST TENNESSEE REGION
7175 STRAWBERRY PLAINS PIKE, SUITE 103
KNOXVILLE, TENNESSEE 37914

February 2, 2016

Ms. Deborah Hubbard, Administrator
NHC Healthcare, Kingsport
2300 Pavilion Drive
Kingsport TN 37660

Re: 44-5517

Dear Ms. Hubbard:

The East Tennessee Regional Office of Health Care Facilities conducted a Health and Life Safety recertification survey/complaint investigation on December 7 - 9, 2015. An on-site revisit and desk review of the facilities plan of correction for the deficiencies cited as a result of the survey/investigation was conducted on January 28, 2016. Based on the on-site revisit, we are accepting your plan of correction and your facility is in compliance with all participation requirements as of January 13, 2016.

If you have any questions concerning this letter, please contact our office at (865) 594-9396.

Sincerely,

Tamra Turberville, R.N.
Interim Regional Administrator
ETRO Health Care Facilities

TT: afl

TN00036423



1.03
RECEIVED

STATE OF TENNESSEE
DEPARTMENT OF HEALTH
OFFICE OF HEALTH LICENSURE AND REGULATION
EAST TENNESSEE REGION
7175 STRAWBERRY PLAINS PIKE, SUITE 103
KNOXVILLE, TENNESSEE 37914

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ETRO Health Care Facilities

TT: afl

TN00036423



STATE OF TENNESSEE
DEPARTMENT OF HEALTH
OFFICE OF HEALTH LICENSURE AND REGULATION
EAST TENNESSEE REGION
7175 STRAWBERRY PLAINS PIKE, SUITE 103
KNOXVILLE, TENNESSEE 37914

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Interim Regional Administrator
ETRO Health Care Facilities

TT: afl

TN00036423

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

195

PRINTED: 12/11/2015
FORM APPROVED
OMB NO. 0938-0391

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: 445517	(X2) MULTIPLE CONSTRUCTION A. BUILDING _____ B. WING _____	(X3) DATE SURVEY COMPLETED 12/09/2015
NAME OF PROVIDER OR SUPPLIER NHC HEALTHCARE, KINGSPORT			STREET ADDRESS, CITY, STATE, ZIP CODE 2300 PAVILION DRIVE KINGSPORT, TN 37660	
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE
F 000	INITIAL COMMENTS	F 000		
F 203 SS=D	<p>A recertification survey and complaint investigation #36423, were completed on December 7-9, 2015, at NHC Healthcare, Kingsport. Deficiencies were cited related to the complaint investigation, under 42 CFR Part 483, Requirements for Long Term Care Facilities. 483.12(a)(4)-(6) NOTICE REQUIREMENTS BEFORE TRANSFER/DISCHARGE</p> <p>Before a facility transfers or discharges a resident, the facility must notify the resident and, if known, a family member or legal representative of the resident of the transfer or discharge and the reasons for the move in writing and in a language and manner they understand; record the reasons in the resident's clinical record; and include in the notice the items described in paragraph (a)(6) of this section.</p> <p>Except as specified in paragraph (a)(5)(ii) and (a)(8) of this section, the notice of transfer or discharge required under paragraph (a)(4) of this section must be made by the facility at least 30 days before the resident is transferred or discharged.</p> <p>Notice may be made as soon as practicable before transfer or discharge when the health of individuals in the facility would be endangered under (a)(2)(iv) of this section; the resident's health improves sufficiently to allow a more immediate transfer or discharge, under paragraph (a)(2)(i) of this section; an immediate transfer or discharge is required by the resident's urgent medical needs, under paragraph (a)(2)(ii) of this section; or a resident has not resided in the facility for 30 days.</p>	F 203		

LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE

Mary D. Hubbard

TITLE

Administrative

(X8) DATE

12/21/15

Any deficiency statement ending with an asterisk (*) denotes a deficiency which the institution may be excused from correcting providing it is determined that other safeguards provide sufficient protection to the patients. (See instructions.) Except for nursing homes, the findings stated above are disclosable 90 days following the date of survey whether or not a plan of correction is provided. For nursing homes, the above findings and plans of correction are disclosable 14 days following the date these documents are made available to the facility. If deficiencies are cited, an approved plan of correction is requisite to continued program participation.

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

196

PRINTED: 12/11/2015
FORM APPROVED
OMB NO. 0938-0391

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: 445517	(X2) MULTIPLE CONSTRUCTION A. BUILDING _____ B. WING _____	(X3) DATE SURVEY COMPLETED 12/09/2015
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F 203	Continued From page 1 The written notice specified in paragraph (a)(4) of this section must include the reason for transfer or discharge; the effective date of transfer or discharge; the location to which the resident is transferred or discharged; a statement that the resident has the right to appeal the action to the State; the name, address and telephone number of the State long term care ombudsman; for nursing facility residents with developmental disabilities, the mailing address and telephone number of the agency responsible for the protection and advocacy of developmentally disabled individuals established under Part C of the Developmental Disabilities Assistance and Bill of Rights Act; and for nursing facility residents who are mentally ill, the mailing address and telephone number of the agency responsible for the protection and advocacy of mentally ill individuals established under the Protection and Advocacy for Mentally Ill Individuals Act. This REQUIREMENT is not met as evidenced by: Based on review of facility policy, review of facility admission forms, and interview, the facility failed to give a 30 day notice of discharge to one Resident (#1) of 5 residents reviewed. The findings included: Review of facility policy, Admission/Transfers/Discharge, last revised on 3/4/15 revealed "...Admission is accomplished with the mutual agreement of the patient and the center...the Preadmission and Admission and Financial Agreement...details the terms of the contract between the center and the patient and signed by both parties, must be completed prior to the arrival/admission of the patient..."	F 203		

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

197

PRINTED: 12/11/2015
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NAME OF PROVIDER OR SUPPLIER NHC HEALTHCARE, KINGSPORT			STREET ADDRESS, CITY, STATE, ZIP CODE 2300 PAVILION DRIVE KINGSPORT, TN 37660		
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F 203	Continued From page 2 Review of facility document, Admission Documents...Preadmission Agreement, last revised 10/2014 revealed "...this agreement can be terminated by Patient upon the giving of notice to the Center and this agreement can be terminated by Center upon the giving of 30 days written notice to Patient..." Review of facility document, Admission and Financial Agreement, last revised 7/2015 revealed "...Agreement Termination: This agreement can be terminated by Patient upon the giving of notice to the Center and this agreement can be terminated by Center upon the giving of 30 days written notice to Patient...Acknowledgement: Patient and other parties signing this agreement have reviewed this ADMISSION AND FINANCIAL AGREEMENT , have had opportunity to ask questions of Center personnel about the agreement and understand that admission to this Center constitutes agreement to be bound by said ADMISSION AND FINANCIAL AGREEMENT ..." Interview with the Facility Administrator on 12/8/15 at 12:57 PM, in the conference room revealed "...we started the financial process...we hadn't even seen her [resident]...we learned our lesson...everyone we admit from [named rehabilitation hospital] we do an onsite visit with now...going on what [rehabilitation hospital] told us we were going to admit her..." Continued interview revealed the facility "...shredded the admission paperwork...when he [resident's husband] came in to do the paperwork is when we found out about her medications...we sent a list to the pharmacy and found out her MS [multiple sclerosis] medication was \$8000.00 per	F 203			

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

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NAME OF PROVIDER OR SUPPLIER NHC HEALTHCARE, KINGSPORT			STREET ADDRESS, CITY, STATE, ZIP CODE 2300 PAVILION DRIVE KINGSPORT, TN 37660	
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F 203	<p>Continued From page 3</p> <p>month...he offered to provide her medication but we would have to provide...with skilled care the meds would be my cost...we couldn't admit her because we couldn't meet her needs...It wasn't because of her meds..."</p> <p>Interview with the Senior Regional Vice-President on 12/8/15 at 12:35 PM, in the Administrator's office revealed "...she [resident] had fractured her ankle in October...in March or April she still wasn't able to walk...we couldn't meet her needs...they have to be able to do therapy and she couldn't...she wasn't going to get better..."</p> <p>Telephone interview with the resident's husband on 12/9/15 at 8:43 AM, revealed "...I filled out the [admission] paperwork and had signed it...they had assigned her a room...I told them about her medications...they told me they had checked on the cost already and it was \$500.00...I told them that must be per shot and she [admission coordinator] said 'what'...I said it costs more than that...she checked again and came back in the room and said you are right it's \$8000.00 a month...she told me that she talked to the administrator and corporate and they said they couldn't take her because of her medications being too expensive...don't remember what the girls [admission coordinator] name is...I actually went back and saw the room...they gave me the room number...I did the paperwork there and signed it...they took the paperwork and didn't give it back to me..."</p> <p>Interview with the Administrator on 12/9/15 at 9:53 AM, in the conference room confirmed "...husband came in to sign paperwork to admit...he signed the contracts...first one is giving us permission for admission, treat, and bill</p>	F 203	<p>F 203</p> <p>Patient number one was never admitted to the facility. Patient number one was not denied admission to the facility due to medication costs. Patient was not admitted to facility related to she was at her prior baseline level of functioning.</p> <p>No other residents have been affected by this practice.</p> <p>To ensure this practice does not recur an admission acknowledgement agreement was added to the admission packet which is signed by potential patient and / or family members and a facility representative prior to admission to the facility. The admission acknowledgement agreement explains that completion of the required admission paperwork may not ensure admission to the facility.</p> <p>Administrator will monitor admission paperwork for completion of the admission acknowledgement agreement for any admission paperwork completed. The administrator will report these findings to the QA committee for three months.</p>	12/15/15

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

199

PRINTED: 12/11/2015
FORM APPROVED
OMB NO. 0938-0391

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NAME OF PROVIDER OR SUPPLIER NHC HEALTHCARE, KINGSPORT			STREET ADDRESS, CITY, STATE, ZIP CODE 2300 PAVILION DRIVE KINGSPORT, TN 37660	
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE
F 203	Continued From page 4 insurance...second one is financial..." Further interview confirmed the admission paperwork does not contain a disclosure statement advising the resident the admission could be denied after the paperwork is complete.	F 203		
F 356 SS=D	483.30(e) POSTED NURSE STAFFING INFORMATION The facility must post the following information on a daily basis: o Facility name. o The current date. o The total number and the actual hours worked by the following categories of licensed and unlicensed nursing staff directly responsible for resident care per shift: - Registered nurses. - Licensed practical nurses or licensed vocational nurses (as defined under State law). - Certified nurse aides. o Resident census. The facility must post the nurse staffing data specified above on a daily basis at the beginning of each shift. Data must be posted as follows: o Clear and readable format. o In a prominent place readily accessible to residents and visitors. The facility must, upon oral or written request, make nurse staffing data available to the public for review at a cost not to exceed the community standard. The facility must maintain the posted daily nurse staffing data for a minimum of 18 months, or as required by State law, whichever is greater.	F 356	F 356 The daily nurse staffing sheet was moved to the front lobby to ensure visibility to the public. No residents were affected by this practice. To prevent this practice from recurring the daily nurse staffing sheet was relocated to the front lobby on the receptionist desk for public viewing The receptionist will verify daily that the nurse staffing sheet is current and located on their desk for public viewing.	12/7/15

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

200

PRINTED: 12/11/2015
FORM APPROVED
OMB NO. 0938-0391

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: 445517	(X2) MULTIPLE CONSTRUCTION A. BUILDING _____ B. WING _____	(X3) DATE SURVEY COMPLETED 12/09/2015
--------------------------------------------------	------------------------------------------------------------------	----------------------------------------------------------------------	----------------------------------------------

NAME OF PROVIDER OR SUPPLIER NHC HEALTHCARE, KINGSPORT	STREET ADDRESS, CITY, STATE, ZIP CODE 2300 PAVILION DRIVE KINGSPORT, TN 37660
---------------------------------------------------------------	-------------------------------------------------------------------------------------

(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE
F 356	<p>Continued From page 5</p> <p>This REQUIREMENT is not met as evidenced by: Based on observation and interview, the facility failed to post staffing in a public area.</p> <p>The findings included:</p> <p>Observation on 12/7/15 at 10:30 AM revealed the staffing schedule was located at the North hall Nurse's station turned upside down not visible to the public.</p> <p>Interview with the Director of Nursing on 12/7/15 at 10:30 AM, at the North hall Nurse's station confirmed the staffing was not posted in a place visible to the public.</p>	F 356		

Division of Health Care Facilities

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: TN8212	(X2) MULTIPLE CONSTRUCTION A. BUILDING: _____ B. WING _____	(X3) DATE SURVEY COMPLETED 12/09/2015
--------------------------------------------------	------------------------------------------------------------------	-----------------------------------------------------------------------	----------------------------------------------

NAME OF PROVIDER OR SUPPLIER NHC HEALTHCARE, KINGSPORT	STREET ADDRESS, CITY, STATE, ZIP CODE 2300 PAVILION DRIVE KINGSPORT, TN 37660
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(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETE DATE
N 000	<p>Initial Comments</p> <p>A licensure survey and complaint investigation #36423; were completed on December 7-9, 2015, at NHC Healthcare, Kingsport. No deficiencies were cited under Chapter 1200-8-6, Standards for Nursing Homes.</p>	N 000		

Division of Health Care Facilities LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE <i>Mary D Hubbard</i>	TITLE Administrator	(X6) DATE 12/21/15
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DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

202

PRINTED: 12/09/2015
FORM APPROVED
OMB NO. 0938-0301

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: 445517	(X2) MULTIPLE CONSTRUCTION A. BUILDING 01 - MAIN B. WING _____	(X3) DATE SURVEY COMPLETED 12/07/2015
--------------------------------------------------	------------------------------------------------------------------	--------------------------------------------------------------------------	----------------------------------------------

NAME OF PROVIDER OR SUPPLIER NHC HEALTHCARE, KINGSPORT	STREET ADDRESS, CITY, STATE, ZIP CODE 2300 PAVILION DRIVE KINGSPORT, TN 37660
---------------------------------------------------------------	-------------------------------------------------------------------------------------

(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE
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K 029 SS=F	<p>NFPA 101 LIFE SAFETY CODE STANDARD</p> <p>Hazardous areas are protected in accordance with 8.4. The areas are enclosed with a one hour fire-rated barrier, with a 3/4 hour fire-rated door, without windows (in accordance with 8.4). Doors are self-closing or automatic closing in accordance with 7.2.1.8. 18.3.2.1</p> <p>This STANDARD is not met as evidenced by: Based on observation, the facility failed to provide hazardous areas with 1 hour fire rated protection.</p> <p>The findings include:</p> <p>Observation on 12/07/15 between 11:45 AM and 2:00 PM revealed the following hazardous areas were not protected correctly:</p> <ol style="list-style-type: none"> 200 hall lift storage room is storing boxes and combustible material. This room is not 1 hour fire rated construction and is not provided with at least a 45 minute fire rated fire door. Medical records office has combustible storage of loose leaf file folders. This room is not 1 hour fire rated construction and is not provided with at least a 45 minute fire rated fire door. Soiled linen room by nursing station 1 is not 1 hour fire rated construction and is not provided with at least a 45 minute fire rated fire door. Soiled linen room by nursing station 2 is not 1 hour fire rated construction and is not provided with at least a 45 minute fire rated fire door. <p>These findings were verified by the maintenance director and acknowledged by the administrator during the exit conference on 12/07/15.</p>	K 029	<ol style="list-style-type: none"> 200 lift storage room will not be used for combustible storage. Other items identified will have plans submitted to the State and will comply with one hour fire rated barrier construction. Soiled linen room by nursing station 1 will be relocated to D32 which meets 1 hour fire rated barrier as approved on the initial plans. Soiled lining room by nursing station 2 will comply with 1 hour fire rated barrier construction. <p>Maintenance Director will conduct quarterly rounds to verify proper rooms are being utilized according to plans.</p>	3/9/16
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LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE <i>Mary D. Hubbard</i>	TITLE <i>Administrator</i>	(X6) DATE <i>12/21/15</i>
-------------------------------------------------------------------------------------------------	-------------------------------	------------------------------

Any deficiency statement ending with an asterisk (*) denotes a deficiency which the institution may be excused from correcting providing it is determined that other safeguards provide sufficient protection to the patients. (See instructions.) Except for nursing homes, the findings stated above are disclosable 90 days following the date of survey whether or not a plan of correction is provided. For nursing homes, the above findings and plans of correction are disclosable 14 days following the date these documents are made available to the facility. If deficiencies are cited, an approved plan of correction is requisite to continued program participation.

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

203

PRINTED: 12/09/2015
FORM APPROVED
OMB NO. 0938-0391

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: 445517	(X2) MULTIPLE CONSTRUCTION A. BUILDING 01 - MAIN B. WING _____	(X3) DATE SURVEY COMPLETED 12/07/2015
NAME OF PROVIDER OR SUPPLIER NHC HEALTHCARE, KINGSPORT			STREET ADDRESS, CITY, STATE, ZIP CODE 2300 PAVILION DRIVE KINGSPORT, TN 37660	
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE

Division of Health Care Facilities

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: TN8212	(X2) MULTIPLE CONSTRUCTION A. BUILDING: 01 - MAIN B. WING _____	(X3) DATE SURVEY COMPLETED 12/07/2015
--------------------------------------------------	------------------------------------------------------------------	---------------------------------------------------------------------------	----------------------------------------------

NAME OF PROVIDER OR SUPPLIER NHC HEALTHCARE, KINGSPORT	STREET ADDRESS, CITY, STATE, ZIP CODE 2300 PAVILION DRIVE KINGSPORT, TN 37660
---------------------------------------------------------------	-------------------------------------------------------------------------------------

(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETE DATE
N 002	1200-8-6 No Deficiencies This Rule is not met as evidenced by: During the life safety portion of the survey conducted on 12/07/15, no deficiencies were cited under 1200-08-06, Standards for Nursing Homes.	N 002		

Division of Health Care Facilities

LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE

Mary D Hubbard

TITLE

Administratn

(X6) DATE

12/21/15

NHC Kingsport
HealthCare

12/21/15

Dear Nelson Rodriguez:

This letter is in reference to tag number K 029 SS=F at NHC Kingsport as cited on our annual survey completed December 7-9. NHC plans to bring the following rooms up to a one hour fire rated barrier construction.

1. Medical Records Office
2. Soiled linen room by Nursing Station 1.
3. Soiled linen room by Nursing Station 2.

We are asking for a ninety (90) day extension to complete work.

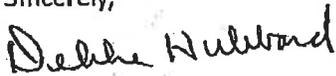
Plans will be submitted to the State (Bill Harmon) in January.

Plans will be approved by end of January.

Contractor will begin work first of February.

Work to be completed by March 9th.

Sincerely,



Debbie Hubbard

Administrator NHC Kingsport

Attachment – Proof of Publication

207
KINGSPORT TIMES-NEWS

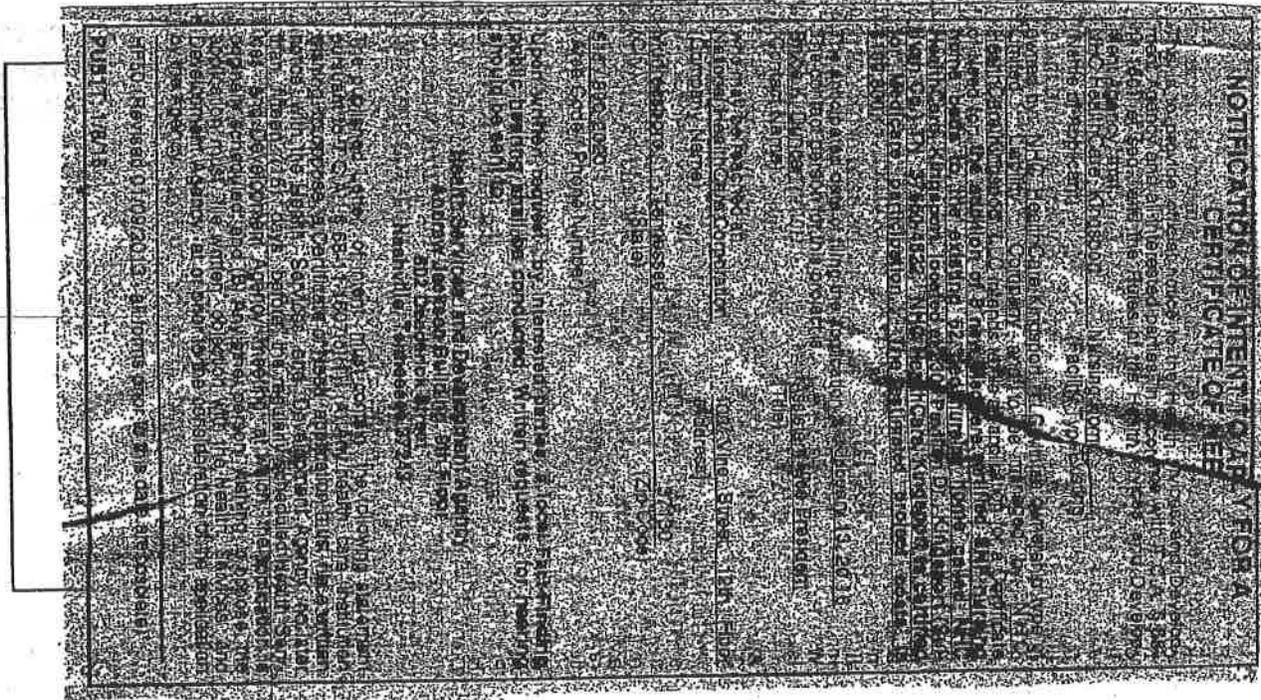
PUBLICATION CERTIFICATE

Kingsport, TN 1-1316

This is to certify that the Legal Notice hereto attached was published in the Kingsport Times-News, a daily newspaper published in the City of Kingsport, County of Sullivan, State of Tennessee, beginning in the issue of January 8, 2016, and appearing 1 consecutive weeks/times as per order of _____

NHC Healthcare

Signed Ashley Blevins



Personally appeared before me this 13th day of January
2016, Ashley Blevins

of the Kingsport Times-News and in due form of law made oath that the foregoing statement was true to the best of my knowledge and belief.



Nikkie B. Brooks

NOTARY PUBLIC

My commission expires 8-22-17

December 28, 2015

Public Notices, Legal Advertising
Kingsport Times News
701 Lynn Garden Dr.
Kingsport, TN 37662

Fax: 423-392-1385
PHONE: 423-392-1311
Email: news@timesnew.net

Dear Public Notices:

Please publish the attached document according to the instructions at the top of the attached document page on Friday the eighth (8) of January 2016. Also, please send us a copy of the notice and proof of publication (i.e. notary of publication). Please bill us for any cost incurred with regard to this request. Please send all correspondence to my attention at:

Bruce K. Duncan, National HealthCare Corporation, City Center, 100 Vine Street, 12th Floor, Murfreesboro, TN 37130.

I will need the proof of publication no later than January 12th (FAX 615-890-0123), and the original mailed to me on the same day. Thank you for your prompt attention to this matter.

If you have any questions please do not hesitate to call me at 615-890-2020.

Sincerely,

NATIONAL HEALTHCARE CORPORATION



Bruce K. Duncan, Assistant Vice President
Director of Health Planning

Attachment

Attachment – Letter of Intent



State of Tennessee
Health Services and Development Agency

Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, TN 37243

www.tn.gov/hsda Phone: 615-741-2364 Fax: 615-741-9884

LETTER OF INTENT

The Publication of Intent is to be published in the Kingsport Times-News which is a newspaper
(Name of Newspaper)
of general circulation in Sullivan, Tennessee, on or before January 8, 2016,
(County) (Month / day) (Year)
for one day.

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601 *et seq.*, and the Rules of the Health Services and Development Agency, that:

NHC HealthCare, Kingsport Nursing Home
(Name of Applicant) (Facility Type-Existing)
owned by: NHC HealthCare/Kingsport, LLC with an ownership type of Limited Liability Company
and to be managed by: NHC HealthCare/Kingsport, LLC intends to file an application for a Certificate of Need
for: the addition of 8 new Medicare certified SNF nursing home beds to the existing 52 bed nursing home called NHC HealthCare, Kingsport, located at 2300 Pavilion Dr., Kingsport (Sullivan Co.) TN 37660-4622. NHC HealthCare, Kingsport is certified for Medicare participation. The estimated project costs is \$109,800.

The anticipated date of filing the application is: January 13, 2016

The contact person for this project is Bruce K. Duncan Assistant Vice President
(Contact Name) (Title)

who may be reached at: National HealthCare Corporation 100 Vine Street, 12th Floor
(Company Name) (Address)

Murfreesboro
(City)

Tennessee
(State)

37130
(Zip Code)

615 / 890-2020
(Area Code / Phone Number)


(Signature)

1/5/16
(Date)

bduncan@nhccare.com
(E-mail Address)

The Letter of Intent must be filed in triplicate and received between the first and the tenth day of the month. If the last day for filing is a Saturday, Sunday or State Holiday, filing must occur on the preceding business day. File this form at the following address:

Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, Tennessee 37243

The published Letter of Intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

Attachment – Letters of Support

DAVID P. ROE
1ST DISTRICT, TENNESSEE

EDUCATION AND THE WORKFORCE
CHAIRMAN, SUBCOMMITTEE ON
HEALTH, EMPLOYMENT, LABOR, AND PENSIONS
VETERANS' AFFAIRS

Congress of the United States
House of Representatives
Washington, DC 20515-4201

COUNTIES:
CARTER
COCKE
GREENE
HAMBLÉN
HANCOCK
HAWKINS
JEFFERSON
JOHNSON
SEVIER
SULLIVAN
UNICOI
WASHINGTON

December 21, 2015

Ms. Melanie Hill
Executive Director
State of Tennessee
Health Services and Development Agency
502 Deaderick Street
Ninth Floor
Nashville, TN 37243-0001

Dear Ms. Hill,

Please accept this letter as my support for NHC HealthCare, Kingsport, and their application for a Certificate of Need for an eight (8) bed addition. NHC is filing this CON request based on the bed need projection for additional skilled beds in Sullivan County. We need to meet the demands of our senior population with quality care, and NHC is a great resource.

NHC is to be commended for their care and for their future commitment of creating more housing to meet the aging senior's needs. I wish NHC well in the fulfillment of its mission of care for the elderly.

Sincerely,



David P. Roe
Member of Congress TN-01

DPR/sh

KINGSFORT HIGHER EDUCATION CENTER
205 REVERE STREET
KINGSFORT, TN 37660
PHONE: 423-247-8161
FAX: 423-247-0119

WASHINGTON :
407 CANNON HOUSE OFFICE BUILDING
WASHINGTON, DC 20515
PHONE: 202-225-6356
FAX: 202-225-5714

ON THE CAMPUS OF WALTERS STATE
1609 WALTERS STATE CC DRIVE, SUITE 4
MORRISTOWN, TN 37813
PHONE: 423-254-1400
FAX: 423-254-1403

PRINTED ON RECYCLED PAPER

www.roe.house.gov



City Hall
Office of the Mayor
225 West Center Street
Kingsport, TN 37660-4265
Phone: 423/229-9412
Fax: 423/229-9350
www.kingsporttn.gov

December 23, 2015

Ms. Melanie Hill, Executive Director
State of Tennessee
Health Services and Development Agency
502 Deaderick Street, 9th Floor
Nashville, TN 37243

Dear Ms. Hill:

This letter expresses my support for NHC HealthCare, Kingsport's CON application for the addition of eight (8) skilled beds. NHC is filing its CON based on Sullivan County's projected skilled bed need. I believe these additional skilled nursing beds are needed to accommodate our county's growing aging population. Even today, skilled referrals can be difficult to place and often require patient delays in our acute care facilities.

Given NHC's excellent history, these residents will receive the highest quality of care. I ask you to favorably consider this proposal.

If you have any questions, please do not hesitate to call me.

Sincerely,

A handwritten signature in cursive script that reads "John Clark".

John Clark
Mayor
City of Kingsport

KINGSPORT

Chamber of Commerce

Partnership for Progress

December 14, 2015

Ms. Melanie Hill, Executive Director
 State of Tennessee
 Health Services and Development Agency
 502 Deaderick Street, 9th Floor
 Nashville, TN 37243

Dear Ms. Hill:

I am writing to express The Kingsport Chamber's support for NHC HealthCare, Certificate of Need (CON) application for the addition of eight skilled beds in our area. As a business organization representing nearly 1,000 businesses, we believe these additional skilled nursing beds are needed to accommodate our county's growing aging population and this application is in the best interest of our community.

This facility has already established itself with a reputation for quality care in our community. NHC is to be commended for their commitment to creating more housing to meet the aging senior's needs. I wish NHC well in the fulfillment of its mission of care for the elderly.

The Kingsport Chamber encourages you to support NHC HealthCare's CON application. Thank you for your service to our state and for your consideration on this matter. Let's continue to make Tennessee the most business friendly state in the country. If you have any questions, please do not hesitate to contact me.

The Kingsport Chamber is a private, non-profit business organization composed of nearly 1,000 members. The Kingsport Chamber's mission is to utilize resources and focus efforts on enhancing a strong and viable business environment for the Kingsport area.

Respectfully,



Miles Burdine
 President & CEO
 Kingsport Chamber

KINGSPORT CHAMBER OF COMMERCE PROGRAMS

Communications & Development - Education & Workforce Development - Fun Fest - Government Relations - Keep Kingsport Beautiful
 Kingsport Convention & Visitors Bureau (KCVB) - Kingsport Leadership Programs: ENCORE, Leadership Kingsport, S.H.O.U.T.® Youth Leadership
 Kingsport Office of Small Business Development & Entrepreneurship (KOSBE) - Membership - Move to Kingsport



Regional Orthopaedic Trauma Associates

117 West Sevier St., Suite 200
Kingsport, TN 37660
Phone 423-245-5540
Fax: 423-2828-9576

December 2, 2015

Ms. Melanie Hill, Executive Director
State of Tennessee
Health Services and Development Agency
502 Deaderick Street, 9th Floor
Nashville, TN 37243

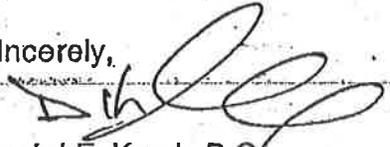
Dear Ms. Hill:

This letter expresses my support for NHC HealthCare, Kingsport's CON application for the addition of eight (8) skilled beds. NHC is filling its CON based on Sullivan County's projected skilled bed need. I am a physician practicing in Sullivan County and given my experience in the local market, I believe these additional skilled nursing beds are needed to accommodate our county's growing aging population. Even today, skilled referrals can be difficult to place and often require patient delays in our acute care facilities.

Given NHC's excellent history, these residents will receive the highest quality of care. I ask you to favorably consider this proposal.

If you have any questions, please do not hesitate to call me.

Sincerely,



Daniel E. Krenk, D.O.
Director of Orthopedic Trauma
Orthopedic Residency Program Director
Holston Valley Medical Center
Wellmont Health System

11-20-15 10:11 AM

December 2, 2015

Ms. Melanie Hill, Executive Director
State of Tennessee
Health Services and Development Agency
502 Deaderick Street, 9th Floor
Nashville, TN 37243

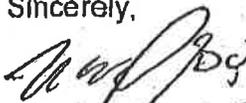
Dear Ms. Hill:

This letter expresses my support for NHC HealthCare, Kingsport's CON application for the addition of eight (8) skilled beds. NHC is filing its CON based on Sullivan County's projected skilled bed need. I am a physician practicing in Sullivan County and given my experience in the local market, I believe these additional skilled nursing beds are needed to accommodate our county's growing aging population. Even today, skilled referrals can be difficult to place and often require patient delays in our acute care facilities.

Given NHC's excellent history, these residents will receive the highest quality of care. I ask you to favorably consider this proposal.

If you have any questions, please do not hesitate to call me.

Sincerely,


Brian Shofar, DO.

Supplemental #1 -COPY-

NHC HealthCare Kingsport

CN1601-003

NHC

NATIONAL HEALTHCARE CORPORATION

218

SUPPLEMENTAL #1

January 26, 2016

10:54 am

January 25, 2016

Mr. Jeff Grimm
Health Services Examiner
State of Tennessee
Health Services & Development Agency
Andrew Jackson State Office Building, 9th floor
502 Deaderick Street, Nashville, TN 37243

RE: Certificate of Need Application CN1601-003 (Omission Response) Sullivan
County, TN – NHC HealthCare, Kingsport

Dear Mr. Grimm:

Enclosed please find the additional information to the above referenced CON
application and supplemental request. This information has been submitted in triplicate

If there are any questions, please do not hesitate to contact me at 615-890-2020.

Sincerely,

NATIONAL HEALTHCARE CORPORATION



Bruce K. Duncan
Assistant Vice President & Authorized Representative for CN1601-003

Enclosure

January 26, 2016

10:54 am

OMISSION RESPONSES

TO

NHC HEALTHCARE/KINGSPORT, LLC CON APPLICATION FOR:

NHC HEALTHCARE, KINGSPORT

8 BED NURSING HOME ADDITION

SULLIVAN COUNTY

January 25, 2016

ATTN: MR. JEFF GRIMM, HEALTH SERVICES EXAMINER

January 26, 2016**10:54 am**

1. Section A, Applicant Profile, Item 4 (Owner)

The response with attachment containing locations of NHC nursing homes in Tennessee and other states is noted. Review of HSDA records revealed The Health Center of Nashville, CN1107AME, has submitted a request for an extension of the expiration date (from May 1, 2016 to Oct 1, 2016) that will be heard at the January 27, 2016 Agency meeting. Please provide an overview with progress update for the project and document same with a copy of an Annual Progress Report addressed to the attention of Alecia Craighead, Stat III, HSDA. If any other CON projects remain in progress, please identify by providing a brief progress update for same.

Please see the attached Annual Progress Report for The Health Center of Nashville, CN1107AME, which was also filed with Ms. Craighead. In addition, please see the recently filed agency request for an extension of the same project.

January 25, 2016

Alecia L. Craighead
Statistical Analyst
Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, TN 37243

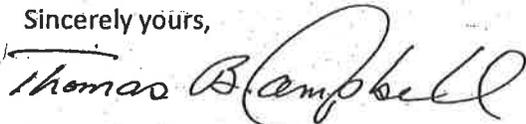
Re: NHC Place at the Trace
Annual Progress Report
CON # CN1107-02AME

Dear Ms. Craighead:

Pursuant to the Agency's requirement for an Annual Progress Report, please find the attached Report for NHC Place at the Trace located in Bellevue, Tennessee. Please contact me if you have any questions regarding the contents of this document. Thank you for your time and attention to this matter.

NATIONAL HEALTHCARE CORPORATION

Sincerely yours,



Thomas B. Campbell, CCIM
Director of Development

c. B. Duncan



**STATE OF TENNESSEE
HEALTH SERVICES AND DEVELOPMENT AGENCY**

500 Deaderick Street, Suite 850
Nashville, TN 37243
615/741-2364

**ANNUAL PROGRESS REPORT
ANNUAL REVIEW FOLLOWING CERTIFICATION**

Project Name: NHC Place at the Trace Certificate of Need #: CN 1107-024 AME
Legal Owner: The Health Center Of Nashville, LLC Approval Date: 9-28-2011
Expiration Date: 5-1-2016

Project Description: A 90 bed nursing home located at 8353 Highway 100, Bellevue, TN.

******PLEASE SUBMIT EVIDENCE TO SUPPORT EACH ANSWER******

In a brief narrative, please describe the current stage of completion for the project (use another sheet of paper if necessary). Please note that this report will not be considered complete without this information.

A. CONSTRUCTION PROJECTS

1. Anticipated date of project completion. May 30, 2016
2. Provide written confirmation from the contractor documenting the stage of construction at the current time.
3. If proposed construction costs have increased over ten (10%) percent please provide information as an attachment to this form. Please note that such an overrun could require additional action before the Agency.

B. NON-CONSTRUCTION PROJECTS

1. Anticipated date of service implementation, acquisition or operation of the facility or equipment as certified. _____
2. Provide written confirmation from the institutional representative verifying the occupancy/opening date for the service, equipment, or facility.

Thomas Campbell
Signature of Authorized Agent or Chief Operating Officer

January 25, 2016
Date

NHC Place at the Trace
90 Bed Nursing Home

Legal Owner: The Health Center of Nashville, LLC
CON Number: CN 107-024AME

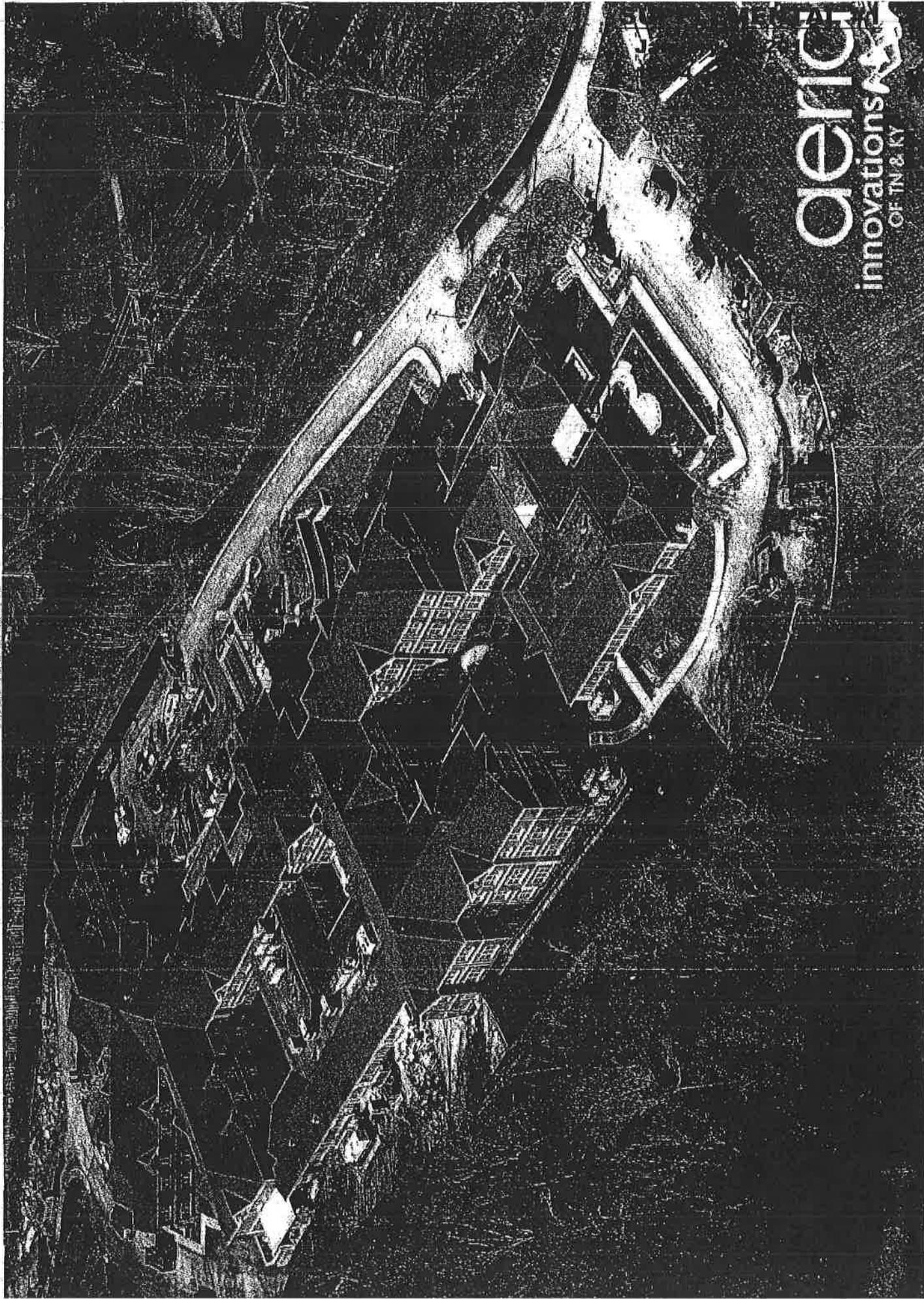
The subject CON project is approximately 85% complete at this stage. The exterior envelope (foundation, slab, walls, windows, doors, and roof) is completed. The contractor is completing interior dry wall, fixture trim out, finishes, casework, and wrapping up systems. The site has the majority of its utilities installed, driveways and parking are in place with asphalt base course, and landscaping efforts have begun. The building is entering the final stages of completion. The facilities expected completion date is now May 30, 2016. Several photos documenting progress are attached as back up for this report.

NHC has expended over \$15 million of the projected \$21.5 million budget for the project. A copy of the contractor's last pay application is attached. Please note that the scope of construction includes BOTH the construction of a SNF and ALF. The construction costs will be allocated between projects for the Final Report.

The project is within budget and its scope/programs are consistent with the CON's approval. The building is behind schedule by 45 days because construction was stopped temporarily due to required CMS plan changes. Work on the refined plans is underway at the moment. A CON deadline extension request has been submitted and is under review by the Agency at this time.

AMERICAN
CONSTRUCTORS

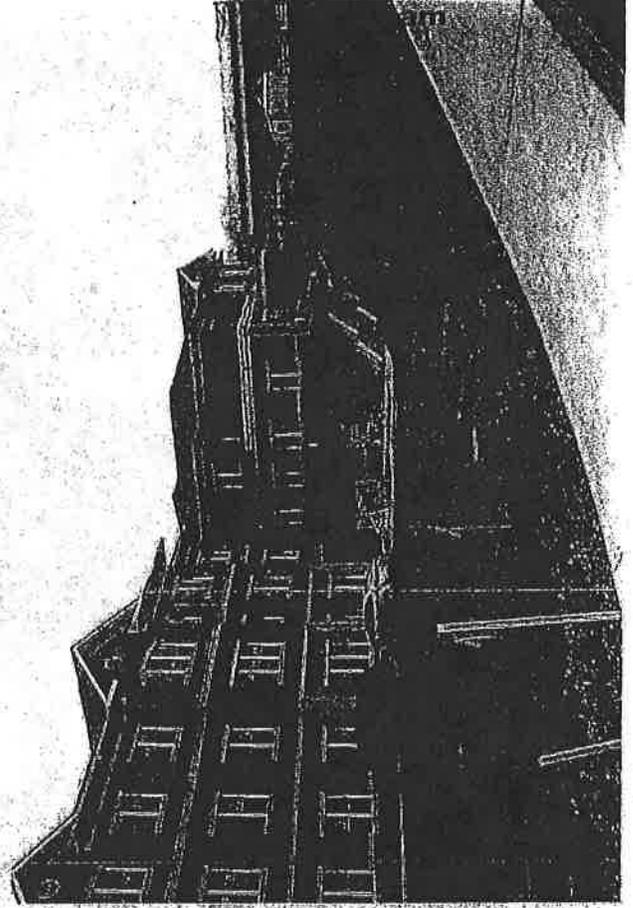
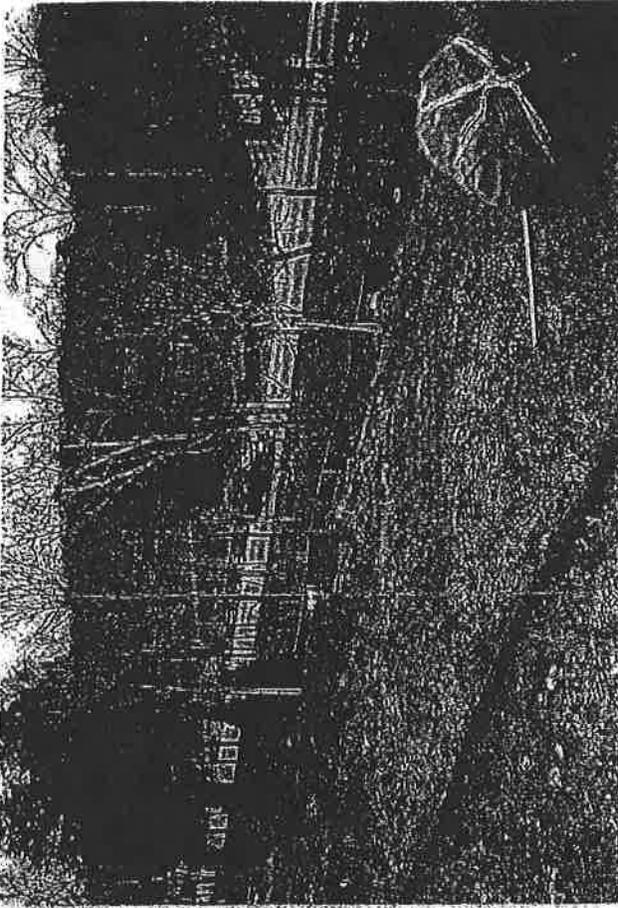
NHC Place at the Trace - January 14, 2016



oerici
innovations
OF TN & KY

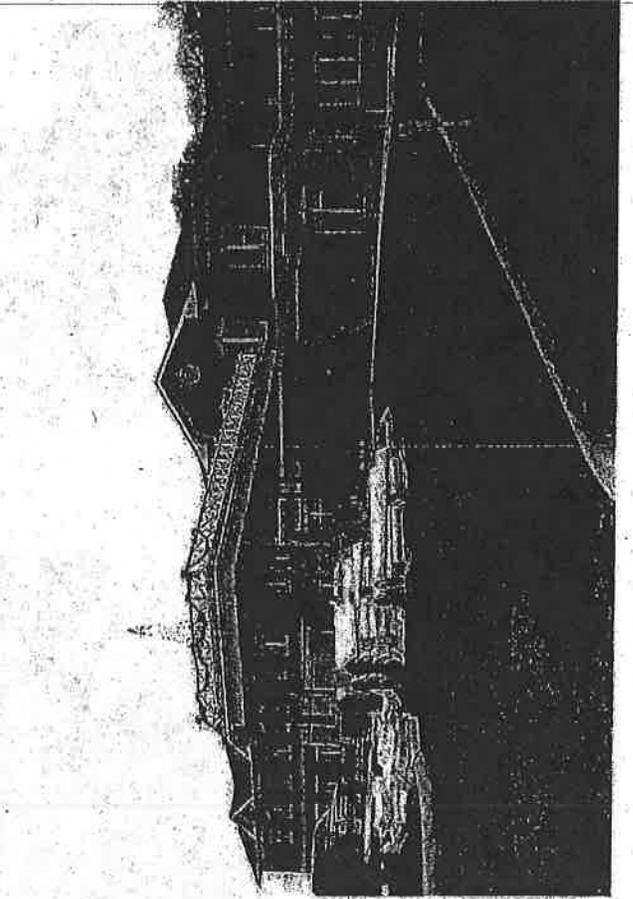
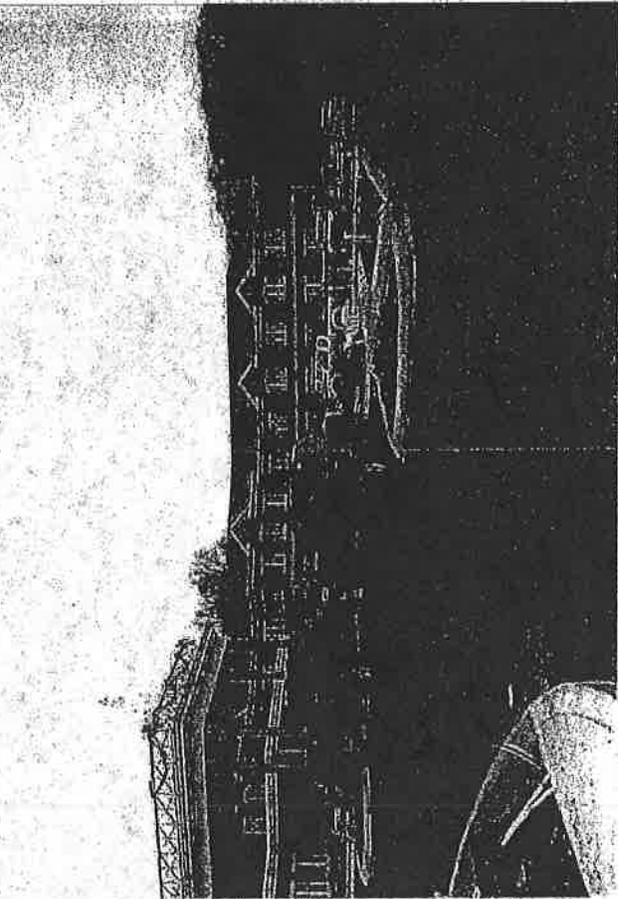
January 26, 2016

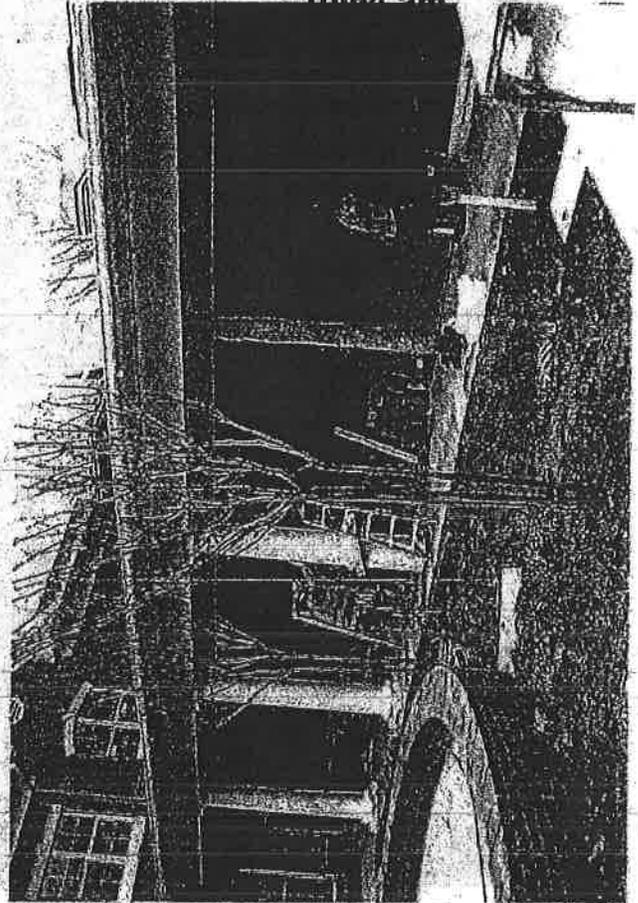
225



J+B No. 1121
Page 1 of 11

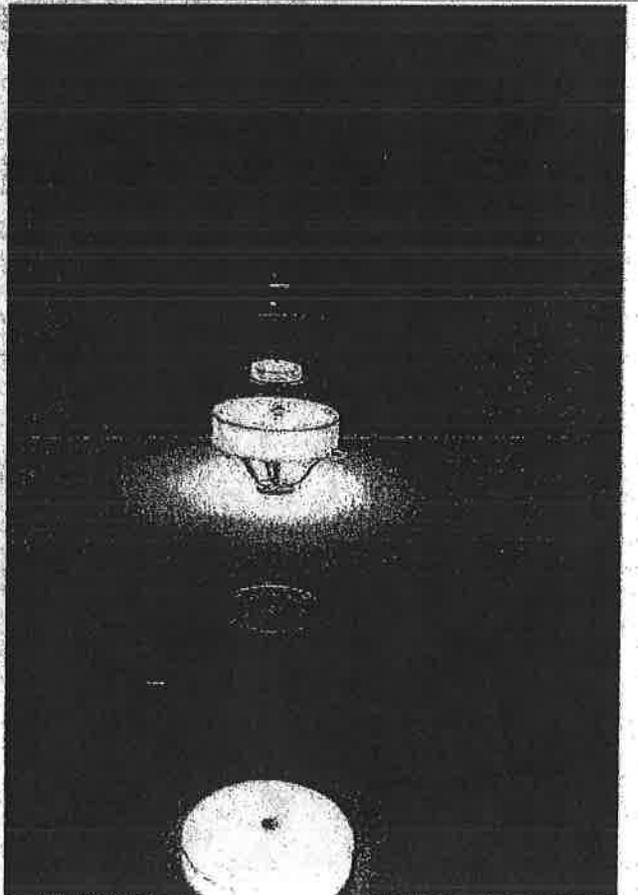
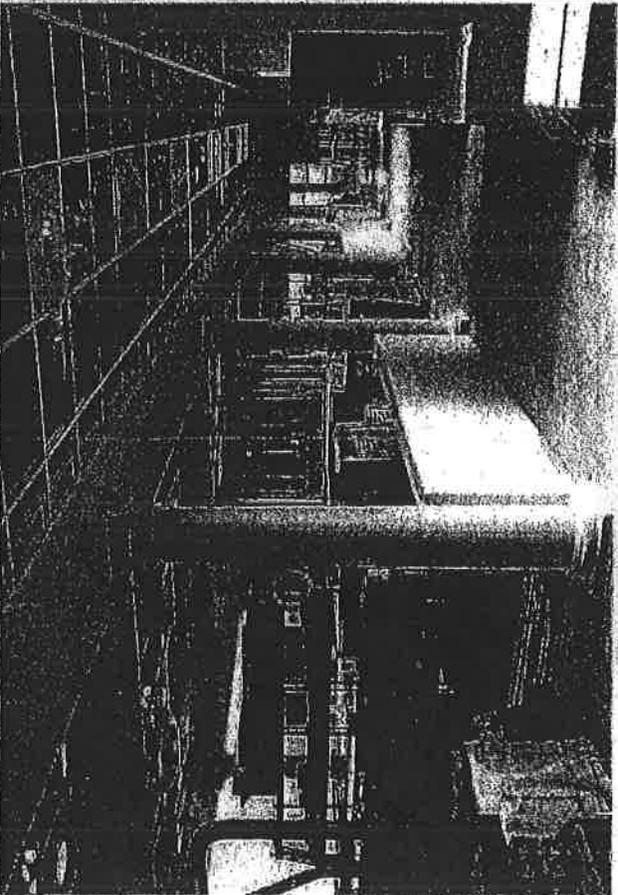
The Place at the Trace
12-29-15

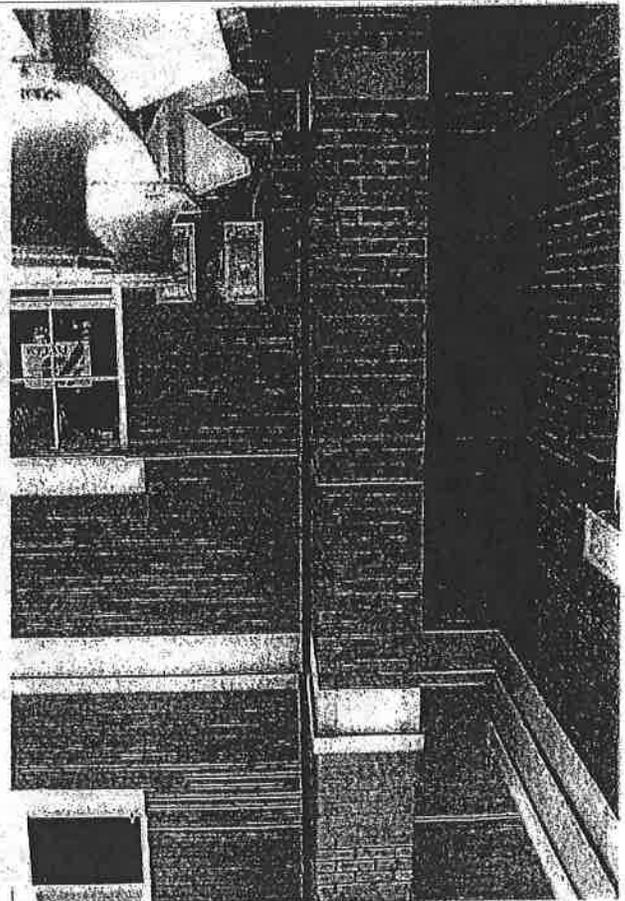
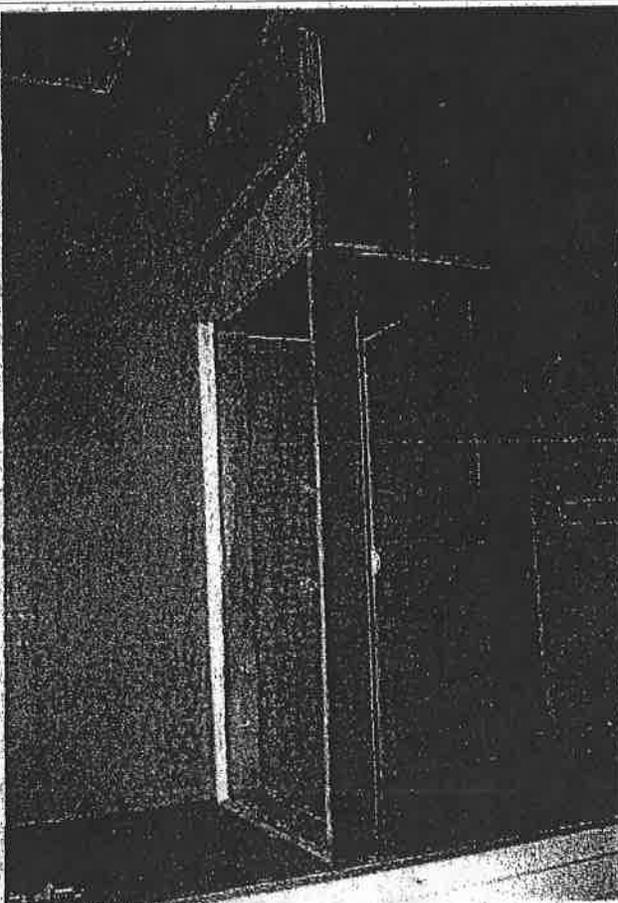
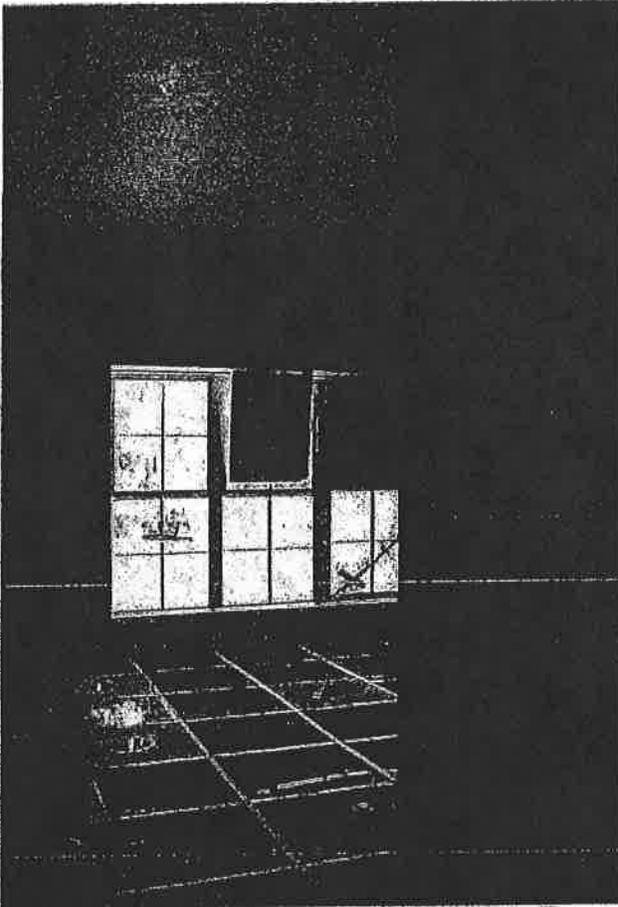


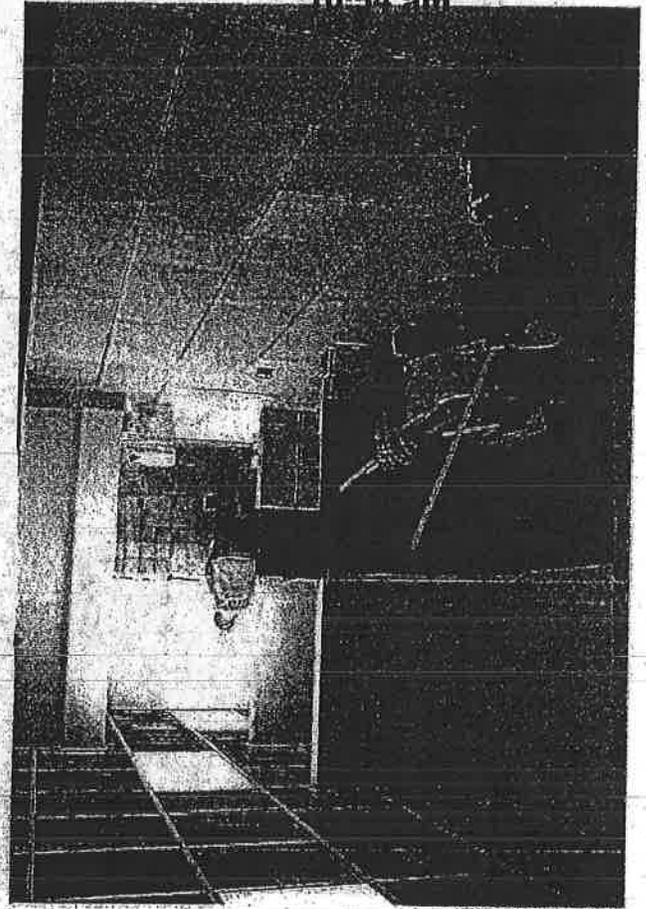
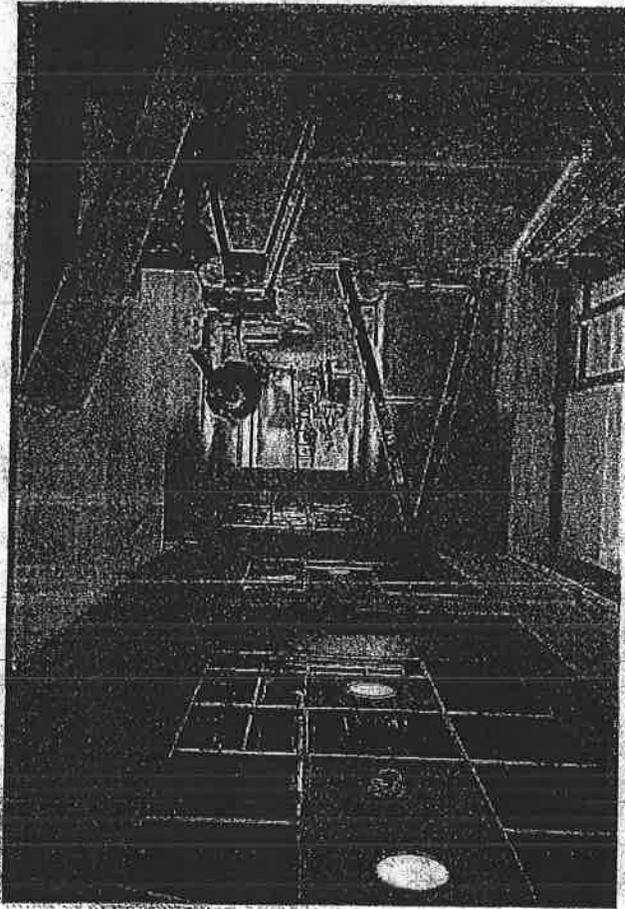


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Page 3 of 11

The Place at the Trace
12-29-15

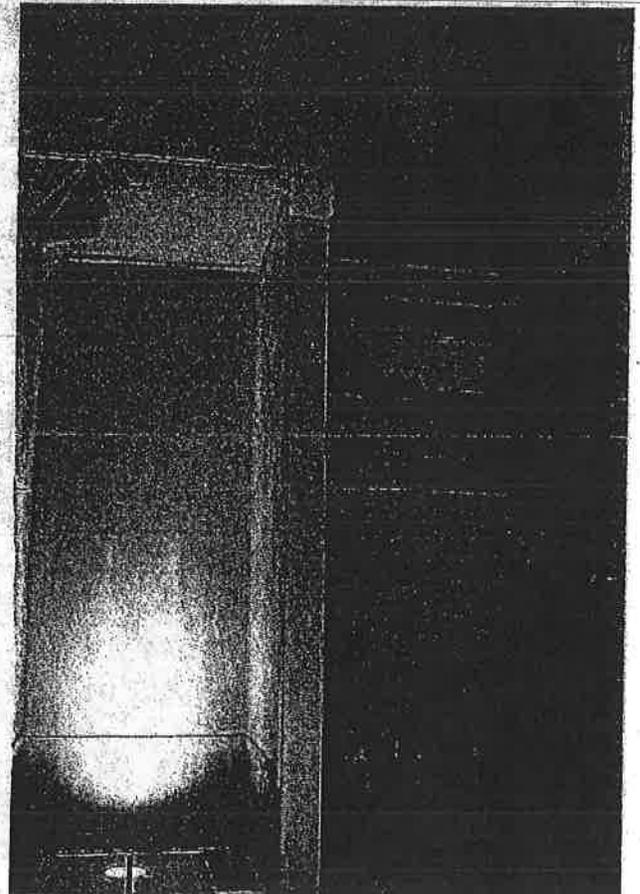
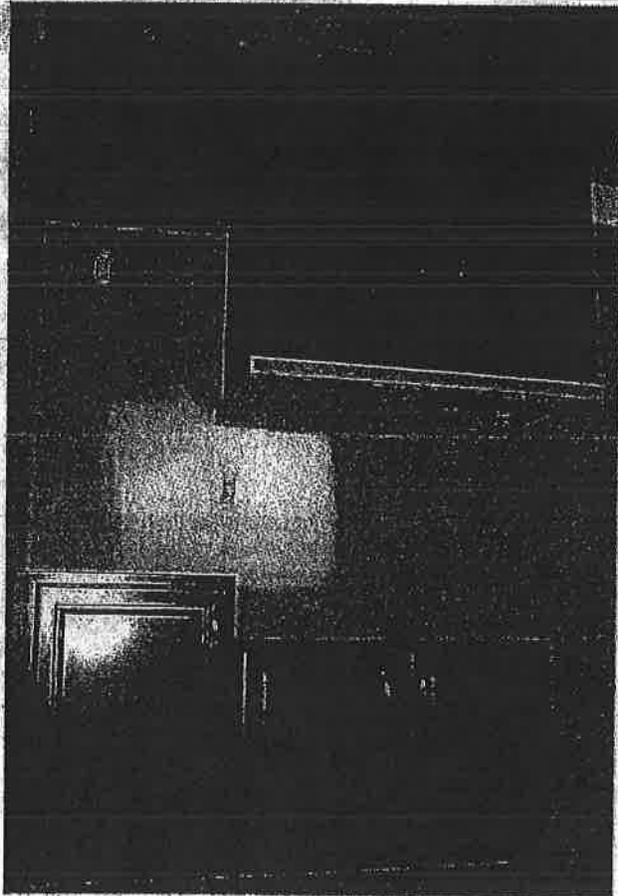


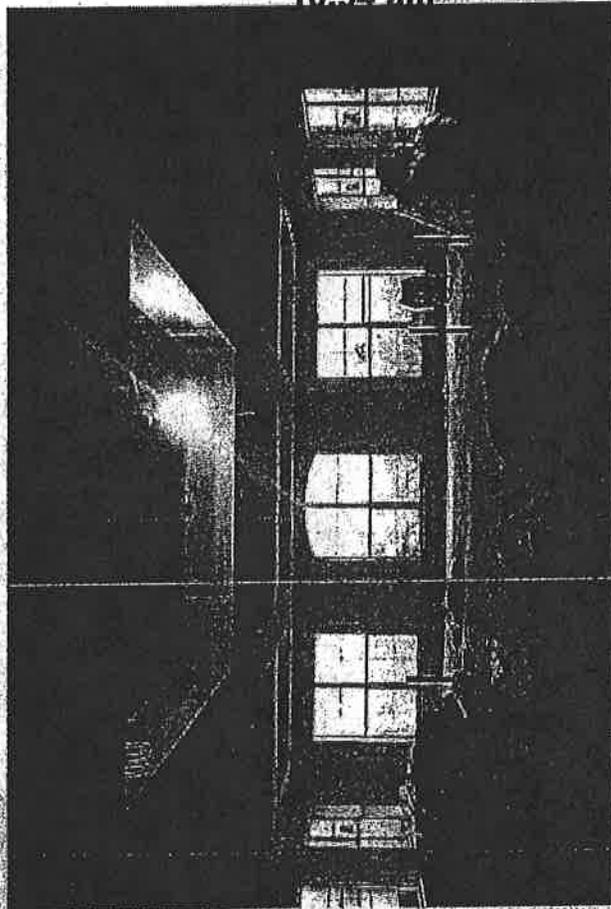




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Page 7 of 11

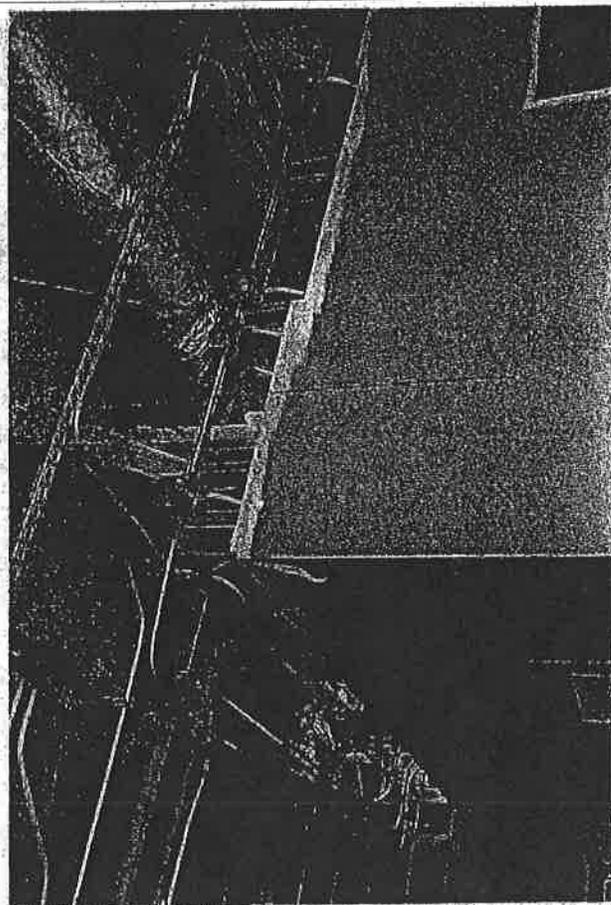
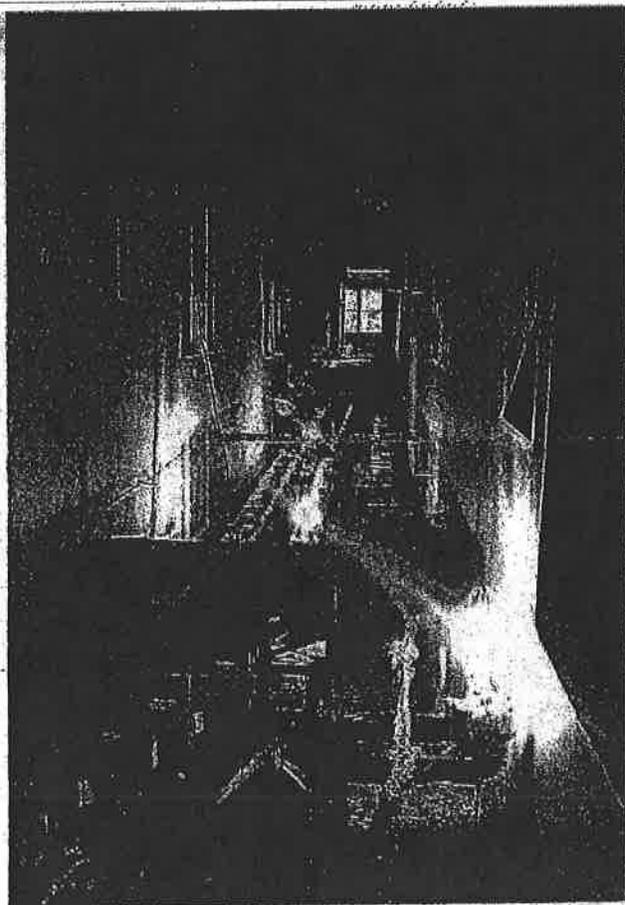
The Place at the Trace
12-29-15





J+B No. 1121
Page 9 of 11

The Place at the Trace
12-29-15



SUPPLEMENTAL #1

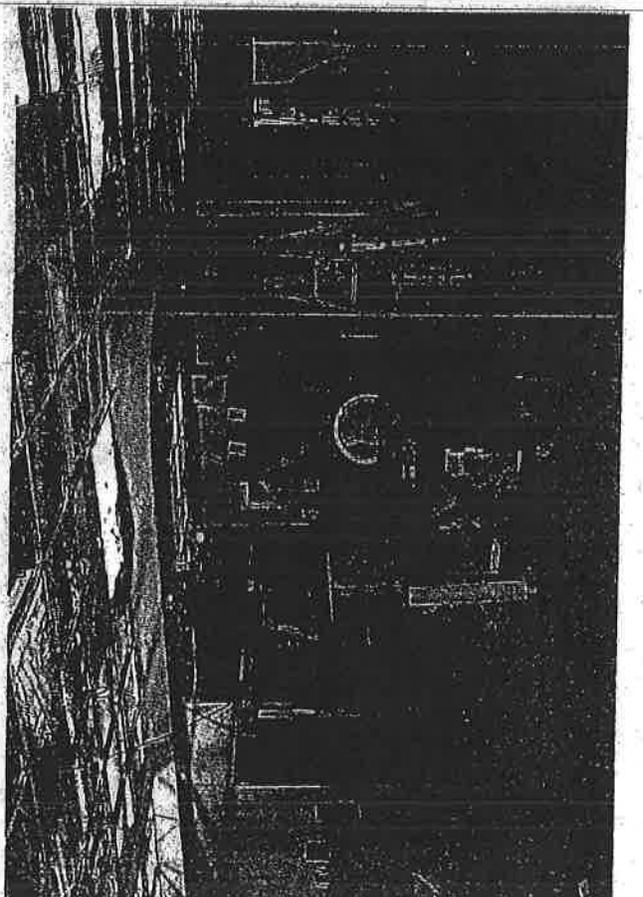
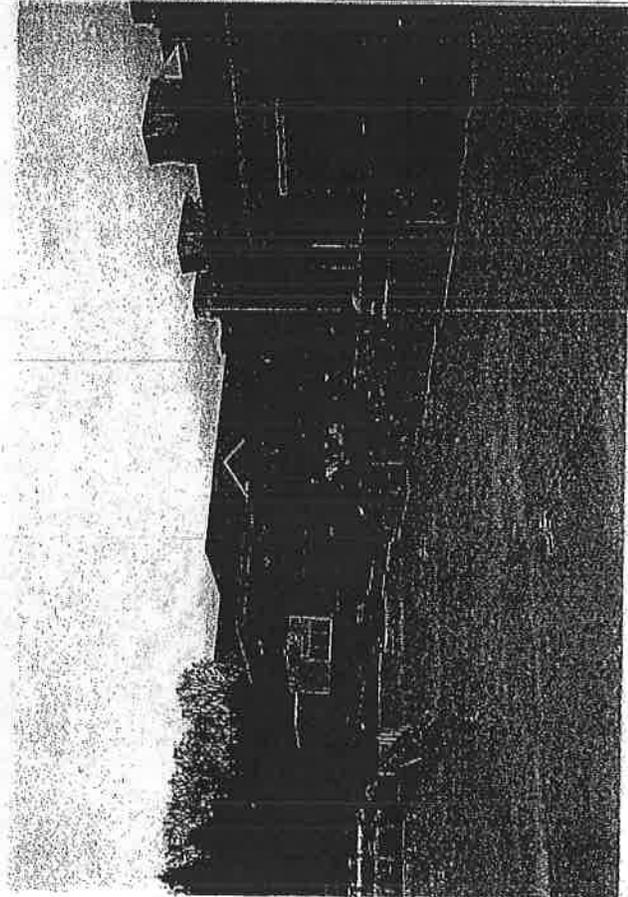
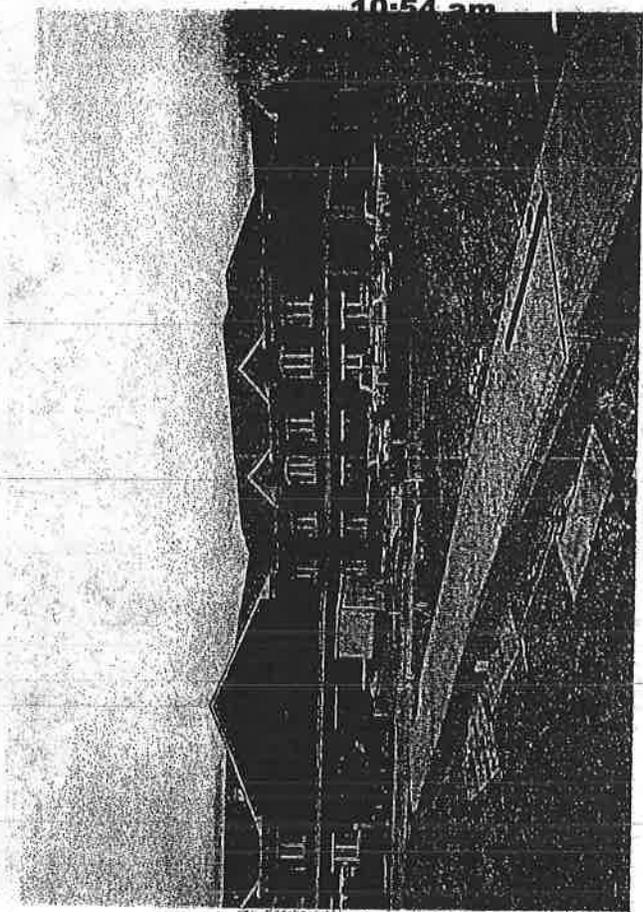
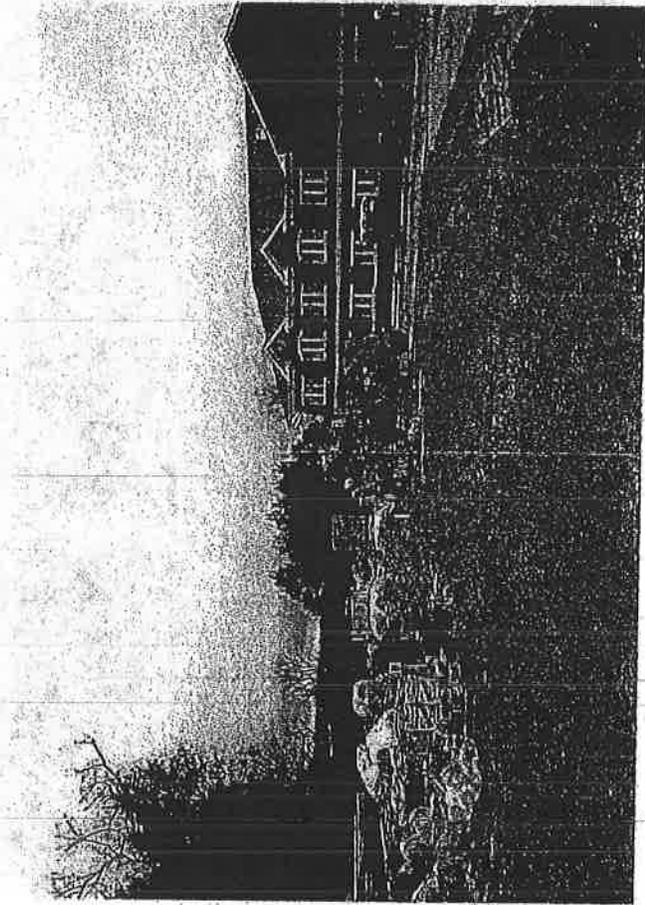
230

January 26, 2016

10:54 am

J+B No. 1121
Page 11 of 11

The Place at the Trace
12-29-15



Attention: Thomas B. Campbell
 100 East Vine Street, #1400
 Murfreesboro, TN 37130

CONTRACTOR:

American Constructors, Inc.
 P. O. Box 120129
 Nashville, Tennessee 37212

ARCHITECT:

Johnson + Bailey
 100 East Vine Street
 Suite 700
 Murfreesboro, TN 37130

CONTRACTOR'S APPLICATION FOR PAYMENT

Application is made for payment, as shown below, in connection with the Contract Continuation Sheet, AIA Document G703, is attached.

1. ORIGINAL CONTRACT SUM 28,387,712.00
2. Net change by Change Orders 663,681.00
3. CONTRACT SUM TO DATE (Line 1 + 2) 29,051,393.00
4. TOTAL COMPLETED & STORED TO DATE 24,577,539.46
5. RETAINAGE: CapStar Account 9664726867
 - a. % of Completed Work 979,091.24
 (Column D + E on G703)
 - b. % of Stored Material
 (Column F on G703)
 Total Retainage (Lines 5a + 5b or Total in Column I of G703) 979,091.24
6. TOTAL EARNED LESS RETAINAGE 23,598,448.24
7. LESS PREVIOUS CERTIFICATES FOR PAYMENT 21,992,735.30
8. CURRENT PAYMENT DUE 1,605,712.94
9. BALANCE TO FINISH, INCLUDING RETAINAGE 5,452,944.76
 (Line 3 less Line 6)

** Unpaid Balance 0.00

CHANGE ORDER SUMMARY	
ADDITIONS	DEDUCTIONS
Total changes approved in previous months by Owner	715,571.00
Total approved this Month	620,208.00
TOTALS	1,335,779.00
NET CHANGES by Change Order	663,681.00

Bellevue, TN

PERIOD TO: December 31, 2015

PROJECT NO: A-549

CONTRACT DATE: September 10, 2014

The undersigned Contractor certifies that to the best of the Contractor's knowledge, information and belief the Work covered by this Application for Payment has been completed in accordance with the Contract Documents, that all amounts have been paid by the Contractor for Work for which previous Certificates for Payment were issued and payments received from the Owner, and that current payment shown herein is now due.

CONTRACTOR: AMERICAN CONSTRUCTORS, INC.

By: Matthew T. McCall, Treasurer

Date: January 6, 2016

State of Tennessee
 County of Davidson
 Subscribed and sworn to before me this 6th day of January 2016
 Notary Public: Margie A. Eblen
 My Commission expires: July 2, 2018



ARCHITECT'S CERTIFICATE FOR PAYMENT

In accordance with the Contract Documents, based on on-site observations and the data comprising the application, the Architect certifies to the Owner, that to the best of the Architect's knowledge, information and belief the Work has been substantially completed, the quality of the Work is in accordance with the Contract Documents, and the Contractor is entitled to payment of the AMOUNT CERTIFIED.

AMOUNT CERTIFIED 1,605,712.94

(Attach explanation if amount certified differs from the amount applied. Initial all figures on the Application and on the Continuation Sheet that are changed to conform to the amount certified.)

By: [Signature] ARCHITECT: Johnson + Bailey Architects P.C.

Date: 1-13-16

This Certificate is not negotiable. THE AMOUNT CERTIFIED is payable only to the Contractor named herein. Issuance, payment and acceptance of payment are without prejudice to any rights of the Owner or Contractor under this Contract.

January 26, 2016

10:54 am

An update for the two other CON's NHC has is as follows:

NHC-Maury regional Transitional Care, LLC, CN1307-025AME

The subject project is under active development. Architectural plans have been reviewed and approved by the Agency. The contractor is well underway with site development and the building's structure (foundations, slab, steel, and fire walls). These areas are all in progress at this reporting. There are no anticipated changes to scope, budget, or timing.

The Health Center of Hermitage, LLC, CN1404-011A

The subject project is under active development. NHC is working through plan details with project architect. There are no anticipated changes to scope, budget, or timing.

BUTLER | SNOW

December 21, 2015

Melanie M. Hill
Executive Director
Tennessee Health Services and
Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, TN 37243

RE: The Health Center of Nashville, CN-1107-024AME

Dear Ms. Hill:

This letter is submitted on behalf of the project referenced above for the purpose of requesting an extension of the certificate of need expiration date.

Background

This project involves the replacement and relocation of a 150-bed nursing home facility to a new location at the corner of Highway 100 and Pasquo Road in the Bellevue area of Davidson County. The total project cost is projected to be approximately \$23,900,000. The certificate of need is currently scheduled to expire May 1, 2016.

The project is approximately 80% complete. The current schedule is for construction to be completely finished by April 29, 2016. Thus, it will not be possible to license the facility before the certificate of need expiration date on May 1, 2016.

Reasons for Delay

The construction schedule has been unexpectedly delayed because of the need to address a difference between Tennessee building codes and CMS building codes. The project plans were approved by the Tennessee Department of Health in accordance with the 2012 building codes adopted by Department. However, CMS still uses the 2000 building codes. The additional work required to modify the project to meet CMS requirements caused a delay in construction of approximately 60 days. Additional delays resulted from the unexpected requirements imposed by Nashville planning authorities to relocate sanitary sewer and water lines and to relocate utility poles on Highway 100.

January 26, 2016**10:54 am**

Melanie M. Hill
December 21, 2015
Page 2

Extension Requested

It is anticipated that the project will be completed and licensed by July 1, 2016, at the latest. In order to allow for unforeseen developments, however, we respectfully request an extension of the expiration date until October 1, 2016. The maximum filing fee has previously been paid for this project, so we do not believe an additional filing fee is necessary in connection with this request.

We would appreciate this request being included on the agenda for the Agency's meeting on January 27, 2016. Please let us know if you have questions or if you need additional information.

Very truly yours,

BUTLER SNOW LLP



Dan H. Elrod

clw

cc: Jim Christoffersen
Bruce Duncan

January 26, 2016**10:54 am**

Review of the ownership documents revealed that the owner name was changed from NHC at Indian Path, LLC to NHC HealthCare/Kingsport, LLC in August 2014. Please provide a brief overview of the factors related to the need for the change in the owner's name. Please include any discussion relative to changes in ownership by the members of the LLC, including any changes in ownership interests of 5% or above.

Please see the attached documentation that details the fact that NHC at Indian Path, LLC to NHC HealthCare/Kingsport, LLC was a properly executed name change and not an ownership change.

January 26, 2016**10:54 am****NHC**

NATIONAL HEALTHCARE CORPORATION

November 5, 2014

VIA: Regular Mail

James B. Christoffersen, General Counsel
State of Tennessee
Health Services & Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, TN 37243

RE: NHC at Indian Path, LLC, CN1212-059A, for the construction of a new nursing home comprised of 52 SNF beds located at 2300 Pavilion Drive in Kingsport, Sullivan County, Tennessee. (Name change request)

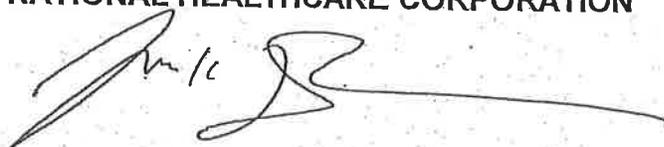
Dear Mr. Christoffersen:

Please note that the referenced CON holder has filed and received, from the State of Tennessee, Secretary of State, a properly executed name change from NHC at Indian Path, LLC to NHC HealthCare/Kingsport, LLC. Enclosed please find a copy of the Filing Acknowledgment from the Secretary of State. This was merely a name change, not an ownership change. I have also included the original Certificates of Need for the project so your office can revise said document to reflect the name change referenced.

If you require any additional information or need clarification on any of the supplied material, please do not hesitate to contact me at 615-890-2020.

Sincerely,

NATIONAL HEALTHCARE CORPORATION



Bruce K. Duncan
Assistant Vice President, Planning/Licensure & Authorized Representative for the
referenced project

Enclosure

January 26, 2016

10:54 am

STATE OF TENNESSEE

Tre Hargett, Secretary of State

Division of Business Services

William R. Snodgrass Tower

312 Rosa L. Parks AVE, 6th FL

Nashville, TN 37243-1102



NHC HealthCare/Kingsport, LLC
PO BOX 1398
MURFREESBORO, TN 37133-1398

August 26, 2014

Filing Acknowledgment

Please review the filing information below and notify our office immediately of any discrepancies.

Control # : 736149 Status: Active

Filing Type: Limited Liability Company - Domestic

Document Receipt

Receipt #: 1622132

Filing Fee: \$20.00

Payment-Check/MO - NHC/OP, L.P., MURFREESBORO, TN

\$20.00

Amendment Type: Articles of Amendment

Image #: 7373-3019

Filed Date: 08/26/2014 9:15 AM

This will acknowledge the filing of the attached articles of amendment with an effective date as indicated above. When corresponding with this office or submitting documents for filing, please refer to the control number given above.

You must also file this document in the office of the Register of Deeds in the county where the entity has its principal office if such principal office is in Tennessee.

Tre Hargett
Secretary of State

Processed By: Jeff Cook

Field Name

Changed From

Changed To

Filing Name

NHC at Indian Path, LLC

NHC HealthCare/Kingsport, LLC

January 26, 2016

10:54 am



State of Tennessee

Health Services and Development Agency

Andrew Jackson, 9th Floor, 502 Deaderick Street, Nashville, TN 37243

www.tn.gov/hsda Phone: 615-741-2364 Fax: 615-741-9884



November 19, 2014

Bruce D. Duncan, Assistant Vice President, Planning/Licensure
National HealthCare Corporation
100 Vine Street, 12th Floor
Murfreesboro, TN 37130
615-890-2020

RE: NHC HealthCare/Kingsport, LLC - CN1212-059AM

Dear National HealthCare Corporation:

As referenced in our recent letter, please find enclosed your revised Certificate of Need for the above-referenced application, which a request of modification was made for a change of name from NHC at Indian Path, LLC, to NHC HealthCare/Kingsport, LLC.

Should you have any questions or require further information regarding this Certificate, please do not hesitate to contact this office.

Sincerely,

James B. Christoffersen
General Counsel

JBC/mab

cc: Trent Sansing, Division of Health Statistics, Office of Policy, Planning & Assessment
Ann R. Reed, Health Care Facilities - Licensure
Bill Harmon, Director of Engineering, Health Care Facilities

**STATE OF TENNESSEE
Health Services and Development Agency**



Certificate of Need No. CN1212-059AM is hereby granted under the provisions of T.C.A. § 68-11-1601, *et seq.*, and rules and regulations issued thereunder by this Agency.

To: NHC at Indian Path, LLC
100 Vine Street
Murfreesboro, TN 37130

For: *NHC HealthCare/Kingsport, LLC

This Certificate is issued for: The replacement and relocation of the 22 bed Indian Path Medical Center Transitional Care Unit and the addition of 30 new Medicare certified skilled nursing home beds. The facility will relocate from Indian Path Medical Center at 2000 Brookside Drive to 2300 Pavilion Drive, Kingsport (Sullivan County), TN. The new facility will be licensed as NHC at Indian Path and will contain 52 Medicare-only (skilled) nursing home beds.

Modification: Modified pursuant to Rule 0720-10-06(8) – A properly executed name change from *NHC at Indian Path, LLC to NHC HealthCare/Kingsport, LLC, acknowledged by the State of Tennessee, Secretary of State, on August 26, 2014.

On the premises located at: 2300 Pavilion Drive
Kingsport (Sullivan County), TN 37660-4622

For an estimated project cost of: \$10,385,615.00

The Expiration Date for this Certificate of Need is

August 1, 2015

or upon completion of the action for which the Certificate of Need was granted, whichever occurs first. After the expiration date, this Certificate of Need is null and void.

Date Approved: May 22, 2013

Chairman

Date Issued: June 26, 2013

Date Reissued: *November 19, 2014

Executive Director

January 26, 2016

10:54 am

2. Section A, Applicant Profile, Item 6 (Legal Interest in the Site)

A copy of the 99-year Ground Lease effective August 1, 2013 between Mountain States Health Alliance (owner) and the former NHC at Indian Path, LLC regarding the real property with 48,600 square foot building known as the Indian Path Pavilion is noted. Since it appears this lease served as the key leasehold document that confirmed the applicant's legal interest in the site in NHC at Indian Path in CN1212-059A, are there any amendments to the lease that have occurred since 2013, such as an amendment to reflect the 8/14/2014 change in the name of the owner LLC as the leasee in the agreement? Please briefly discuss.

There have been no amendments to the lease.

Please also document Mountain State Health Alliance's continued ownership of the property in the form of a warranty deed or title.

Please see the attached warranty deed for the referenced property. Please note that the tract of land utilized by the applicant for this project can be found as Tract V, within the Special Warranty Deed provided.

3. Section B, Project Description, Item II.A and II. B.

Item II.A - The Square Footage Chart notes a \$13,000 renovation cost for 2,304 square feet of the facility which calculates to approximately \$6.51/SF. However, in confirming with other parts of the application, please note the following:

- Project Cost Chart on page 137 of attachments shows \$15,000 renovation cost.
- 12/18/2015 architect letter identifies \$15,000 renovation cost.
- Item 3, page 45 appears to identify a cost of \$13,725 per bed totaling to \$109,800 but omits reference to the estimated renovation cost and cost per square feet.

Please clarify the estimated renovation cost of the project.

It appears that \$15,000 not \$13,000 is the cost referenced on the Square Footage Chart found on p. 11 of the original CON submittal. Given that, there does not appear to be an inconsistency between the pages listed. A copy of page 11 has been attached for your reference.

With regard to the \$13,725 total cost per bed, please note that would translate with a total project cost of \$109,800, with square footage of 2,304 sq ft to a square footage cost of \$47.66. Based on the HSDA Construction Cost Per Square Foot Range, this would place the proposed project overall cost in the 1st Quartile of Renovated Construction.

Item II.B - Please identify the current private, companion, and/or semi-private room complement of the facility and the complement planned in Year 1 of the proposed project.

Please note that on p. 76, of the original CON submittal, a table indicating the number of private and semi-private rooms in each of the service area nursing facilities has been included. Currently, NHC HealthCare, Kingsport has 52 private rooms. The proposed project involves the conversion of 8 private rooms to become 8 semi-private rooms. Once the project is completed, the center will have 44 private rooms and 8 semi-private rooms for a patient total of 60 beds.

Please describe any design features included in the project for nursing stations of the facility, including, at a minimum, number & location of stations, approximate size in square feet, line of site to patient room considerations, etc.

The proposed project calls for the conversion of 8 private rooms to 8 semi-private rooms. Only minor renovation is required, no construction of additional square footage is being proposed. On page 63 of the original submission is a floor plan of the existing center along with notations of where the requested project is proposed. The center has three existing nursing stations which currently serve the center. As the 8 existing private rooms are currently serviced by the existing stations, no operational change is proposed other than to add an additional 8 beds to the noted 8 existing private rooms.

January 26, 2016

10:54 am

4. Section C, Need, Item 1
Nursing Home Services:

Item 2 and Item 4- The estimated bed need in 2018 is noted, It appears that the 120 beds in the outstanding CON held by Christian Care Center of Bristol approved in CN1404-012A (replacement of 120 bed facility) was omitted from the calculation of bed need and is missing in the references provided in Item 4, page 21 for the table that illustrates service area provider licensed beds and utilization. Please clarify.

If in error, please recalculate the bed need and submit a revised response labeled as page 19-R and 21-R.

Please see the revised bed need calculation found on the attached page 19-R and a revised page 21 which makes note of CN1404-012A.

Please see the additional revised pages of the original CON application which now reference a recalculated bed need of 665 for 2018. The pages have been noted with an "R" next to the page number.

5. Section C, Need, Item 3 (Service Area)

The response is noted. Please provide some metrics that illustrates the applicant's historical and projected patient origin pertaining to admissions of Sullivan County residents.

In calendar year 2015, the center had 566 admissions of which 59% or 332 patients came from Wellmont Holston Valley Med. Center and 30% or 164 patients came from Indian Path Medical Center, both hospitals are located in Sullivan County. We project similar referral patterns to continue in the future. The specific patient/resident county of origin information is not available based on our in-house records.

Please also identify the mileage and 1-way driving times from the applicant's facility to other nursing homes and hospitals in the county.

**Distance from NHC HealthCare, Kingsport to
Nursing Facilities/Hospitals in Sullivan County 1/21/2016**

Facility Name	Facility Type	County	Drive Time	Miles
Brookhaven Manor	Nursing Facility	Sullivan	6 mins	2.6
Greystone Health Care	Nursing Facility	Sullivan	21 mins	12.4
Holston Manor	Nursing Facility	Sullivan	4 mins	2.4
Cambridge House	Nursing Facility	Sullivan	34 mins	24.6
Wexford House	Nursing Facility	Sullivan	1 min	0.4
Christian Care Center*	Nursing Facility	Sullivan	23 mins	16.3
Indian Path Medical Center	Hospital	Sullivan	1 min	0.3
Wellmont Bristol Regional Medical Center	Hospital	Sullivan	22 mins	16.3
Wellmont-Holston Valley Medical Center	Hospital	Sullivan	7 mins	3.0

* CON approved

Source: Google Maps

TN Dept. of Health, Division of Health Care Facilities

January 26, 2016**10:54 am****6. Section C, Need, Item 5.**

Your response with attachment on page 78 of the application is noted.

The names and utilization of existing nursing homes in Sullivan County is noted. As noted in a prior question, please include the 120 beds of Christian Care Center of Bristol in the 2015 inventory of licensed beds by noting as outstanding CON beds (CN1404-012A).

Please see the attached revised page 77, which identifies CN1404-012A as an approved CON to build a 120 bed replacement nursing home in Bristol Tennessee.

7. Section C, Need, Item 6.

Your response to this item with attachment on page 123 is noted. In reviewing the table in the attachment, does the SNF-All Other Payors ADC heading apply to skilled care and NF ADC to non-skilled? Please clarify. In your response, please also add a column to the table that illustrates the average length of stay (ALOS) during the period.

Please note that the SNF - All Other Payors ADC heading applies to skilled care patients that are Medicare or SNF Medicaid. Generally, these patients are managed care or insurance patients.

The NF-ADC heading applies to non-skilled patients.

Please see revised table that includes a column illustrating average length of stay (ALOS).

NHC HealthCare, Kingsport Projected Utilization

Year	Licensed Beds	Medicare-certified beds	SNF Medicare/Level II ADC	SNF Medicaid Level II ADC	SNF All Other Payors ADC	NF ADC	Total ADC	Average Length of Stay	Licensed Occupancy
2014	52	52	0.52	0	4	0	5	20.4	9.3%
2015	52	52	17	0	22	0	39	20.4	75.1%
2016 (Projected)	52	52	20	0	30	0	50	20.4	96.2%
2017 (Projected)	60	60	23	0	34	0	57	21.0	94.9%
2018 (Projected)	60	60	24	0	34	0	58	21.0	95.8%

Source: NHC Internal Documents

8. **Section C, Economic Feasibility, Item 1 (Project Cost Chart) and Item 3**
Item 1 - The Project Cost Chart provided on page 137 of the application is noted.

Please confirm there is no additional lease cost associated with the project as might be prorated for the cost of the 2,304 SF planned for the proposed 8 new beds.

Please note that there is no additional lease cost for the 2,304 SF planned for the proposed new 8 beds.

Item 3 - Please revise the comments on page 45 to include the estimated renovation cost and the cost/SF for comparison to the HSDA nursing home construction cost table.

With regard to the \$13,725 total cost per bed, please note that would translate with a total project cost of \$109,800, and square footage of 2,304 sq ft to a square footage cost of \$47.66. Based on the HSDA Construction Cost Per Square Foot Range, this would place the proposed project cost in the 1st Quartile of Renovated Construction.

January 26, 2016**10:54 am**

9. Section C, Economic Feasibility, Item 4 (Historical Data Chart)

The chart for the existing 52 bed facility on page 157 is noted. There appears to be no historical costs for rent/lease of the building in Item D.6 of the chart as might be related to the 99-year ground lease. Please clarify.

Per Section 3.1 of the Land Lease Agreement, the total payment for the 99 year lease is \$350,000. This payment was due at the commencement of the lease (April 1, 2013). For accounting purposes, NHC treated this \$350,000 payment as land improvement and is depreciating the amount over 99 years or 3,535 annually.

Please explain the increase of approximately \$150,000 in Fees to Affiliates -Line D.8 (a) of the chart from the 2014 to the 2015 fiscal year period.

The Fees to Affiliates Line D.8 (a) reflects a 3% of revenue management fee. The fee increase approximately \$150,000 from 2014 to 2015 since revenue increased from 2014 to 2015. The center only generated revenue in 2014 for 1 month (\$88,432) and the average daily census (ADC) was approximately 5 patients for the month of December, 2014. The chart reflects revenue in 2015 for 11 months (1/1/15 - 11/30/15) (\$5,339,291) and the ADC for 1/1/15 - 11/30/15 was approximately 39.

January 26, 2016**10:54 am****10. Section C, Economic Feasibility, Item 4 - Projected Data Chart**

The chart for the new proposed 8 beds on page 160 is noted. Please also provide a Projected Data Chart showing the financial performance of the 60 bed facility in Year 1 and Year 2 of the project.

See attached Projected Data Chart for the 60 Bed facility. Please note that the net operating income (NOI) for the 60 bed facility is approximately breakeven once depreciation is added back.

Please explain the rationale for excluding the prorated lease cost in Line D.6 of the chart.

The rationale for excluding the prorated lease cost is based on the fact that the lease payment was due and paid in full on August 1, 2013, and is not seen by the applicant as an incremental cost of adding these 8 beds.

PROJECTED DATA CHART

52 Existing Beds and 8 Bed Addition

Give information for the two (2) years following completion of this proposal. The fiscal year begins in November (Month).

	Dec-17	Dec-18
A. Utilization Data (Specify unit of measure) (Patient Days)	20,774	20,991
(Specify unit of measure) (% Occupancy)	94.86%	95.85%
B. Revenue from Services to Patients		
1. Inpatient Services	\$9,722,190	\$10,009,646
2. Outpatient Services		
3. Emergency Services		
4. Other Operating Revenue (Specify)		
Gross Operating Revenue	\$ 9,722,190	\$ 10,009,646
C. Deductions for Operating Revenue		
1. Contractual Adjustments	\$ (656,213)	\$ (623,087)
2. Provision for Charity Care	(5,838)	(6,092)
3. Provisions for Bad Debt	(44,777)	(46,721)
Total Deductions	\$ (706,828)	\$ (675,900)
NET OPERATING REVENUE	\$ 9,015,362	\$ 9,333,746
D. Operating Expenses		
1. Salaries and Wages	\$ 2,872,462	\$ 2,944,272
2. Physician's Salaries and Wages	70,929	72,741
3. Supplies	94,714	98,410
4. Taxes	161,755	165,910
5. Depreciation	622,925	622,925
6. Rent	-	-
7. Interest, other than Capital	1,830	1,830
8. Management Fees	-	-
a. Fees to Affiliates	270,746	281,597
b. Fees to Non-Affiliates	-	-
9. Other Expenses (Specify) - SEE ATTACHED SCHEDULE	5,629,824	5,806,077
Total Operating Expenses	\$ 9,725,185	\$ 9,993,762
E. Other Revenue (Expenses)--Net (Specify)		
NET OPERATING INCOME (LOSS)	\$ (709,823)	\$ (660,016)
F. Capital Expenditure		
1. Retirement of Principal		
2. Interest		
Total Capital Expenditures	\$ -	\$ -
NET OPERATING INCOME (LOSS)		
LESS CAPITAL EXPENDITURES	\$ (709,823)	\$ (660,016)

PROJECTED DATA CHART SUPPLEMENT
 NHC HealthCare, Kingsport
 PROJECTED DATA
 YEAR 1 60 Beds

	<u>Salaries</u>	<u>Other</u>	<u>Total</u>
Inhalation Therapy	-	52,038	\$ 52,038
Occupational Therapy	-	967,955	967,955
Physical Therapy	-	1,112,722	1,112,722
Speech Pathology	-	101,887	101,887
Pharmacy	-	1,172,215	1,172,215
Lab and Radiology	-	114,986	114,986
IV Therapy	-	105,331	105,331
Nursing Service	2,024,085	611,559	2,635,644
Social Service	89,975	60,780	150,755
<hr/>			
Activities	46,946	33,675	80,621
Dietary	292,288	308,420	600,708
Plant Operations	39,870	350,156	390,026
Housekeeping	92,000	39,903	131,903
Laundry and Linen	34,038	18,662	52,700
Medical Records	35,051	44,004	79,055
Administrative and General	218,209	535,531	753,740
Totals	<u>\$2,872,462</u>	<u>\$5,629,824</u>	<u>\$ 8,502,286</u>

January 26, 2016

10:54 am

PROJECTED DATA CHART SUPPLEMENT

NHC HealthCare, Kingsport

PROJECTED DATA

YEAR 2 60 Beds

	<u>Salaries</u>	<u>Other</u>	<u>Total</u>
Inhalation Therapy	-	53,979	\$ 53,979
Occupational Therapy	-	992,179	992,179
Physical Therapy	-	1,140,672	1,140,672
Speech Pathology	-	104,437	104,437
Pharmacy	-	1,215,568	1,215,568
Lab and Radilology	-	119,442	119,442
IV Therapy	-	109,258	109,258
Nursing Service	2,074,686	629,123	2,703,809
Social Service	92,224	62,930	155,154
Activities	48,120	32,915	81,035
Dietary	299,595	319,315	618,910
Plant Operations	40,867	352,256	393,123
Housekeeping	94,300	41,248	135,548
Laundry and Linen	34,889	19,304	54,193
Medical Records	35,927	45,586	81,513
Adminstrative and General	223,664	567,865	791,529
Totals	<u>\$2,944,272</u>	<u>\$5,806,077</u>	<u>\$ 8,750,349</u>

11. Section C. (Economic Feasibility) Item 9

The response with attachment on page 179 reflects a combined total of \$1,122,888 in Medicare, Managed Care and other net operating revenue in Year 1. Please complete the payor mix table for the entire facility in the table below.

Applicant's Historical and Projected Payor Mix

Payor Source	Total Net Operating Revenue (52 Beds) 2015 1/1/15 – 11/30/15	as a % of Total Net Operating Revenue	Projected Total Net Operating Revenue (60 Beds) Year 1	as a % of Total Net Operating Revenue
Medicare	2,386,822	44.7%	3,788,991	42.0%
TennCare				
Managed Care	2,865,014	53.7%	4,877,047	54.1%
Commercial				
Self-Pay	161,055	3.0%	252,540	2.8%
Other	(73,599)	(1.4%)	96,784	1.1%
Total Gross Rev	5,339,292	100.0%	9,015,362	100.0%

12. Section C, Orderly Development, Item 3 and Item 7(b)

Item 3 - The staffing on page 180 for the 8 new beds is noted. Please provide the direct patient care staffing for the entire facility in the table below.

Applicant's Historical and Projected Direct Patient Care Staffing

Position Classification	Current FTE* 2015	Projected FTE Year 1
RN	4.2	4.2
LPN	10.5	10.5
Nurse aides**	28.0	32.3
Sub-total-Direct Nursing Care	42.7	47.0
Other Clinical	5.0	5.0
Total Direct Patient Care	47.7	52.0
Direct Patient Care Staffing ratio (hours per patient per day)	5.23	5.00

*Note: 1 FTE = full time equivalent position based on 2,080 regular hours worked per year

**Nursing aides FTE hours are based on 1,950 hours worked per year (7.5-hour shifts)

Item 7(b) - Please provide an acceptance letter of the applicant's plan of correction by the Tennessee Department of Health for the copy of the December 9, 2015 survey included in the attachments to the application.

Please note that to date, an acceptance letter of the applicant's plan of correction by the Tennessee Department of Health regarding the centers December 9, 2015 survey has not been received. When such a letter is received, it will be provided to the file by the applicant.

13. Proof of Publication

Please see the attached original notice and affidavit documenting proof of publication.

PUBLICATION CERTIFICATE

Kingsport, TN 1/8/16

This is to certify that the Legal Notice hereto attached was published in the Kingsport Times-News, a daily newspaper published in the City of Kingsport, County of Sullivan, State of Tennessee, beginning in the issue of January 8, 2016, and appearing 1 consecutive weeks/times, as per order of

NHC Homecare

Signed Sheryl Edwards

NOTIFICATION OF INTENT TO APPLY FOR A CERTIFICATE OF NEED

This is to provide official notice to the Health Services and Development Agency and all interested parties in accordance with TCA, §68-1601, et seq. and the Rules of the Health Services and Development Agency that NHC Health Care Kingsport Nursing Home (Name of Applicant) (Facility Type/Existing) owned by NHC Health Care Kingsport, LLC, with an ownership type of Limited Liability Company and to be managed by NHC Health Care Kingsport, LLC, intends to file an application for a Certificate of Need for the addition of 18 new Medicare certified SNF nursing home beds to the existing 52 bed nursing home called NHC Health Care Kingsport located at 2300 Pavilion Dr. Kingsport (Sullivan County) TN 37689-1622. NHC Health Care Kingsport is certified for Medicare participation. The estimated project costs is \$1,095,000.

The anticipated date of filing the application is: January 13, 2016
The contact person for this project is: Bruce K. Duncanson Assistant Vice President (Contact Name) (Title)
Who may be reached at: National Health Care Corporation (Company Name)
100 Vine Street 12th Floor (Address)
Kingsport Tennessee 37660 (City) (State) (Zip Code)
615/890-2020 (Area Code/Phone Number) (FA)
Upon written request, by interested parties, a local fact-finding public hearing shall be conducted. Written requests for hearing should be sent to:
Health Services and Development Agency
Andrew Jackson Building 8th Floor
502 Deaderick Street
Nashville Tennessee 37243

The published letter of intent must contain the following statement pursuant to C.A.S. 68-1607(d): "Any health care institution wishing to oppose a certificate of need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled and (b) Any concerns or objections to the application must be written and submitted to the Health Services and Development Agency at or prior to the consideration of the application by the Agency."

HF501615vscrd/05/2016. All times which elapse are absolute.
PUB 11/18/15

Personally appeared before me this 8th day of January 2016, Sheryl Edwards

of the Kingsport Times-News and in due form of law made oath that the foregoing statement was true to the best of my knowledge and belief.



Janice I. Reeser
NOTARY PUBLIC

My commission expires 3-2-2016

JAN 26 10:54 AM '16

January 26, 2016

10:54 am

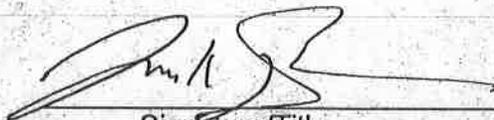
AFFIDAVIT

STATE OF TENNESSEE

COUNTY OF Rutherford

NAME OF FACILITY: NHC HealthCare/Kingsport, LLC d/b/a NHC HealthCare, Kingsport

I, Bruce K. Duncan, being first duly sworn, state under oath that I am the applicant named in this Certificate of Need application or the lawful agent thereof, that I have reviewed all of the supplemental information submitted herewith, and that it is true, accurate, and complete.



Assistant Vice President

Signature/Title

Sworn to and subscribed before me, a Notary Public, this the 21st day of January, 2016, witness my hand at office in the County of Rutherford, State of Tennessee.


NOTARY PUBLIC

My commission expires Sept 25, 2019

HF-0043

Revised 7/02

Support Letters

*

January 28, 2016

11:25 am



**THE JOINT
REPLACEMENT CENTER**
Indian Path Medical Center

2000 Brookside Drive • Kingsport, TN 37660
423-857-7699

December 2, 2015

Ms. Melanie Hill, Executive Director
State of Tennessee
Health Services and Development Agency
502 Deaderick Street, 9th Floor
Nashville, TN 37243

Dear Ms. Hill:

NHC HealthCare, Kingsport has informed me of their intent to apply for eight (8) additional nursing beds. Based on my experience with this facility, I can give my support to this bed addition without reservations.

The need for more skilled nursing beds in this area is great. The continuum of care is of great importance to the residents who receive care in this area. This facility has already established itself with a reputation for quality care in our community.

Sincerely,

Jeanne Cortese RN
Nurse Manager

January 28, 2016**11:25 am**

2000 Brookside Drive • Kingsport, TN 37660

423-857-7699



**THE JOINT
REPLACEMENT CENTER**
Indian Path Medical Center

December 2, 2015

Ms. Melanie Hill, Executive Director
State of Tennessee
Health Services and Development Agency
502 Deaderick Street, 9th Floor
Nashville, TN 37243

Dear Ms. Hill:

Please accept this letter as my support for NHC HealthCare, Kingsport and its Certificate of Need for an eight (8) bed addition. NHC is filing this CON based on the bed need projection for additional skilled beds in Sullivan County. We need to meet the demands of our senior population with quality care and NHC is a great resource.

NHC is to be commended for their care and for their future commitment of creating more housing to meet the aging senior's needs. I wish NHC well in the fulfillment of its mission of care for the elderly.

Sincerely,

*Anna Jones, BSW
Medical Social Worker
Patient Resource Management*

January 28, 2016

11:25 am



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REPLACEMENT CENTER**
Indian Path Medical Center

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423-857-7699

December 2, 2015

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Sincerely,

Joy Martin RN/BSN
Joint Replacement & Spine Coordinator

January 28, 2016**11:25 am**2000 Brookside Drive • Kingsport, TN 37660
423-857-7699

December 2, 2015

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Sincerely,

Adrienne East, RN

January 28, 2016

11:25 am



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REPLACEMENT CENTER**
Indian Path Medical Center

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423-857-7699

December 2, 2015

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Indian Path Medical Center

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Ms. Melanie Hill, Executive Director
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Health Services and Development Agency
502 Deaderick Street, 9th Floor
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The need for more skilled nursing beds in this area is great. The continuum of care is of great importance to the residents who receive care in this area. This facility has already established itself with a reputation for quality care in our community.

Sincerely,

*Hester Fox RN, BSN, CCM
Manager, Patient Resource Mgmt.*

Supplemental #2
-COPY-

NHC HealthCare,
Kingsport

CN1601-003

January 27, 2016

Mr. Jeff Grimm
Health Services Examiner
State of Tennessee
Health Services & Development Agency
Andrew Jackson State Office Building, 9th floor
502 Deaderick Street, Nashville, TN 37243

RE: Certificate of Need Application CN1601-003 (2nd Omission Response) Sullivan
County, TN – NHC HealthCare, Kingsport

Dear Mr. Grimm:

Enclosed please find the additional information to the above referenced CON
application and supplemental request. This information has been submitted in triplicate

If there are any questions, please do not hesitate to contact me at 615-890-2020.

Sincerely,

NATIONAL HEALTHCARE CORPORATION



Dere R. Brown
Health Planning Assistant

Enclosure

January 28, 2016

11:25 am

2nd OMISSION RESPONSES

TO

NHC HEALTHCARE/KINGSPORT, LLC CON APPLICATION FOR:

NHC HEALTHCARE, KINGSPORT

8 BED NURSING HOME ADDITION

SULLIVAN COUNTY

January 27, 2016

ATTN: MR. JEFF GRIMM, HEALTH SERVICES EXAMINER

C, Economic Feasibility, Item 4 (Historical and Projected Data Charts) and Item 5 (Average Gross Charge)

With respect to the average gross charge, review of the Historical and Projected Data Charts provided in the application and supplemental response revealed the following:

Source	Page #	Beds	Average Gross Charge	Period Covered
Application	Pgs. 46, 160	Proposed 8 Beds	\$709.34/day	Year 1
Application	Pg. 157	52 Beds	\$769.04/day	11 months ending 11/15
Supplemental	Pg. 51	60 beds	\$467.99/day	Year 1

Based on the estimated average gross charges in 2017 of other providers in Sullivan County that are shown in the table on page 183 of the application, it seems reasonable that the average gross charge of the 60 bed facility is expected to be approximately \$468/day in Year 1 of the project (2017). Please explain the rationale for projecting higher average gross revenue for the 8 proposed beds (\$709.34/day) compared to the facility as a whole and other service area providers in Year 1 of the project.

The proposed 8 bed application reflects Medicare and Managed Care patients only. The gross charges represent estimated charges for room and board and ancillary services. These charges do not represent expected reimbursement from Medicare and Managed Care payors. Please note that on page 46 of the application, after contractual adjustments or deductions, the average net charge is \$444.89.

AFFIDAVIT

STATE OF TENNESSEE

COUNTY OF Rutherford

NAME OF FACILITY: NHC HealthCare/Kingsport, LLC d/b/a NHC HealthCare, Kingsport

I, Dere R. Brown, being first duly sworn, state under oath that I am the applicant named in this Certificate of Need application or the lawful agent thereof, that I have reviewed all of the supplemental information submitted herewith, and that it is true, accurate, and complete.

Dere R. Brown

Health Planning Assistant

Signature/Title

Sworn to and subscribed before me, a Notary Public, this the 27th day of January, 2016, witness my hand at office in the County of Rutherford, State of Tennessee.

Barbara Harris

NOTARY PUBLIC

My commission expires 9/25, 2019

HF-0043

Revised 7/02



State of Tennessee
Health Services and Development Agency

Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, TN 37243

www.tn.gov/hsda Phone: 615-741-2364 Fax: 615-741-9884

JAN 7 '16 9:11:27

LETTER OF INTENT

The Publication of Intent is to be published in the Kingsport Times-News which is a newspaper of general circulation in Sullivan, Tennessee, on or before January 8, 2016, for one day.

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601 et seq., and the Rules of the Health Services and Development Agency, that:

NHC HealthCare, Kingsport Nursing Home
owned by: NHC HealthCare/Kingsport, LLC with an ownership type of Limited Liability Company
and to be managed by: NHC HealthCare/Kingsport, LLC intends to file an application for a Certificate of Need for: the addition of 8 new Medicare certified SNF nursing home beds to the existing 52 bed nursing home called NHC HealthCare, Kingsport, located at 2300 Pavilion Dr., Kingsport (Sullivan Co.) TN 37660-4622. NHC HealthCare, Kingsport is certified for Medicare participation. The estimated project costs is \$109,800.

The anticipated date of filing the application is: January 13, 2016

The contact person for this project is Bruce K. Duncan Assistant Vice President

who may be reached at: National HealthCare Corporation 100 Vine Street, 12th Floor

Murfreesboro Tennessee 37130 615 / 890-2020

[Handwritten Signature]

1/5/16

bduncan@nhccare.com

The Letter of Intent must be filed in triplicate and received between the first and the tenth day of the month. If the last day for filing is a Saturday, Sunday or State Holiday, filing must occur on the preceding business day. File this form at the following address:

Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, Tennessee 37243

The published Letter of Intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.



INDIAN PATH
MEDICAL CENTER
Mountain States Health Alliance

FEB 4 15:06:11 2016

January 20, 2016

Ms. Melanie Hill, Executive Director
State of Tennessee
Health Services and Development Agency
502 Deaderick Street, 9th Floor
Nashville, TN 37243

Dear Ms. Hill:

Please accept this letter as my support for NHC HealthCare, Kingsport and its Certificate of Need for an eight (8) bed addition. NHC is filing this CON based on the bed need projection for additional skilled beds in Sullivan County. We need to meet the demands of our senior population with quality care and NHC is a great resource.

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Sincerely,

Mark Julian Wilkinson, MD
Vice President/CMO
MEDICAL STAFF SERVICES, IPMC
Mountain States Health Alliance



January 20, 2016

Ms. Melanie Hill, Executive Director
State of Tennessee
Health Services and Development Agency
502 Deaderick Street, 9th Floor
Nashville, TN 37243

Dear Ms. Hill:

This letter expresses my support for NHC HealthCare, Kingsport's CON application for the addition of eight (8) skilled beds. NHC is filing its CON based on Sullivan County's projected skilled bed need. I am a physician practicing in Sullivan County and given my experience in the local market, I believe these additional skilled nursing beds are needed to accommodate our county's growing aging population. Even today, skilled referrals can be difficult to place and often require patient delays in our acute care facilities.

Given NHC's excellent history, these residents will receive the highest quality of care. I ask you to favorably consider this proposal.

If you have any questions, please do not hesitate to call me.

Sincerely,



Sudhirkumar V Patel, MD
MSMG HOSPITALISTS - IPMC
Mountain States Health Alliance



INDIAN PATH
MEDICAL CENTER
Mountain States Health Alliance

January 20, 2016

Ms. Melanie Hill, Executive Director
State of Tennessee
Health Services and Development Agency
502 Deaderick Street, 9th Floor
Nashville, TN 37243

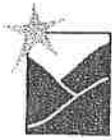
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Sincerely,

Monty McLaurin
Vice President/CEO
Northwest Market
Mountain States Health Alliance



**INDIAN PATH
MEDICAL CENTER**
Mountain States Health Alliance

January 20, 2016

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State of Tennessee
Health Services and Development Agency
502 Deaderick Street, 9th Floor
Nashville, TN 37243

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Sincerely,

Grace Pereira
Vice President
Outpatient and Post-Acute Care Services
Mountain States Health Alliance



January 20, 2016

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State of Tennessee
Health Services and Development Agency
502 Deaderick Street, 9th Floor
Nashville, TN 37243

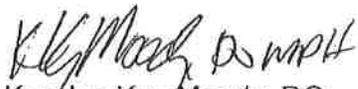
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Given NHC's excellent history, these residents will receive the highest quality of care. I ask you to favorably consider this proposal.

If you have any questions, please do not hesitate to call me.

Sincerely,


Karolyn Kay Moody, DO
IPMC
Mountain States Health Alliance

**CERTIFICATE OF NEED
REVIEWED BY THE DEPARTMENT OF HEALTH
DIVISION OF POLICY, PLANNING AND ASSESSMENT
615-741-1954**

DATE: March 31, 2016

APPLICANT: NHC Healthcare-Kingsport
2300 Pavilion Drive
Kingsport, Tennessee 37660-4622

CN1601-003

CONTACT PERSON: Bruce Duncan
100 Vine Street, 12th Floor
Murfreesboro, Tennessee 37130

COST: \$109,800

In accordance with Section 68-11-1608(a) of the Tennessee Health Services and Planning Act of 2002, the Tennessee Department of Health, Division of Policy, Planning, and Assessment, reviewed this certificate of need application for financial impact, TennCare participation, compliance with *Tennessee's State Health Plan*, and verified certain data. Additional clarification or comment relative to the application is provided, as applicable, under the heading "Note to Agency Members."

SUMMARY:

The applicant, NHC HealthCare-Kingsport, LLC, located at 2300 Pavilion Drive, Kingsport, Tennessee 37660-4622, seeks Certificate of Need (CON) approval for the addition of 8 new Medicare SNF nursing home beds to the existing 52 bed nursing home facility.

NHC HealthCare-Kingsport is a contemporary skilled nursing facility with 52 private patient rooms complemented by significant PT/OT and Speech Rehabilitation space offering state of the art equipment and therapies.

This project does not involve new construction, with only minor renovation planned which will primarily involve the addition of furniture and over bed lighting. The total square foot to be renovated is 2,304 and will cost \$15,000, or \$6.51 per square feet.

NHC HealthCare-Kingsport, LLC has one member, NHC/OP, L.P. NHC/OP, L.P. owns 100% of The Health Center of Hermitage, LLC NHC/OP, L.P., also owns 100% in other nursing facilities in various states. The applicant provides information regarding ownership in Attachment Section A, Applicant Profile - 4 Type of Ownership or Control.

The total estimated project cost is \$109,800 and will be funded through cash reserves as indicated in a letter from the Senior Vice President and Controller of NHC in Section C-Economic Feasibility-2.

GENERAL CRITERIA FOR CERTIFICATE OF NEED

The applicant responded to all of the general criteria for Certificate of Need as set forth in the document *Tennessee's State Health Plan*.

NEED:

NHC HealthCare-Kingsport's service area is Sullivan County. The total Sullivan County population is projected to be 159,938 in 2016, increasing to 159,393 in 2018, an increase of 0.3%. The Sullivan County 65+ population is projected to be 34,510 in 2016, increasing to 36,290 in 2018, an increase of 5.2%.

NHC HealthCare-Kingsport was formally known as Indian Path Pavilion. The original structure has a total of 47,381 square feet. NHC Indian Path Transitional Care closed in 12/2014 and NHC HealthCare was licensed on 12/4/2014. NHC stated in the original CON to establish NHC HealthCare-Kingsport that their plans were to make the facility compliant with current building codes and meet Agency requirements for licensed nursing beds, create a contemporary nursing facility providing extensive rehab services, and provide an inventory of 52 licensed beds with the ability to expand to 60 beds as the market dictates. According to the applicant, the center is now experiencing capacity occupancy given the nature of the turnover and rehab services it provides.

NHC HealthCare-Kingsport services include: nursing services, rehabilitation services, dietary services, medical director, consultant services such as dietitians, pharmacists, gerontologists, therapists, and social workers, housekeeping, laundry, patient assessment program, Discharge planning, respite care, and sub-acute care.

Sullivan County Nursing Home Utilization, 2014

County	Nursing Home	Licensed Beds	Total Days of Care	Licensed Occupancy
Sullivan	Brookhaven Manor	180	43,840	66.7%
Sullivan	Greystone Health Care Center	160	43,992	75.3%
Sullivan	Holston Manor	204	56,861	76.4%
Sullivan	Indian Path Medical Center	22	6,128	76.3%
Sullivan	NHC HealthCare- Kingsport	52	150	0.8%
Sullivan	The Cambridge House	130	42,280	89.1%
Sullivan	The Wexford House	174	56,610	89.1%
Total		900	255,989	74.3%

Joint Annual Report of Nursing Homes, 2014 Final, Tennessee Department of Health Division of Policy, Planning, and Assessment
 NHC Indian Path Transitional Care closed in 12/2014 and NHC HealthCare was licensed on 12/4/2014.

The applicant states the CON should be granted for the following reasons: NHC has a long history of providing quality long term care services in Sullivan County. The additional beds will help local residents in need of skilled/rehab services to receive those services in their center of choice. The proposed project is financially feasible, and it promotes the orderly development of existing healthcare system in that it adds needed beds in an existing physical plant adjacent to a large hospital system, Indian Path Medical Center, and the project is supported by the community.

The Department of Health, Division of Policy, Planning, and Assessment calculated the nursing home bed need for Sullivan County to be 1,696. Subtracting the current 900 beds in the service area and CN1401-012 Christian Care Center of Bristol's 120 replacement beds, a need exists for 676 beds.

TENNCARE/MEDICARE ACCESS:

This project is for Medicare SNF beds. The applicant will participate in Medicare but not Medicaid/TennCare.

In year one, the applicant projects Medicare revenues of \$3,788,991 or 42% of total net operating revenues.

ECONOMIC FACTORS/FINANCIAL FEASIBILITY:

The Department of Health, Division of Policy, Planning, and Assessment have reviewed the Project Costs Chart, the Historical Data Chart, and the Projected Data Chart to determine if they are mathematically accurate and if the projections are based on the applicant's anticipated level of utilization. The location of these charts may be found in the following specific locations in the Certificate of Need Application or the Supplemental material:

Project Costs Chart: The Project Costs Chart is located on page 137 Of the application. The total project cost is \$109,800.

Historical Data Chart: The Historical Data Chart is located on page 157 of the application. The applicant reported 150 patient days in in 2014 and 13,042 patient days from 1/15 - 11/15, with net operating income of (\$691,568) and (\$2,026,390) each year, respectively.

Projected Data Chart: The Projected Data Chart is located on page 51 if Supplemental 1. The applicant projects 20,774 and 20,991 patient days in years one and two, with net operating revenues of (\$709,823) and (\$660,016).

The applicant's proposed Medicare, Managed care, and private pay charges are as follows:

Proposed Medicaid, Medicare, and Private Pay Charges		
	Year 1	Year 2
Medicare	\$434.04	\$442.72
Managed Care	\$460.80	\$470.02
Private Pay	\$239.20	\$248.77

The applicant provides the estimated Nursing Home Rates for other Sullivan County providers in Section C-Economic Feasibility-6b.

NHC-Kingsport considered several alternatives to the proposed project. The applicant considered more than 8 beds but rejected this because 8 beds will allow maximum efficiency of operation and design bringing the bed total to 60 beds.

NHC-Kingsport considered fewer than 8 beds but this was also rejected based on project financial feasibility and their goal of increased operational efficiency.

The applicant chose an alternative to new construction by deciding to utilize existing space within the facility.

CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTHCARE:

NHC-Kingsport has transfer agreements with Health South Rehabilitation Hospital, Indian Path Medical Center, Select Specialty Hospital-TriCities, Wellmont Bristol Regional Medical Center, Wellmont-Holston Valley Medical Center, and other Kingsport, Sullivan County and surrounding providers. Additionally, NHC-Kingsport has contractual relationships with the Medical Director, Dietary Consultant, Physical Therapist, Medical Records Consultant, and various therapists, physicians, Pharmacist, dentists, optometrists, gerontologists and specialists.

NHC HealthCare Corporation is one of the largest providers of post-acute care beds and services in Tennessee. This project will serve as an expansion of needed skilled nursing home beds and service to the residents of Sullivan County. This project will not have any negative effects on the health care system; there will be no duplication competition because of the 8 beds as they represent only a small portion of the 667 beds need in the service area.

The applicant's current and projected staffing is provided below.

Position	Current FTE	Year One FTE
RN	4.2	4.2
LPN	10.5	10.5
Nurse's aides	28	32.3
Sub-total Direct Nursing Care	42.7	47.0
Other Clinical	5.0	5.0
Total Direct patient Care	47.7	52.0
Direct Patient Care Staffing ratio (hours per patient per day)	5.23	5.00

The applicant has established relationships with East Tennessee State University, Milligan College, King College, Northeast State Technical Community College, CNT School, Nashville Area Technical School, and Tennessee State Vocational College to aid in recruitment of qualified nursing personnel.

NHC-Kingsport is licensed by the Tennessee Department of Health, Board for Licensing Healthcare Facilities.

SPECIFIC CRITERIA FOR CERTIFICATE OF NEED

The applicant responded to all relevant specific criteria for Certificate of Need as set forth in the document *Tennessee's State Health Plan*.

STATE HEALTH PLAN CERTIFICATE OF NEED STANDARDS AND CRITERIA FOR NURSING HOME SERVICES

The Health Services and Development Agency (HSDA) may consider the following standards and criteria for applications seeking to provide nursing home services as defined by Tennessee Code Annotated (TCA) Section 68-11-201(28). Rationale statements are provided for standards to explain the Division of Health Planning's (Division) underlying reasoning and are meant to assist stakeholders in responding to these Standards and to assist the HSDA in its assessment of certificate of need (CON) applications. Existing providers of nursing home services are not affected by these Standards and Criteria unless they take an action that requires a new CON for such services.

NOTE: TCA Section 68-11-1622 states that the HSDA "shall issue no certificates of need for new nursing home beds, including the conversion of hospital beds to nursing home beds or swing beds," other than a designated number of such beds per fiscal year, "to be certified as Medicare skilled nursing facility (SNF) beds...." Additionally, this statute states that the number of Medicare SNF beds issued under this section shall not exceed the allotted number of such beds per applicant. The applicant should also specify in the application the skilled services to be provided and how the applicant intends to provide such skilled services.

NOTE: An applicant that is not requesting a CON to add new nursing home beds shall have its application reviewed by the HSDA staff and considered by the HSDA pursuant to TCA Section 68-11-1609.

Standards and Criteria

1. Determination of Need.

The need for nursing home beds for each county in the state should be determined by applying the following population-based statistical methodology:

$$\begin{aligned} \text{Need} = & .0005 \times \text{population 65 and under, plus} \\ & .012 \times \text{population 65-74, plus} \\ & .060 \times \text{population 75-84, plus} \\ & .150 \times \text{population 85 +} \end{aligned}$$

The Department of Health, Division of Policy, Planning, and Assessment calculated the nursing home bed need for Sullivan County to be 1,696. Subtracting the current 900 beds in the service area and CN1401-012 Christian Care Center of Bristol's 120 replacement beds, a need exists for 676 beds.

2. Planning horizon:

The need for nursing home beds shall be projected two years into the future from the current year.

NHC HealthCare-Kingsport's service area is Sullivan County. The total Sullivan County population is projected to be 159,938 in 2016, increasing to 159,393 in 2018, an increase of 0.3%. The Sullivan County 65+ population is projected to be 34,510 in 2016, increasing to 36,290 in 2018, and increase of 5.2%.

3. Establishment of Service Area:

A majority of the population of the proposed Service Area for any nursing home should reside within 30 minutes travel time from that facility. Applicants may supplement their applications with sub-county level data that are available to the general public to better inform the HSDA of granular details and trends; however, the need formula established by these Standards will use the latest available final JAR data from the Department of Health. The HSDA additionally may consider geographic, cultural, social, and other aspects that may impact the establishment of a Service Area.

The applicant's service area is within 30 minutes travel time from the facility.

4. Existing Nursing Home Capacity:

In general, the Occupancy Rate for each nursing home currently and actively providing services within the applicant's proposed Service Area should be at or above 90% to support the need for any project seeking to add new nursing home beds within the Service Area and to ensure that the financial viability of existing facilities is not negatively impacted.

Sullivan County Nursing Home Utilization, 2014

County	Nursing Home	Licensed Beds	Total Days of Care	Licensed Occupancy
Sullivan	Brookhaven Manor	180	43,840	66.7%
Sullivan	Greystone Health Care Center	160	43,992	75.3%
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Sullivan	The Wexford House	174	56,610	89.1%
Total		900	255,989	74.3%

Joint Annual Report of Nursing Homes, 2014 Final, Tennessee Department of Health Division of Policy, Planning, and Assessment
 NHC Indian Path Transitional Care closed in 12/2014 and NHC HealthCare was licensed on 12/4/2014.

- 5. Outstanding Certificates of Need:** Outstanding CONs should be factored into the decision whether to grant an additional CON in a given Service Area or county until an outstanding CON's beds are licensed.

There are no outstanding CONs in the service area.

- 6. Data:** The Department of Health data on the current supply and utilization of licensed and CON-approved nursing home beds should be the data source employed hereunder, unless otherwise noted.

The applicant complies.

- 7. Minimum Number of Beds:** A newly established free-standing nursing home should have a sufficient number of beds to provide revenues to make the project economically feasible and thus is encouraged to have a capacity of least 30 beds. However, the HSDA should consider exceptions to this standard if a proposed applicant can demonstrate that economic feasibility can be achieved with a smaller facility in a particular situation.

Not applicable.

- 8. Encouraging Facility Modernization:** The HSDA may give preference to an application that:

- a. Proposes a replacement facility to modernize an existing facility.
- b. Seeks a certificate of need for a replacement facility on or near its existing facility operating location. The HSDA should evaluate whether the replacement facility is being located as closely as possible to the location of the existing facility and, if not, whether the need for a new, modernized facility is being impacted by any shift in the applicant's market due to its new location within the Service Area.
- c. Does not increase its number of operating beds.

In particular, the HSDA should give preference to replacement facility applications that are consistent with the standards described in TCA §68-11-1627, such as facilities that seek to replace physical plants that have building and/or life safety problems, and/or facilities that seek to improve the patient-centered nature of their facility by adding home-like features such as private rooms and/or home-like amenities.

Not applicable.

- 9. Adequate Staffing:** An applicant should document a plan demonstrating the intent and ability to recruit, hire, train, assess competencies of, supervise, and retain the appropriate numbers of qualified personnel to provide the services described in the application and that such personnel are available in the proposed Service Area. However, when considering applications for replacement facilities or renovations of existing facilities, the HSDA may determine the existing facility's staff would continue without significant change and thus would be sufficient to meet this Standard without a demonstration of efforts to recruit new staff.

The applicant is currently fully staffed and requires only a minimal staffing addition of 4.0 FTE nurse's aides by year two.

The applicant's current and projected staffing is provided below.

Position	Current FTE	Year One FTE
RN	4.2	4.2
LPN	10.5	10.5
Nurse's aides	28	32.3
Sub-total Direct Nursing Care	42.7	47.0
Other Clinical	5.0	5.0
Total Direct patient Care	47.7	52.0
Direct Patient Care Staffing ratio (hours per patient per day)	5.23	5.00

10. **Community Linkage Plan:** The applicant should describe its participation, if any, in a community linkage plan, including its relationships with appropriate health care system providers/services and working agreements with other related community services to assure continuity of care. If they are provided, letters from providers (including, e.g., hospitals, hospice services agencies, physicians) in support of an application should detail specific instances of unmet need for nursing home services.

NHC-Kingsport has transfer agreements with Health South Rehabilitation Hospital, Indian Path Medical Center, Select Specialty Hospital-TriCities, Wellmont Bristol Regional Medical Center, Wellmont-Holston Valley Medical Center, and other Kingsport, Sullivan County and surrounding providers. Additionally, NHC-Kingsport has contractual relationships with the Medical Director, Dietary Consultant, Physical Therapist, Medical Records Consultant, and various therapists, physicians, Pharmacist, dentists, optometrists, gerontologists and specialists.

Linkages are developed by the center with other providers in Sullivan County to provide services not offered by the facility. Sullivan County has over 24 home health agencies, 11 hospice and 20 assisted living providers. The applicant provides a listing on page 28 of the application.

11. **Access:** The applicant should demonstrate an ability and willingness to serve equally all of the Service Area in which it seeks certification. In addition to the factors set forth in HSDA Rule 0720-11-.01(1) (listing the factors concerning need on which an application may be evaluated), the HSDA may choose to give special consideration to an applicant that is able to show that there is limited access in the proposed Service Area. However, an applicant should address why Service Area residents cannot be served in a less restrictive and less costly environment and whether the applicant provides or will provide other services to residents that will enable them to remain in their homes.

NHC-Kingsport provides post-acute care to primarily patients who are being discharged directly from an acute care hospital stay. Patients spend an average of 20 days at their facility receiving skilled nursing care and rehabilitation services, and then are able to return to a less restrictive and less costly environment. NHC is focused on decreasing hospital readmission rates to acute care providers.

12. **Quality Control and Monitoring:** The applicant should identify and document its existing or proposed plan for data reporting, quality improvement, and outcome and process monitoring systems, including in particular details on its Quality Assurance and Performance Improvement program as required by the Affordable Care Act. As an alternative to the provision of third party accreditation information, applicants may provide information on any other state, federal, or national quality improvement initiatives. An applicant that owns or administers other nursing homes should provide detailed information on their surveys and their quality control programs at those facilities, regardless of whether they are located in Tennessee.

NHC currently meets the Quality Assessment and Assurance requirements mandated by their survey regulations. NHC centers actively monitor key patient outcomes and respond when data indicate a need; they review Quality Measure Data and work to improve the services provided to patients.

The applicant has proposed regulations for Quality Assurance and Performance Improvement (QAPI) mandated ACA but these are not finalized. In the interim, NHC centers are reviewing CMS documents about QAPI and have drafted a QAPI purpose statement and principals for NHC centers as they develop their own QAPI plan.

13. **Data Requirements:** Applicants should agree to provide the TDH and/or the HSDA with all reasonably requested information and statistical data related to the operation and provision of services at the applicant's facility and to report that data in the time and format requested. As a standard of practice, existing data reporting streams will be relied upon and adapted over time to collect all needed information.

The applicant agrees to provide data to HSDA and TDH.

14. **Additional Occupancy Rate Standards:**

- a. An applicant that is seeking to add or change bed component within a Service Area should show how it projects to maintain an average occupancy rate for all licensed beds of at least 90 percent after two years of operation.

The applicant projects an occupancy of 93.87% by year two.

- b. There should be no additional nursing home beds approved for a Service Area unless each existing facility with 50 beds or more has achieved an average annual occupancy rate of 90 percent. In determining the Service Area's occupancy rate, the HSDA may choose not to consider the occupancy rate of any nursing home in the proposed Service Area that has been identified by the TDH Regional Administrator as consistently noncomplying with quality assurance regulations, based on factors such as deficiency numbers outside of an average range or standards of the Medicare 5 Star program.

No facility in the service area has an occupancy of 90%.

- c. A nursing home seeking approval to expand its bed capacity should have maintained an occupancy rate of 90 percent for the previous year.

The applicant admissions for 2015 were 47.2 patients. Also, for calendar year 2015, the center experienced an average of stay of 20.4 days.