

LETTER OF INTENT



**State of Tennessee
Health Facilities Commission**

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

www.tn.gov/hsda

Phone: 615-741-2364

hsda.staff@tn.gov

LETTER OF INTENT

The Publication of Intent is to be published in The Lebanon Democrat which is a newspaper of general circulation in Wilson County, Tennessee, on or before 04/15/2025 for one day.

This is to provide official notice to the Health Facilities Commission and all interested parties, in accordance with T.C.A. §68-11-1601 et seq., and the Rules of the Health Facilities Commission, that Rehabilitation Hospital of Lebanon, a/an Rehabilitation Facility owned by Rehabilitation Hospital of Lebanon, LLC (a limited liability company that is a joint venture of Encompass Health Lebanon Holdings, LLC and Vanderbilt Health Services, LLC) with an ownership type of Limited Liability Company and to be managed by itself intends to file an application for a Certificate of Need for an establishment of a 40-bed inpatient rehabilitation facility (IRF). The address of the project will be an unaddressed site on Yellowstone Road in Barton Village Development near the 541 Bartons Creek Road address, Lebanon, Wilson County, Tennessee, 37090. The estimated project cost will be \$71,868,800.

The anticipated date of filing the application is 05/01/2025

The contact person for this project is National Director, Certificate of Need Program Susan Lyerly who may be reached at Encompass Health Corporation - 9001 Liberty Parkway, Birmingham, AL 35242 – Contact No. 205-969-4528.

Susan Lyerly

04/09/2025

susan.lyerly@encompasshealth.com

Signature of Contact

Date

Contact's Email Address

The Letter of Intent must be received between the first and the fifteenth day of the month. If the last day for filing is a Saturday, Sunday, or State Holiday, filing must occur on the next business day. Applicants seeking simultaneous review must publish between the sixteenth day and the last day of the month of publication by the original applicant.

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

wishing to oppose the application may file a written objection with the Health Facilities Commission at or prior to the consideration of the application by the Commission, or may appear in person to express opposition. Written notice of opposition may be sent to: Health Facilities Commission, Andrew Jackson Building, 9th Floor, 502 Deaderick Street, Nashville, TN 37243 or email at hsda.staff@tn.gov .



**State of Tennessee
Health Facilities Commission**

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

www.tn.gov/hsda

Phone: 615-741-2364

hsda.staff@tn.gov

PUBLICATION OF INTENT

The following shall be published in the “Legal Notices” section of the newspaper in a space no smaller than two (2) columns by two (2) inches.

NOTIFICATION OF INTENT TO APPLY FOR A CERTIFICATE OF NEED

This is to provide official notice to the Health Facilities Commission and all interested parties, in accordance with T.C.A. §68-11-1601 et seq., and the Rules of the Health Facilities Commission, that Rehabilitation Hospital of Lebanon, a/an Rehabilitation Facility owned by Rehabilitation Hospital of Lebanon, LLC (a limited liability company that is a joint venture of Encompass Health Lebanon Holdings, LLC and Vanderbilt Health Services, LLC) with an ownership type of Limited Liability Company and to be managed by itself intends to file an application for a Certificate of Need for an establishment of a 40-bed inpatient rehabilitation facility (IRF). The address of the project will be an unaddressed site on Yellowstone Road in Barton Village Development near the 541 Bartons Creek Road address, Lebanon, Wilson County, Tennessee, 37090. The estimated project cost will be \$71,868,800.

The anticipated date of filing the application is 05/01/2025

The contact person for this project is National Director, Certificate of Need Program Susan Lyerly who may be reached at Encompass Health Corporation - 9001 Liberty Parkway, Birmingham, AL 35242 – Contact No. 205-969-4528.

The published Letter of Intent must contain the following statement pursuant to T.C.A. §68-11-1607 (c)(1). (A) Any healthcare institution wishing to oppose a Certificate of Need application must file a written notice with the Health Facilities Commission no later than fifteen (15) days before the regularly scheduled Health Facilities Commission meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application may file a written objection with the Health Facilities Commission at or prior to the consideration of the application by the Commission, or may appear in person to express opposition. Written notice of opposition may be sent to: Health Facilities Commission, Andrew Jackson Building, 9th Floor, 502 Deaderick Street, Nashville, TN 37243 or email at hsda.staff@tn.gov.

CRITERIA AND

STANDARDS

Attachment 1NR

SHP Criteria and Standards for a New Rehabilitation Facility

Attachment 1NR

Standards and Criteria for Comprehensive Inpatient Rehabilitation Services

- 1. Determination of Need:** The need for comprehensive inpatient rehabilitation beds shall be determined by applying the guideline of one bed per 1,000 applied to the age 65+ population in the service area of the proposal.

The need shall be based upon the current year's population and projected four years forward. Population statistics from the Department of Health should be used for the calculation.

In accordance with Tennessee Code Annotated 68-11-14607 (g), "no more frequently than one time every three years, a hospital, rehabilitation facility, or mental health hospital may increase its total number of licensed beds in any category by ten percent or less of its licensed capacity at any one campus over any period of one year for any services it purposes it is licensed to perform without obtaining a certificate of need. These licensed beds that were added without a certificate of need should be considered as part of the determination of need formula by the agency.

RESPONSE: There is a quantifiable need for this project when the guideline of one bed per 1,000 population ages 65+ is applied to the defined service area.

The Rehabilitation Hospital of Lebanon's service area includes Wilson County (home of the proposed project) and Trousdale, Smith, and Macon counties, three contiguous rural counties. The 2025 service area population ages 65 and over (65+) is 38,997 and is projected to increase to 43,689 by 2029, a 12.0% increase.

There are no IRF services available in the 4-county service area. Vanderbilt Wilson County Hospital historically offered IRF services in its 26 licensed IRF beds located on the hospital's McFarland satellite campus ("McFarland Campus"). The McFarland Campus was built in the 1930s, and thus has significant physical limitations that are inconsistent with modern patient expectations. Because of the scope of required updates and modernization needed to bring the McFarland Campus to contemporary standards, Vanderbilt University Medical Center ("VUMC") determined that the most economical and efficient way to address the community need in the service area is for Vanderbilt to partner with Encompass Health to construct a new state-of-the-art inpatient rehabilitation hospital in Lebanon. Vanderbilt Wilson closed the McFarland Campus on June 30, 2023, in anticipation of its partnership with Encompass. Vanderbilt Wilson will relinquish its 26 licensed but unstaffed McFarland IRF beds upon approval of the proposed Rehab Hospital CON application.

As shown below, there is a defined gross numeric need for 44 inpatient rehabilitation beds in the service area. The proposed project will be comprised of 26 existing licensed but unstaffed beds at Vanderbilt Wilson County Hospital that will be contributed to the project by VUMC, plus 14 new beds.

Attachment 1NR
Standards and Criteria for Comprehensive Inpatient Rehabilitation Services

Table 1 Project Complies with Service Area IRF Bed Need, 2029 (4-year horizon)			
Service Area Definition	Population Ages 65+		
	2025	2029	% Change
Primary Service Area			
Wilson County	28,909	32,791	13.4%
Secondary Service Area			
Macon County	4,584	4,967	8.4%
Smith County	3,807	4,071	6.9%
Trousdale County	1,697	1,860	9.6%
<i>Subtotal Secondary Area</i>	<i>10,088</i>	<i>10,898</i>	<i>8.0%</i>
Total Service Area	38,997	43,689	12.0%
IRF Beds Needed (1 IRF Bed/1,000 Population Ages 65+)		44	
<i>Minus Licensed IRF Beds to be Contributed to New Hospital</i>		26	
<i>Equals Net New Beds Needed in Svc Area, 2029</i>		18	
<i>Minus Proposed New Beds in Service Area</i>		14	
<i>Equals Remaining Net Beds Needed in Service Area</i>		4	

Need for the project is further demonstrated by the large, increasing, and aging population in the home county of the proposed project, Wilson County. As shown below, ***Wilson County is among the state's most populated counties, and the only Top 10 most populated county without inpatient rehabilitation services available within its borders.***

Table 2 Tennessee Total Population by County (Top 10) Ranked Highest to Lowest based on 2029 Population With Indication of IRF Services Within Each County						
Rank	County	IRF(s) in County	2025	2029	% Change	# Change
1	Shelby	Yes	911,049	902,399	-0.95%	(8,650)
2	Davidson	Yes	728,443	755,634	3.73%	27,191
3	Knox	Yes	508,654	526,032	3.42%	17,378
4	Rutherford	Yes	388,909	424,308	9.10%	35,399
5	Hamilton	Yes	385,843	398,716	3.34%	12,873
6	Williamson	Yes	277,193	298,975	7.86%	21,782
7	Montgomery	Yes	251,815	273,822	8.74%	22,007
8	Sumner	Yes	215,234	229,667	6.71%	14,433
9	Wilson*	No	171,708	187,530	9.21%	15,822
10	Sullivan	Yes	164,002	166,640	1.61%	2,638
Sources: Boyd Center for Business and Economic Research at the University of Tennessee, Release Date August 7, 2024; and Tennessee Department of Health, Health Facilities Commission; Hospital Full Bed Report, April 2025. *Inpatient Rehabilitation Facility services are no longer available because Vanderbilt Wilson, the sole provider of IRF services in the county, has not staffed its 26 IRF beds since June 30, 2023.						

Attachment 1NR

Standards and Criteria for Comprehensive Inpatient Rehabilitation Services

Of note is that Davidson, Sumner, and Rutherford counties, all of which are contiguous to Wilson County and have existing IRF providers within their county borders, are also among the state's most populated counties. As the population within those contiguous counties continues to increase and age, so will the need for IRF services within those counties.

Moreover, as shown below, ***Wilson County, home of the proposed project, is projected to be the state's fastest growing county in terms of population percentage increase between now (2025) and 2029***, and one of the Top 10 counties without IRF services currently available for its growing population. Of note is that Macon County, another Top 10 fastest growing county in Tennessee without IRF services within its borders, is in the Applicant's defined service area. Thus, the proposed IRF in Wilson County will greatly improve access to IRF services for Wilson and Macon County residents.

Table 3 Tennessee Total Population by County (Top 10) Ranked Highest to Lowest based on Percentage Change With Indication of IRF Services Within Each County						
Rank	County	IRF(s) in County	2025	2029	% Change	# Change
1	Wilson*	No	171,708	187,530	9.21%	15,822
2	Rutherford	Yes	388,909	424,308	9.10%	35,399
3	Montgomery	Yes	251,815	273,822	8.74%	22,007
4	Maury	No	116,119	126,135	8.63%	10,016
5	Williamson	Yes	277,193	298,975	7.86%	21,782
6	Sumner	Yes	215,234	229,667	6.71%	14,433
7	Loudon	No	61,596	65,232	5.90%	3,636
8	Marshall	No	37,788	39,888	5.56%	2,100
9	Macon	No	27,378	28,787	5.15%	1,409
10	Bedford	No	54,010	56,687	4.96%	2,677
Sources: Boyd Center for Business and Economic Research at the University of Tennessee, Release Date August 7, 2024; and Tennessee Department of Health, Health Facilities Commission; Hospital Full Bed Report, April 2025. *Inpatient Rehabilitation Facility services are no longer available because Vanderbilt Wilson, the sole provider of IRF services in the county, has not staffed its 26 IRF beds since June 30, 2023.						

Attachment 1NR

Standards and Criteria for Comprehensive Inpatient Rehabilitation Services

As shown below, Wilson County ranks among the state's fastest growing county in terms of population numeric increase between now (2025) and 2029, and is ***one of only three Top 10 counties in the state without IRF services available within its borders.***

Table 4 Tennessee Total Population by County (Top 10) Ranked Highest to Lowest based on Numeric Change With Indication of IRF Services Within Each County						
Rank	County	IRF(s) in County	2025	2029	% Change	# Change
1	Rutherford	Yes	388,909	424,308	9.10%	35,399
2	Davidson	Yes	728,443	755,634	3.73%	27,191
3	Montgomery	Yes	251,815	273,822	8.74%	22,007
4	Williamson	Yes	277,193	298,975	7.86%	21,782
5	Knox	Yes	508,654	526,032	3.42%	17,378
6	Wilson*	No	171,708	187,530	9.21%	15,822
7	Sumner	Yes	215,234	229,667	6.71%	14,433
8	Hamilton	Yes	385,843	398,716	3.34%	12,873
9	Mauzy	No	116,119	126,135	8.63%	10,016
10	Blount	No	144,400	149,197	3.32%	4,797
Sources: Boyd Center for Business and Economic Research at the University of Tennessee, Release Date August 7, 2024; and Tennessee Department of Health, Health Facilities Commission; Hospital Full Bed Report, April 2025. *Inpatient Rehabilitation Facility services are no longer available because Vanderbilt Wilson, the sole provider of IRF services in the county, has not staffed its 26 IRF beds since June 30, 2023.						

Similar to total population, Wilson County's population ages 65+ is among the state's largest, which is an important consideration in the need for the proposed project because that population age cohort is the highest user of IRF services.

Of note is that there are two Del Webb 55+ communities in Wilson County: Del Webb at Lake Providence (Mt. Juliet) with more than 1,000 homes and Del Webb at Barton Village (Lebanon) with more than 700 homes planned. The proposed IRF will be located in the Barton Village development in close proximity to the Del Webb homes, as well as the other homes in the total 2,000-home residential and commercial development. The proposed project is also easily accessible to residents of the Del Webb at Lake Providence community in Wilson County.

Attachment 1NR

Standards and Criteria for Comprehensive Inpatient Rehabilitation Services

As shown below, Wilson County is ***one of only two Top 10 most populated counties for ages 65 and over in the state without IRF services available within its borders.***

Table 5 Tennessee Population Ages 65+ by County (Top 10) Ranked Highest to Lowest based on 2029 Population With Indication of IRF Services Within Each County						
Rank	County	IRF(s) in County	2025	2029	% Change	# Change
1	Shelby	Yes	145,509	150,423	3.4%	4,914
2	Davidson	Yes	102,025	108,402	6.3%	6,377
3	Knox	Yes	87,799	93,689	6.7%	5,890
4	Hamilton	Yes	74,543	78,805	5.7%	4,262
5	Rutherford	Yes	47,152	54,747	16.1%	7,595
6	Williamson	Yes	44,166	50,614	14.6%	6,448
7	Sumner	Yes	38,548	43,181	12.0%	4,633
8	Sullivan	Yes	37,844	39,507	4.4%	1,663
9	Blount	No	32,407	35,113	8.4%	2,706
10	Wilson*	No	28,909	32,791	13.4%	3,882
Sources: Boyd Center for Business and Economic Research at the University of Tennessee, Release Date August 7, 2024; and Tennessee Department of Health, Health Facilities Commission; Hospital Full Bed Report, April 2025. *Inpatient Rehabilitation Facility services are no longer available because Vanderbilt Wilson, the sole provider of IRF services in the county, has not staffed its 26 IRF beds since June 30, 2023.						

As shown below, Wilson County is ***one of only two Top 10 fastest growing counties for ages 65 and over in the state without IRF services available within its borders.***

Attachment 1NR
Standards and Criteria for Comprehensive Inpatient Rehabilitation Services

Table 6 Tennessee Population Ages 65+ by County (Top 10) Ranked Highest to Lowest based on Numeric Change With Indication of IRF Services Within Each County						
Rank	County	IRF(s) in County	2025	2029	% Change	# Change
1	Rutherford	Yes	47,152	54,747	16.1%	7,595
2	Williamson	Yes	44,166	50,614	14.6%	6,448
3	Davidson	Yes	102,025	108,402	6.3%	6,377
4	Knox	Yes	87,799	93,689	6.7%	5,890
5	Shelby	Yes	145,509	150,423	3.4%	4,914
6	Sumner	Yes	38,548	43,181	12.0%	4,633
7	Hamilton	Yes	74,543	78,805	5.7%	4,262
8	Wilson	No	28,909	32,791	13.4%	3,882
9	Montgomery	Yes	26,642	30,296	13.7%	3,654
10	Blount	No	32,407	35,113	8.4%	2,706
<p>Sources: Boyd Center for Business and Economic Research at the University of Tennessee, Release Date August 7, 2024; and Tennessee Department of Health, Health Facilities Commission; Hospital Full Bed Report, April 2025.</p> <p>*Inpatient Rehabilitation Facility services are no longer available because Vanderbilt Wilson, the sole provider of IRF services in the county, has not staffed its 26 IRF beds since June 30, 2023.</p>						

The significant growth within Wilson County is further illustrated by the population growth in the City of Lebanon. As shown below, **Lebanon is one of the nation's fastest growing cities** according to the US Census Bureau.

Figure 1



In summary, the defined numeric need using the Commission's guideline of one bed per 1,000 population ages 65+ is further supported by the large, growing, and aging population in Wilson County, home of the proposed project and consistently one of the few Top 10 counties in the state across multiple population measures without available IRF services within its borders.

Attachment 1NR

Standards and Criteria for Comprehensive Inpatient Rehabilitation Services

2. Establishment of Service Area: The geographic service area shall be reasonable and based on an optimal balance between population density and service proximity of the applicant.

RESPONSE: The service area was defined considering a number of factors, including:

- Lack of available inpatient rehabilitation services in the state's fastest growing, and one of the most populated, counties;
- Population size, growth, and aging of the population in the service area;
- Patient migration patterns and the ease of access to the proposed new state-of-the-art hospital; and,
- Quantifiable numeric bed need based on application of the Commission's need methodology.

The lack of available IRF services in Wilson County, the fastest growing and one of the most populated counties in Tennessee, means that service area residents must currently travel outside of their local community to reach inpatient rehab providers or, alternatively, select less intensive, and therefore less optimal, services in lieu of intensive inpatient rehabilitation if they want to remain in their local community for post-acute rehabilitation care.

The service area population, comprised of Wilson County as the primary service area and the contiguous rural Tennessee counties of Trousdale, Smith, and Macon as secondary service area counties, is a large, increasing, and aging population in need of inpatient rehabilitation services close to residents' home communities. The 2025 service area total population is 232,313, which is projected to increase to 250,158 by 2029, a 7.7% increase that is more than 2.5 times the statewide 3.0% increase for that same time period. The 2025 service area population ages 65 and over (65+) is 38,997 and is projected to increase to 43,689 by 2029, a 12.0% increase. Similar to the total service area population, the service area 65+ population is increasing faster than the statewide population ages 65+, which is projected to increase 7.1% between 2025 and 2029.

Patient migration patterns, roadways and ease of access, and travel from the service area counties to the proposed IRF were also considered. As noted previously, the proposed Rehab Hospital is located only about a half-mile off Interstate 40 (I-40) and in close proximity to Interstate 840 (I-840) as well as numerous major roadways, state highways and routes including SR 231 (Murfreesboro Road), S. Hartmann Drive, SR 70 and 70N, and SR 266 (S. College St.), all of which provide easy access to the site for residents throughout the 4-county service area.

Finally regarding service area definition, in a service area that contains no staffed IRF beds at all, the proposed project addresses the community need based upon the Commission's need methodology as contained in the current State Health Plan. The proposed 40-bed Rehabilitation Hospital in Lebanon, Wilson County will be established as a Joint Venture between Encompass and VUMC; two high-quality providers committed to providing residents an alternative choice in post-acute rehabilitative care close to home. The proposed 40-bed hospital will be comprised of 26 existing licensed but unstaffed beds from Vanderbilt Wilson and 14 new beds responsive to the Commission's numeric need.

HFC Staff requested that the Applicant identify the nearest freestanding or IRF units to the proposed facility in response to this question. There are no available IRF services in the service area; thus, the following table provides travel time from the proposed Wilson County IRF to the three nearest IRFs, all of which are located outside the 4-county service area. Of note is that the proposed project commits to obtaining at least two (2) Disease-Specific Care ("DSC") Certifications from The Joint Commission, which contrasts with the closest IRF providers' lack of, or at best single, DSC Certification.

Attachment 1NR
Standards and Criteria for Comprehensive Inpatient Rehabilitation Services

Table 7
Nearest IRFs to the Proposed Rehab Hospital of Lebanon in Wilson County

Comparison	Proposed Lebanon IRF (Wilson Co.)	TriStar Summit (Davidson Co.)	Sumner Regional (Sumner Co.)	TrustPoint Hospital (Rutherford Co.)
Type of IRF	Freestanding	Hospital Unit	Hospital Unit	Freestanding
Joint Commission Disease-Specific Care Rehab Certifications	Stroke Brain Injury	Stroke	None	None
Time & Distance from Lebanon IRF to Existing IRFs	N/A (Starting Point)	22 min 18.5 miles	33 min 21.9 miles	32 min 29.2 miles

Sources & Notes: Joint Annual Report for Hospitals; Joint Commission Organization website; hospital website; and Google Maps (based on free flow traffic for Monday, May 5th around 2pm) using proposed facility approximate address of 685 Bartons Creek Road, Lebanon TN 37090.

The following table shows that residents of the service area, all of whom must travel outside their local communities for post-acute rehabilitation care, are primarily seeking care at Davidson County providers. TriStar Summit Medical Center, where the largest number of service area residents traveled for post-acute inpatient rehabilitation care for the 12 months ending June 30, 2024, has a high and increasing occupancy with a reported 74.4% occupancy on 20 licensed beds in 2023, up from a reported 72.5% occupancy in 2022. Given the large, increasing, and aging population in Davidson County, it is reasonable to expect that TriStar Summit Medical Center's IRF occupancy will continue increasing in the short and long-term so that the proposed project will have no material adverse impact on that facility.

Table 8
Service Area Residents' Inpatient Rehabilitation Discharges,
July 2023 - June 2024

IRF Provider	Hospital County	Service Area Discharges	% of Svc Area Discharges
TriStar Summit Medical Center	Davidson	208	43.3%
Vanderbilt Stallworth Rehabilitation Hospital	Davidson	63	13.1%
Sumner Regional Medical Center	Sumner	50	10.4%
Ascension Saint Thomas Rehabilitation Hospital	Davidson	45	9.4%
TriStar Skyline Medical Center	Davidson	38	7.9%
TrustPoint Hospital	Rutherford	34	7.1%
Cookeville Regional Medical Center	Putnam	19	4.0%
Encompass Health Rehabilitation Hospital of Franklin	Williamson	12	2.5%
TriStar Southern Hills Medical Center	Davidson	7	1.5%
Saint Thomas River Park Hospital	Warren	2	0.4%
Encompass Health Rehab Hospital of Chattanooga	Hamilton	1	0.2%
TriStar Horizon Medical Center	Dickson	1	0.2%
Total		480	100.0%
Subtotal, Davidson County Providers' Service Area Discharges		361	75.2%

Source: Tennessee Hospital Association deidentified patient-level data.

Attachment 1NR

Standards and Criteria for Comprehensive Inpatient Rehabilitation Services

HFC staff requested information on any facilities outside the defined service area that may be closer to one or more of the service area counties than the proposed Wilson County IRF in Lebanon, e.g., residents in Mt. Juliet (Wilson County), Sumner County, or Macon County (specific to Kentucky facilities). Residents in the easternmost portion of Wilson County, e.g., Mt. Juliet, are approximately equidistant from the proposed Wilson County IRF and TriStar Summit Medical Center, a 20-bed highly-utilized hospital unit with a single DSC Certification. Residents in the northernmost portion of Wilson County may be equidistant from the proposed Wilson County IRF and the 17-bed hospital rehab unit at Sumner Regional Medical Center, but those residents who travel to Sumner County are receiving care from an IRF without a single DSC Certification. Macon County residents who travel out-of-state to Kentucky for IRF services must travel a minimum of 1 hour to reach Southern Kentucky Rehabilitation Hospital in Bowling Green, Kentucky. Thus, the proposed Lebanon Rehab Hospital will provide the vast majority of service area residents with a closer, more convenient alternative – and one that commits to obtaining a minimum of two (2) Disease-Specific Care Certifications from The Joint Commission.

- 3. Minimum Bed Requirements:** Inpatient rehabilitation units should have a minimum size of 20 beds. Freestanding rehabilitation hospitals should have a minimum size of 50 beds.

RESPONSE: The Applicant is proposing a 40-bed rehabilitation hospital because Encompass and VUMC believe that a 40-bed facility is the right size in the right location to enhance access and provide consumer advantage to a large, growing, and aging population in middle Tennessee that lacks inpatient rehab services close to residents' homes. In a service area that contains no staffed IRF beds at all, the proposed project efficiently addresses the service area need through a combination of the contribution of 26 existing licensed but unstaffed beds from Vanderbilt Wilson County Hospital and the addition of a small number (14) of new beds needed to complete the proposed 40-bed facility. Moreover, the proposed 40-bed facility has been appropriately-sized and designed to be able to efficiently and economically expand should the community need additional beds in the future. Finally, the proposed 40-bed facility size is consistent with recently approved facilities by the Commission (*i.e.*, CHS/LP Behavioral Health and Rehabilitation Tennessee, LLC's CN2049-027 and Saint Thomas Rutherford Rehabilitation Hospital's CN2502-004); thus, the Applicant views the minimum bed size as a guideline, not a requirement.

- 4. Relationship to Existing Similar Services in the Area:** The proposal shall discuss what similar services are available in the service area and the latest reported three-year trends in occupancy and utilization of those services. This discussion shall include the likely impact of the proposed increase in rehabilitation beds on existing providers in the proposed service area and shall include how the applicant's services may differ from these existing services. The agency should consider if the approval of additional beds in the service area will result in unnecessary, costly duplication of services.

Additional inpatient rehabilitation beds, units, or freestanding hospitals should not be approved by the HSDA unless all existing units or facilities in the proposed service area are utilized at the following levels:

10-30 bed unit ~ 75%

31-50 bed unit/facility ~ 80%

51 bed plus unit/facility ~ 85%

Attachment 1NR

Standards and Criteria for Comprehensive Inpatient Rehabilitation Services

RESPONSE: IRF services are not available in the 4-county area because the sole provider of IRF services, Vanderbilt Wilson County Hospital, has not staffed IRF beds since June 30, 2023, and there is no other provider with licensed IRF beds in the 4-county service area.

Vanderbilt Wilson's 26 licensed but unstaffed beds are located on the satellite McFarland Campus that was built nearly 100 years ago (in the 1930s), and thus has significant physical limitations that are inconsistent with modern patient expectations. Because of the scope of required updates and modernization needed to bring that outdated facility to contemporary standards, VUMC has determined that the most economical and efficient way to address the community need in the service area is for Vanderbilt to partner with Encompass Health to construct a new state-of-the-art inpatient rehabilitation hospital in Lebanon. Upon approval of the proposed Rehab Hospital CON application, Vanderbilt Wilson will relinquish its 26 licensed but unstaffed McFarland IRF beds.

Table 9
Service Area Historical Utilization*

Facility	County	Facility Type	2023 Licensed Beds*	Bed Days Available	Patient Days			Licensed Occupancy		
					2021	2022	2023	2021	2022	2023
Vanderbilt Wilson County Hospital	Wilson	Hospital Unit	26	9,490	3,333	2,697	2,636	35.1%	28.4%	27.8%
TOTAL			26	9,490	3,333	2,697	2,636	35.1%	28.4%	27.8%

Source: Joint Annual Report for Hospitals; data reported for July 1 – June 30 of each year.

*IRF beds no longer set up and staffed as of June 30, 2023.

Absent any IRF services close to home, residents of the service area must travel outside their service area for care, or alternatively, select less intensive, and therefore less optimal, services in lieu of intensive inpatient rehabilitation if they want to remain in their local community for post-acute rehabilitation care.

Of note is the comprehensive array of services that consumers will be able to access close to home when the proposed hospital opens. Specific programs and services to be offered at the Lebanon Rehab Hospital address a wide range of diagnoses including, but not limited to the following.

- Stroke
- Brain injury
- Neurological conditions
- Cardiovascular conditions
- Joint replacement
- Orthopedic
- Hip fracture
- Spinal cord injury
- Amputee
- Parkinson's Disease
- Multiple sclerosis
- Burns
- Pulmonary/respiratory
- Pain management

Attachment 1NR

Standards and Criteria for Comprehensive Inpatient Rehabilitation Services

This array of services is the same comprehensive array of services currently offered at Encompass Health hospitals throughout Tennessee, including its two middle Tennessee facilities: Encompass Health Rehabilitation Hospital of Franklin and Vanderbilt Stallworth Rehabilitation Hospital in Nashville (of which VUMC is a JV partner).

Both middle Tennessee Encompass hospitals are Joint Commission-accredited, with both hospitals holding The Joint Commission's Disease-Specific Care Certification ("DSC") accreditation in stroke rehabilitation. Additionally, Vanderbilt Stallworth Rehabilitation Hospital holds The Joint Commission's Gold Seal of Approval® for Disease-Specific Care Certification in brain injury rehabilitation and spinal cord rehabilitation. The Rehabilitation Hospital of Lebanon commits to obtaining a minimum of two (2) DSC Certifications for its patient population. In addition to the services listed above, the proposed new hospital will offer dialysis services in-house for its patients and will include Bariatric (Individual of Size or "IoS") rooms, as shown on the floor plan included in **Attachment 10A**.

The following table compares the physical rehabilitation services offered at Encompass' two existing middle Tennessee inpatient rehabilitation hospitals to the proposed Lebanon Rehab Hospital, confirming that the proposed project will provide the full array of services available to patients at Encompass' two other middle Tennessee hospitals.

Table 10 Comparison of Services Provided at Each Facility (Yes/No)			
Physical Rehabilitation Service Type	Proposed Lebanon Hospital (Wilson Co.)	Existing Vanderbilt Stallworth Rehab Hospital (Davidson Co.)	Existing Encompass Health Rehab Hospital of Franklin (Williamson Co.)
Occupational Therapy	Yes	Yes	Yes
Orthotic Services	Yes	Yes	Yes
Physical Therapy	Yes	Yes	Yes
Prosthetic Services	Yes	Yes	Yes
Speech/Language Therapy	Yes	Yes	Yes

5. Quality Considerations: Applicants should use the Centers for Medicare & Medicaid Services (CMS) required measures for inpatient rehabilitation facilities. As of fall 2019, these measures are as follows:

- a. Pressure ulcers,
- b. Catheter associated urinary tract infection (CAUTI),
- c. Healthcare worker influenza vaccinations,
- d. 30-day post-discharge readmissions,
- e. Clostridium difficile (C. diff),
- f. Falls with injury, and
- g. Functional outcome measures – mobility, self-care.

Attachment 1NR

Standards and Criteria for Comprehensive Inpatient Rehabilitation Services

Applicants should use the following table to demonstrate the quality of care provided at the existing unit or units.

Measure	National Average	Unit
Pressure ulcers		
Catheter associated urinary tract infection (CAUTI),		
Healthcare worker influenza vaccinations		
30-day post-discharge readmissions		
Clostridium difficile (C. diff)		
Falls with injury		
Functional outcome measures – mobility, self-care		

Data Source: Inpatient Rehabilitation Facility Compare

<https://www.medicare.gov/inpatientrehabilitationfacilitycompare/>

Because these measures change over time, applicants should use the measures that are in place at the time of the application. Applicants should provide data from the most recent four quarters from existing facilities operated by the applicant.

For applicants with no existing facility or service line, quality data from the most recent four quarters would be unavailable and not required for the application.

RESPONSE: The applicant is a new JV facility between Encompass and Vanderbilt, thus there is no available quality data. However, quality data is provided for Encompass' two middle Tennessee facilities, one of which is a JV with VUMC.

In addition to the metrics shown below, it should be noted that both middle Tennessee Encompass hospitals are Joint Commission-accredited, with both hospitals holding The Joint Commission's Disease-Specific Care Certification ("DSC") accreditation in stroke rehabilitation. Additionally, Vanderbilt Stallworth Rehabilitation Hospital holds The Joint Commission's Gold Seal of Approval® for Disease-Specific Care Certification in brain injury rehabilitation and spinal cord rehabilitation. Nationally, 142 of Encompass hospitals hold one or more Disease-Specific Certification accreditations from The Joint Commission. The proposed Rehab Hospital will be accredited by the Joint Commission and commits to obtaining a minimum of two (2) Disease-Specific Care Certifications, including Stroke Rehabilitation and Brain Injury Rehabilitation, as appropriate to its patient population.

Attachment 1NR

Standards and Criteria for Comprehensive Inpatient Rehabilitation Services

Measure	National Average	Vanderbilt Stallworth Rehab Hospital Nashville, TN	Encompass Health Rehab Hospital of Franklin Franklin, TN
Pressure Ulcers (lower percentages are better)	1.0%	1.0%	0.9%
Catheter associated urinary tract infection (CAUTI) (lower numbers are better)	1.087	0.463	0.000
Healthcare worker influenza vaccinations (higher percentages are better)	79.1%	79.3%	87.0%
30-day post-discharge readmissions (lower percentages are better)	8.9%	8.04%	8.46%
Clostridium difficile (C.diff) (lower numbers are better)	0.375	0.479 No different than national benchmark*	0.810 No different than national benchmark*
Falls with injury (lower percentages are better)	0.2%	0.3%	0.1%
Functional outcome measures – mobility, self-care (higher percentages are better)	56.00%	68.26%	79.28%

*Note: Indication that the metric is “no different than national benchmark” is per CMS, from the CMS Medicare Compare website at <https://www.medicare.gov/care-compare/details/inpatient-rehabilitation>. Most recent CMS data available as of March 31, 2025.

An important quality measure to note in the above table is the functional outcome measure, which is the percentage of patients who are at or above an expected ability to care for themselves and move around at discharge (*i.e., mobility, self-care*). Both Vanderbilt Stallworth Rehab Hospital and Encompass Health Rehabilitation Hospital of Franklin’s (“Encompass Franklin”) functional outcome measures, 68.26% and 79.28% respectively, are higher than the 56.00% national average. As stated by CMS on the Medicare Compare website, “**Improving functional abilities is an important goal for IRF patients.**” Said another way: the purpose of IRFs is to rehabilitate and restore the patient to his/her highest level of functioning. Thus, both middle Tennessee Encompass hospitals’ higher than national functional outcome measures are important indicators of the high quality of care and measure of success for the hospitals’ patients. It is reasonable to expect that the proposed Rehab Hospital of Lebanon will have similarly high functional outcome measures since the hospital will utilize Encompass Health’s proven programs and policies.

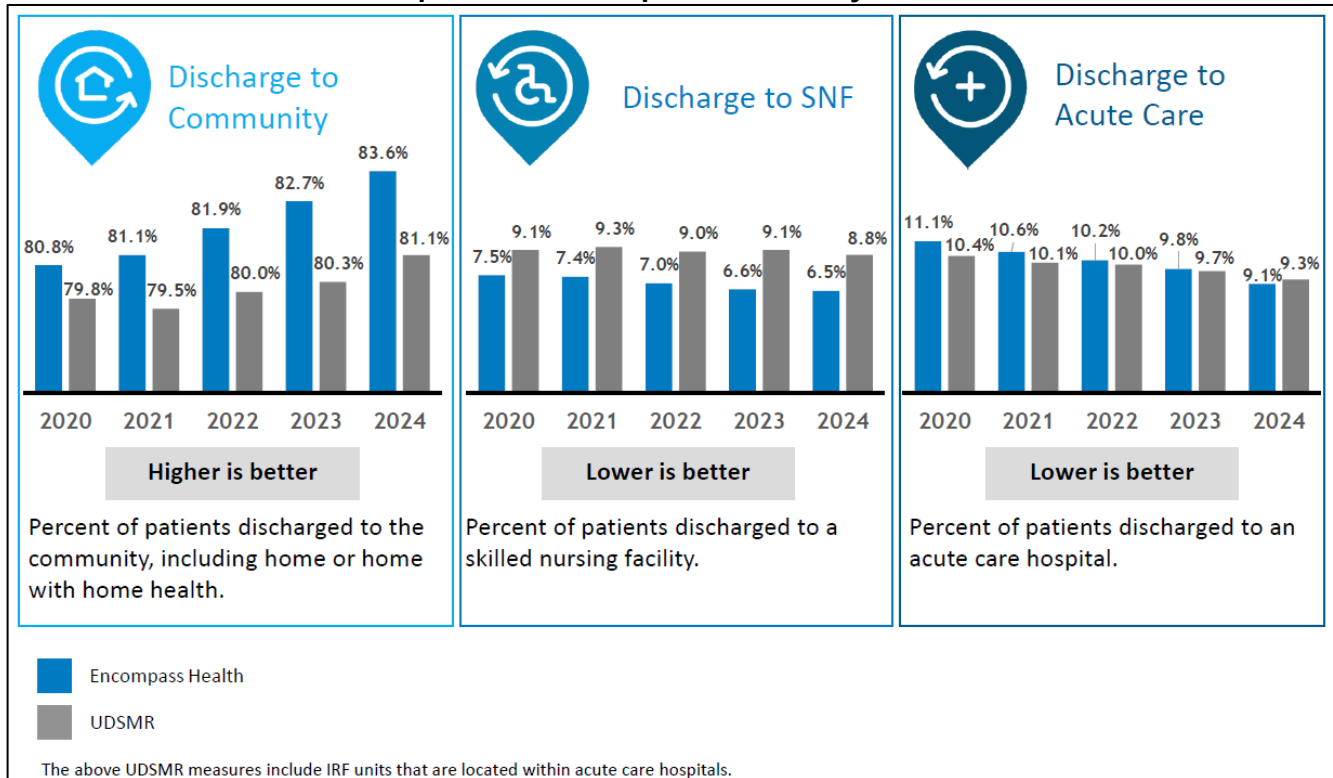
Another important quality consideration is the percentage of IRF patients who return to home or community from the IRF. According to the most recent CMS Medicare Compare website data, Encompass Franklin returns 70.68% of patients to home or community, a higher percentage than the 66.95% national average. (Vanderbilt Stallworth returns 65.60% of its patients to home or community, a percentage similar to the national average.)

Attachment 1NR

Standards and Criteria for Comprehensive Inpatient Rehabilitation Services

As shown in Figure 2 below, according to the Uniform Data System for Medical Rehabilitation (“UDSMR”), a data gathering and analysis tool for the rehabilitation industry which represents approximately 80% of the industry, Encompass Health as a whole returns a higher percentage of patients to home or community compared to the national average. The Rehab Hospital will utilize Encompass Health’s proven programs and policies, thus is reasonably expected to provide similarly high quality care.

Figure 2
Encompass Health Corporation Quality Indicators



Source: Encompass Health..

6. Licensure and Quality Considerations: Any existing applicant for this CON service category shall be in compliance with the appropriate rules of TDH. Additionally, the applicant shall demonstrate certification by CMS for existing facilities.

RESPONSE: Encompass Health and VUMC care for residents throughout Tennessee in facilities that comply with the appropriate rules of TDH and are certified by CMS. They will likewise do the same with the proposed Rehab Hospital, with a commitment to ensure that the proposed project will meet all applicable licensure certification, and accreditation requirements, including but not limited to Medicare and Medicaid certification.

Attachment 1NR

Standards and Criteria for Comprehensive Inpatient Rehabilitation Services

- 7. Adequate Staffing:** The applicant must document the availability of adequate professional staff, as per licensing and Centers for Medicare & Medicaid Services (CMS) requirements, to deliver all designated services in the proposal.

RESPONSE: There will be adequate staffing for this proposed project. The Rehab Hospital does not expect to experience any problems or difficulties recruiting staff because Encompass Health has in place numerous innovative approaches to recruit and retain staff members at its hospital facilities. Some of these approaches include competitive compensation and benefits; national recruitment strategies; and relationships with local universities and colleges.

Encompass maintains clinical teaching affiliations with universities, colleges, and technical schools throughout the U.S. to provide physical therapy, occupational therapy, speech language pathology, and nursing students the opportunity to participate in clinical and technical rotations at its hospital facilities around the country. Encompass, through its existing inpatient rehabilitation facilities throughout Tennessee, has established relationships with the following local universities and colleges to provide training programs at their hospitals:

- Belmont University
- Chattanooga State Community College
- Chattanooga College MDTC
- East Tennessee State University
- Lee University
- Lipscomb University
- Nashville State Community College
- South College-Knoxville
- Southwest Tennessee Community College
- Tennessee State University
- Tennessee Wesleyan University
- University of Tennessee
- University of Memphis
- Vanderbilt University
- Walters State Community College.

Specific to the national recruitment strategy, Encompass has a dedicated recruitment team that utilizes various avenues to ensure job positions are marketed to the right individuals. One way that is achieved is through partnerships with national associations including, for example:

- American Physical Therapy Association Combined Sections Meeting (APTA CSM)
- Annual APTA events
- APTA National Student Conclave
- American Occupational Therapy Association (AOTA)
- AOTA National Student Conclave
- Association of Rehabilitation Nurses (ARN)
- American Speech-Language-Hearing Association (ASHA)
- American Academy of Physical Medicine and Rehabilitation (AAPM&R)
- National Black Nurses Association
- National Hispanic Nurses Association

Additionally, Encompass leverages automated software to purchase, place, and optimize job searches throughout top media sources including various websites such as Indeed, Glassdoor, LinkUp, ZipRecruiter, Monster, SimplyHired, CollegeRecruiter, StartWire, and Jobs2Careers. Positions are also

Attachment 1NR

Standards and Criteria for Comprehensive Inpatient Rehabilitation Services

posted on EncompassHealth.com (search engine optimized), as well as Nexxt.com, indeed.com, linkedin.com, APTA, AOTA and CareerBuilder. Job positions are also posted on social media, utilizing Facebook, X (f/k/a Twitter) and LinkedIn.

Of note is that, as shown below, both Encompass and VUMC consistently rank among the nation's and Tennessee's best places to work. This further supports the reasonable expectation that the Rehab Hospital of Lebanon will be able to hire and retain the necessary staff, including professional staff, to deliver high quality intensive inpatient rehabilitation care.

Encompass Health Employment-related Awards:

- Forbes, Most Trusted Companies in America – 2025
- Fortune, World's Most Admired Companies – 2021, 2022, 2023, 2024, 2025
- Modern Healthcare, Best Places to Work – 2021, 2022
- Becker's Healthcare, 150 Top Places to Work in Healthcare – 2021, 2022, 2024
- Becker's Healthcare, Most Admired Companies – 2023
- Birmingham Business Journal, Best Places to Work (Home Office) – 2021, 2022, 2023, 2024

VUMC/Vanderbilt Health Employment-related Awards:

- Forbes, America's Best-In-State Employers – 2021
- Becker's Hospital Review, Great Hospitals in America - 2023
- Healthiest Employers, Healthiest Employers in Tennessee - 2023
- American Association for Men in Nursing, Best Workplace for Men in Nursing – 2021, 2022, 2023, 2024

In summary, Encompass' experience in recruiting highly-skilled, rehab-specific employees will ensure the proposed project will be able to hire and retain professional, administrative, and paramedical personnel as needed, and to do so in a manner that does not adversely impact any existing provider of inpatient rehabilitation services.

8. Services to High-Need and Underserved Populations: Special consideration shall be given to applicants providing services fulfilling the unique needs and requirements of certain high-need populations, including uninsured, low-income, and underserved geographic regions, as well as other underserved population groups.

RESPONSE: The proposed 40-bed inpatient rehabilitation hospital will be accessible to all medically-appropriate residents of the service area, including those described above. Encompass and Vanderbilt facilities participate in the Medicare and Medicaid programs and have policies and procedures in place to ensure access for patients regardless of race, sex, age, religion, ethnicity, disability or ability to pay. The Applicant's projected 77% of patients who are Medicare, Medicaid (including TennCare), and Self-Pay combined illustrates the hospital's intent to serve all patients in need of IRF services.

Two of the service area counties (Macon and Smith) have higher TennCare enrollees as a percentage of the population than the state. Additionally, Macon and Trousdale counties have greater percentages of persons below poverty as a percentage of total population (16.2% and 15.8% respectively) compared to the state's percentage of 14.0%. Thus, the proposed IRF will provide service area residents, including those uninsured and underinsured, TennCare or Medicaid recipients, and those ages 65+ with a much-needed IRF close to home.

Attachment 1NR

Standards and Criteria for Comprehensive Inpatient Rehabilitation Services

- 9. Access to Services in the Proposed Service Area:** The applicant must 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 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 a limited access in the proposed service area. Factors influencing access to services in the proposed service area may include drive time to obtain care.

RESPONSE: The proposed project will serve residents throughout the service area, as illustrated by the projected patient origin and location of the proposed project in an easily accessible area of the service area.

The following table compares drive times for service area residents to obtain care at the proposed new state-of-the-art hospital rather than driving outside the service area, documenting that the proposed project is accessible to all service area residents and that service area residents will have increased access to IRF services following establishment of the new facility.

Table 11 Service Area Residents' Travel Time to Proposed Project & Providers in Davidson County <i>(From Mid-point of County to Identified IRF Providers)</i>						
Service Area <i>(County Midpoint)</i>	<i>Wilson Co.</i>	<i>Davidson County (Outside the Service Area)</i>				
	Proposed Lebanon IRF	TriStar Summit	TriStar Skyline	TriStar Southern Hills	Ascension St. Thomas Rehab	Vanderbilt Stallworth Rehab
Wilson County <i>(36.1422498, -86.3543259)</i>	6 min	26 min	41 min	44 min	47 min	48 min
Smith County <i>(36.2157204, -86.2175527)</i>	31 min	44 min	59 min	1 hour	1 hr 2 min	1 hr 3 min
Trousdale County <i>(36.3010316, -86.376318)</i>	33 min	47 min	53 min	1 hr 2 min	1 hr 4 min	1 hr 6 min
Macon County <i>(36.4983165, -85.9728861)</i>	54 min	1 hr 6 min	1 hr 9 min	1 hr 21 min	1 hr 19 min	1 hr 23 min
Source & Notes: Google Maps (www.google.com/maps) directions from county midpoint to each rehab provider using fastest routes available. Approximate county midpoint is shown for each county. Starting point for this analysis was 685 Bartons Creek Road, Lebanon TN 37090, which is proximate to the nearby 541 Bartons Creek Road address cited in the Application as a proxy for the unaddressed site where the proposed project will be located. Travel time analysis was completed Tuesday, February 25 th between approximately 9:30a - 10am Eastern Standard Time. Shortest travel time among providers highlighted for ease of review.						

The travel times noted above reflect the estimated travel times between the respective points as identified by Google Maps on Tuesday morning, February 25th between approximately 9:30a – 10a Eastern Standard Time. HFC Staff noted minor differences in travel times between their searches and those shown in the table above, e.g., 5 minutes difference for Smith County residents to the proposed IRF; 5 minutes difference for Wilson County residents to TriStar Southern Hill; 6 minutes difference for Wilson County residents to Ascension St. Thomas Rehab; and 6 minutes difference for Wilson County residents to Vanderbilt Stallworth Rehabilitation. The Applicant has confirmed its travel times based on the date and time they were obtained; thus, the minor differences in travel times is reasonably assumed to be based on the time of day and current travel conditions on the roadways when the respective analyses were completed. Regardless of the minor differences, it is clear that the proposed Wilson

Attachment 1NR

Standards and Criteria for Comprehensive Inpatient Rehabilitation Services

County IRF will meaningfully reduce travel times for the majority of service area residents by offering a high-quality IRF closer to home than currently available.

Moreover, it is important to note that drive times and distances are only part of the story; the difficulty and stress of traveling into and around Davidson County caused by highly-congestion roadways also impacts patients' and families' willingness and ability to travel into the county for services. **Nashville ranks among the nation's worst areas for traffic congestion and bottlenecks**, according to the American Transportation Research Institute ("ATRI") and the Texas A&M Transportation Institute ("TTI").

According to the ATRI report *The Nation's Top Truck Bottlenecks, 2025*, Tennessee is among the states with the highest number of truck bottlenecks (which of course impacts all drivers), with 3 of those congested interchanges in Nashville, as shown in Figures 3 and 4 which follow.

Nashville's high national ranking by ATRI is consistent with the findings of the Texas A&M Transportation Institute *2023 Urban Mobility Report, June 2024*, which found that **Nashville has the nation's 10th worst traffic** in terms of delays per commuter measured in person-hours, with the annual delays per commuter totaling 72 hours in 2022, up from 66 hours of delay per commuter in 2019. The travel times and delays in the Nashville area are reasonably expected to increase in the future as the population in and around Davidson County continues to increase.

Of note is the comprehensive array of services that consumers will be able to access close to home when the proposed hospital opens, which was described previously in response to Question 4, but is repeated here for ease of review.

- Stroke
- Brain injury
- Neurological conditions
- Cardiovascular conditions
- Joint replacement
- Orthopedic
- Hip fracture
- Spinal cord injury
- Amputee
- Parkinson's Disease
- Multiple sclerosis
- Burns
- Pulmonary/respiratory
- Pain management

Rehabilitation Hospital of Lebanon anticipates providing a patient mix similar to that provided at Encompass Health's other hospitals, including its two middle Tennessee facilities; thus, the following projected volume by Rehabilitation Impairment Category ("RIC") provides the Commission with the conditions anticipated to be cared for at the proposed facility in Year 1 (2028).

Attachment 1NR

Standards and Criteria for Comprehensive Inpatient Rehabilitation Services

Table 12 Top Conditions Anticipated at Lebanon Rehab Hospital, Year 1 (2028)		
Rehabilitation Impairment Category	% of Total	Cases
RIC 1 Stroke	18.0%	121
RIC 02/03 Brain dysfunction	10.0%	67
RIC 04/05 Spinal cord dysfunction	5.0%	34
RIC 06 Neurological conditions	19.0%	127
RIC 07 Fracture of lower extremity	8.0%	54
RIC 08 Replacement of lower extremity joint	3.0%	20
RIC 09 Other orthopedic	7.0%	47
RIC 10/11 Amputation	2.0%	13
RIC 14 Cardiac	4.0%	27
RIC 17/18 Major multiple trauma	10.0%	67
RIC 20 Other disabling impairments	12.0%	80
All other RICs	2.0%	13
Total	100.0%	670
Source: Encompass Health.		
Note: numbers may not calculate exactly as shown due to rounding.		

The following table compares the proposed Lebanon Rehab Hospital's RIC distribution to that of Encompass Health's national average and Encompass' two middle Tennessee facilities, demonstrating the reasonable estimate of projected patients by Rehabilitation Impairment Category and the bases upon which the estimate was developed.

Table 13 Encompass Health Facility or National Average RIC, 2024				
Rehab Impairment Category	Encompass Franklin	Vanderbilt Stallworth	Proposed Lebanon	All EHC
RIC 1 Stroke	19.8%	12.5%	18.0%	18.7%
RIC 02/03 Brain dysfunction	10.3%	9.9%	10.0%	11.6%
RIC 04/05 Spinal cord dysfunction	4.2%	10.7%	5.0%	4.1%
RIC 06 Neurological conditions	18.2%	20.0%	19.0%	18.5%
RIC 07 Fracture of lower extremity	8.1%	3.3%	8.0%	8.1%
RIC 08 Replacement of lower extremity joint	3.5%	0.4%	3.0%	3.6%
RIC 09 Other orthopedic	7.7%	5.4%	7.0%	7.7%
RIC 10/11 Amputation	1.0%	1.8%	2.0%	2.6%
RIC 14 Cardiac	6.0%	3.7%	4.0%	4.0%
RIC 17/18 Major multiple trauma	8.5%	12.5%	10.0%	7.0%
RIC 20 Other disabling impairments	10.8%	17.7%	12.0%	11.8%
All other RICs	1.9%	2.1%	2.0%	2.3%
Total	100.0%	100.0%	100.0%	100.0%
Source: Encompass Health.				

Attachment 1NR

Standards and Criteria for Comprehensive Inpatient Rehabilitation Services

The Rehab Hospital will utilize Encompass' proven programs and services tailored to each patient's diagnosis to provide intensive physical, occupational, and/or speech therapy services to help patients return to their highest level of functioning. Specific equipment and technologies utilized by highly-skilled professional staff is provided in **Attachment 10A**.

The success of Encompass' programs and services is due in large part to the highly qualified and specially trained physicians and staff members who comprise a ***comprehensive, multidisciplinary team*** including:

- **Medical Director:** A Physical Medicine and Rehabilitation ("PMR") physician who frequently meets with the patient during the patient's inpatient stay and is ultimately responsible for implementing the patient's care plan as the multidisciplinary team leader.
- **Rehabilitation nursing:** Implements each patient's medical care program as directed by his or her physician.
- **Occupational therapy:** Designs and delivers activity-based therapy to promote independence in the areas of self-care, home management and community reintegration.
- **Physical therapy:** Evaluates and designs a treatment program to address limitations in physical function, mobility, and safety.
- **Respiratory therapy:** Ensures proper respiratory function through services such as oxygen supplements and aerosol treatments.
- **Speech-language pathology:** Assesses and treats individuals with communication and comprehension disorders, cognitive difficulties, and swallowing disorders.
- **Dietary and nutritional counseling:** Supervises all meals to ensure patients meet their required nutritional needs.
- **Pharmacist:** On-site pharmacists educate the patients regarding their medicines, including post-discharge care.
- **Case management:** Coordinates with the physician to ensure the patient's needs are met and involves the family and other caregivers in the patient's rehabilitation. The Case Manager is also responsible for:
 - Working with the family prior to the patient's discharge to provide training to help family members care for patients after discharge.
 - Visiting the patient's home prior to discharge to identify and then address any special needs (such as equipment) the patient will have upon returning home.
 - Coordination and collaboration of services between the patient and community service providers who will be responsible for providing care to the patient post-discharge.

Patients benefit not only from the extensive array and number of staff members in place at Encompass Health hospitals, such as that proposed for the 40-bed facility, but also from the unique ***patient-centric programs*** staff members institute at their facilities to ensure patients receive high quality care.

Attachment 1NR

Standards and Criteria for Comprehensive Inpatient Rehabilitation Services

A few employee-driven patient-centric programs that will be in place at the Lebanon Rehab Hospital, as they are at all Encompass facilities, include the following.

- **No Pass Policy** which ensures that any and all staff members must never pass by a patient's room when the nurse call light is on or when it is clear that, even without the call light on, the patient would benefit from assistance. Notably, this operational mandate applies to all staff members, not just nursing staff, so that any and all staff members ensure that patients and families' needs are the highest priority at all times.
- **Welcome Announcement** is one small way in which the staff members can make a new patient feel welcome and know that his/her admission to the hospital is recognized by all staff members as a new beginning. While the patient's name isn't announced so that the patient's privacy is protected, the announcement makes clear that a new patient in a specific room number has arrived and will join the other patients in his/her journey along the road to rehabilitation and recovery.
- **Patient's in-room information board** is an often-overlooked ubiquitous aspect of an inpatient's room at virtually every acute care hospital in the U.S. However, the staff members at Encompass recognized the full potential and importance of the in-room board to the patient, family, and staff members and so have focused on this tool as a means to enhance patient involvement, and thus ultimately quality of care.
 - For example, each patient can refer to the board for that day's rehabilitation schedule, any special daily activities in the Day Room, and a photograph of the physician who is responsible for his/her care during the inpatient stay, among other items. The patient and staff will also see reminders of any special precautions or needs, e.g., indication that an alarm will sound when the patient gets out of bed. In this way, the patient and staff have a visible reminder of the patient's activities and specific needs that goes beyond the typical in-room information board of general acute care hospitals, improving it to specifically meet the needs of inpatient rehab patients.
- **Victory Bell** that is in place at the entrance to the Therapy Gym is another way that the staff recognize individual patients and their success in rehabilitation. The Victory Bell is used by patients when they are being discharged from the hospital, signaling to other patients and all staff members that the patient has passed a significant milestone in his/her life, and that the other patients can too. (The Encompass Health hospital's Victory Bell is similar to the "Survivor Bell" that many oncology programs have in place for their patients to ring to announce the successful end of their treatment.)

The **facility design** supports and promotes the programs and services offered by Encompass hospitals, ensuring that Encompass staff members can provide high quality, intensive rehabilitation and restorative services in a cost-effective manner. As illustrated in **Attachment 10A**, the facility design is patient-centered, with an emphasis on clinical outcomes, patient safety, and the use of technology and innovation in caring for patients.

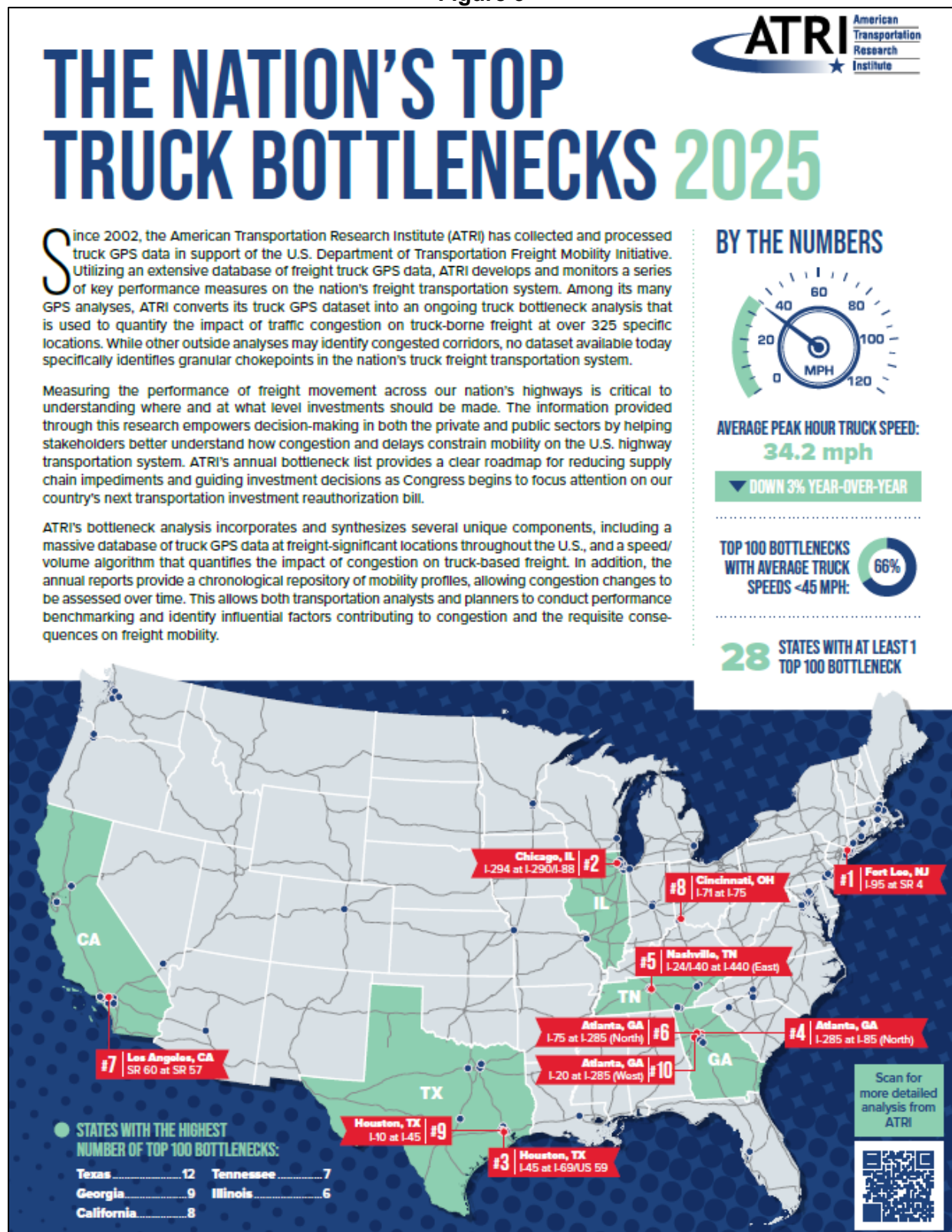
Thus, the proposed project will address the defined numeric need for inpatient rehabilitation services for service area residents, providing consumer advantages through increased access to high intensive inpatient rehabilitation services close to home.

Attachment 1NR
Standards and Criteria for Comprehensive Inpatient Rehabilitation Services

10. Data Requirements: Applicants shall agree to provide the Department of Health and/or the Health Services and Development Agency with all reasonably requested information and statistical data related to the operation and provision of services and to report that data in the time and format requested. As a standard practice, existing data reporting streams will be relied upon and adapted over time to collect all needed information.

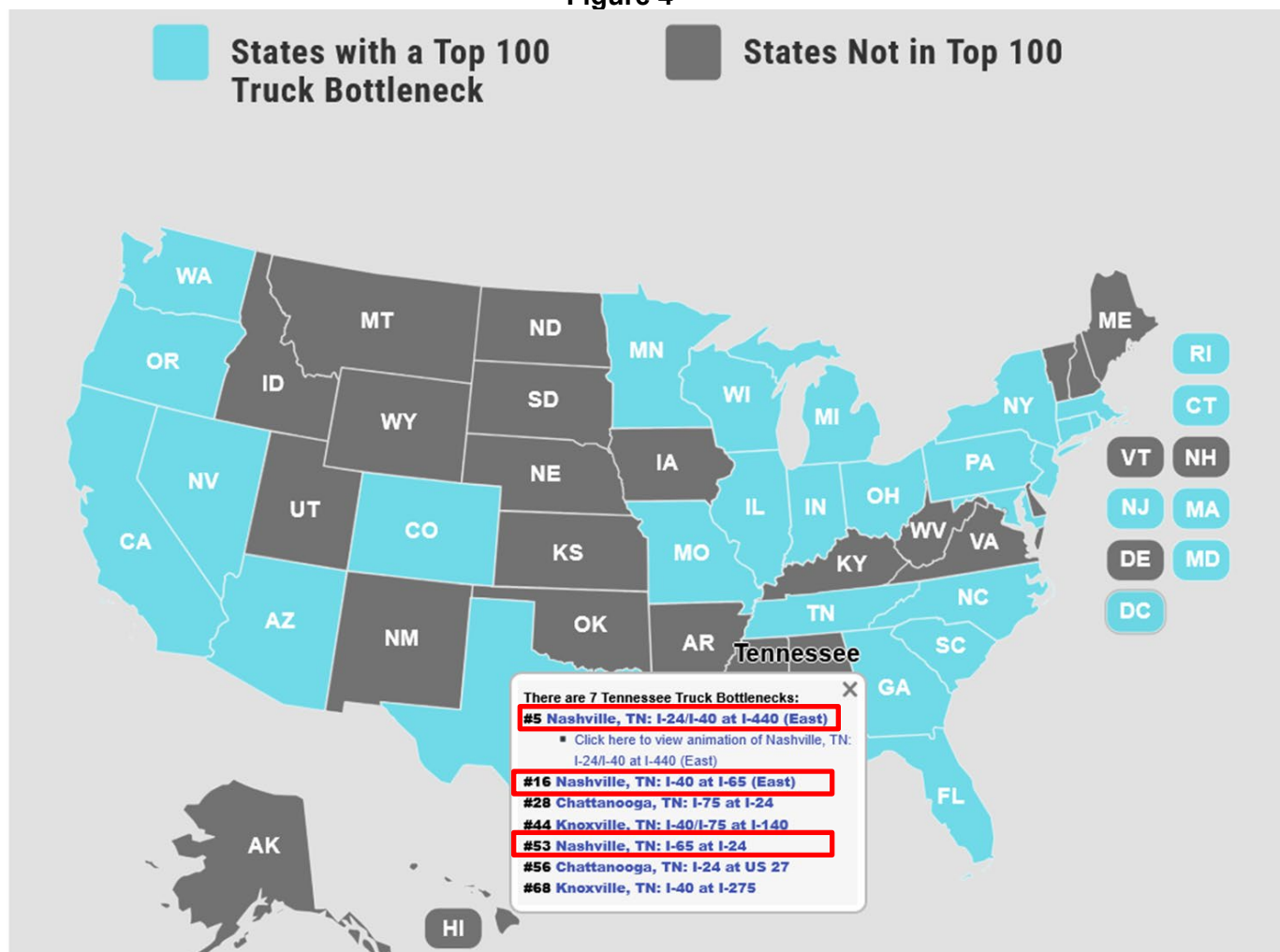
RESPONSE: The Applicant is committed to providing the Department of Health and/or the Health Services and Development Agency with all reasonably requested information and statistical data related to the operation and provision of services. It is committed to reporting that data in the time and format requested.

Figure 3



Attachment 1NR
Standards and Criteria for Comprehensive Inpatient Rehabilitation Services

Figure 4



Source: *The Nation's Top Truck Bottlenecks, 2025*; American Transportation Research Institute.

ORIGINAL **APPLICATION**



**State of Tennessee
Health Facilities Commission**

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

www.tn.gov/hsda

Phone: 615-741-2364

hsda.staff@tn.gov

CERTIFICATE OF NEED APPLICATION

1A. Name of Facility, Agency, or Institution

Rehabilitation Hospital of Lebanon

Name

an unaddressed site on Yellowstone Road in Barton Village Development near the 541 Bartons
Creek Road address

Wilson County

County

Street or Route

Lebanon

Tennessee

37090

City

State

Zip

www.encompasshealth.com

Website Address

Note: The facility's name and address **must be** the name and address of the project and **must be** consistent with the Publication of Intent.

2A. Contact Person Available for Responses to Questions

Susan Lyerly, Esq.

National Director,
Certificate of Need
Program

Name

Title

Encompass Health Corporation

susan.lyerly@encompasshealth.com

Company Name

Email Address

9001 Liberty Parkway

Street or Route

Birmingham

Alabama

35242

City

State

Zip

Employed

205-969-4528

Association with Owner

Phone Number

3A. Proof of Publication

Attach the full page of newspaper in which the notice of intent appeared with the mast and dateline intact or submit a publication affidavit from the newspaper that includes a copy of the publication as proof of the publication of the letter of intent. (Attachment 3A)

Date LOI was Submitted: 04/09/25

Date LOI was Published: 04/12/25

RESPONSE: An Affidavit of Publication from the Lebanon Democrat is provided as Attachment 3A.

4A. Purpose of Review (*Check appropriate box(es) – more than one response may apply*)

- ☒ Establish New Health Care Institution
- ☐ Relocation
- ☐ Change in Bed Complement
- ☐ Addition of a Specialty to an Ambulatory Surgical Treatment Center (ASTC)
- ☐ Initiation of MRI Service
- ☐ MRI Unit Increase
- ☐ Satellite Emergency Department
- ☐ Addition of Therapeutic Catheterization
- ☐ Positron Emission Tomography (PET) Service
- ☐ Initiation of Health Care Service as Defined in §TCA 68-11-1607(3)

Please answer all questions on letter size, white paper, clearly typed and spaced, single sided, in order and sequentially numbered. In answering, please type the question and the response. All questions must be answered. If an item does not apply, please indicate “N/A” (not applicable). Attach appropriate documentation as an Appendix at the end of the application and reference the applicable item Number on the attachment, i.e. Attachment 1A, 2A, etc. The last page of the application should be a completed signed and notarized affidavit.

5A. Type of Institution (*Check all appropriate boxes – more than one response may apply*)

- ☐ Hospital
- ☐ Ambulatory Surgical Treatment Center (ASTC) – Multi-Specialty
- ☐ Ambulatory Surgical Treatment Center (ASTC) – Single Specialty
- ☐ Home Health
- ☐ Hospice
- ☐ Intellectual Disability Institutional Habilitation Facility (ICF/IID)
- ☐ Nursing Home
- ☐ Outpatient Diagnostic Center
- ☒ Rehabilitation Facility
- ☐ Residential Hospice
- ☐ Nonresidential Substitution Based Treatment Center of Opiate Addiction
- ☐ Other

Other -

Hospital -

6A. Name of Owner of the Facility, Agency, or Institution

Rehabilitation Hospital of Lebanon, LLC (a limited liability company that is a joint venture of Encompass Health Lebanon Holdings, LLC and Vanderbilt Health Services, LLC)

Name

9001 Liberty Parkway

205-969-4528

Street or Route

Phone Number

Birmingham

Alabama

35242

City

State

Zip

7A. Type of Ownership of Control (Check One)

- ☐ Sole Proprietorship
- ☐ Partnership
- ☐ Limited Partnership
- ☐ Corporation (For Profit)
- ☐ Corporation (Not-for-Profit)
- ☐ Government (State of TN or Political Subdivision)
- ☐ Joint Venture
- ☒ Limited Liability Company
- ☐ Other (Specify)

Attach a copy of the partnership agreement, or corporate charter and certificate of corporate existence. Please provide documentation of the active status of the entity from the Tennessee Secretary of State's website at <https://tnbear.tn.gov/ECommerce/FilingSearch.aspx>. If the proposed owner of the facility is government owned must attach the relevant enabling legislation that established the facility. (Attachment 7A)

Describe the existing or proposed ownership structure of the applicant, including an ownership structure organizational chart. Explain the corporate structure and the manner in which all entities of the ownership structure relate to the applicant. As applicable, identify the members of the ownership entity and each member's percentage of ownership, for those members with 5% ownership (direct or indirect) interest.

RESPONSE: Rehabilitation Hospital of Lebanon ("Rehab Hospital of Lebanon", "Lebanon Rehab Hospital", "Rehab Hospital", "Project", or "Applicant") will be owned and operated by Rehabilitation Hospital of Lebanon, LLC (a limited liability company that is a Joint Venture of Encompass Health Lebanon Holdings, LLC and Vanderbilt Health Services, LLC). Encompass Health Lebanon Holdings, LLC owns a 95% interest in the project while Vanderbilt Health Services, LLC owns the remaining 5%. Encompass Health Lebanon Holdings, LLC is, in turn, 100% owned by Encompass Health Corporation ("Encompass", "Encompass Health", or "EHC"). Vanderbilt Health Services, LLC is a member managed limited liability company fully owned by Vanderbilt University Medical Center ("Vanderbilt" or "VUMC"). Established in 1983, Vanderbilt Health Services serves as a holding company for VUMC's ownership interests in partnerships and other affiliated companies. In 1991, VUMC and Encompass joint-ventured the Vanderbilt Stallworth Rehabilitation Hospital.

8A. Name of Management/Operating Entity (If Applicable)

Name

Street or Route

County

City

State

Zip

Website Address

For new facilities or existing facilities without a current management agreement, attach a copy of a draft management agreement that at least includes the anticipated scope of management services to be provided, the anticipated term of the agreement, and the anticipated management fee payment schedule. For facilities with existing management agreements, attach a copy of the fully executed final contract. (Attachment 8A)

9A. Legal Interest in the Site

Check the appropriate box and submit the following documentation. (Attachment 9A)

The legal interest described below must be valid on the date of the Agency consideration of the Certificate of Need application.

- ☐ Ownership (Applicant or applicant's parent company/owner) – Attach a copy of the title/deed.
 - ☐ Lease (Applicant or applicant's parent company/owner) – Attach a fully executed lease that includes the terms of the lease and the actual lease expense.
 - ☒ Option to Purchase - Attach a fully executed Option that includes the anticipated purchase price.
 - ☐ Option to Lease - Attach a fully executed Option that includes the anticipated terms of the Option and anticipated lease expense.
 - ☐ Letter of Intent, or other document showing a commitment to lease the property - attach reference document
 - ☐ Other (Specify)
-

RESPONSE: The fully executed Purchase and Sale Agreement for the proposed project's site is provided as Attachment 9A. Also included in Attachment 9A is assignment of the property from EHC, the purchaser, to the Rehabilitation Hospital of Lebanon, LLC, the Applicant entity.

10A. Floor Plan

If the facility has multiple floors, submit one page per floor. If more than one page is needed, label each page. (Attachment 10A)

- Patient care rooms (Private or Semi-private)
- Ancillary areas
- Other (Specify)

RESPONSE: The floor plan and room diagrams are provided as Attachment 10A. Also included in the attachment are pictures of typical Encompass Health hospital features, which will be similar to those incorporated into the proposed project.

11A. Public Transportation Route

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. (Attachment 11A)

RESPONSE: The proposed facility will be located on approximately 6.5 undeveloped acres in Barton Village, a 350-acre mixed-use development under construction that has been approved for almost 2,000 homes, including a Del Webb community for ages 55 and over ("55+") that will include more than 700 homes and amenities on approximately 240 acres, and 350,000 square feet of retail, commercial and office space. Barton Village and the proposed Rehab Hospital are located only about a half-mile off Interstate 40 (I-40) and in close proximity to Interstate 840 (I-840) as well as numerous major roadways, state highways and routes including SR 231 (Murfreesboro Road), S. Hartmann Drive, SR 70 and 70N, and SR 266 (S. College St.), all of which provide easy access to the site for residents throughout the 4-county service area. In addition to being close to

major interstates and highways, the facility will be accessible by public transportation. Public transportation is available in every county in Tennessee with options such as express buses, local shuttles, and complementary paratransit. There are public transportation options available in the proposed service area as detailed in Attachment 11A.

12A. Plot Plan

Unless relating to home care organization, briefly describe the following and attach the requested documentation on a letter size sheet of white paper, legibly labeling all requested information. It **must** include:

- Size of site (in acres);
- Location of structure on the site;
- Location of the proposed construction/renovation; and
- Names of streets, roads, or highways that cross or border the site.

(Attachment 12A)

RESPONSE: The proposed facility will be located on approximately 6.5 undeveloped acres located on an unaddressed site on Yellowstone Road in the Barton Villages Development near the 541 Bartons Creek Road address in Lebanon, Wilson County, TN 37090. A plot plan is included as Attachment 12A.

13A. Notification Requirements

- TCA §68-11-1607(c)(9)(B) states that “... If an application involves a healthcare facility in which a county or municipality is the lessor of the facility or real property on which it sits, then within ten (10) days of filing the application, the applicant shall notify the chief executive officer of the county or municipality of the filing, by certified mail, return receipt requested.” Failure to provide the notifications described above within the required statutory timeframe will result in the voiding of the CON application.
 - ☐ Notification Attached (Provide signed USPS green-certified mail receipt card for each official notified.)
 - ☐ Notification in process, attached at a later date
 - ☐ Notification not in process, contact HFC Staff
 - ☒ Not Applicable
- TCA §68-11-1607(c)(9)(A) states that “... Within ten (10) days of the filing of an application for a nonresidential substitution based treatment center for opiate addiction with the agency, the applicant shall send a notice to the county mayor of the county in which the facility is proposed to be located, the state representative and senator representing the house district and senate district in which the facility is proposed to be located, and to the mayor of the municipality, if the facility is proposed to be located within the corporate boundaries of the municipality, by certified mail, return receipt requested, informing such officials that an application for a nonresidential substitution based treatment center for opiate addiction has been filed with the agency by the applicant.
 - ☐ Notification Attached (Provide signed USPS green-certified mail receipt card for each official notified.)
 - ☐ Notification in process, attached at a later date
 - ☐ Notification not in process, contact HFC Staff
 - ☐ Not Applicable

EXECUTIVE SUMMARY

1E. Overview

Please provide an overview not to exceed **ONE PAGE** (for 1E only) in total explaining each item point below.

- Description: Address the establishment of a health care institution, initiation of health services, and/or bed complement changes.

RESPONSE:

The Applicant proposes to establish a 40-bed Comprehensive Inpatient Rehabilitation Facility (“IRF”) in Lebanon, Wilson County, to provide service area patients intensive inpatient rehabilitative and restorative care close to home. In a service area that contains no staffed IRF beds at all, the proposed project addresses the service area need through a combination of 26 licensed but unstaffed beds contributed by Vanderbilt Wilson County Hospital (“Vanderbilt Wilson”), an affiliate of VUMC, plus 14 new beds needed to complete the proposed 40-bed facility.

Vanderbilt Wilson’s 26 licensed but unstaffed beds are located on the hospital’s satellite campus (McFarland Campus) that was built nearly 100 years ago, thus has reached the end of its useful life because of significant physical limitations that are inconsistent with modern patient expectations (please see **Supplemental Document #1**). VUMC has determined that the most economical and efficient way to address the community need in the service area is for Vanderbilt to partner with Encompass Health to construct a new state-of-the-art facility. Vanderbilt Wilson will relinquish its 26 licensed IRF beds upon approval of the proposed Rehab Hospital CON application.

The project will include all private rooms and baths with sufficient space for specialized therapy services, equipment, and staff as well as other support and ancillary services. The project will be located in Barton Village, a 350-acre mixed-use development in Lebanon that will include 2,000 homes, with more than 700 homes for ages 55+ as part of Del Webb at Barton Village, and 350,000 square feet of retail, commercial, and office space.

The project will provide consumer advantages and increased access through the establishment of a high quality IRF in a state-of-the-art facility close to home for service area residents.

-
- Ownership structure

RESPONSE: Rehabilitation Hospital of Lebanon will be owned and operated by Rehabilitation Hospital of Lebanon, LLC (a limited liability company that is a Joint Venture of Encompass Health Lebanon Holdings, LLC and Vanderbilt Health Services, LLC). Encompass Health Lebanon Holdings, LLC owns a 95% interest in the project while Vanderbilt Health Services, LLC owns the remaining 5%. Encompass Health Lebanon Holdings, LLC is, in turn, 100% owned by Encompass Health Corporation. Vanderbilt Health Services, LLC is a member managed limited liability company fully owned by Vanderbilt University Medical Center. Established in 1983, Vanderbilt Health Services serves as a holding company for VUMC’s ownership interests in partnerships and other affiliated companies. In 1991, VUMC and Encompass joint-ventured the Vanderbilt Stallworth Rehabilitation Hospital. Encompass Health Corporation, a Delaware-based for profit corporation in good standing, is a national leader of inpatient rehabilitation (“rehab”) services with 167 inpatient rehab hospitals in 37 states and Puerto Rico, comprising approximately 25% of the licensed acute rehabilitation beds nationally and approximately 34% of Medicare patients served. Encompass Health’s sole purpose is to own and operate inpatient rehabilitation post-acute care facilities and

services. Encompass cares for residents throughout Tennessee with ten (10) hospitals, two (2) of which are in middle Tennessee: Encompass Health Rehabilitation Hospital of Franklin and Vanderbilt Stallworth Rehabilitation Hospital in Nashville (of which Encompass is a JV partner). Vanderbilt University Medical Center is composed of the facilities commonly referred to as the Vanderbilt University Hospital, the Monroe Carell Jr. Children's Hospital at Vanderbilt, and Vanderbilt Psychiatric Hospital. VUMC also owns Stallworth Rehabilitation Hospital (a joint venture with Encompass Health) as well as three (3) community-based hospitals, one of which is Vanderbilt Wilson County Hospital, which is currently licensed for 245 beds, including 26 rehabilitation beds that will be contributed to the Rehab Hospital of Lebanon.

- Service Area

RESPONSE: The Rehab Hospital's service area includes Wilson County (home of the proposed project and Lebanon, one of the nation's fastest growing cities) and Trousdale, Smith, and Macon counties, three contiguous rural counties. The service area 2025 total population is 232,313, which is projected to increase to 250,158 by 2029, a 7.7% increase that is more than 2.5 times the statewide 3.0% increase for that same time period. The 2025 service area population ages 65 and over (65+) is 38,997 and is projected to increase to 43,689 by 2029, a 12.0% increase. Similar to the total service area population, the service area 65+ population is increasing faster than the statewide population ages 65+, which is projected to increase 7.1% between 2025 and 2029. The size and growth of the population ages 65+ is an important indicator of need because that is the population age group that comprises the majority of IRF patients. The service area was defined considering a number of factors, including for example the lack of inpatient rehabilitation services in the state's fastest growing, and one of the most populated, counties; patient migration patterns and ease of access to the proposed state-of-the-art new hospital in Wilson County; and the numeric need for beds based on the Health Facility Commission's ("HFC" or "Commission") need methodology as contained in the current State Health Plan ("SHP").

- Existing similar service providers

RESPONSE: There are no IRF services available in the 4-county service area. Vanderbilt Wilson County Hospital historically offered IRF services in its 26 licensed IRF beds located on the hospital's McFarland satellite campus ("McFarland Campus"). The McFarland Campus was built in the 1930s, and thus has significant physical limitations that are inconsistent with modern patient expectations. Because of the scope of required updates and modernization needed to bring the McFarland Campus to contemporary standards, Vanderbilt University Medical Center determined that the most economical and efficient way to address the community need in the service area is for Vanderbilt to partner with Encompass Health to construct a new state-of-the-art inpatient rehabilitation hospital in Lebanon. Vanderbilt Wilson closed the McFarland Campus on June 30, 2023, in anticipation of its partnership with Encompass. Upon approval of the proposed Rehab Hospital CON application, Vanderbilt Wilson will relinquish its 26 licensed but unstaffed McFarland IRF beds.

- Project Cost

RESPONSE: The estimated project cost is \$71,868,800. The project will be funded with cash by Vanderbilt University Medical Center and Encompass Health Corporation, the ultimate parent entity of Encompass Health Lebanon Holdings, LLC. The project is anticipated to open in January 2028.

- Staffing

RESPONSE: The Rehab Hospital projects that 50.3 direct patient care full-time equivalents ("FTEs") and 27.7 non-patient care FTEs will be required to staff and operate the rehabilitation facility in Year 1. The direct patient care FTEs will include highly-skilled staff including RNs, LPNs, Physical Therapists, Speech Therapists, Occupational Therapists, Respiratory Therapists, and Pharmacists. Encompass does not anticipate having any difficulty recruiting the necessary staff for the project given its proven innovative recruitment and retention programs and numerous clinical training programs and clinical affiliations. For example, Encompass has clinical affiliations with numerous institutions of higher learning in Tennessee, including Belmont University, Chattanooga State Community College,

Chattanooga College MDTC, East Tennessee State University, Lee University, Lipscomb University, Nashville State Community College, South College-Knoxville, Southwest Tennessee Community College, Tennessee State University, Tennessee Wesleyan University, University of Tennessee, University of Memphis, Vanderbilt University, and Walters State Community College.

2E. Rationale for Approval

A Certificate of Need can only be granted when a project is necessary to provide needed health care in the area to be served, will provide health care that meets appropriate quality standards, and the effects attributed to competition or duplication would be positive for consumers

Provide a brief description not to exceed ONE PAGE (for 2E only) of how the project meets the criteria necessary for granting a CON using the data and information points provided in criteria sections that follow.

- Need

RESPONSE: The need for the project is supported by several factors, including demonstrated numeric need; lack of available services in the 4-county service area; ability to establish a 40-bed hospital through the contribution of 26 existing but unstaffed licensed beds from Vanderbilt Wilson (an affiliate of VUMC, one of the JV partners of this project) to the proposed new hospital; and the overall positive impact on consumers who will have a choice of a high-quality IRF close to home upon establishment of the proposed project. In short, the project will address the need in the service area through the contribution of 26 existing licensed but unstaffed beds plus 14 new beds, while offering patients an alternative close to home for their approximate two-week stay.

- Quality Standards

RESPONSE: The Applicant is committed to maintaining the highest levels of quality standards at the proposed facility. Encompass brings to the local market the resources and experience of a national company that has proven high quality, cost-effective programs and services along with the financial strength to ensure that its patients and specialized staff members have access to an extensive array of rehab-specific clinical equipment and technology. Encompass cares for residents throughout Tennessee with ten (10) hospitals, two (2) of which are in middle Tennessee: Encompass Health Rehabilitation Hospital of Franklin and Vanderbilt Stallworth Rehabilitation Hospital in Nashville (of which Encompass is a JV partner). Both middle Tennessee Encompass hospitals are Joint Commission-accredited, with both hospitals holding The Joint Commission's Disease-Specific Care Certification ("DSC") accreditation in stroke rehabilitation. Additionally, Vanderbilt Stallworth Rehabilitation Hospital holds The Joint Commission's Gold Seal of Approval® for Disease-Specific Care Certification in brain injury rehabilitation and spinal cord rehabilitation. As shown in Attachment 1NR, Vanderbilt Stallworth Rehabilitation Hospital and Encompass Health Rehabilitation Hospital of Franklin meet or exceed numerous quality indicators. The Applicant commits to obtaining at least two (2) Joint Commission DSCs, which are expected to be for Stroke Rehabilitation and Brain Injury Rehabilitation based on the facility's expected patient population.

- Consumer Advantage

- Choice

RESPONSE: The proposed project will provide a local alternative for service area patients to receive intensive inpatient rehabilitative and restorative care close to home. The choice of receiving care close to home benefits not only the patients but the patient's family and caregivers as well, particularly since family/caregiver involvement in rehab inpatient's recovery is critically important to the patient's ability to return to his/her highest level of functioning. For example, the patient's family/caregivers actively participate in the patient's recovery and education during the approximate two-week inpatient stay by attending therapy sessions in the gym and meeting with the patient and case management/social services staff members in the dayrooms and/or patient rooms for post-discharge education and training. A location close to home dramatically improves the ability of family members and caregivers to actively participate in the education and training sessions.

- Improved access/availability to health care service(s)

RESPONSE: The proposed project will improve access and availability of intensive inpatient rehabilitation services close to home for service area residents in a new state-of-the-art, all private room facility jointly owned by Encompass Health and Vanderbilt University Medical Center, two high quality providers with a history of caring

for patients throughout Tennessee. The proposed project is the most economical and efficient way to address community need because it involves the contribution of 26 licensed but unstaffed beds from Vanderbilt Wilson plus a small number (14) of new beds. In addition to the benefits to patients and families that choose the proposed new rehabilitation hospital, patients and families of existing providers outside the 4-county service area will benefit as well because demand for services at providers in contiguous counties (such as Davidson, Rutherford, and Sumner) are reasonably expected to increase as the population in those providers' home counties continue to increase and age.

○ Affordability

RESPONSE: The proposed project will provide consumer advantage by offering an affordable option to service area residents, as demonstrated by the Rehab Hospital's proposed charges compared to existing providers. Thus, the proposed project will provide consumers in need of rehab services an affordable alternative conveniently located close to home.

3E. Consent Calendar Justification

- ☐ Letter to Executive Director Requesting Consent Calendar (Attach Rationale that includes addressing the 3 criteria)
- ☒ Consent Calendar NOT Requested

If Consent Calendar is requested, please attach the rationale for an expedited review in terms of Need, Quality Standards, and Consumer Advantage as a written communication to the Agency's Executive Director at the time the application is filed.

4E. PROJECT COST CHART

A. Construction and equipment acquired by purchase:

1. Architectural and Engineering Fees	\$1,889,000
2. Legal, Administrative (Excluding CON Filing Fee), Consultant Fees	\$100,000
3. Acquisition of Site	\$5,980,000
4. Preparation of Site	\$9,341,000
5. Total Construction Costs	\$39,726,000
6. Contingency Fund	\$2,700,000
7. Fixed Equipment (Not included in Construction Contract)	
8. Moveable Equipment (List all equipment over \$50,000 as separate attachments)	\$6,256,800
9. Other (Specify): <u>Pre-opening Expenses; ACE-IT Installation</u>	\$2,789,000

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): <u>Contributed Rehab Assets</u>	\$3,042,000

C. Financing Costs and Fees:

1. Interim Financing	
2. Underwriting Costs	
3. Reserve for One Year's Debt Service	
4. Other (Specify): _____	

D. Estimated Project Cost (A+B+C)	\$71,823,800
--------------------------------------	--------------

E. CON Filing Fee	\$45,000
-------------------	----------

F. Total Estimated Project Cost (D+E)	\$71,868,800
--	--------------

TOTAL

GENERAL CRITERIA FOR CERTIFICATE OF NEED

In accordance with TCA §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, will provide health care that meets appropriate quality standards, and the effect attributed to completion or duplication would be positive for consumers.” In making determinations, the Agency uses as guidelines the goals, objectives, criteria, and standards adopted to guide the agency in issuing certificates of need. Until the agency adopts its own criteria and standards by rule, those in the state health plan apply.

Additional criteria for review are prescribed in Chapter 11 of the Agency Rules, Tennessee Rules and Regulations 01730-11.

The following questions are listed according to the three criteria: (1) Need, (2) the effects attributed to competition or duplication would be positive for consumers (Consumer Advantage), and (3) Quality Standards.

NEED

The responses to this section of the application will help determine whether the project will provide needed health care facilities or services in the area to be served.

- 1N.** Provide responses as an attachment to the applicable criteria and standards for the type of institution or service requested. A word version and pdf version for each reviewable type of institution or service are located at the following website. <https://www.tn.gov/hsda/hsda-criteria-and-standards.html> (Attachment 1N)

RESPONSE:

Please refer to **Attachment 1NR** for responses to the State Health Plan’s Standards and Criteria for Comprehensive Inpatient Rehabilitation Services.

- 2N.** Identify the proposed service area and provide justification for its reasonable ness. Submit a county level map for the Tennessee portion and counties boarding the state of the service area using the supplemental map, clearly marked, and shaded to reflect the service area as it relates to meeting the requirements for CON criteria and standards that may apply to the project. Please include a discussion of the inclusion of counties in the border states, if applicable. (Attachment 2N)

RESPONSE:

The applicant’s proposed service area includes the following four (4) counties in middle Tennessee: Wilson, Macon, Smith, and Trousdale as shown on the maps provided in **Attachment 2N**. The service area was defined considering the patient origin at Vanderbilt Wilson County Hospital as well as a number of other factors, including the lack of available inpatient rehab services in the state’s fastest growing, and one of the most populated, counties; patient migration patterns and ease of access to the proposed new hospital; population size, growth, and aging of the service area counties; and the need for beds based on the Health Facility Commission’s State Health Plan.

Complete the following utilization tables for each county in the service area, if applicable.

PROJECTED UTILIZATION

Unit Type: <input type="checkbox"/> Procedures <input type="checkbox"/> Cases <input checked="" type="checkbox"/> Patients <input type="checkbox"/> Other _____		
Service Area Counties	Projected Utilization Recent Year 1 (Year = 2028)	% of Total
Smith	62	9.25%
Trousdale	29	4.33%
Wilson	503	75.07%
Macon	76	11.34%
Total	670	100%

3N. A. Describe the demographics of the population to be served by the proposal.

RESPONSE:

The Rehab Hospital's service area includes Wilson County (the state's fastest growing county and home of the proposed project and Lebanon, one of the nation's fastest growing cities) and Trousdale, Smith, and Macon counties, three contiguous rural counties. The service area 2025 total population is 232,313, which is projected to increase to 250,158 by 2029, a 7.7% increase that is more than 2.5 times the statewide 3.0% increase for that same time period. The 2025 service area population ages 65 and over (65+) is 38,997 and is projected to increase to 43,689 by 2029, a 12.0% increase. Similar to the total service area population, the service area 65+ population is increasing faster than the statewide population ages 65+, which is projected to increase 7.1% between 2025 and 2029. Wilson County's population ages 65+ is projected to increase the fastest, growing by 13.4% between 2025 and 2029. Two rural counties' population ages 65+ (Trousdale and Macon) are similarly projected to increase faster than the statewide average during that time, increasing by 9.6% and 8.4% respectively, compared to the statewide projected increase of 7.1% for the population ages 65+.

The median ages of Wilson and Smith counties are slightly older than the statewide median age. Two rural service area counties have higher percentages of persons below poverty level than the State: Macon County with 16.2% of its population below poverty level and Trousdale County with 15.8% of its population below poverty level. Two of the rural service area counties (Macon and Smith) have higher TennCare enrollees as a percentage of the population than the state, with 24.5% and 20.2% TennCare Enrollees as a percentage of total county population, respectively, compared to the statewide 19.6% TennCare Enrollee as a percentage of total population.

B. Provide the following data for each county in the service area:

- Using current and projected population data from the Department of Health.
(www.tn.gov/health/health-program-areas/statistics/health-data/population.html);
- the most recent enrollee data from the Division of TennCare
(<https://www.tn.gov/tenncare/information-statistics/enrollment-data.html>),
- and US Census Bureau demographic information
(<https://www.census.gov/quickfacts/fact/table/US/PST045219>).

RESPONSE:

Please refer to **Attachment 3N.B** for the completed demographic table.

- 4N. Describe the special needs of the service area population, including health disparities, the accessibility to consumers, particularly those who are uninsured or underinsured, the elderly, women, racial and ethnic minorities, TennCare or Medicaid recipients, and low income groups. Document how the business plans of the facility will take into consideration the special needs of the service area population.

RESPONSE:

The proposed 40-bed inpatient rehabilitation hospital will be accessible to all medically-appropriate residents of the service area, including those described above. Encompass and Vanderbilt facilities participate in the Medicare and Medicaid programs, and have policies and procedures in place to ensure access to patients regardless of race, sex, age, religion, ethnicity, disability, or ability to pay. The Applicant's projected 77% of patients who are Medicare, Medicaid (including TennCare), and Self-Pay combined illustrates the hospital's intent to serve all patients in need of IRF services.

Moreover, the location of the proposed facility will enhance access for service area residents, including the population ages 65+ and their caregivers because it provides a state-of-the-art all private room and bath facility conveniently located close to service area residents' homes.

- 5N. Describe the existing and approved but unimplemented services of similar healthcare providers 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. List each provider and its utilization and/or occupancy individually. Inpatient bed projects must include the following data: Admissions or discharges, patient days. Average length of stay, and occupancy. Other projects should use the most appropriate measures, e.g. cases, procedures, visits, admissions, etc. This does not apply to projects that are solely relocating a service.

RESPONSE:

There are no IRF services available in the 4-county service area. As noted in the table below (Table 5N), Vanderbilt Wilson County Hospital historically offered IRF services in its 26 licensed IRF beds located on the hospital's McFarland satellite campus ("McFarland Campus"). The McFarland Campus was built in the 1930s, and thus has significant physical limitations that are inconsistent with modern patient expectations. Because of the scope of required updates and modernization needed to bring the McFarland Campus to contemporary standards, Vanderbilt University Medical Center determined that the most economical and efficient way to address the community need in the service area is for Vanderbilt to partner with Encompass Health to construct a new state-of-the-art inpatient rehabilitation hospital in Lebanon. Vanderbilt Wilson closed the McFarland Campus on June 30, 2023, in anticipation of its partnership with Encompass. Upon approval of the proposed Rehab Hospital CON application, Vanderbilt Wilson will relinquish its 26 licensed but unstaffed McFarland IRF beds.

Table 5N – Service Area Historical Utilization										
Facility	County	Facility Type	2023 Licensed Beds*	Bed Days Available	Patient Days			Licensed Occupancy		
					2021	2022	2023	2021	2022	2023
Vanderbilt Wilson County Hospital	Wilson	Hospital Unit	26	9,490	3,333	2,697	2,636	35.1%	28.4%	27.8%
TOTAL			26	9,490	3,333	2,697	2,636	35.1%	28.4%	27.8%
Source: Joint Annual Report for Hospitals; data reported for July 1 – June 30 of each year.										
*IRF beds no longer set up and staffed as of June 30, 2023.										

- 6N. Provide applicable utilization and/or occupancy statistics for your institution services for each of the past three years and the project annual utilization for each of the two 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.

RESPONSE:

The proposed Rehab Hospital of Lebanon project is for a new hospital, thus does not have historical utilization. Projected utilization for the Rehab Hospital is detailed in **Attachment 6NR**. As detailed in the attachment and in the table below, Rehab Hospital of Lebanon’s Year 1 occupancy is projected to be 54% with a Year 2 projected occupancy of 69%.

Rehab Hospital of Lebanon Projected Volume		
Utilization	Year 1 (2028)	Year 2 (2029)
Discharges	670	854
Patient Days	7,906	10,074
Average Length of Stay	11.8	11.8
Available Days	14,640	14,600
Occupancy	54.0%	69.0%
*Occupancy for Year 1 is based on 366 days because 2028 is a Leap Year.		

The projected utilization is based on a number of factors, including the current gap in care for service area residents as identified by the Commission’s numeric need in the service area; the benefits and enhanced access consumers will realize when the Encompass/Vanderbilt JV facility close to their homes is opened; the service area’s population size, growth, and aging which includes Wilson County, one of the state’s fastest growing and most populated counties; and Encompass Health’s and VUMC’s proven history of serving patients in need.

- 7N.** Complete the chart below by entering information for each applicable outstanding CON by applicant or share common ownership; and describe the current progress and status of each applicable outstanding CON and how the project relates to the applicant, and the percentage of ownership that is shared with the applicant's owners.

RESPONSE:

The Vanderbilt University Medical Center d/b/a Vanderbilt Rutherford Hospital will be owned by Vanderbilt University Medical Center, a Tennessee nonprofit corporation, but it will be a separately licensed hospital.

CON Number	Project Name	Date Approved	Expiration Date
CN2109-026	Vanderbilt Rutherford Hospital	12/15/2021	2/1/2025

CONSUMER ADVANTAGE ATTRIBUTED TO COMPETITION

The responses to this section of the application helps determine whether the effects attributed to competition or duplication would be positive for consumers within the service area.

- 1C.** List all transfer agreements relevant to the proposed project.

RESPONSE: The Rehab Hospital will establish transfer agreements with Vanderbilt Wilson County Hospital and Vanderbilt University Medical Center.

- 2C.** List all commercial private insurance plans contracted or plan to be contracted by the applicant.

- ☒ Aetna Health Insurance Company
- ☒ Ambetter of Tennessee Ambetter
- ☒ Blue Cross Blue Shield of Tennessee
- ☒ Blue Cross Blue Shield of Tennessee Network S
- ☒ Blue Cross Blue Shiled of Tennessee Network P
- ☐ BlueAdvantage
- ☐ Bright HealthCare
- ☒ Cigna PPO
- ☒ Cigna Local Plus
- ☒ Cigna HMO - Nashville Network
- ☒ Cigna HMO - Tennessee Select
- ☒ Cigna HMO - Nashville HMO
- ☒ Cigna HMO - Tennessee POS
- ☒ Cigna HMO - Tennessee Network
- ☐ Golden Rule Insurance Company
- ☐ HealthSpring Life and Health Insurance Company, Inc.
- ☒ Humana Health Plan, Inc.
- ☒ Humana Insurance Company
- ☐ John Hancock Life & Health Insurance Company
- ☐ Omaha Health Insurance Company
- ☐ Omaha Supplemental Insurance Company
- ☐

- ☐ State Farm Health Insurance Company
- ☒ United Healthcare UHC
- ☒ UnitedHealthcare Community Plan East Tennessee
- ☒ UnitedHealthcare Community Plan Middle Tennessee
- ☒ UnitedHealthcare Community Plan West Tennessee
- ☐ WellCare Health Insurance of Tennessee, Inc.
- ☒ Others

RESPONSE: Assurant, Beech Street Commercial, Center Care PPO, Cigna Healthsource, Cigna Exchange, ClearRiver Health, Farm Bureau Health Plan, First Health, Humana ChoiceCare, Humana Exchange, Memorial Health Services, Multiplan, NovaNet, Provider Networks of America, Private Healthcare Systems, Primary Health Services, Passport of Molina Health Plan, Three Rivers Provider Network, United Healthcare Exchange, Zelis Network Solutions.

- 3C. Describe the effects of competition and/or duplication of the proposal on the health care system, including the impact upon consumer charges and consumer choice of services.

RESPONSE:

This proposal will positively increase competition by providing consumer choice of services close to home. The proposed project is needed to address the Commission's numeric need in the defined service area. Currently, IRF services are not available in the service area. The proposed project will not have any negative impact upon consumer charges. Rather, as discussed throughout this application, the proposed project will provide consumers with high quality IRF services close to home. Please refer to **Supplemental Document #2** for more information and responses to the Supplemental Round 1 questions.

- 4C. Discuss the availability of and accessibility to human resources required by the proposal, including clinical leadership and adequate professional staff, as per the State of Tennessee licensing requirements, CMS, and/or accrediting agencies requirements, such as the Joint Commission and Commission on Accreditation of Rehabilitation Facilities.

RESPONSE:

As described elsewhere in this application, the Applicant does not anticipate having any difficulty recruiting the necessary staff for the project given Encompass Health's proven innovative recruitment and retention programs and their numerous clinical training programs and clinical affiliations. For example, Encompass has clinical affiliations with numerous institutions of higher learning in Tennessee, including Belmont University, Chattanooga State Community College, Chattanooga College MDTC, East Tennessee State University, Lee University, Lipscomb University, Nashville State Community College, South College-Knoxville, Southwest Tennessee Community College, Tennessee State University, Tennessee Wesleyan University, University of Tennessee, University of Memphis, Vanderbilt University, and Walters State Community College.

- 5C. Document the category of license/certification that is applicable to the project and why. These include, without limitation, regulations concerning clinical leadership, physician supervision, quality assurance policies and programs, utilization review policies and programs, record keeping, clinical staffing requirements, and staff education.

RESPONSE:

The Rehabilitation Hospital will be operated as a joint venture between Encompass Health and Vanderbilt University Medical Center. As operators of multiple healthcare facilities in middle Tennessee and across the state, the JV partners are familiar with and compliant with State Licensure requirements and all applicable regulations. As noted earlier, Encompass cares for residents throughout Tennessee with ten (10) hospitals, two (2) of which are in middle Tennessee: Encompass Health Rehabilitation Hospital of Franklin and Vanderbilt Stallworth Rehabilitation Hospital in Nashville (of which Encompass is a JV partner). Both middle Tennessee Encompass hospitals are Joint Commission-accredited, with both hospitals holding The Joint Commission's Disease-Specific Care Certification ("DSC") accreditation in stroke rehabilitation. Additionally, Vanderbilt Stallworth Rehabilitation Hospital holds The Joint Commission's Gold Seal of

Approval® for Disease-Specific Care Certification in brain injury rehabilitation and spinal cord rehabilitation. Nationally, 142 of Encompass hospitals hold one or more Disease-Specific Certification accreditations from The Joint Commission. The proposed Rehab Hospital will be accredited by the Joint Commission and commits to seek a minimum of two (2) Disease-Specific Care Certifications as appropriate to its patient population.

PROJECTED DATA CHART

- ☒ Project Only
☐ Total Facility

Give information for the *two (2)* years following the completion of this proposal.

	Year 1	Year 2
	2028	2029
A. Utilization Data		
Specify Unit of Measure <u>Other : Patient Days</u>	7906	10074
B. Revenue from Services to Patients		
1. Inpatient Services	\$22,045,800.00	\$28,932,300.00
2. Outpatient Services	\$0.00	\$0.00
3. Emergency Services	\$0.00	\$0.00
4. Other Operating Revenue (Specify) _____	\$0.00	\$0.00
Gross Operating Revenue	\$22,045,800.00	\$28,932,300.00
C. Deductions from Gross Operating Revenue		
1. Contractual Adjustments	\$8,303,200.00	\$10,982,600.00
2. Provision for Charity Care	\$220,500.00	\$289,300.00
3. Provisions for Bad Debt	\$206,100.00	\$269,200.00
Total Deductions	\$8,729,800.00	\$11,541,100.00
NET OPERATING REVENUE	\$13,316,000.00	\$17,391,200.00

- 7C. Please identify the project's average gross charge, average deduction from operating revenue, and average net charge using information from the Historical and Projected Data Charts of the proposed project.

Project Only Chart

	Previous Year to Most Recent Year	Most Recent Year	Year One	Year Two	% Change (Current Year to Year 2)
Gross Charge (<i>Gross Operating Revenue/Utilization Data</i>)	\$0.00	\$0.00	\$2,788.49	\$2,871.98	0.00
Deduction from Revenue (<i>Total Deductions/Utilization Data</i>)	\$0.00	\$0.00	\$1,104.20	\$1,145.63	0.00
Average Net Charge (<i>Net Operating Revenue/Utilization Data</i>)	\$0.00	\$0.00	\$1,684.29	\$1,726.35	0.00

- 8C. Provide the proposed charges for the project and discuss any adjustment to current charges that will result from the implementation of the proposal. Additionally, describe the anticipated revenue from the project and the impact on existing patient charges.

RESPONSE:

As a proposed new facility with no existing patient charges, the Project's Average Gross Charge per Patient Day of \$2,788 and \$2,872 and Average Net Charge per Patient Day of \$1,684 and \$1,726 in Project Years 1 and 2, respectively, are based on Encompass' and Vanderbilt's experience in the Tennessee market.

- 9C. Compare the proposed project charges to those of similar facilities/services in the service area/adjoining services areas, or to proposed charges of recently approved Certificates of Need.

If applicable, compare the proposed charges of the project to the current Medicare allowable fee schedule by common procedure terminology (CPT) code(s).

RESPONSE:

There are currently no similar facilities/services located in the proposed service area because Vanderbilt Wilson has not staffed its licensed IRF beds since June 30, 2023. However, because Encompass and VUMC jointly own Vanderbilt Stallworth Rehabilitation Hospital in Davidson County, information is provided for all IRF providers located in Davidson County. The comparisons of the Applicant's proposed charges to Davidson County rehab facilities' charges is based on available charge data reported in the most recent Joint Annual Reports (see Table 1 in **Attachment 9C**). The Applicant has also provided comparisons of the proposed project's charges to Davidson County general acute care hospitals providing inpatient rehab services in distinct part units, as reported in the American Hospital Directory online data repository since the Joint Annual Reports do not contain distinct part unit charge information (see Table 2 in **Attachment 9C**). As shown in the attachment, the proposed project will provide consumers in need of rehab services an affordable alternative conveniently located close to home.

- 10C.** Report the estimated gross operating revenue dollar amount and percentage of project gross operating revenue anticipated by payor classification for the first and second year of the project by completing the table below.

If applicable, compare the proposed charges of the project to the current Medicare allowable fee schedule by common procedure terminology (CPT) code(s).

**Applicant's Projected Payor Mix
Project Only Chart**

Payor Source	Year-2028		Year-2029	
	Gross Operating Revenue	% of Total	Gross Operating Revenue	% of Total
Medicare/Medicare Managed Care	\$15,625,000.00	70.88	\$20,513,500.00	70.90
TennCare/Medicaid	\$691,200.00	3.14	\$907,500.00	3.14
Commercial/Other Managed Care	\$4,714,800.00	21.39	\$6,190,000.00	21.39
Self-Pay	\$526,200.00	2.39	\$685,100.00	2.37
Other(Specify)	\$488,600.00	2.22	\$636,200.00	2.20
Total	\$22,045,800.00	100%	\$28,932,300.00	100%
Charity Care	\$220,500.00		\$289,300.00	

**Needs to match Gross Operating Revenue Year One and Year Two on Projected Data Chart*

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.

RESPONSE: The Applicant's projected payor mix is based on market discharge demographics and Encompass Health's and Vanderbilt's experience in middle Tennessee. The Rehab Hospital will participate in the Medicare and Medicaid programs and anticipates that approximately 74% of its patients will be Medicare and Medicaid beneficiaries. Moreover, the Applicant will have policies and procedures in place to ensure access to patients regardless of race, sex, age, religion, ethnicity, disability or ability to pay. The Applicant will accept patients regardless of ability to pay as demonstrated by its projected charity care provision of \$220,500 and \$289,300 in Project Years 1 and 2, respectively.

QUALITY STANDARDS

- 1Q.** Per PC 1043, Acts of 2016, any receiving a CON after July 1, 2016, must report annually using forms prescribed by the Agency concerning appropriate quality measures. Please attest that the applicant will submit an annual Quality Measure report when due.

☒ Yes

☐ No

- 2Q.** The proposal shall provide health care that meets appropriate quality standards. Please address each of the following questions.

- Does the applicant commit to maintaining the staffing comparable to the staffing chart presented in its CON application?

☒ Yes

☐ No

- Does the applicant commit to obtaining and maintaining all applicable state licenses in good 3tanding?
 - ☒ Yes
 - ☐ No
- Does the applicant commit to obtaining and maintaining TennCare and Medicare certification(s), if participation in such programs are indicated in the application?
 - ☒ Yes
 - ☐ No

3Q. Please complete the chart below on accreditation, certification, and licensure plans. Note: if the applicant does not plan to participate in these type of assessments, explain why since quality healthcare must be demonstrated.

Credential	Agency	Status (Active or Will Apply)	Provider Number or Certification Type
Licensure	<input checked="" type="checkbox"/> Health Facilities Commission/Licensure Division <input type="checkbox"/> Intellectual & Developmental Disabilities <input type="checkbox"/> Mental Health & Substance Abuse Services	Will Apply	
Certification	<input checked="" type="checkbox"/> Medicare <input checked="" type="checkbox"/> TennCare/Medicaid <input type="checkbox"/> Other _____	Will Apply Will Apply	
Accreditation(s)	TJC - The Joint Commission	Will Apply	IRF

4Q. If checked “TennCare/Medicaid” box, please list all Managed Care Organization’s currently or will be contracted.

- ☒ AMERIGROUP COMMUNITY CARE- East Tennessee
- ☒ AMERIGROUP COMMUNITY CARE - Middle Tennessee
- ☒ AMERIGROUP COMMUNITY CARE - West Tennessee
- ☒ BLUECARE - East Tennessee
- ☒ BLUECARE - Middle Tennessee
- ☒ BLUECARE - West Tennessee
- ☒ UnitedHealthcare Community Plan - East Tennessee
- ☒ UnitedHealthcare Community Plan - Middle Tennessee
- ☒ UnitedHealthcare Community Plan - West Tennessee
- ☐ TENNCARE SELECT HIGH - All
- ☐ TENNCARE SELECT LOW - All
- ☐ PACE
- ☐ KBB under DIDD waiver
- ☐ Others

5Q. Do you attest that you will submit a Quality Measure Report annually to verify the license, certification, and/or accreditation status of the applicant, if approved?

- ☒ Yes
- ☐ No

6Q. For an existing healthcare institution applying for a CON:

- Has it maintained substantial compliance with applicable federal and state regulation for the three years prior to the CON application. In the event of non-compliance, the nature of non-compliance and corrective action should be discussed to include any of the following: suspension of admissions, civil monetary penalties, notice of 23-day or 90-day termination proceedings from Medicare/Medicaid/TennCare, revocation/denial of accreditation, or other similar actions and what measures the applicant has or will put into place to avoid similar findings in the future.
 - ☐ Yes
 - ☐ No
 - ☒ N/A

- Has the entity been decertified within the prior three years? If yes, please explain in detail. (This provision shall not apply if a new, unrelated owner applies for a CON related to a previously decertified facility.)

- ☐ Yes
- ☐ No
- ☒ N/A

7Q. Respond to all of the following and for such occurrences, identify, explain, and provide documentation if occurred in last five (5) years.

Has any of the following:

- Any person(s) or entity with more than 5% ownership (direct or indirect) in the applicant (to include any entity in the chain of ownership for applicant);
- Any entity in which any person(s) or entity with more than 5% ownership (direct or indirect) in the applicant (to include any entity in the chain of ownership for applicant) has an ownership interest of more than 5%; and/or.

Been subject to any of the following:

- Final Order or Judgement in a state licensure action;
 - ☐ Yes
 - ☒ No
- Criminal fines in cases involving a Federal or State health care offense;
 - ☐ Yes
 - ☒ No
- Civil monetary penalties in cases involving a Federal or State health care offense;
 - ☐ Yes
 - ☒ No
- Administrative monetary penalties in cases involving a Federal or State health care offense;
 - ☐ Yes
 - ☒ No
- Agreement to pay civil or administrative monetary penalties to the federal government or any state in cases involving claims related to the provision of health care items and services;
 - ☐ Yes
 - ☒ No
- Suspension or termination of participation in Medicare or TennCare/Medicaid programs; and/or
 - ☐ Yes
 - ☒ No
- Is presently subject of/to an investigation, or party in any regulatory or criminal action of which you are aware.
 - ☐ Yes
 - ☒ No

8Q. Provide the project staffing for the project in Year 1 and compare to the current staffing for the most recent 12-month period, as appropriate. This can be reported using full-time equivalent (FTEs) positions for these positions.

☒ Existing FTE not applicable (Enter year)

Position Classification	Existing FTEs(enter year)	Projected FTEs Year 1
A. Direct Patient Care Positions		
RNs	0.00	13.40
LPNs; Nurse Techs; Nurse Aides	0.00	18.00
Physical Therapists	0.00	4.00
PT Assistants; Techs	0.00	3.90
Occupational Therapists	0.00	4.00
OT Assistants; Techs	0.00	1.60
Speech Pathologists	0.00	1.70
Respiratory Therapists	0.00	1.70
Pharmacists; Pharmacy Techs	0.00	2.00
Total Direct Patient Care Positions	N/A	50.3

B. Non-Patient Care Positions		
Cooks; Aides	0.00	4.00
Marketing Ops Director	0.00	1.00
Human Resources Director	0.00	1.00
Registered Dieticians	0.00	2.00
Maintenance Technicians	0.00	1.00
Environmental Services Techs	0.00	2.90
CEO	0.00	1.00
Director Therapy Operations	0.00	1.00
Chief Nursing Officer	0.00	1.00
Quality/Risk Director	0.00	1.00
Pharmacy Director	0.00	1.00
Director of Plant Operations	0.00	1.00
Case Management Director	0.00	1.00
Case Managers; Quality Coordinators	0.00	3.20
Finance; Admissions	0.00	5.60
Total Non-Patient Care Positions	N/A	27.7

Total Employees (A+B)	0	78
---------------------------------	---	----

C. Contractual Staff		
Contractual Staff Position	0.00	0.00
Total Staff (A+B+C)	0	78

DEVELOPMENT SCHEDULE

TCA §68-11-1609(c) provides that activity authorized by a Certificate of Need is valid for a period not to exceed three (3) years (for hospital and nursing home projects) or two (2) years (for all other projects) from the date of its issuance and after such time authorization expires; provided, that the Agency may, in granting the Certificate of Need, allow longer periods of validity for Certificate 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 authorization which has been extended shall expire at the end of the extended time period. The decision whether to grant an extension is within the sole discretion of the Commission, and is not subject to review, reconsideration, or appeal.

- Complete the Project Completion Forecast Chart below. If the project will be completed in multiple phases, please identify the anticipated completion date for each phase.
- If the CON is granted and the project cannot be completed within the standard completion time period (3 years for hospital and nursing home projects and 2 years for all others), please document why an extended period should be approved and document the “good cause” for such an extension.

PROJECT COMPLETION FORECAST CHART

Assuming the Certificate of Need (CON) approval becomes the final HFC action on the date listed in Item 1 below, indicate the number of days from the HFC decision date to each phase of the completion forecast.

Phase	Days Required	Anticipated Date (Month/Year)
1. Initial HFC Decision Date		06/25/25
2. Building Construction Commenced	487	10/24/26
3. Construction 100% Complete (Approval for Occupancy)	877	11/18/27
4. Issuance of License	907	12/18/27
5. Issuance of Service	937	01/17/28
6. Final Project Report Form Submitted (Form HR0055)	969	02/18/28

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

Rehabilitation Hospital of Lebanon, LLC
Certificate of Need Application List of Attachments

Attachment	Information
3A	Proof of Publication
7A	Corporate Documents
8A	Not Applicable
9A	Site Entitlement
10A	Floor Plan, Room Diagrams & Pictures of Typical EHC Hospital Features
11A	Public Transportation Routes
12A	Plot Plan
1N	State Health Plan's Criteria and Standards for a New Rehab Facility
2N	Service Area Maps
3N.B	Demographic Table
5N	Service Area Historical Utilization
6N	Volume Forecasts with Assumptions
9C	Charge Comparison

Attachment 3A
Proof of Publication

AFFP

Publication of Intent

Affidavit of Publication

STATE OF TN }
COUNTY OF WILSON } SS

Heather Brown, being duly sworn, says:

That she is Legal Clerk of the Lebanon Democrat, a daily newspaper of general circulation, printed and published in Lebanon, Wilson County, TN; that the publication, a copy of which is attached hereto, was published in the said newspaper and on the website on the following dates:

April 12, 2025

That said newspaper was regularly issued and circulated on those dates.

SIGNED:

Heather Brown
Legal Clerk

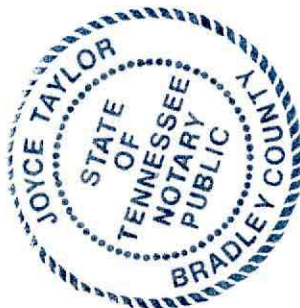
Subscribed to and sworn to me this 12th day of April 2025.

Joyce Taylor
Joyce Taylor, Notary Public, Wilson County, TN

My commission expires: December 10, 2025

70136160 71206497

Marty Chafin
Chafin Consulting Group, Inc.
2566 Shallowford Road
Atlanta, GA 30345



NOTIFICATION OF INTENT TO APPLY FOR A CERTIFICATE OF NEED

This is to provide official notice to the Health Facilities Commission and all interested parties, in accordance with T.C.A. §68-11-1601 et seq., and the Rules of the Health Facilities Commission, that Rehabilitation Hospital of Lebanon, a/ an Rehabilitation Facility owned by Rehabilitation Hospital of Lebanon, LLC (a limited liability company that is a joint venture of Encompass Health Lebanon Holdings, LLC and Vanderbilt Health Services, LLC) with an ownership type of Limited Liability Company and to be managed by itself intends to file an application for a Certificate of Need for an establishment of a 40-bed inpatient rehabilitation facility (IRF). The address of the project will be an unaddressed site on Yellowstone Road in Barton Village Development near the 541 Bartons Creek Road address, Lebanon, Wilson County, Tennessee, 37090. The estimated project cost will be \$71,868,800.

The anticipated date of filing the application is 05/01/2025

The contact person for this project is National Director, Certificate of Need Program Susan Lyerly who may be reached at Encompass Health Corporation - 9001 Liberty Parkway, Birmingham, AL 35242 - Contact No. 205-969-4528.

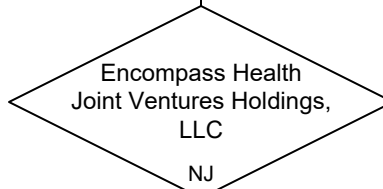
The published Letter of Intent must contain the following statement pursuant to T.C.A. §68-11-1607 (c)(1). (A) Any healthcare institution wishing to oppose a Certificate of Need application must file a written notice with the Health Facilities Commission no later than fifteen (15) days before the regularly scheduled Health Facilities Commission meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application may file a written objection with the Health Facilities Commission at or prior to the consideration of the application by the Commission, or may appear in person to express opposition. Written notice of opposition may be sent to: Health Facilities Commission, Andrew Jackson Building, 9th Floor, 502 Deaderick Street, Nashville, TN 37243 or email at hscda.staff@tn.gov.

Attachment 7A
Corporate Documents

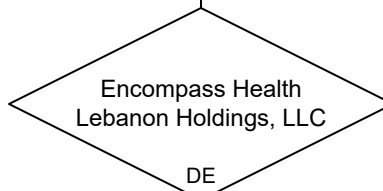
Rehabilitation Hospital of Lebanon, LLC



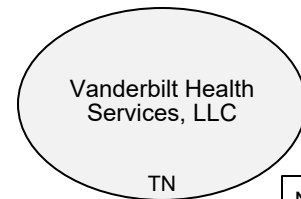
100.00%



100.00%



95.00%



5.00%

Non Encompass Member

The Real Estate will be owned by
Rehabilitation Hospital of Lebanon, LLC

Delaware

The First State

Page 1

*I, CHARUNI PATIBANDA-SANCHEZ, SECRETARY OF STATE OF THE
STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND
CORRECT COPY OF THE CERTIFICATE OF FORMATION OF "REHABILITATION
HOSPITAL OF LEBANON, LLC", FILED IN THIS OFFICE ON THE
TWENTIETH DAY OF MARCH, A.D. 2025, AT 12:52 O`CLOCK P.M.*



C. P. Sanchez

Charuni Patibanda-Sanchez, Secretary of State

10137612 8100
SR# 20251148930

You may verify this certificate online at corp.delaware.gov/authver.shtml

Authentication: 203229622
Date: 03-20-25

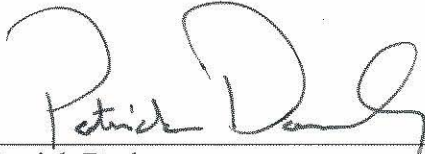
**STATE OF DELAWARE
CERTIFICATE OF FORMATION
OF LIMITED LIABILITY COMPANY**

The undersigned authorized person, desiring to form a limited liability company pursuant to the Limited Liability Company Act of the State of Delaware, hereby certifies as follows:

1. The name of the limited liability company is Rehabilitation Hospital of Lebanon, LLC.

2. The Registered Office of the limited liability company in the State of Delaware is located at 251 Little Falls Drive, in the City of Wilmington, Delaware 19808. The name of its registered agent at such address is Corporation Service Company.

3. IN WITNESS WHEREOF, the undersigned has executed this Certificate of Formation of Rehabilitation Hospital of Lebanon, LLC this 20th day of March, 2025.



Patrick Darby
Authorized Person



Tre Hargett
Secretary of State

Division of Business and Charitable Organizations
Department of State
State of Tennessee
312 Rosa L. Parks Avenue, 6th Floor
Nashville, Tennessee 37243
Phone: 615-741-2286
sos.tn.gov/

CORPORATION SERVICE COMPANY
251 LITTLE FALLS DRIVE
WILMINGTON, DE 19808, USA

03/26/2025

Filing Acknowledgment

Please review the filing information below and notify our office immediately of any discrepancies.

Entity Name:	REHABILITATION HOSPITAL OF LEBANON, LLC		
SOS Control #:	002009512	Initial Filing Date:	03/23/2025
Entity Type:	Foreign Limited Liability Company (LLC)	Formation Locale:	Delaware
Status:	Active	Duration Term:	Perpetual
Fiscal Year Close:	December	Annual Report Due:	04/01/2026
Business County:	(No County on Record)		
Managed By:	Member Managed		
Obligated Member Entity:	No		

Document Receipt

Receipt #: 2025-153418	Filing Fee:	\$300.00
Payment: Credit Card - 3894502284		\$300.00

Registered Agent Address:
CORPORATION SERVICE COMPANY
2908 POSTON AVENUE
NASHVILLE, TN 37203

Principal Office Address:
9001 Liberty Pkwy
Birmingham, AL 35242, USA

Congratulations on the successful filing of your **Application for Registration of Foreign Limited Liability Company** for **REHABILITATION HOSPITAL OF LEBANON, LLC** in the State of Tennessee which is effective on the date shown above. Please visit the Tennessee Department of Revenue website (www.tn.gov/revenue) to determine your online tax registration requirements. If you need to obtain a Certificate of Existence for this entity, you can request, pay for, and receive it from our website.

You must file an Annual Report with this office on or before the Annual Report Due Date noted above and maintain a Registered Office and Registered Agent. Failure to do so will subject the business to Administrative Dissolution/Revocation.

Tre Hargett
Secretary of State

Tracking Number
B2025121925



Tre Hargett
Secretary of State

Application For Certificate Of Authority

Division of Business and Charitable Organizations

Department of State

State of Tennessee

312 Rosa L. Parks Avenue, 6th Floor

Nashville, Tennessee 37243

Phone: 615-741-2286

sos.tn.gov/businesses

Control #: 002009512
Filed: 03/23/2025 09:03 PM

Tre Hargett

Secretary of State

Entity Information

Entity Type: Limited Liability Company

Entity Name: REHABILITATION HOSPITAL OF LEBANON, LLC

Fiscal Year Ending Month: December

Additional Designation: (No Additional Designation)

Is this a Series LLC?

☐ Yes ☒ No

Principal Office Address

9001 Liberty Pkwy
Birmingham, AL 35242, USA

Mailing Address

9001 Liberty Pkwy
Birmingham, AL 35242, USA

When and Where was the Organization Established?

Date Incorporated: 3/20/2025

Country: USA

State: Delaware

Period of Duration:

Perpetual

Did the business commence doing business in Tennessee prior to qualification?

☐ Yes ☒ No

Nature of Business (NAICS):

622310 - Specialty (except Psychiatric and Substance Abuse) Hospitals

The Limited Liability Company will be:

Member Managed

Do you have six or fewer members at the date of this filing?

☒ Yes ☐ No

Will this entity be registered as an Obligated Member Entity (OME)

☐ Yes ☒ No

Do you have additional uploads you would like to attach to this filing?

☐ Yes ☒ No

Registered Agent Information

CORPORATION SERVICE COMPANY
2908 POSTON AVENUE
NASHVILLE, TN 37203

Signature

☒ By entering my name in the space provided below, I certify that I am authorized to file this document on behalf of this entity, have examined the document and, to the best of my knowledge and belief, it is true, correct and complete as of this day.

☒ Pursuant to the provisions of T.C.A. § 48-249-904 of the Tennessee Revised Limited Liability Company Act, the undersigned hereby applies for a certificate of authority to transact business in the State of Tennessee.

Signed Electronically: PATRICK DARBY

Date: 03/23/2025

Delaware

The First State

Page 1

I, CHARUNI PATIBANDA-SANCHEZ, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY "REHABILITATION HOSPITAL OF LEBANON, LLC" IS DULY FORMED UNDER THE LAWS OF THE STATE OF DELAWARE AND IS IN GOOD STANDING AND HAS A LEGAL EXISTENCE SO FAR AS THE RECORDS OF THIS OFFICE SHOW, AS OF THE TWENTY-FIRST DAY OF MARCH, A.D. 2025.

AND I DO HEREBY FURTHER CERTIFY THAT THE SAID "REHABILITATION HOSPITAL OF LEBANON, LLC" WAS FORMED ON THE TWENTIETH DAY OF MARCH, A.D. 2025.

AND I DO HEREBY FURTHER CERTIFY THAT THE ANNUAL TAXES HAVE BEEN ASSESSED TO DATE.



10137612 8300

SR# 20251170974

You may verify this certificate online at corp.delaware.gov/authver.shtml

A handwritten signature in cursive script, reading "C. P. Sanchez", written in black ink.

Charuni Patibanda-Sanchez, Secretary of State

Authentication: 203235465

Date: 03-21-25



Tre Hargett
Secretary of State

Division of Business and Charitable Organizations
Department of State
State of Tennessee
312 Rosa L. Parks Avenue, 6th Floor
Nashville, Tennessee 37243
Phone: 615-741-2286
sos.tn.gov/

Date: 03/23/2025

Invoice: 2025-153418

Customer Information

CORPORATION SERVICE COMPANY
REHABILITATION HOSPITAL OF LEBANON, LLC
251 LITTLE FALLS DRIVE
WILMINGTON, DE 19808, USA

Tracking #	Description	Amount Paid
B2025121925	Application for Registration of Foreign Limited Liability Company for REHABILITATION HOSPITAL OF LEBANON, LLC (LLC Filings)	\$ 300.00
Payment Details		
Fee Total:		\$ 300.00
Payment Total:		\$ 0.00
Amount Due:		\$ 0.00
Payment Method		
Payment Type: Credit Card		
Check/Confirmation Number: 3894502284		

Attachment 8A
Not Applicable

Attachment 9A
Site Entitlement

ASSIGNMENT OF PURCHASE AND SALE AGREEMENT

This Assignment of Purchase and Sale Agreement (this "Assignment") is entered as of the 22nd day of April, 2025, by **Encompass Health Corporation**, a Delaware corporation ("Assignor"), and **Rehabilitation Hospital of Lebanon, LLC**, a Delaware limited liability company ("Assignee").

Recitals

A. SB Barton Village TN Sub, LLC, a Delaware limited liability company ("Seller"), and Assignor entered into that certain Purchase and Sale Agreement dated September 23, 2024, (the "Agreement"), whereby Assignor agreed to purchase from Seller certain real property as more particularly described therein (the "Property").

B. Assignor desires to assign its interest in the Agreement to Assignee, and Assignee desires to assume the responsibilities of Assignor under the Agreement.

C. Assignor desires to assign, set over and transfer to Assignee, its successors and assigns, any and all of Assignor's right, title and interest in and to (i) any and all rights, credits, permits, approvals, authorizations and licenses relating to or affecting the Property (collectively, the "Approvals"), (ii) any and all entitlements, privileges, trips, square footage allocations, development approvals, land use approvals, impact fee credits, sewer rights, water rights and other development rights relating to or affecting the Property (collectively, the "Entitlements and Development Rights"), (iii) any and all documents or permits related to the Approvals and the Entitlements and Development Rights, to the extent assignable and to the extent that the same apply to the Property, and (iv) any other tangible and intangible rights of Assignor relating to the Property, or other similar rights allocated or attributed to the Property or any improvements located thereon. Assignee desires to assume all responsibilities and obligations in connection with those items described in (i), (ii), (iii), and (iv) above.

Agreement

NOW, THEREFORE, in consideration of the Recitals, Assignor does hereby sell, assign and convey unto Assignee all of Assignor's right, title and interest in and to the Agreement.

Assignor hereby represents and warrants that (i) a true, correct and complete copy of the Agreement is attached hereto as Exhibit A, (ii) the Agreement is in full force and effect, (iii) Assignor is not in default under the Agreement, and Assignor knows of no event that, with the passage of time or the giving of notice, will or could constitute a default or breach by Assignor under the Agreement, and (iv) Assignor has received no notice from Seller alleging or otherwise claiming that Assignor is in default under the Agreement in any respect.

By the acceptance of this Assignment, Assignee accepts and assumes all obligations of Assignor under the terms of the Agreement.

Further, to the extent assignable, Assignor does hereby transfer, assign, convey and set over unto Assignee, all of the right, title, interest, powers, privileges, benefits and options of Assignor, or otherwise accruing to the owner of the Property, in and to all: (i) Approvals, (ii)

(HS226928.1)

Entitlements and Development Rights, (iii) any and all documents or permits related to the Approvals and the Entitlements and Development Rights and to the extent that the same apply to the Property, and (iv) any other tangible and intangible rights of Assignor relating to the Property, or other similar rights allocated or attributed to the Property or any improvements located thereon whether the matters described in this paragraph arise under or pursuant to governmental requirements, administrative or formal action by governmental authorities, or agreements with governmental authorities or third parties. Assignee does hereby accept and assume all responsibilities and obligations in connection with the items assigned to Assignee in this paragraph.

[Signature Page Follows]

IN WITNESS WHEREOF, Assignor and Assignee have caused this Assignment to be executed by their respective duly authorized representatives as of the date first set forth above.

ASSIGNOR:

Encompass Health Corporation,

a Delaware corporation

By: Edmund Ball

DocuSigned by: 31FD4DD00492...

Name: Edmund H. Ball

Title: Chief Real Estate Officer

ASSIGNEE:

Rehabilitation Hospital of Lebanon, LLC,

a Delaware limited liability company

By: Encompass Health Corporation, its Manager

DocuSigned by:

By: Edmund Ball

Name: Edmund H. Ball

Title: Chief Real Estate Officer

EXHIBIT A

[see attached]

PURCHASE AND SALE AGREEMENT

THIS PURCHASE AND SALE AGREEMENT (this “*Agreement*”) is made and entered into this 23rd day of September, 2024 (the “*Effective Date*”) by and between SB BARTON VILLAGE TN SUB, LLC, a Delaware limited liability company (“*Seller*”); and ENCOMPASS HEALTH CORPORATION, a Delaware corporation (“*Buyer*”).

RECITALS:

A. Seller is the owner of certain unimproved Real Property (as defined in Section 1 hereof), consisting of approximately 6.5 acres, being generally shown on Exhibit A attached hereto and incorporated herein by this reference, located on South Hartmann Drive in Lebanon, Wilson County, Tennessee. The Real Property is part of a larger parent tract consisting of approximately 97 acres, more or less, located in Lebanon, Wilson County, Tennessee, which parent tract has a tax parcel number of 095-081-12202-000-2023 and is also depicted on Exhibit A attached hereto (the “*Parent Tract*”). That portion of the Parent Tract not included within the Real Property is referred to herein as “*Seller’s Retained Land*”.

B. The Parent Tract is a part of a larger master planned community consisting of approximately 350 acres, more or less, located in Lebanon, Wilson County, Tennessee and commonly referred to as Barton Village that is generally shown on Exhibit B attached hereto and incorporated herein by this reference (the “*Master Project*”).

C. Buyer desires to purchase and Seller desires to sell the Property (hereinafter defined in Section 1 hereof) pursuant to the terms stated herein.

AGREEMENT:

NOW, THEREFORE, in consideration of the foregoing, the mutual covenants, representations, warranties and agreements contained herein, and for other good and valuable consideration, the adequacy and receipt of which are hereby acknowledged by all the parties, it is agreed as follows:

SECTION 1. Definitions. Unless otherwise defined in this Agreement, the capitalized terms used in this Agreement have the meanings given such terms in this Section 1 (unless the context otherwise requires). For purposes of this Agreement, the following capitalized terms used herein shall have the meanings set forth below:

“*Business Day*” means any day other than a Saturday, Sunday or federal holiday.

“*Contracts*” means the service contracts and other contracts currently in effect with respect to the Property, other than Leases.

“*Due Diligence Period*” means the period of time beginning upon the Effective Date and ending at 5:00 p.m., Nashville, Tennessee time on the date that is ninety (90) days after the Effective Date, as the same may be extended pursuant to the express terms and conditions of this Agreement.

“*Entitlements Period*” means the period of time ending on the date that begins upon expiration of the Due Diligence Period and ends at 5:00 p.m., Nashville, Tennessee time on the date that is ninety (90) days after the expiration of the Due Diligence Period, as the same may be extended pursuant to the express terms and conditions of this Agreement.

“Environmental Law” means any federal, state, or local law, statute, ordinance, regulation, order or rule pertaining to health, industrial hygiene or environmental conditions, including, without limitation, the Comprehensive Environmental Response, Conservation and Liability Act; the Resource Conservation and Recovery Act; the Federal Clean Water Act; the Federal Insecticide, Fungicide, and Rodenticide Act; the Federal Toxic Substances Control Act; the Federal Safe Drinking Water Act; the Federal Hazardous Materials Transportation Act; and environmental laws of the State of Tennessee, including, without limitation, any laws regarding (i) Hazardous Substances, (ii) drinking water, (iii) underground storage of Hazardous Substances, (iv) hazardous waste management and/or (v) the presence or treatment of mold, mildew or similar materials.

“Escrow Agent” means Rochelle, McCulloch & Aulds, P.L.L.C., at its office located at 109 North Castle Heights Avenue, Lebanon, Tennessee 37090, Contact Person – Greg Gill, Phone: (615) 44-8755, Email: ggill@rma-law.com.

“Hazardous Substance” means (a) those substances included within the definition of “Hazardous Substances,” “Hazardous Materials,” “Toxic Substances,” “Hazardous Waste,” or “Solid Waste” in any Environmental Law or in the regulations promulgated pursuant thereto; (b) those substances listed in the United States Department of Transportation Table (9 C.F.R. 172.101 and any amendments thereto) or by the Environmental Protection Agency as hazardous substances (40 C.F.R. Part 302 and amendments thereto); (c) such other chemicals, substances, material, toxins, contaminants and wastes that are or become regulated under the applicable local, state, or federal laws or regulations; (d) oil and petroleum products, asbestos, polychlorinated biphenyls, TCE, PCE or urea formaldehyde; and (e) mold, mildew and similar materials.

“Intended Use” means Buyer’s intended use for the Property, which is to develop, improve and use the Property as an inpatient rehabilitation hospital (but expressly excluding purely psychological or psychiatric conditions, and expressly excluding inpatient rehabilitation treatment of drug or alcohol addiction or abuse), together with on-site parking, signage, related amenities and other support and accessory uses expressly related thereto (to the extent such related support and accessory uses do not exceed twenty-percent (20%) of Buyer’s annual gross income, all to be set forth on Buyer’s development plan and budget).

“Improvements” means all buildings, landscaping, parking, signs and other improvements now or hereafter situated on the Real Property (not including the Personal Property), and all right, title and interest appurtenant to the Improvements, including, without limitation, (a) any easement, right-of-way, license, interest, right and appurtenance of any kind relating to the Improvements and (b) any award from and after the Closing Date relating to any damage or any condemnation or other taking (whether permanent or temporary) of the Improvements or any rights related thereto.

“Judgment” means any judgment, order, award, or decree of any court, governmental authority, regulatory body or arbitrator of any kind.

“Judicial Action” means any action, lawsuit, claim, proceeding, or investigation (or group of related actions, lawsuits, proceedings or investigations) brought before any court or other adjudicative body.

“Lease” means any lease agreement or other agreement granting any party any right to occupy the Property.

“Personal Property” means all right, title and interest of Seller in and to (i) all equipment, furniture, furnishing, fixtures, and personalty, if any, located at the Real Property and/or the Improvements or affixed

to any of the Real Property or the Improvements, which is owned by Seller and used by Seller exclusively in connection with the Real Property or the Improvements; and (ii) all governmental approvals, licenses, entitlements, trademarks, goodwill, and other intangible property owned by Seller or otherwise appurtenant or relating to the Real Property, except for Seller's right, title and interest in and to the Impact Fee Credits, as defined herein.

"Property" means, collectively, the Improvements, the Real Property and the Personal Property.

"Real Property" means that certain tract or parcel of land located in Lebanon, Wilson County, Tennessee, and more particularly shown on Exhibit A attached hereto and incorporated herein by this reference, together with, unless expressly excluded pursuant to the terms of this Agreement, all right, title and interest appurtenant to such land, including, without limitation, any easements, rights of way, licenses, mineral rights, water rights, water stock and all other interests, rights and appurtenances of any kind relating to the land, and Seller's interest, if any, in any land lying in the bed of any highway, street, road, avenue, access-way or in any easement, opened or proposed, in front of, at a side or adjoining such land.

"Title Company" means Escrow Agent's title insurance underwriter.

SECTION 2. Purchase Price and Terms of Payment. The purchase price for the Property is Nine Hundred Twenty Thousand and 00/100 Dollars (\$920,000.00) per surveyed acre, based on the Survey (as defined herein) obtained by Buyer (the **"Purchase Price"**). By way of example only, if the acreage of the Property (based on the Survey) is 6.5 acres, then the Purchase Price would be \$5,980,000.00. The Purchase Price shall be paid by Buyer as follows:

A. Within five (5) Business Days after the Effective Date, Buyer shall deposit the sum of Fifty Thousand and No/100 Dollars (\$50,000.00) with the Escrow Agent (the **"First Deposit"**) and the Escrow Agent shall deposit such First Deposit in an interest-bearing account. If this Agreement is not terminated on or before the expiration of the Due Diligence Period, within three (3) Business Days thereafter an additional \$150,000.00 (the **"Second Deposit"**) will be placed into escrow by Buyer. If this Agreement is not terminated on or before the expiration of the Entitlements Period, then within three (3) Business Days after the expiration of the Entitlements Period, Buyer shall deposit an additional \$398,000 (the **"Third Deposit"**). The First Deposit, the Second Deposit and the Third Deposit, are sometimes referred to collectively herein as the **"Earnest Money"**. Buyer shall be entitled to all interest accumulating on the Earnest Money, unless Seller is entitled to retain the Earnest Money as liquidated damages pursuant to the terms of Section 14 herein. All Earnest Money is non-refundable to Buyer except as otherwise provided in this Agreement.

B. At the Closing, the Earnest Money (including all interest earned thereon) shall be applied against the Purchase Price, and the balance of the Purchase Price shall be paid to Seller in immediately available funds.

C. Except as provided in Sections 5(B), 11(B), and 18 of this Agreement, if this Agreement is not terminated prior to expiration of the Due Diligence Period, then the First and Second Deposit shall become immediately nonrefundable to Buyer for any reason other than upon a termination of this Agreement due to a default by Seller hereunder. Except as provided in Sections 5(B), 11(B) and 18 of this Agreement, if this Agreement is not terminated prior to expiration of the Entitlements Period, then the entire Earnest Money shall become immediately nonrefundable to Buyer for any reason other than upon a termination of this Agreement due to a default by Seller hereunder.

SECTION 3. Conveyance and Title. Subject to the terms and conditions of this Agreement and for the consideration set forth herein, Seller agrees to convey, transfer, assign, sell and deliver to Buyer at Closing all of the following:

A. Fee simple title to the Real Property and Improvements by special warranty deed, subject only to the Permitted Exceptions and the lien for ad valorem taxes which are not yet due and payable. The legal description for the Real Property to be used in the aforementioned deed shall be taken from the Survey; and

B. All of Seller's right, title and interest in and to the Personal Property.

Seller agrees to deliver possession of the Property on the Closing Date to Buyer, free of any right of possession or claim of right of possession by any person or entity, except for the Permitted Exceptions and subject to the provisions of Section 37 hereof.

SECTION 4. Title and Survey Review. Promptly following the Effective Date, Buyer shall, at Buyer's sole cost and expense, engage a Tennessee-licensed surveyor (the "**Surveyor**") to perform an ALTA land survey to include, among other things, boundary and topographical details and such other details as may be reasonably required by Buyer (the "**Survey**"). The Survey shall be materially consistent with the boundaries of the Property as set forth on Exhibit A attached hereto and shall be subject to the reasonable approval of Seller. Buyer shall cause Surveyor to provide a copy of all drafts and the final Survey to Seller and Escrow Agent. Buyer shall cause the Title Company to issue a commitment for a policy of title insurance relative to the Property (the "**Title Commitment**") and, on or prior to the date that is twenty (20) days prior to the end of the Due Diligence Period (the "**Title Review Period**"), Buyer shall notify Seller, in writing, of such objections as Buyer may have to anything contained in the Title Commitment or the Survey. Any item contained in Schedule B-2 of the Title Commitment or any matter shown on the Survey to which, in either case, Buyer does not object during the Title Review Period will be deemed a "**Permitted Exception**"; provided, however, Buyer shall be permitted to raise as title objections (within five (5) Business Days of Buyer being notified thereof) matters affecting title of which Buyer receives notice by an amendment, update or continuation of the Title Commitment or Survey (as applicable) and which were not included in any previous version of the Title Commitment or Survey. In the event Buyer notifies Seller of objections to title or Survey matters prior to the expiration of the Title Review Period (or pursuant to any amendment, update or continuation of the Title Commitment or Survey as aforesaid), Seller will have the right, but not the obligation, to cure such obligations (except that Seller shall be obligated to cure all Monetary Liens (as defined herein). Within ten (10) days after receipt of Buyer's notice of objections, Seller shall notify Buyer in writing if Seller elects to cure all or any such objections or if Seller elects not to cure such objections ("**Seller's Cure Notice**"). If Seller provides no notice, then Seller shall be deemed to have elected not to cure any of the matters reflected in the Title Commitment or the Survey, except for Monetary Liens and matters satisfied by the provision of the Closing documents required herein. If Seller elects to cure any such objections, Seller will have until the Closing Date to remove, satisfy or cure the same. If Seller elects not to cure some or all of such objections prior to the Closing, Buyer shall have the following options: (i) to accept a conveyance of the Property subject to those certain matters objected to by Buyer (excluding any Monetary Liens), which Seller has not expressly agreed to cure, and without reduction of the Purchase Price; or (ii) to terminate this Agreement by sending written notice thereof to Seller on or before the date that is ten (10) days after receipt of Seller's written notice of its election not to cure such objections, or ten (10) days after the expiration of the time period for Seller to deliver such notice, if no notice is provided. Upon delivery of Buyer's notice of termination, this Agreement will terminate and the Earnest Money (including any interest earned thereon), shall be returned to Buyer, and thereafter neither party hereto will have any further rights, obligations or liabilities hereunder except to the extent that any right, obligation or liability set forth herein expressly survives termination of this

Agreement. As used herein, “**Monetary Lien**” means and includes (i) any deed of trust, mortgage, mechanics’ lien or other lien, claim or encumbrance which evidences or secures a fixed monetary amount, other than ad valorem real property taxes not yet delinquent and (ii) any lis pendens or other lien or filing relating to litigation affecting the Property. Notwithstanding anything contained herein to the contrary, Seller must satisfy all Monetary Liens caused by Seller’s action or inaction in full, at Seller’s sole cost and expense, at or prior to the Closing, failing which Buyer may, in addition to and not in limitation of the exercise by Buyer of any other right or remedy provided hereunder, at its option, elect to satisfy any such Monetary Lien and reduce the Purchase Price in accordance with the amount of money expended.

SECTION 5. Inspection and Cooperation.

A. Due Diligence Period.

(i) Buyer and its invitees and agents shall have the right, during the Due Diligence Period, to enter upon the Real Property and, to the extent reasonably necessary to access the Property, the Seller’s Retained Land, to conduct all inspections and investigations of the condition and all other aspects of the Property which it may deem necessary or desirable in its sole discretion (collectively, “**Inspections**”), including, but not limited to, the performance of surveys, tests, studies, inquiries, investigation and reviews relating to the Property, and the right to review and copy all information in Seller’s possession or available to Seller regarding the Property (provided, however, Buyer may not perform any so-called “Phase II” environmental or other invasive testing other than standard geotechnical testing without Seller’s consent (not to be unreasonably withheld, conditioned or delayed)).

(ii) Within five (5) Business Days after the Effective Date, Seller shall deliver to Buyer copies of all agreements and documents in Seller’s possession, and which relate to the ownership, use or development of the Property, including, but not limited to, the following (collectively, the “**Due Diligence Materials**”):

- (a) plans, drawings, ALTA and other surveys, surveyor’s certificates, site plans, photographs (interior and exterior), subdivision plats and plans, recombination plats and plans and other parcel maps;
- (b) copy of Seller’s vesting deed and any existing title policies relating to the Property, redacted to remove financial details;
- (c) litigation filings or other documents related to any ongoing litigation;
- (d) any environmental, soil, engineering, structural, flood, appraisal, geotechnical, cultural resource, archeological, wetland, flood plain, and endangered species reports, letters and tests, and any property condition report;
- (e) traffic studies, and other similar studies relating to signal, deceleration lanes and curb cuts;
- (f) documents relating to threatened or pending change in zoning, public referenda concerning the Property or condemnation proceedings;
- (g) evidence of compliance, or complaints or citations regarding noncompliance, of the Property with all applicable zoning laws, subdivision laws, and other laws, ordinances and regulations (including those related to health, safety and environmental issues);

- (h) development related filings, including, without limitation, comprehensive development plans, planned unit development plans and development of regional impact filings;
- (i) copies of any unrecorded documents that Seller reasonably believes impact the use and/or development of the Property and are in Seller's possession or control; and
- (j) copies of any currently effective leases and service contracts with respect to the Property.

(iii) Any tests conducted in connection with such Inspections shall be conducted so as not to damage the Property. Buyer agrees to repair or restore promptly any damage excepting ordinary wear and tear to the Property caused by Buyer, its agents, contractors and invitees arising from Buyer's Inspections. All such entries onto the Property shall be at the risk of Buyer, and Seller shall have no liability for any injuries sustained by Buyer or any of Buyer's agents, contractors or invitees. Buyer agrees to indemnify, defend and hold Seller harmless from and against any and all loss, claim, action, demand or liability which may arise against Seller or the Property by virtue of Buyer's Inspections, which indemnity shall survive Closing or termination of this Agreement for a period of one (1) year; provided, however, that Buyer shall in no event be liable to Seller for a reduction in the value of the Property or any other costs, damages or liabilities resulting solely from the discovery of an existing condition or circumstance relating to the Property. Upon completion of Buyer's Inspections, Buyer shall restore the Property to substantially the same condition excepting ordinary wear and tear as it existed before Buyer's entry upon the Property. If Buyer terminates this Agreement at any time for any reason other than Seller's default, upon Seller's written request, Buyer shall deliver to Seller, if prepared by third party vendors and not already public, all plans, renderings, architectural drawings, elevations, due diligence reports, surveys, construction drawings and other documents related to Buyer's Inspections and any attempted or contemplated development approvals. In addition to the foregoing, prior to entering the Property, Buyer shall provide to Seller a certificate of insurance demonstrating that Buyer has in effect, at all times when Buyer is authorized to come on the Property, commercial general liability insurance in a minimum amount of \$2,000,000, combined single limit per occurrence, insuring Buyer against claims for personal injury, death, and property damage or destruction and naming Seller as an additional insured.

(iv) Seller shall cooperate with Buyer in connection with Buyer's commercially reasonable due diligence investigations of the Property under this Agreement. Seller agrees to provide to Buyer within five (5) days of a written request therefor any affidavits or letters executed by Seller that may be reasonably required by the applicable governmental authorities and utilities to authorize Buyer and its agents to sign and execute on behalf of Seller any documents necessary to initiate and pursue any rezoning, replatting, and/or development of the Property consistent with Buyer's Intended Use and the terms and conditions of this Agreement.

(v) On or before the date that is twenty (20) days following the Effective Date, Buyer shall deliver to Seller a preliminary site plan of the Property which reflects Buyer's intended use for the Property, for discussion purposes (the "**Preliminary Plan**").

(vi) On or before the date that is thirty (30) days following the Effective Date, Seller shall schedule a non-public (to the extent permitted by applicable law) meeting with representatives of Seller, Buyer, Civil Site Design Group, Gresham Smith and the City of Lebanon's planning and engineering staff at which Buyer shall present to City staff Buyer's planned use of the Property and product type to be constructed on the Property, and the parties shall work together with City staff to establish the process for seeking SP Barton Village permitted use site-plan approval.

(vii) Prior to Closing, Seller, at Seller's sole cost and expense, shall cause the Property to have legal, insurable access to South Hartman Drive for Buyer's Intended Use, which shall be over and across that certain future roadway identified as Water Oak Road on Exhibit C attached hereto and incorporated herein ("**Water Oak Road**"), which shall connect the Property to South Hartmann Drive. In addition, prior to Closing, Seller, at Seller's sole cost and expense, shall cause the Property to have legal, insurable access to Barton Creek Road for Buyer's Intended Use, which shall be over and across that certain future roadway identified as Yellowstone Road, as depicted on Exhibit C attached hereto and incorporated herein ("**Yellowstone Road**", and together with Water Oak Road, the "**Roads**", and each a "**Road**"), subject to Buyer satisfying its obligations set forth herein and otherwise subject to the terms and conditions of Section 5(B)(iii) below. In addition, Seller, at Seller's sole cost and expense, shall cause the Property to have all utility easements and drainage easements within or adjacent to one or more of the Roads as are reasonably necessary for Buyer's Intended Use and which are consistent with Buyer's approved construction documents and drainage plan. The parties acknowledge that as of the Effective Date, a portion of Water Oak Road is owned by Seller and is part of the Seller's Retained Land (the "**Seller-Owned Portion**") and a portion of Water Oak Road is owned by the owner of the real property located adjacent to the east of the Property (the "**Neighbor-Owned Portion**"). During the first sixty (60) days of the Due Diligence Period, (a) Seller shall provide to Buyer the form of easement agreement over the Seller-Owned Portion and Yellowstone Road that Seller will execute at the Closing (the "**Seller Easement**") and (b) Seller shall provide to Buyer a fully executed agreement by and between Seller and the owner of the Neighbor-Owned Portion whereby the owner of the Neighbor-Owned Portion covenants and agrees, prior to Closing, to convey to Seller an easement (the "**Water Oak Road Neighbor Easement**") over the Neighbor-Owned Portion in substantially the same form as the Seller Easement (and which form shall be reasonably approved by Buyer), and which rights shall inure to the benefit of Buyer. Such easement documentation shall be completed by Seller to Buyer's satisfaction prior to the end of the Due Diligence Period. Seller acknowledges that the easement documentation described in this Section 5(A)(vii) is critical to Buyer's Intended Use, and as a result, the Due Diligence Period will be extended automatically for each day that the finalization of such documents is delayed past the deadline. Seller agrees to provide to Buyer advance copies of all submittals related to the easement documentation described herein for Buyer's review and to promptly respond to any inquiries from Buyer regarding the status of Seller's progress in finalizing such easement documentation for recordation.

(viii) If Buyer, in its sole and absolute discretion, desires not to purchase the Property for any reason or no reason, then Buyer may terminate this Agreement by providing written notice thereof to Seller at any time on or prior to the date of expiration of the Due Diligence Period, whereupon the Earnest Money (including any interest earned thereon), shall be returned to Buyer, this Agreement shall terminate and neither party hereto shall have any liability to the other except for any obligations which expressly survive Closing.

B. Entitlements Period.

(i) If this Agreement has not sooner terminated, then Buyer and its invitees and agents shall have the right, during the Entitlements Period to continue Buyer's inspections of the Property, and to pursue any and all final, non-appealable approvals and entitlements allowing Buyer to develop and use the Property for Buyer's Intended Use (the "**Entitlements**") from all applicable governing authorities.

(ii) On or before the date that is thirty (30) days following expiration of the Due Diligence Period, Buyer shall prepare a list of proposed easements and other development-related documents and instruments that Buyer reasonably believes will be required for Buyer to complete its development of the Property, construction of improvements and use of the Property for Buyer's Intended Use that affect, burden or benefit any portion of the Master Project (the "**Development Related Agreements**"), including, without

limitation, (a) any easements (including, without limitation, access, signage, temporary construction, maintenance, drainage and other utility easements) that will benefit the Property and burden the Seller's Retained Land or the Master Project; (b) agreements related to the construction and maintenance of any access, drainage, utility and signage infrastructure related to Buyer's development and use of the Property to be located on the Seller's Retained Land or any portion of the Master Project, which may be separate agreement(s) or included in a Joint Development Agreement consistent with the terms and conditions set forth in Section 5(B)(iii) below; and (c) an escrow agreement (the "**Escrow Agreement**") for funds related to the Work (as defined below) (collectively, the "**Development Related Agreements List**"). On or before the date that is fifteen (15) days following Buyer's delivery of the Development Related Agreements List, the parties shall work together in good faith to reach final agreement as to the items identified thereon, and the basic terms to be addressed in each Development Related Agreement identified thereon. Seller will furnish to Buyer a draft of any such Development Related Agreement no later than the (30th) day after the date on which the parties reach agreement as to the items on the Development Related Agreements List as contemplated in the proceeding sentence (the "**Development Document Delivery Date**"), and Buyer agrees to respond with its questions and comments within ten (10) days after receipt from Seller of such preliminary drafts. Buyer's failure to respond in writing within ten (10) days shall be deemed approval of any draft Development Related Agreement provided to Buyer by Seller hereunder. The parties will use good faith efforts to finalize the form of any Development Related Agreement on or before expiration of the Entitlements Period. If the parties have been unable to finalize and mutually approve the form of the Development Related Agreement on or before expiration of the Entitlements Period, either party shall have the right (unless Buyer and Seller mutually agree by e-mail or amendment to this Agreement to extend deadline for finalizing the form of the Development Related Agreements), to terminate this Agreement, whereupon the Second Deposit shall be released to Seller and the First Deposit and the Third Deposit (if made) shall be returned to Buyer. All Development Related Agreements will be executed at Closing and, to the extent they include easements, will be recorded in the appropriate real estate records.

(iii) Included within the Development Related Agreements, at the Closing the parties shall execute a Joint Development Agreement that addresses, among other things, the following: (a) Seller shall be solely responsible for all costs and expenses associated with and, on or before the date that is six (6) months following the Closing, shall commence construction of Water Oak Road in accordance with all plans and specifications approved by Buyer, and shall complete such construction on or before the date that is eighteen (18) months following the Closing (the "**Water Oak Road Work**"); (b) Seller shall, on or before the date that is six (6) months following the Closing, commence construction of Yellowstone Road in accordance with all plans and specifications approved by Buyer, and shall complete such construction on or before the date that is eighteen (18) months following the Closing (the "**Yellowstone Road Work**", and collectively with the Water Oak Road Work, the "**Road Work**"); (c) Seller shall grant to Buyer a nonexclusive permanent access easement for shared use of the Roads which shall expire at such time as each of the Roads is dedicated as a public right-of-way; (d) Seller shall be solely responsible for all costs and expenses associated with and shall complete the dedication of Water Oak Road to the public on or before the date that is twenty-four (24) months following the Closing, along with any plats which may be required in connection to such dedication (and any such plat shall be approved by Encompass in writing prior to any dedication) (the "**Water Oak Road Dedication**" and all costs and expenses associated with the Water Oak Road Dedication and the Water Oak Road Work, the "**Water Oak Road Costs**"); (e) Seller shall complete the dedication of Yellowstone Road to the public on or before the date that is twenty-four (24) months following the Closing, along with any plats which may be required in connection to such dedication (and any such plat shall be approved by Encompass in writing prior to any dedication) (the "**Yellowstone Road Dedication**", and together with the Water Oak Road Dedication the "**Dedications**"); (f) Buyer shall be solely responsible for all costs and expenses for the Yellowstone Road Work and the Yellowstone Road Dedication related to that certain portion of Yellowstone Road depicted in green on Exhibit C attached hereto and incorporated herein (collectively, the "**Buyer Yellowstone Road Costs**"); (g) Seller shall be

solely responsible for all costs and expenses for the Yellowstone Road Work and the Yellowstone Road Dedication related to that certain portion of Yellowstone Road depicted in blue on Exhibit C attached hereto and incorporated herein (collectively, the “***Seller Yellowstone Road Costs***”); Seller shall be solely responsible for all costs and expenses associated with and, (h) on or before the date that is six (6) months following Closing, shall commence installation of water and sewer lines across, under, or above one of the Roads (such Road to be determined in Seller’s reasonable discretion in connection with the production of its plans and specifications and referred to in the remainder of this paragraph as the “applicable Road”) in accordance with all approved plans and specifications approved by Buyer, and shall complete such installation on or before the date that is twelve (12) months following the Closing, and (ii) on or before the date that is six (6) months following Closing, shall use commercially reasonable efforts to cause such third-party utility companies or others who are responsible for installation of all other utilities needed for Buyer’s Intended Use of the Property (including power, gas, and communication lines) to commence installation of such other utilities across, under, or above the applicable Road in accordance with all approved plans and specifications approved by Buyer and to complete such installation on or before the date that is twelve (12) months following the Closing (collectively, the “***Utility Work***”) and grant to Buyer a nonexclusive permanent utility easement for shared use of the same; (i) Seller shall design, permit, and, on or before the date that is three (3) months following the Closing, Seller shall commence construction of a permanent stormwater detention basin and related improvements and shall complete such construction on or before the date that is twelve (12) months following the Closing (collectively, the “***Shared Drainage Basin***”, and such construction work being referred to as the “***Shared Drainage Basin Work***”, and together with the Road Work, the Dedications, and the Utility Work, the “***Work***”) to be located on the Master Project in an area located adjacent to or in the vicinity of the Property in accordance with all plans and specifications approved by Buyer in accordance with the terms of this Paragraph; (j) for clarification purposes, if Seller ultimately determines that additional stormwater detention is needed, it should not be constructed on the Property (unless approved in writing by Buyer in Buyer’s sole discretion and paid for by Seller); (m) Seller, at Seller’s sole cost and expense, shall pay for the design and permitting for the Shared Drainage Basin; (k) the parties shall share all costs and expenses associated with the Shared Drainage Basin Work on a prorata basis, based upon the ratio of the total acreage of the Property draining into the Shared Drainage Basin to the total acreage of drainage area of all real property draining into the Shared Drainage Basin and grant to Buyer a nonexclusive permanent easement for shared use of the same; (l) Buyer shall complete construction of the sediment basin required in connection with development of the Property, which shall be located within the Property; (m) Buyer shall be solely responsible for all costs and expenses associated with and shall complete construction of any and all improvements upon the Property to satisfy any and all requirements related to its Storm Water Pollution Prevention Plan/Erosion Control and water quality; and (n) Seller shall be solely responsible for performing any and all maintenance, repair and replacement activities related to the Shared Drainage Basin, and the parties using such Shared Drainage Basin shall share all costs and expenses associated with such maintenance, repair and replacement activities on a prorata basis, based upon the ratio of the total acreage of the Property draining into the Shared Drainage Basin to the total acreage of drainage area of all real property draining into the Shared Drainage Basin. At Closing, the parties acknowledge and agree that, in addition to the Purchase Price payable hereunder, Buyer shall deposit with Escrow Agent 120% of Buyer’s prorata share of the estimated cost of the Shared Drainage Basin Work and the Buyer Yellowstone Road Costs (as reflected in Seller’s final bids related to the same), and Escrow Agent shall withhold from the proceeds otherwise payable to Seller an amount equal to 120% of Seller’s prorata share of the estimated cost of the Shared Drainage Basin Work, and 120% of the estimated cost of the remainder of the Utility Work, the Water Oak Road Costs, and the Seller Yellowstone Road Costs from the net sales proceeds that would otherwise be distributed to Seller at the Closing and deposit said funds into an escrow account with the Escrow Agent, which shall be governed by the Escrow Agreement (which form shall be included within the Development Documents). The Escrow Agreement shall provide, among other things, that Seller shall be entitled to draw down on such escrowed funds to pay

for the cost of the Work in accordance with the terms and conditions of this Section. For the avoidance of doubt, Buyer's review and approval rights with regard to the plans and specifications of the Work shall be limited to Buyer's reasonable judgment, and shall be deemed granted if Seller receives no written notice from Buyer identifying specific and reasonable objections on or before the date that is ten (10) business days following Seller's delivery of any such plans and specifications to Buyer for Buyer's review and approval. If Buyer timely provides such written notice of objections to Seller, the parties' engineers shall work together in good faith to resolve such objections to the reasonable satisfaction of Buyer and Seller on or before the date that is fifteen (15) business days following Seller's receipt of Buyer's written objections. If the parties fail to resolve such objections within such time period, the parties shall select a third engineer reasonably approved by both parties, with no less than ten (10) years' experience preparing similar plans and specifications, to resolve the dispute, and such third-party engineer's determination shall be binding upon the parties, absent manifest error. Buyer and Seller shall each pay fifty percent (50%) of all costs owed to such engineer.

(iv) Seller agrees that it shall cause to be recorded at Closing in the appropriate real estate records a document which provides that that portion of the Seller's Retained Land identified on Exhibit D (the "**Commercial Portion of Seller's Retained Land**") shall be prohibited from being used as an inpatient rehabilitation hospital, a long-term acute care hospital, or a skilled nursing facility, or a facility that provides the services typically performed in an inpatient rehabilitation hospital, a long-term acute care hospital, or a skilled nursing facility, or similar use and that such use restriction will run with the land. In addition, the use restrictions attached hereto as Exhibit E shall apply to the Commercial Portion of Seller's Retained Land. The form of such document shall be reasonably agreed upon by Seller and Buyer on or before the Development Document Delivery Date.

(v) During the Entitlements Period, Seller, at its sole cost and expense, shall be responsible for pursuing all actions necessary to cause the Property to be separated and subdivided from the Parent Tract at or prior to the Closing, and shall pursue and obtain any and all final, non-appealable approvals of a subdivision plat creating the Property as a separate legal, insurable parcel, which plat shall be recorded at or prior to Closing. Such subdivision or lot split process shall be completed by Seller to the reasonable satisfaction of Buyer. Seller agrees to provide copies of all submittals related to the property subdivision described herein and to promptly respond to any commercially reasonable inquiries from Buyer regarding the status of Seller's progress in finalizing the subdivision documents and having them approved by the applicable governmental authorities for recordation.

(vi) If Buyer determines that it will be unable to obtain any of the Entitlements, Buyer may terminate this Agreement by providing Seller and the Escrow Agent with written notice of termination prior to the end of the Entitlements Period. If Buyer so elects to terminate this Agreement, then the Escrow Agent, upon written notice by Buyer (with a copy going to Seller), shall release the Earnest Money to Seller promptly after receipt by Escrow Agent of said written notice.

SECTION 6. Closing. The consummation of the transactions contemplated hereby shall be held at the offices of Escrow Agent or by mail, or at such other place as the parties may mutually agree. As used in this Agreement, "**Closing**" means the delivery of special warranty deed to Buyer for the Real Property and Improvements, the delivery of the other closing documents contemplated hereunder, and the delivery of the applicable Purchase Price to Seller. The Closing shall occur on or before the date that is twelve (12) months following the Effective Date. The date on which either Closing occurs is sometimes referred to herein as the "**Closing Date**."

SECTION 7. Expenses of Closing. At Closing, Seller shall pay and be responsible for the following costs: (i) all loan defeasance fees and/or loan prepayment penalties applicable to Seller's loan(s),

if any; (ii) one-half of any escrow fees payable to Escrow Agent; (iii) preparation of the special warranty deed; (iv) one-half of all documentary stamp taxes and transfer taxes due or payable upon or in connection with the transfer of the Property, (v) the removal of any Monetary Liens; (vi) all nominal per page recording and filing fees for all recordable instruments executed and delivered by Seller at Closing pursuant to the terms of this Agreement, and (vii) any other costs not described herein customarily borne by a seller in commercial real estate transactions in the county where the Property is located. Buyer shall pay and be responsible for the following costs: (i) the cost of title examinations and the title insurance premiums, including any special coverage or endorsements to any owner's policies of title insurance Buyer elects to purchase; (ii) one-half of any escrow fees payable to Escrow Agent; (iii) one-half of all documentary stamp taxes and transfer taxes due or payable upon or in connection with the transfer of the Property; (iv) the cost of the Survey; and (v) any other costs not described herein customarily borne by a purchaser in commercial real estate transactions in the county where the Property is located. Each party shall be responsible for its own attorney's fees and costs, except as provided otherwise by this Agreement.

SECTION 8. Closing Documents.

A. Seller shall execute and/or deliver, as applicable, the following at Closing:

(i) A special warranty deed for the Real Property and Improvements as described in Section 3.A, subject only to the applicable Permitted Exceptions;

(ii) A Seller's affidavit, in form and content reasonably acceptable to Buyer and the Title Company, affirming that no labor has been performed on the Real Property and Improvements within any applicable statutory lien period (or if work has been performed during such period, then certifying as to payment in full and/or waiving lien rights as to the Real Property and Improvements) and that there are no outstanding liens or rights to claim liens against the Real Property or Improvements; and that there are no Leases or occupancy agreements in effect with respect to the Property;

(iii) An executed closing statement itemizing the dollar amount of all financial matters relating to the Closing, including the adjustments and prorations provided herein;

(iv) A FIRPTA affidavit;

(v) Fully executed versions of any state and federal affidavits of residency reasonably required by the Title Company;

(vi) A bill of sale with respect to the Personal Property to be conveyed hereunder, which shall include an assignment of Seller's right, title and interest in and to all rights, credits, permits, approvals, authorizations and licenses (excluding the Seller Credits and otherwise subject to Section 37(C) below) relating to or affecting the Property, together with any and all entitlements, privileges, trips, square footage allocations, development approvals, land use approvals, sewer rights, water rights and other development rights relating to or affecting the Property, free and clear of all liens, claims and encumbrances, but otherwise without any warranty;

(vii) Such evidence of Seller's authority as is reasonably requested by Buyer or the Title Company and an owner's title affidavit in such form as reasonably requested by the Title Company to remove the so-called standard exceptions from the applicable title insurance policies;

(viii) A certification stating that the representations and warranties of Seller contained herein shall be true and correct at Closing with the same effect as though such representations and warranties had been made at and as of Closing;

(ix) Such other documents as may be contemplated by this Agreement or otherwise reasonably necessary or desirable in consummating the transaction contemplated by this Agreement, including evidence of the authority of the person(s) executing the closing documents on behalf of Seller;

(x) Exclusive possession of the Property, subject to the Permitted Exceptions;

(xi) Fully executed recorded (or recordable) version of the Seller Easement; and

(xii) Fully executed recorded (or recordable) version of the Water Oak Road Neighbor Easement.

B. Buyer shall execute and/or deliver, as applicable, the following at Closing:

(i) An executed closing statement, itemizing the dollar amount of all financial matters related to the Closing, including the adjustments and prorations provided for herein; and

(ii) Such other documents as may be contemplated by this Agreement or otherwise reasonably necessary or desirable in consummating the transaction contemplated by this Agreement, including evidence of the authority of the person(s) executing the closing documents on behalf of Buyer.

SECTION 9. Prorations and Allocations. The following items shall be adjusted between Seller and Buyer as of the Closing Date (the "***Adjustment Date***") so that the Buyer receives the benefit of all income from the applicable Property commencing on the day of the Closing Date and assumes the burden of all expenses and liabilities relating to the applicable Property commencing on the day of the Closing Date, and the Seller receives the benefit of all income from the applicable Property prior to the Closing Date and bears the burden of all expenses and liabilities relating to the applicable Property prior to the Closing Date:

A. **Taxes.** Real estate taxes, payments in lieu of real estate taxes, ad valorem and personal property taxes, and other state, county and municipal taxes, charges and assessments (special or otherwise) on the basis of the calendar or tax year in which Closing occurs (whichever is customary) and regardless of when the same become a lien or are payable. Seller and Buyer agree that (subject to any post-Closing adjustments as described in Section 9.E below) Buyer shall be responsible for the payment of all real estate taxes due with respect to the applicable Property for the year in which the Closing occurs and at such Closing Buyer shall receive a credit from Seller for the pro rata portion of such taxes due based upon the number of days during the calendar year in which such Closing occurs that Seller owned the applicable Property.

B. **Charges for Utilities.** Charges for water, electricity, gas and other utilities. In the event the meter readings are not available at Closing, then the parties agree to notify the utility companies to read the meters as soon as possible after Closing and render a final bill to Seller and the parties will prorate at Closing based on the prior month's invoices. At Closing, Seller shall advise Buyer whether any provider of a public utility to the applicable Property is then holding a deposit in connection therewith. Seller shall retain the right to receive the return of such deposit.

C. Costs. At Closing, Buyer shall be entitled to receive a credit from Seller for the amount of any obligation of Seller or the applicable Property to any contractor or other third party relative to the applicable Property.

D. Other Charges. All other expenses relating to the applicable Property (including any service contract costs and assessments or other charges payable under restrictive covenant agreements or other documents of public record) which have been accrued but not paid by Closing and which are customarily prorated in commercial real estate closings in the area where the Property is located.

E. Errors in Computations; Estimates. Any errors or omissions in computing adjustments and apportionments at the Closing shall be corrected promptly thereafter. In addition, any prorations made at Closing based on estimates will be subject to adjustment between Buyer and Seller at such time as the actual amounts are available, provided, however, any such adjustments may only be made within one (1) year of Closing.

SECTION 10. Covenants Pending Closing. Following execution of this Agreement and at all times prior to Closing, Seller shall:

(i) maintain the Real Property and Improvements substantially in the same manner as heretofore conducted and existing and in all events in the ordinary course of business and in compliance with applicable laws;

(ii) refrain from disposing of any property, entering into any Leases or other agreements affecting the Real Property or the Improvements, (unless same have been approved by Buyer), or otherwise entering into any transaction inconsistent with the terms of this Agreement; and

(iii) provide notice to Buyer prior to entering into any contracts affecting the Property and not encumber the Property with any matter of public record or enter into any contracts affecting the Property, which cannot be terminated by Seller at Closing (unless approved by Buyer in its reasonable discretion).

SECTION 11. Conditions Precedent to Closing.

A. The obligations of Buyer under this Agreement are subject to the fulfillment on or before Closing Date of the following conditions precedent, any one or more of which conditions may, at the option of Buyer, be waived in writing by Buyer:

(i) The representations and warranties of Seller contained in this Agreement shall be true and correct in all material respects on and as of the Closing Date, with the same force and effect as made on the Closing Date.

(ii) The execution by Seller (and all other required parties) and delivery of all documents required under Section 8 hereof, and Seller having performed all of its obligations hereunder prior to Closing.

(iii) For each restrictive covenant instrument, easement agreement or other applicable recorded instrument affecting title to the Property and containing ongoing payment, maintenance or other obligations with respect to the Property or the owner thereof, Buyer will have received a completed, executed estoppel certificate signed by the applicable "Declarant" or other counterparty

in form and substance reasonably satisfactory to Buyer, addressing such matters as Buyer shall require and indicating no adverse information relating to the status of such underlying instrument or information which is inconsistent with information (if any) provided by Seller regarding such underlying instrument.

B. If the failure of any condition precedent set forth above results in connection with a default hereunder by Seller, Buyer shall be entitled to exercise its remedies under Section 14 below). If the failure of any condition precedent set forth above does not result in connection with a default hereunder by Seller, Buyer shall be entitled to terminate this Agreement and receive a refund of the Earnest Money (and all interest earned thereon); and upon such termination, neither party hereto shall have any liability to the other except for provisions which expressly survive the termination of this Agreement.

SECTION 12. Brokerage Commission. The parties represent and warrant to each other that there are no other brokers involved in the transaction contemplated by this Agreement, other than Jones Lang Lasalle Brokerage, Inc. (Kipper Worthington) ("**Buyer's Broker**"), which exclusively represents Buyer in this transaction and Jones Lang Lasalle Brokerage, Inc. (Gary Shanks and Miller Fitts) ("**Seller's Broker**"), which exclusively represents Seller in this transaction. Any commission payable to Buyer's Broker and Seller's Broker (collectively, "**Broker**") shall be paid by Seller pursuant to a separate agreement between Seller and Broker, and each party shall indemnify, defend and hold the other harmless for, from and against any loss or claim, including all attorneys' fees and costs of litigation through appellate proceedings, resulting from any claim of a commission, finder's fee or similar fee claimed by any other party through the indemnifying party. Buyer and Seller agree that in the event of a breach of the warranties, representations or covenants set forth in this Section 12, then the breaching or defaulting party shall indemnify and hold the other harmless with respect to any loss or claim, including all attorneys' fees and costs of litigation through appellate proceedings. This Section 12 shall survive Closing and any termination of this Agreement.

SECTION 13. Establishment of Escrow.

A. The terms and conditions set forth in this Agreement shall constitute both an agreement between Seller and Buyer and instructions for Escrow Agent, which Escrow Agent shall acknowledge and agree to be bound by, as evidenced by its execution of this Agreement. Seller and Buyer shall promptly execute and deliver to Escrow Agent any separate or additional escrow instructions requested by Escrow Agent which are consistent with the terms of this Agreement. Any separate or additional instructions shall not modify or amend the provisions of this Agreement unless otherwise expressly agreed by mutual consent of Buyer and Seller. Buyer and Seller both hereby acknowledge and agree that Escrow Agent shall hold and deliver the Earnest Money and all other deposits which may be made under this Agreement in accordance with the terms and conditions of this Agreement and that Escrow Agent shall be relieved of all liability and held harmless by both Seller and Buyer in the event Escrow Agent makes any disbursement of such monies in accordance with the terms and provisions of this Agreement. Escrow Agent shall be relieved from any responsibility or liability and held harmless by both Buyer and Seller in connection with the discharge of Escrow Agent's duties hereunder provided that Escrow Agent exercises ordinary and reasonable care in the discharge of such duties.

B. The Earnest Money shall be placed in an interest-bearing account of a federally insured financial institution. All interest earned on the Earnest Money shall belong to Buyer unless Buyer fails to close as provided in Section 14.B herein, in which event all interest earned on the Earnest Money shall belong to Seller. Escrow Agent shall not be responsible for any fluctuations in interest rate paid on the deposit(s) or for penalties for early withdrawal. In the event a dispute arises between Buyer and Seller with respect to

the Earnest Money and/or the proper disposition thereof, Escrow Agent shall not disburse the Earnest Money, but rather shall pay the Earnest Money into court in the context of an interpleader action.

SECTION 14. Default and Remedies.

A. If Seller defaults hereunder (and such default continues after Buyer gives Seller ten (10) days' prior written notice, during which period Seller shall be permitted to cure such default) then, as Buyer's sole and exclusive remedy hereunder, either (i) Buyer may terminate this Agreement and receive a refund of the Earnest Money (including all interest earned thereon); or (ii) Buyer shall have the right to enforce specific performance (*i.e.*, to compel Seller to convey the Property and otherwise perform its obligations hereunder). Provided, however, if the remedy of specific performance is unavailable to Buyer due to the intentional acts of Seller, then within twenty (20) days of Buyer's written notice, Seller shall reimburse Buyer for the out-of-pocket, third-party expenses incurred by Buyer in connection with the transaction contemplated herein up to a maximum of Two Hundred Fifty Thousand and 00/100 Dollars (\$250,000.00) (collectively, the "***Transaction Costs***").

B. If Buyer defaults hereunder, then the Escrow Agent shall upon receipt of demand from Seller (and after first giving Buyer ten (10) days' prior written notice, during which period Buyer shall be permitted to cure such default) release the Earnest Money (including interest earned thereon) to Seller, as Seller's sole and exclusive remedy hereunder for such default of Buyer, the parties hereto acknowledging that it is impossible to estimate more precisely the damages which might be suffered by Seller upon Buyer's default. Seller's retention of the Earnest Money is intended not as a penalty, but as full liquidated damages. The right to receive and retain the Earnest Money as full liquidated damages is Seller's sole and exclusive remedy in the event of default hereunder by Buyer.

SECTION 15. Warranties and Representations of Buyer. Buyer represents, warrants and covenants to Seller and agrees that, at and as of the date of this Agreement and at and as of the Closing Date, the following statements shall be true:

A. Legal Capacity. Buyer has full authority to execute and deliver this Agreement and to perform all of its obligations hereunder.

B. Power. This Agreement and all other agreements, instruments and documents required to be executed or delivered by Buyer pursuant hereto have been or (if and when executed) will be duly executed and delivered by Buyer, and are or will be legal, valid and binding obligations of Buyer. No governmental consents and permissions are required to be obtained by Buyer for the execution and performance of this Agreement and the other documents to be executed by Buyer hereunder. The consummation of the transactions contemplated herein and the fulfillment of the terms hereof will not result in a breach of any of the terms or provisions of, or constitute a default under, any agreement or document to which Buyer is a party or by which it is bound, or any order, rule or regulation of any court or of any federal or state regulatory body or any administrative agency or any other governmental body having jurisdiction over Buyer.

C. No proceedings. There is not now pending or, to Buyer's knowledge, threatened, any action, suit or proceeding, legal, equitable or otherwise, before any court or governmental agency or body which might adversely affect Buyer's ability to perform its obligations hereunder.

D. Survival. The above representations and warranties shall be true and correct both as of the date of this Agreement and at Closing; provided, however that if, prior to any Closing, Seller first learns of any inaccuracy or misstatement, then Seller may, at its option and as its sole remedy either (i) waive the breach

and proceed with the Closing in which case Buyer will have no continuing liability with respect thereto or (ii) elect to exercise its remedies under Section 14.B hereof. If Seller learns after any Closing that a representation by Buyer contained herein is not true and correct, then Seller may bring an action against Buyer for Seller's damages resulting from such untrue or incorrect representation and pursue any other remedies available to at law or in equity. All representations and warranties of Buyer in this Agreement shall survive Closing for a period of one (1) year and Buyer shall have no liability under this Agreement for a breach of any representation or warranty contained herein if Seller fails to give written notice to Buyer (prior to the expiration of the foregoing one (1) year period) alleging a breach by Buyer of a representation or warranty contained in this Agreement.

SECTION 16. Warranties and Representations of Seller. Seller represents, warrants and covenants to Buyer and agrees that, at and as of the date of this Agreement and at and as of the Closing Date, the following statements shall be true:

- A. Power. Seller is the sole owner of fee simple title to the Property.
- B. Authority Relative to this Agreement. The execution, delivery and performance of this Agreement and the closing documents by Seller and the execution, delivery and performance by each individual and/or entity signing this Agreement on behalf of Seller, has been duly authorized and approved by all requisite action on the part of Seller and the execution of this Agreement requires no further action or approval in order to constitute this Agreement as a binding and enforceable obligation of Seller.
- C. FIRPTA. Seller is not a "foreign person" within the meaning of Section 1445 (f)(3) of the Internal Revenue Code.
- D. Pending Litigation. Seller has received no notice of and has not been served with, and to Seller's actual knowledge, there are no actions, suits or proceedings (including arbitration proceedings) pending or threatened affecting any portion of the Property or the Seller's interest therein at law or in equity or before or by any federal, state, municipal or other governmental department, commission, board, bureau, agency or instrumentality.
- E. Condemnation. To Seller's actual knowledge, there are no condemnation actions against or relating to the Property or any portion thereof. Seller has not received any notice of any such contemplated condemnation action.
- F. Violations. Seller has not received any written notice of, and has no actual knowledge of, any violation of any zoning, building, environmental, ecology, health and public safety, subdivision, land sales or similar law, rule, ordinance or regulation, pertaining to the Property or any portion thereof which has not been complied with. Seller has not received any written notice that, and has no knowledge that, it is in default under any of the covenants, easements or restrictions or other title documents encumbering the Property or any portion thereof.
- G. Leases. There are no Leases or other occupancy agreements affecting the Property. No party other than Seller has any right of possession as to all or any part of the Property, except as disclosed in any of the Permitted Exceptions.
- H. Contracts/Purchase Options. There are no existing contracts for the sale of the Property or any constituent or portion thereof, and there are no existing rights of first refusal or options to purchase the Property.

I. Bankruptcy Proceedings. Seller is not the subject of any existing, pending, threatened or contemplated bankruptcy, solvency or other debtor's relief proceeding.

J. Patriot Act Compliance. Seller is not acting, directly or indirectly for, or on behalf of, any person, group, entity or nation named by any Executive Order (including the September 24, 2001, Executive Order Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism) or the United States Treasury Department as a terrorist, "Specially Designated National and Blocked Person," or other banned or blocked person, entity, or nation pursuant to any law that is enforced or administered by the Office of Foreign Assets Control, and is not engaging in this transaction, directly or indirectly, on behalf of, or instigating or facilitating this transaction, directly or indirectly, on behalf of, any such person, group, entity or nation.

K. Contracts. Other than those provided to Buyer as part of the Due Diligence Materials, there are no oral or written service, maintenance, employment or other similar contracts or agreements affecting the Property.

L. Environmental Laws. To Seller's actual knowledge the Property is compliance with all Environmental Laws and no Hazardous Substances have been used, stored, disposed of or released on the Property in violation of any Environmental Law. Without limiting the generality of the foregoing, to Seller's knowledge, there is no mold, mildew or similar material present at the Property.

M. Survival. The above representations and warranties shall be true and correct both as of the date of this Agreement and at Closing; provided, however that if, prior to any Closing, Buyer first learns of any inaccuracy or misstatement, then Buyer may, at its option and as its sole remedy either (i) waive the breach and proceed with the Closing in which case Seller will have no continuing liability with respect thereto or (ii) elect to exercise its remedies under Section 14.A hereof. If Buyer learns after any Closing that a representation by Seller contained herein is not true and correct, then Buyer may bring an action against Seller for Buyer's damages resulting from such untrue or incorrect representation and pursue any other remedies available to at law or in equity. All representations and warranties of Seller in this Agreement shall survive Closing for a period of one (1) year and Seller shall have no liability under this Agreement for a breach of any representation or warranty contained herein if Buyer fails to give written notice to Seller (prior to the expiration of the foregoing one (1) year period) alleging a breach by Seller of a representation or warranty contained in this Agreement. Any reference to "Seller's knowledge", "Seller's actual knowledge" or similar terms shall be limited to the current, actual knowledge of Michael Koch, who is the authorized signatory of Seller, without duty or obligation of investigation, but under no circumstances will the aforementioned representative of Seller be liable personally under this Agreement. Seller represents and warrants that Michael Koch is the representative of Seller with the most knowledge of the matters described in this Section 16.

SECTION 17. Risk of Loss. Seller shall maintain the Improvements on the Property until the date of Closing, ordinary wear and tear excepted, and shall bear the risk of loss in the event of any casualty event.

SECTION 18. Condemnation. If any authority having the right of eminent domain shall commence negotiations with Seller or shall commence legal action against Seller for the permanent taking or acquiring of all or any material part of the Property, by condemnation or by exercise of the right of eminent domain or if such an eminent domain transaction is being contemplated by an authority, Seller shall promptly upon learning of the same give notice of the same to Buyer and Buyer shall have the right, at its option, to terminate this Agreement by giving notice thereof to Seller on or before the Closing Date,

in which event Buyer shall be released of all further obligations hereunder and the Earnest Money and any other deposit(s) made by Buyer, together with any interest earned thereon, shall be returned to the Buyer. If Buyer does not so terminate this Agreement, the Purchase Price for the Property shall be reduced by the total of any awards, settlement proceeds, or other proceeds received by the Seller prior to date of the Closing with respect to any damage or taking. At the Closing, Seller shall assign to Buyer all rights of Seller in and to any future awards, settlement proceeds or other proceeds which are payable at or after the Closing Date. The risk of condemnation or eminent domain shall be borne by the Seller until the Closing Date as described above. In the event of any negotiations with any authority regarding the payment of any awards or other sums or regarding any settlement on account of any damaging, taking or acquiring through condemnation or eminent domain, Seller will inform Buyer of all such negotiations of which Seller has notice and will permit Buyer to take part therein. For purposes of this Section, a condemnation or taking shall be deemed material if Buyer's development and use of the Property for the Intended Use would be negatively impacted (as determined by Buyer in its sole and reasonable discretion).

SECTION 19. Notice. All notices required or allowed by this Agreement shall be delivered in person, by email, or by overnight courier service (such as Federal Express) addressed to the party or person to whom notice is to be given at the following addresses:

To Seller: SB Barton Village TN Sub, LLC
2701 E Camelback Road
Suite 180
Phoenix, AZ 85016
Attention: Mike Koch
Phone: (602) 820-2698
Email: mkoch@suncrestreal.com

with a copy to: Camelback Law Group, LLC
Attention: Todd Hall
2701 East Camelback Road, Suite 180
Phoenix, Arizona 85016
Phone: (602) 492-1565
Email: th@clglawaz.com
Email: rs@clglawaz.com

To Buyer: Encompass Health Corporation
9001 Liberty Parkway
Birmingham, AL 35242
Attention: Edmund Ball, Real Estate Department
Phone: 205-968-4490
Email: realestate@encompasshealth.com

Encompass Health Corporation
9001 Liberty Parkway
Birmingham, AL 35242
Attention: Kate Hawley, Legal Department
Phone: 205-970-7316
Email: kate.hawley@encompasshealth.com

with a copy to: Bradley Arant Boult Cummings LLP

One Federal Place
1819 Fifth Avenue North
Birmingham, AL 35203
Attention: Dawn Helms Sharff
Phone: 205-521-8200
Email: dsharff@bradley.com

To Escrow Agent:

Rochelle, McCulloch & Aulds, P.L.L.C.,
109 North Castle Heights Avenue
Lebanon, Tennessee 37090
Attn: Greg Gill
Phone: (615) 44-8755
Email: ggill@rma-law.com

Notice shall be deemed to have been given upon the date of email, delivery in person or on the first business day following an overnight delivery. The addresses for the purpose of this paragraph may be changed by giving notice as provided herein. Notices given by counsel to the Buyer shall be deemed given by Buyer and notices given by counsel to the Seller shall be deemed given by Seller.

SECTION 20. Entire Agreement. This Agreement constitutes the entire agreement of the parties with respect to the Property described herein. This Agreement may not be amended or modified orally. All understandings and agreements heretofore between the parties with respect to the Property are merged in this Agreement which alone fully and completely expresses their understanding.

SECTION 21. No Waiver. No waiver of any provision of this Agreement shall be effective unless it is in writing and signed by the party against whom it is asserted and any such written waiver shall only be applicable to the specific instance to which it relates and shall not be deemed to be a continuing or future waiver.

SECTION 22. Amendments. This Agreement may not be amended, modified, altered or changed in any respect whatsoever except by further agreement in writing duly executed by the parties hereto.

SECTION 23. Captions. The captions of this Agreement are for convenience and reference only and in no way define, describe, extend or limit the scope or intent of this Agreement or the intent of any provision hereto.

SECTION 24. Assignment. Buyer shall have the right, subject to Seller's consent (not to be unreasonably withheld, conditioned or delayed), to assign all or any portion of its right, title and interest in and to this Agreement to any party or parties (provided, however, Buyer may assign this Agreement to one or more parties affiliated with Buyer and/or for which Buyer serves as transaction sponsor without Seller's consent, and may also without Seller's consent effect any assignments contemplated by Section 35 below). Upon such assignment(s), Buyer shall be released from all its obligations or liabilities hereunder. Seller shall not assign its rights hereunder without the prior written consent of Buyer.

SECTION 25. Successors. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns.

SECTION 26. Time. TIME IS OF THE ESSENCE WITH RESPECT TO ALL MATTERS CONTAINED HEREIN. Whenever any time period is to be computed hereunder, the day from which the period shall begin to run is not to be included, and any period ending on a day other than a Business Day will be extended to the next Business Day.

SECTION 27. Counterparts. This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement and shall become a binding agreement when one or more counterparts have been signed by and delivered to each of the parties. To facilitate execution of this Agreement, the parties may execute and exchange executed counterparts of the signature pages by e-mail (the parties acknowledging and agreeing that electronic signatures (including electronic copies of manual signatures) shall have the effect of original signatures relative to this Agreement).

SECTION 28. Validity. In the event any term or provision of this Agreement is determined by appropriate judicial authority to be illegal or otherwise invalid, such provision shall be given its nearest legal meaning or be construed or deleted as such authority determines, and the remainder of this Agreement shall remain in full force and effect.

SECTION 29. No Recordation. Neither this Agreement nor any notice or memorandum thereof shall be recorded in the public records of any jurisdiction.

SECTION 30. Miscellaneous. Whenever used, the singular shall include the plural, the plural shall include the singular, and the use of any gender shall include all genders.

SECTION 31. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Tennessee.

SECTION 32. Attorneys' Fees. If any action, suit, arbitration or other proceeding is instituted to remedy, prevent or obtain relief from a default in the performance by any party to this Agreement of its obligations under this Agreement, the prevailing party shall be reimbursed by the other party hereto for all of such party's attorneys' fees incurred in each and every such action, suit, arbitration or other proceeding, including any and all appeals or petitions therefrom. As used in this Section, attorneys' fees shall be deemed to mean the full and actual costs of any legal services actually performed in connection with the matters involved, calculated on the basis of the usual fee charged by the attorney performing such service.

SECTION 33. Termination of Agreement. It is understood and agreed that if either Buyer or Seller terminates this Agreement pursuant to a right of termination granted hereunder, such termination shall operate to relieve Seller and Buyer from all further obligations under this Agreement, except that the parties shall be entitled to exercise the rights and enforce the remedies set forth herein and except that such obligations as are specifically stated herein to survive the termination of this Agreement shall so survive.

SECTION 34. Further Assurances. Each party agrees that it will without further consideration execute and deliver such other documents and take such other action, whether prior or subsequent to any Closing, as may be reasonably requested by the other party to consummate more effectively the purposes or subject matter of this Agreement. The provisions of this Section 34 shall survive Closing.

SECTION 35. Tax Deferred Exchange. Buyer may be acquiring the Property or Seller may elect to sell the Property as part of an Internal Revenue Code Section 1031 tax deferred exchange. Each party agrees to assist and cooperate in such exchange at no cost, expense or liability to the cooperating party

and further agrees to execute any and all documents as are reasonably necessary, in connection with such exchange. The applicable party may be assigning, and is permitted to assign, all contract rights and obligations hereunder to a "qualified intermediary", as that term is defined in the Internal Revenue Code and relevant Treasury regulations, in connection with an exchange. In connection with any such exchange, neither Buyer nor Seller shall be obligated to acquire or convey any property other than the Property. No such permitted assignment under this Section 35 shall relieve either Buyer or Seller of any liability hereunder.

SECTION 36. Confidentiality.

A. As used herein, "**Confidential Information**" means information concerning the Property, the Inspections and this Agreement, including any of the terms and conditions of upon which Seller has agreed to sell and Buyer has agreed to buy the Property described herein, including the Purchase Price.

B. Buyer and Seller agree, except with the prior written consent of the other party, not to directly or indirectly divulge, reveal, report, publish, transfer or disclose, for any purpose whatsoever, any Confidential Information to a third party, except as may be reasonably required in connection with any proposed assignment of this Agreement, and except to its attorneys, accountants and other advisors, or as required by applicable law. Notwithstanding the foregoing, a copy of this Agreement shall be permitted to be provided to the Escrow Agent. Notwithstanding the foregoing, (a) Buyer may provide a copy of this Agreement to, and/or discuss the terms herein with: (i) any lenders that Buyer uses or considers using for any financing related to the transaction contemplated herein; (ii) any agents, employees, attorneys, accountants, consultants, architects, engineers, planners, contractors and other third party service providers that Buyer engages or considers engaging in relation to the Property and this Agreement; (iii) any governmental officials and utility and other non-governmental entities with whom Buyer may deal prior to Closing in regard to the Property and the development and operation of Buyer's business on the Property; and (iv) any prospective purchasers, investors or tenants so long as such prospective purchasers, investors or tenants have agreed, in writing, to comply with the confidentiality provisions contained in this Agreement; and (b) Seller may provide a copy of this Agreement to, and/or discuss the terms herein with any agents, officers, employees, attorneys, accountants, consultants or any other third party service provider that Seller engages or considers engaging in relation to the sale of the Property. Each party will have all remedies available at law or in equity in the event of a breach of this Section 36 by the other party or its affiliates.

C. The restrictions set forth in Section 36.B above shall not apply to any part of the Confidential Information which is in or comes into the public domain other than as a result of a breach of this Agreement and shall not apply to any disclosures which are required to be made by law or pursuant to other legal requirement, such as a subpoena.

D. The obligations of confidentiality contained herein shall expire upon each Closing.

SECTION 37. Special Provisions.

A. At Closing, any and all Contracts related to the applicable Property shall be terminated effective as of the applicable date of Closing (or on a prior date) at Seller's sole cost and expense.

B. During the term of this Agreement, Seller shall not enter into any backup contracts with respect to the sale of the Property or otherwise negotiate with any third parties with respect to the sale of the Property.

C. Buyer acknowledges that Seller and/or its affiliates may be entitled to certain sewer and/or water tap and/or capacity fee credits (the "***Seller Credits***") as a result of improvements, dedications, conveyances and/or advanced payments. If Seller and/or any of its affiliates has, as of the time that Buyer is required, under applicable law, to pay for sewer and/or water tap and/or capacity fees in connection with its intended development of the Property, credits for such sewer and/or water tap and/or capacity fees which it desires to transfer to Buyer, Buyer shall take an assignment of such credits from Seller (and/or its affiliates, as applicable) and shall pay to Seller the amount that would otherwise then be charged to Buyer for such sewer and/or water tap and/or capacity fees by the applicable governmental authority. In such event, Seller shall deliver to Buyer a written assignment in a form acceptable to the applicable governmental authority for the Seller Credits so assigned. If, for any reason, the applicable governmental authority does not accept such assignment and give Buyer credit therefor, Seller (and/or its affiliates, as applicable) shall promptly reimburse Buyer for the amounts paid to Seller for the Seller Credits so assigned (to the extent Buyer previously paid Seller for same). If Seller and/or its affiliates do not have Seller Credits available to transfer to Buyer with respect to the Property or any portion thereof at the time Buyer is required, under applicable law, to pay for sewer and/or water tap and/or capacity fees in connection with its intended development of the Property or if the applicable government authority will not accept an assignment of Seller Credits, Buyer shall have no obligation to take an assignment of Seller Credits from Seller; however, Buyer agrees that it shall not make any sewer and/or water tap and/or capacity fee payments to the applicable governmental authority with respect to the Property without first notifying Seller of the sewer and/or water tap and/or capacity fees which Buyer is required to pay, so that Seller may determine if it or any of its affiliates have any Seller Credits available for transfer to Buyer at such time. Seller shall notify Buyer within five (5) Business Days of receipt of Buyer's notice as to whether or not Seller and/or its affiliates have Seller Credits available for transfer to Buyer. To the extent Seller and/or its affiliates do not have any Seller Credits available for Buyer at such time, then Buyer may make payment of the sewer and/or water tap and/or capacity fees directly to the applicable governmental authority. Notwithstanding the foregoing, the parties acknowledge that at the time Buyer makes payment of the sewer and/or water tap and/or capacity fees directly to the applicable governmental authority, the tap and capacity fees charged by the governmental authority for the Property may be less than the generally applicable tap and capacity fees charged by the governmental authority as a result of improvements, dedications, conveyances and/or advanced payments made by Seller and/or its affiliates. In that case, then Buyer shall pay to the governmental authority the sewer and/or water tap and/or capacity fee rate applicable to the Property, and shall pay to Seller the difference between the sewer and/or water tap and/or capacity fee rate applicable to the Property and the then-current sewer and/or water tap and/or capacity fee rate that would otherwise have been charged by the governmental authority. By way of example, without limitation, if the generally applicable sewer and/or water tap and/or capacity fee rate at the time that Buyer is required to pay tap and/or capacity fees is \$3,500 per equivalent dwelling unit, but as a result of improvements, dedications, conveyances and/or advanced payments made by Seller and/or its affiliates, the sewer and/or water tap and/or capacity fee rate applicable to the Property is \$2,200 per equivalent dwelling unit, then Buyer shall pay \$2,200 to the governmental authority, and Buyer shall pay \$1,300 (the difference between \$3,500 and \$2,200) to Seller. If Seller and/or its affiliates do have Seller Credits available for Buyer at such time, then Buyer shall be required to take an assignment of such Seller Credits as set forth herein. In no event shall Buyer be required to pay any sewer and/or water tap and/or capacity fees twice. Buyer's obligation to purchase Seller Credits pursuant to this Section shall survive Closing.

D. Seller acknowledges that the provisions of Sections 5(B) (iii), (iv), and (v) of this Agreement (the "***Retained Land Provisions***") are of critical importance to Buyer and are a condition to Buyer's closing obligation hereunder, and as a result, in the event Seller enters into a sale contract or lease involving any portion of Commercial Portion of Seller's Retained Land, Seller will ensure that the counterparty to such transaction is aware of Seller's obligations under the Retained Land Provisions (which shall be binding on

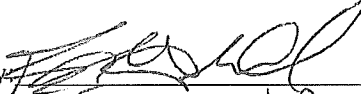
Seller and applicable to the Commercial Portion of Seller's Retained Land notwithstanding any sale or lease transaction Seller may pursue regarding the Commercial Portion of Seller's Retained Land). Seller acknowledges and agrees that any potential transaction Seller may pursue with regard to the Commercial Portion of Seller's Retained Land will not deprive Buyer of the benefit of the agreements made by Seller in the Retained Land Provisions.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the parties have executed this Agreement on the day and year first above written.

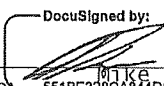
BUYER:

ENCOMPASS HEALTH CORPORATION, a Delaware corporation

By: 
Name: EDWARD A. BIACK
Its: CHIEF REAL ESTATE OFFICER

SELLER:

SB BARTON VILLAGE TN SUB, LLC, a Delaware limited liability company

By: 
Name: Mike Koch
Its: Authorized Signatory

Escrow Agent executes this Agreement for the sole purpose of evidencing its agreement to the matters set forth in Section 13 hereof.

ESCROW AGENT:

Rochelle, McCulloch & Auld, P.L.L.C.,


By: 
Name: Gregory S. Auld
Title: Member

Exhibit A

Depiction of Real Property

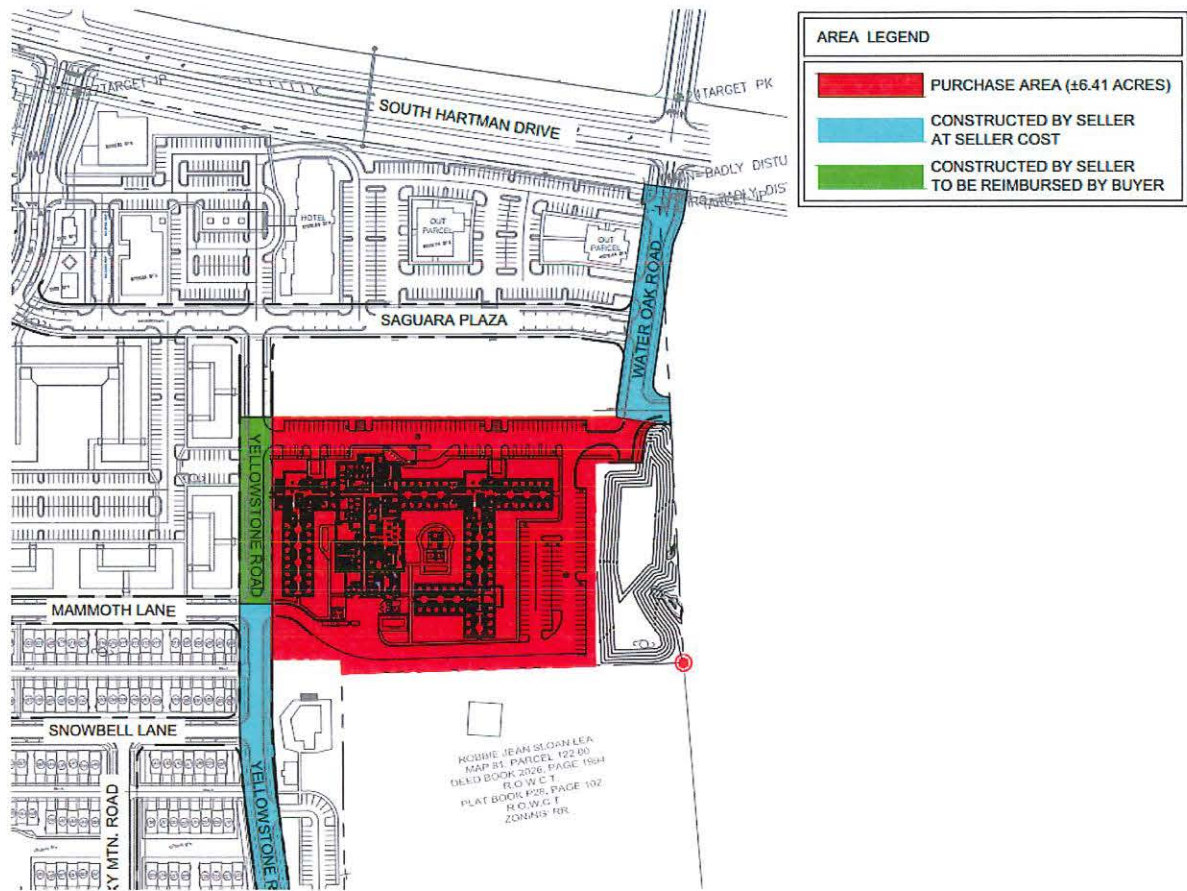


Exhibit B

Depiction of Master Project

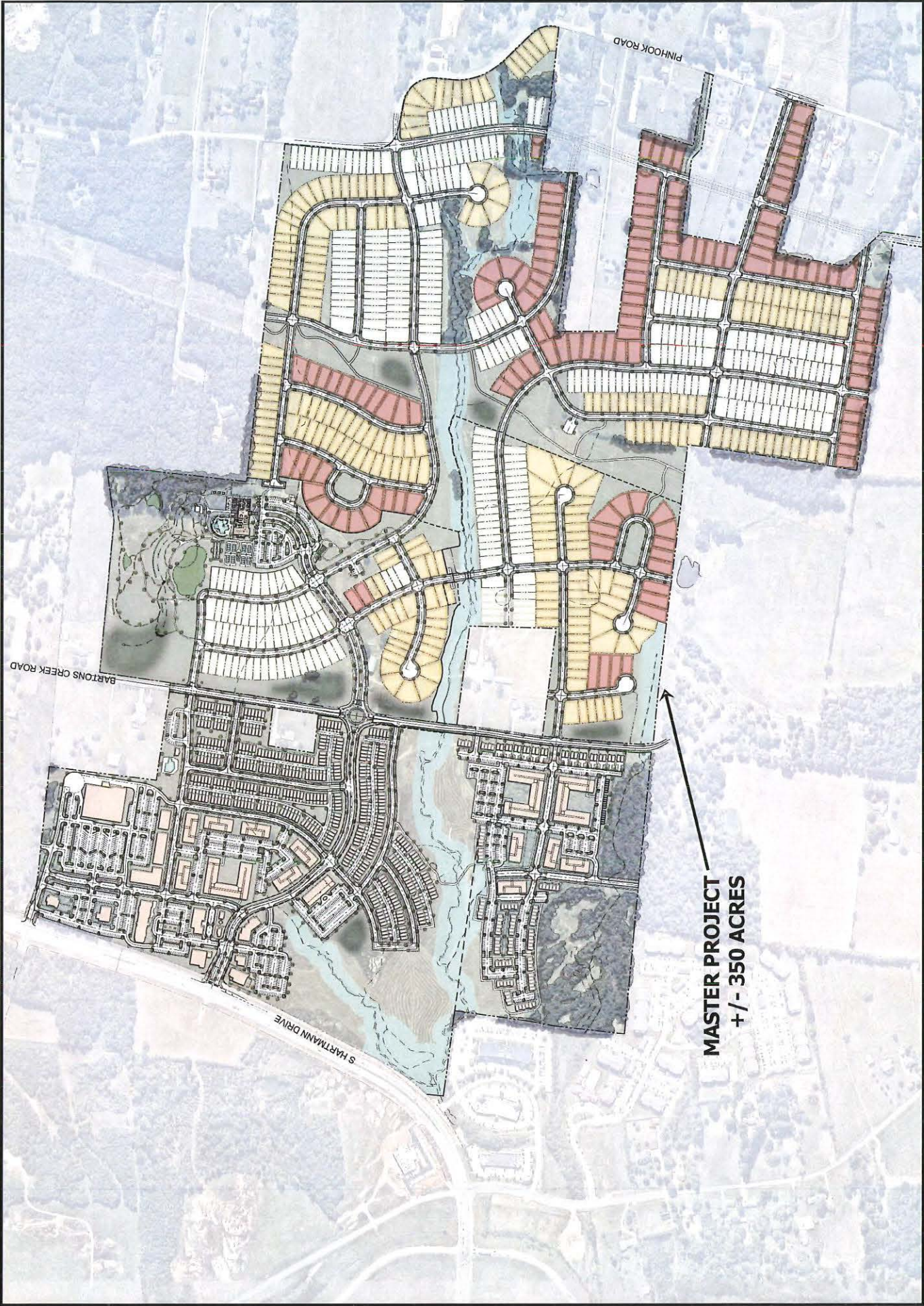
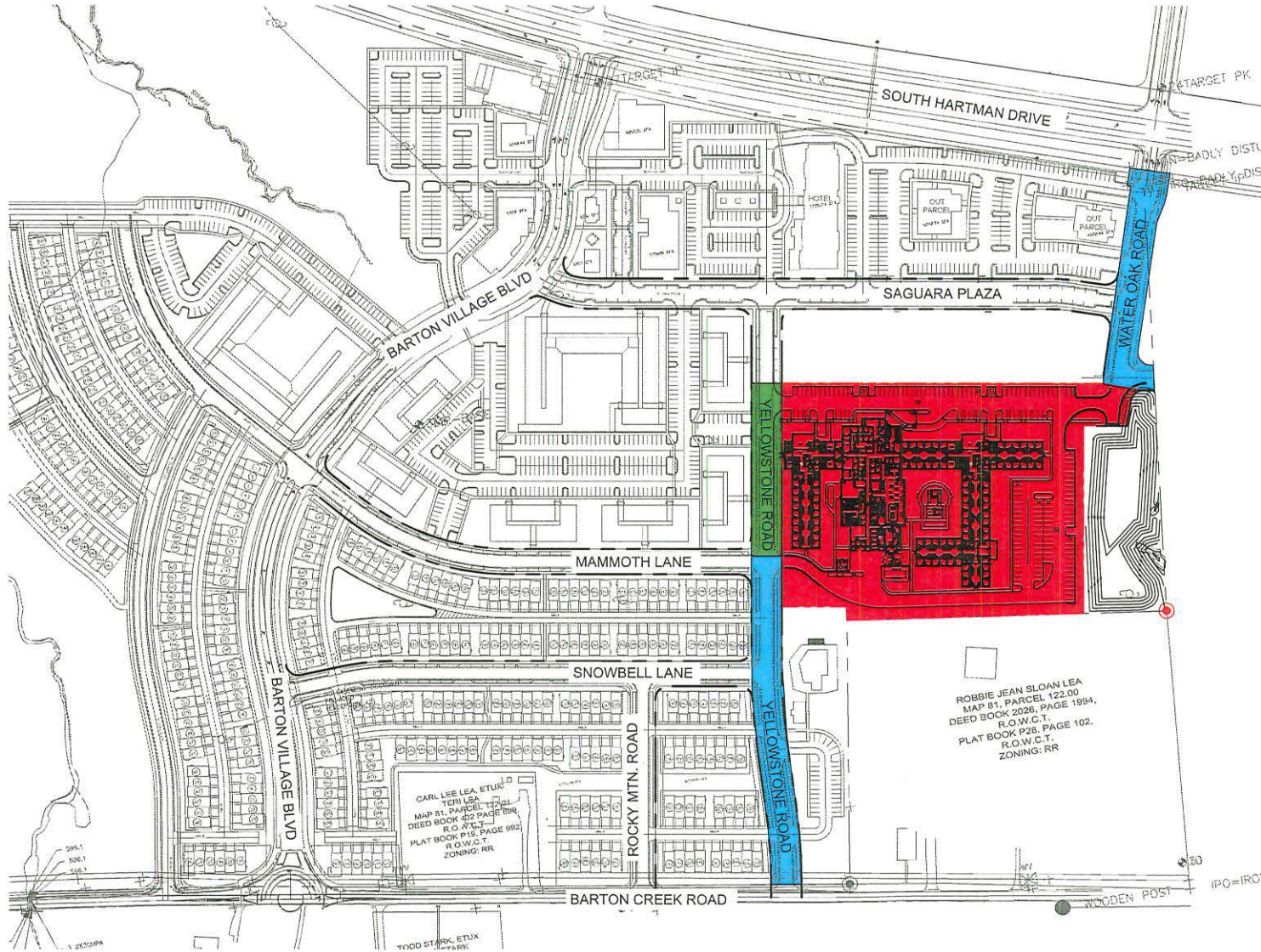


EXHIBIT B - MASTER PROJECT

Exhibit C

Depiction of the Roads



AREA LEGEND	
■	PURCHASE AREA (±6.41 ACRES)
■	CONSTRUCTED BY SELLER AT SELLER COST
■	CONSTRUCTED BY SELLER TO BE REIMBURSED BY BUYER

Exhibit D

Commercial Portion of Seller's Retained Land

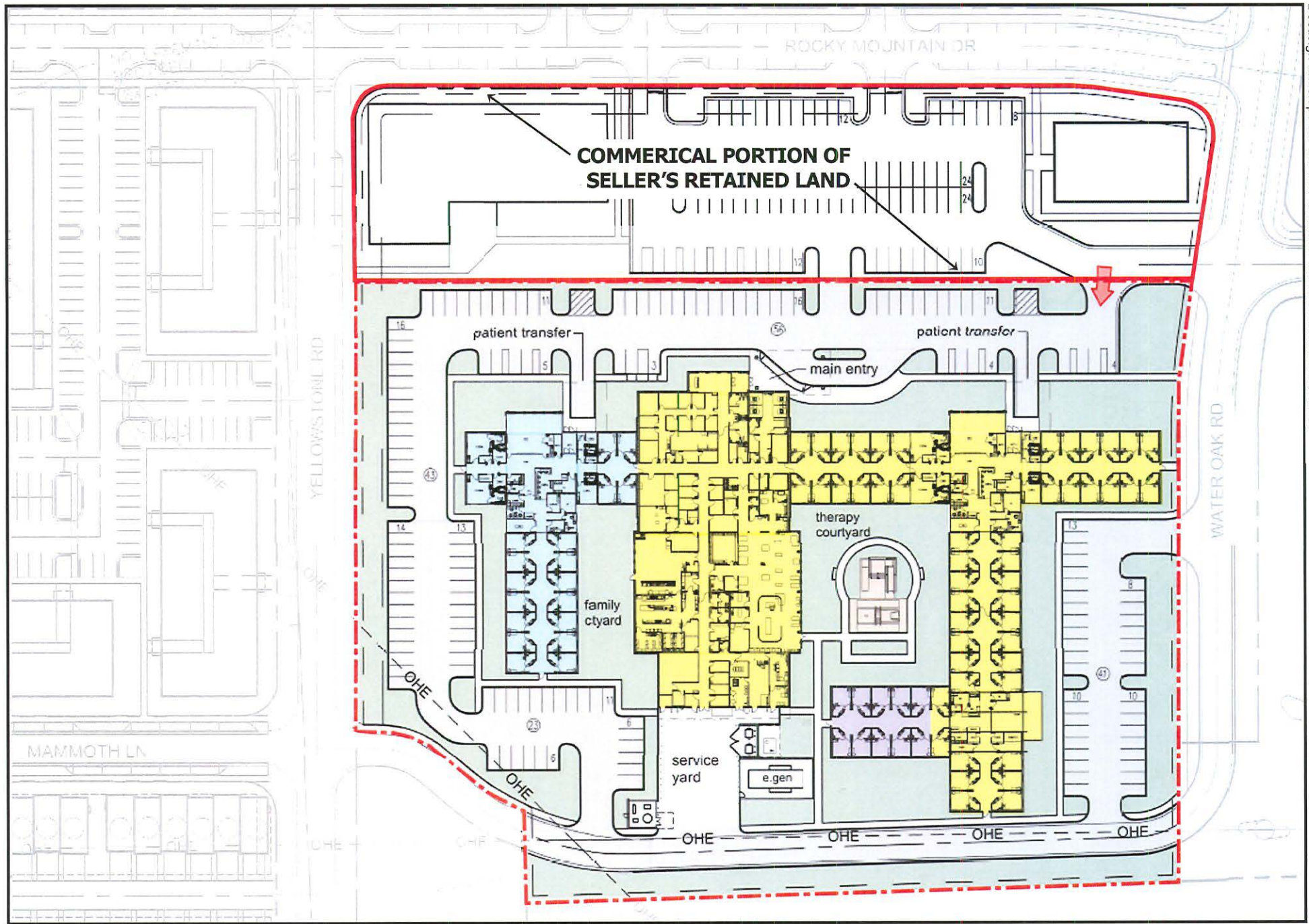


Exhibit E

Restrictions Applicable to
Commercial Portion of Seller's Retained Land

In no event may any Parcel be used for any of the following:

- (1) an auditorium or other similar place of general assembly;
- (2) an indoor flea market;
- (3) a secondhand store, thrift store, swap shop, liquidation outlet or used clothing store (other than one (1) recognized regional or national concept such as Plato's Closet), including any business that regularly sells merchandise referred to as "odd lot", "cancellation", "second", "factory reject", "sample", "floor model", "floor demonstrator", "obsolescent", "distressed", "salvage" or "damaged"; provided that the foregoing shall not preclude the operation within the Center of one (1) regional or national clothing reseller such as Plato's Closet or one (1) regional or national discount retailer such as Dollar Tree;
- (4) a massage parlor; provide the foregoing shall not preclude the operation within the Center of one (1) national, first class massage concept such as Massage Envy; or the operation of a fitness or related concept that provides massage services ancillary to its primary business operations;
- (5) a cemetery/crematorium;
- (6) a so-called "head shop" or facility for the sale, rental, distribution or display of drug paraphernalia such as roach clips, bongs, water pipes, coke spoons, cigarette wrapping papers, pipes and/or syringes;
- (7) a facility for the sale, rental, display or distribution of pornographic, lewd, sexually explicit or so-called adult material;
- (8) an off-track betting parlor, bowling alley, billiard parlor, pool room, game room, amusement arcade or gaming hall; excluding national or regional large format amusement concepts such as Dave and Buster's or Main Event operating in no less than 20,000 square feet of space;
- (9) an automobile body shop, truck stop, junk yard or motor vehicle dismantling operation;
- (10) a recycling facility, except as required pursuant to governmental restrictions;
- (11) a stock yard;
- (12) a traveling carnival, circus or fair;
- (13) coin operated laundry or dry cleaners providing on-site cleaning services (provided that

one (1) pick-up and drop off cleaning location shall be permitted within the Center);

- (14) sale, rental or storage of motor vehicles;
- (15) shows;
- (16) booths for the sale of fireworks;
- (17) churches, temples or other houses of religious worship;
- (18) any establishment conducting games of chance;
- (19) a pawn shop;
- (20) a bingo hall;
- (21) a rehabilitation center for physical, mental or substance abuse rehabilitation or treatment; provided that one (1) licensed physical therapy office and one (1) licensed chiropractic office shall be permitted within the Center;
- (22) a funeral home or funeral parlor;
- (23) a business which creates strong, unusual or offensive odors, fumes, dusts or vapors, as a public nuisance, emits noise or sounds which are objectionable due to intermittence, beat, frequency, shrillness or loudness, or creates a hazardous condition;
- (24) the dumping or disposing of garbage or refuse;
- (25) offices, except as may be incidental to a retail operation or in portions of the Center identified for Non-Retail Use;
- (26) any residential production, manufacturing, industrial or storage use of any kind or nature except for storage and/or assembly of products incidental to an otherwise permitted use;
- (27) the conduct of any auction, loss of lease, fire, bankruptcy or going out of business sale;
- (28) a school, excluding the operation of a preschool or day care center;
- (29) a "tattoo parlor" or "piercing parlor," so called;
- (30) the outdoor housing of animals;
- (31) a nightclub;
- (32) any business which operates on a part-time basis for only a portion of the week or month; excluding any business closed one day per week for religious or similar purposes;
- (33) any governmental use.

Attachment 10A
Floor Plan, Room Diagrams, and Pictures of Typical
Encompass Health Hospital Features

NOT FOR CONSTRUCTION

Building:

Open: 40 beds
+ 52,552 gsf

Shell: + 7,950 gsf

TOTAL: + 60,502 gsf

REVISIONS & PREVIOUS DRAWING SETS

Rev. No	Description	Date

CURRENT DRAWING SET

LAND DEVELOPMENT
PLANS

03/18/2025

FLOOR PLAN

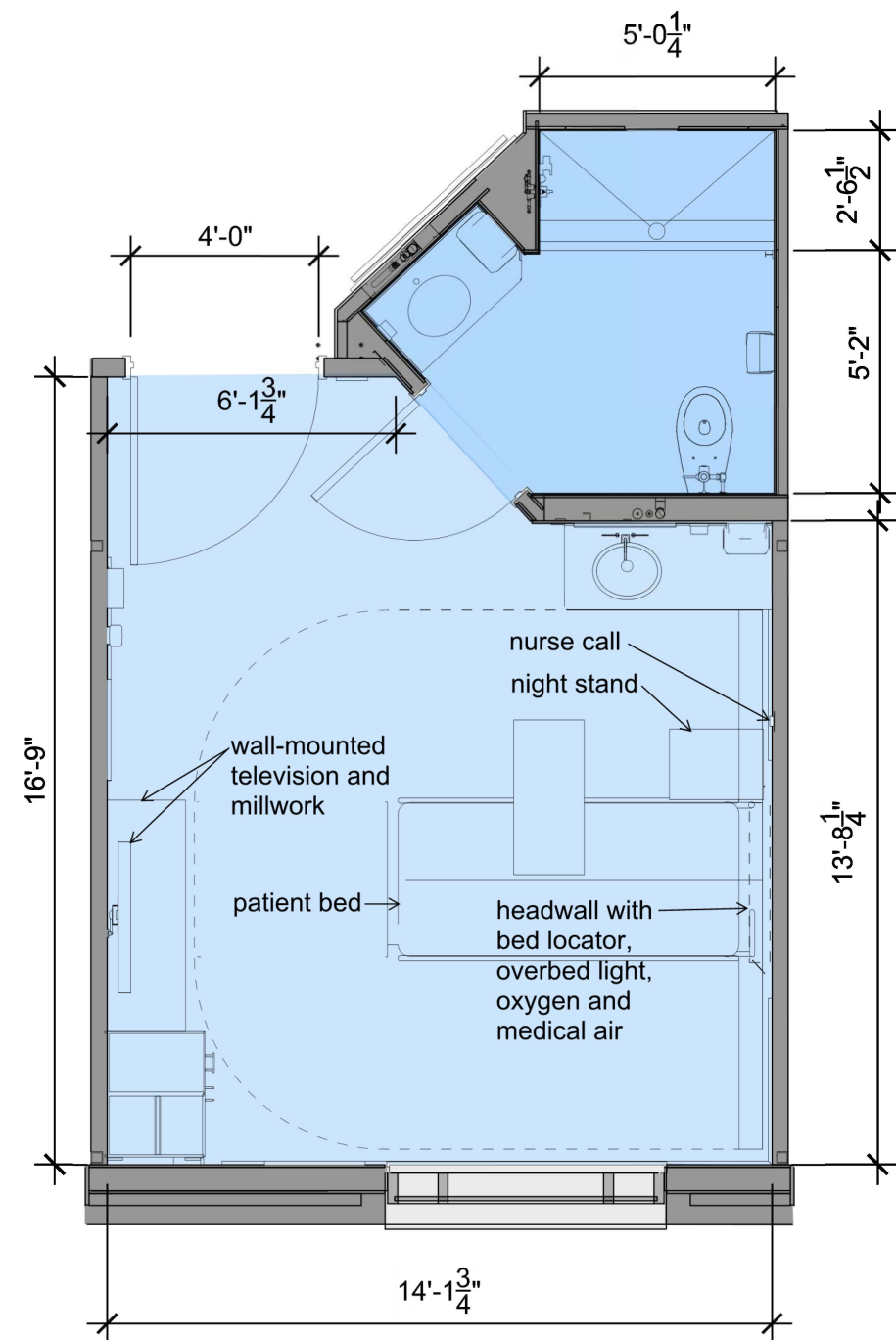
1 FLOOR PLAN
1/16" = 1'-0"



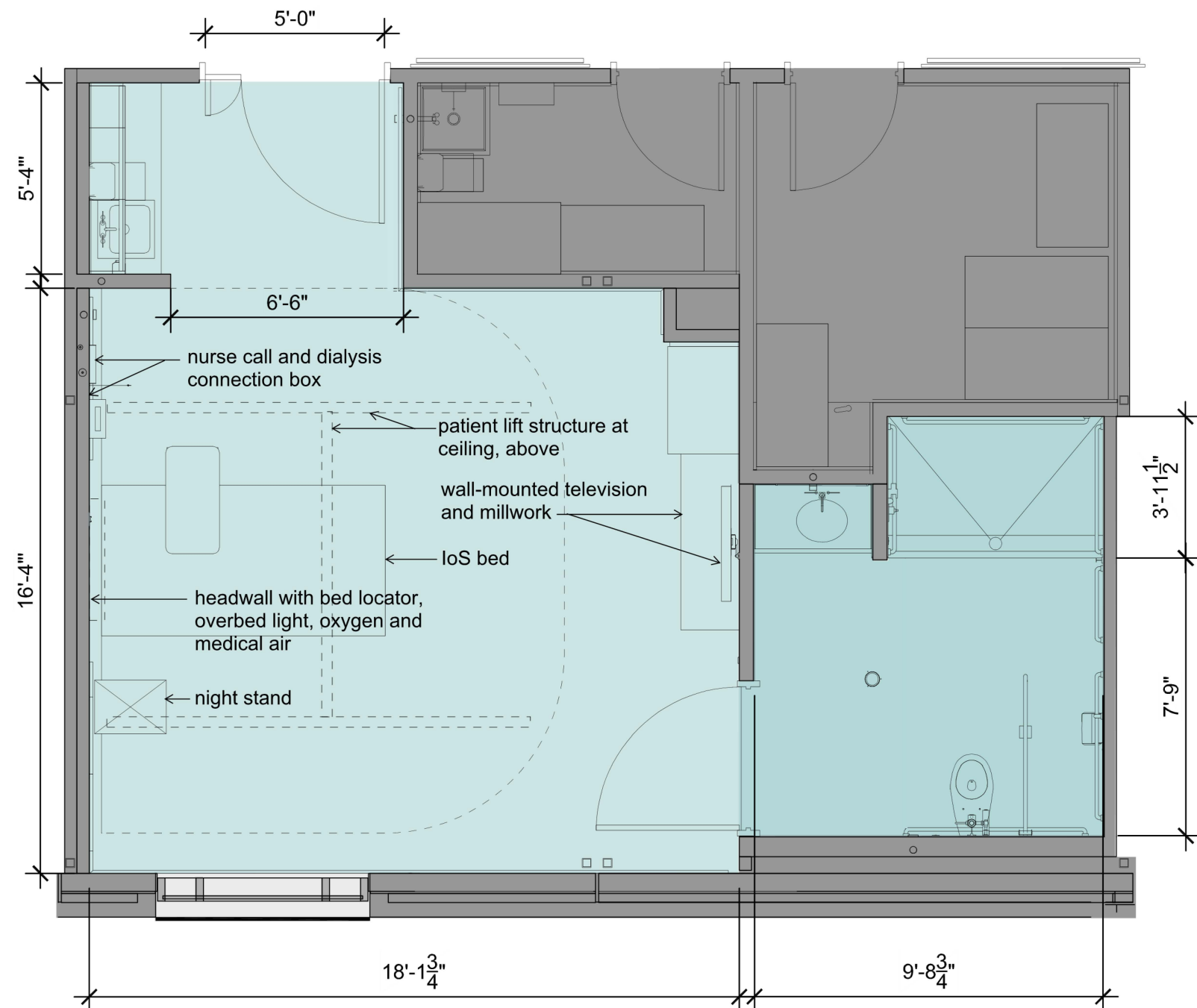
A200

Encompass Health: typical ADA patient room and patient room for an individual of size (IoS)

01 April 2025



TYP ADA PATIENT RM:	218 SF
TYP ADA PATIENT TLT:	52 SF
TYP ADA PATIENT SUITE: 270 SF	



TYP IOS PATIENT RM:	342 SF
TYP IOS PATIENT TLT:	108 SF
TYP IOS PATIENT SUITE: 450 SF	

Encompass Health recently constructed hospitals



Spacious private rooms and baths



Sample lobbies



Sample therapy gyms



Sample activities of daily living (ADL) suites



Sample nursing stations and hallway



Sample outside grounds



Sample dining room



REHABILITATION Equipment & Technology



Clinical technologies are invaluable tools in the therapy process and offer patients an exciting and enjoyable experience during their road to recovery. Encompass Health's Therapy Innovations Committee (TIC) evaluates the most cutting-edge, innovative clinical technologies on the market today. The committee establishes and maintains technology standards for new hospitals and identifies best-in-class technologies for Disease Specific Certifications (DSC) to support the gold star quality of care Encompass is known for. Some examples of these technologies are as follows:

Bioness Vector Overhead Track System®

Bioness Vector is an overhead track and harness system that provides a safe ambulation environment for both therapist and patient. Without the fear of falling, patients can focus more fully on their tasks of gait and balance.



B.I.T.S Bioness Integrated Therapy System®

Using a 50" touch screen monitor, BITS is designed to improve visual abilities for a wide range of patients with visually-related learning problems, strabismus, amblyopia, and traumatic brain injury. BITS offers 16 unique programs with customizable features designed to enhance outcomes for physical and occupational therapy patients.



SaebFlex®

Stroke survivors and other neurologically impaired patients use this custom-fitted hand and arm splint to increase shoulder, elbow, wrist and hand function. During therapy exercises, the splint is used to retrain the hand's grasp and release movements.



Bioness H200®

When stroke, brain injury or spinal cord injury occur, a person's neurological abilities, like grasping, can be impaired. The innovative NESS H200 helps improve hand function and voluntary movement.



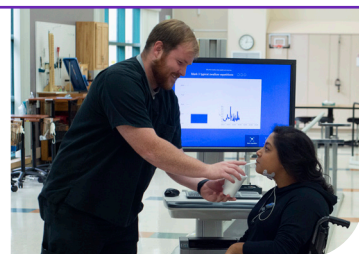
Bioness L300™

This small wireless device is worn on a patient's leg to help improve walking abilities. Through electrical stimulation, NESS L300 retrains lower leg muscles, increasing motion and blood circulation enabling the return to a more normal step.



Synchrony®

Unlike any other dysphagia rehabilitation solution available, Synchrony™ enables SLPs and patients to literally “See the Swallow” using virtual reality augmented sEMG biofeedback. This important capability helps SLPs evaluate the specific dynamics of a normal, effortful or Mendelsohn swallow in real time, while guiding a series of therapeutic exercise activities that are engaging and fun for patients.



Interactive Metronome™

Interactive Metronome is a brain-based rehabilitation assessment and training program created to improve a patient's ability to plan, organize and use language.



BURT®

BURT® is a user-friendly robot that assists in improving motor control and fine motor skills in the arms and hands. This robot contains integrated gaming software to practice movement patterns and provides customizable features to tailor to patient-specific rehabilitation treatments.



VitalStim®

For those who suffer from dysphagia, a common condition among stroke and brain injury survivors, this therapy greatly improves swallowing ability with electrical stimulation.



Attachment 11A
Public Transportation Routes

Attachment 11A

Public Transportation Routes: 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.

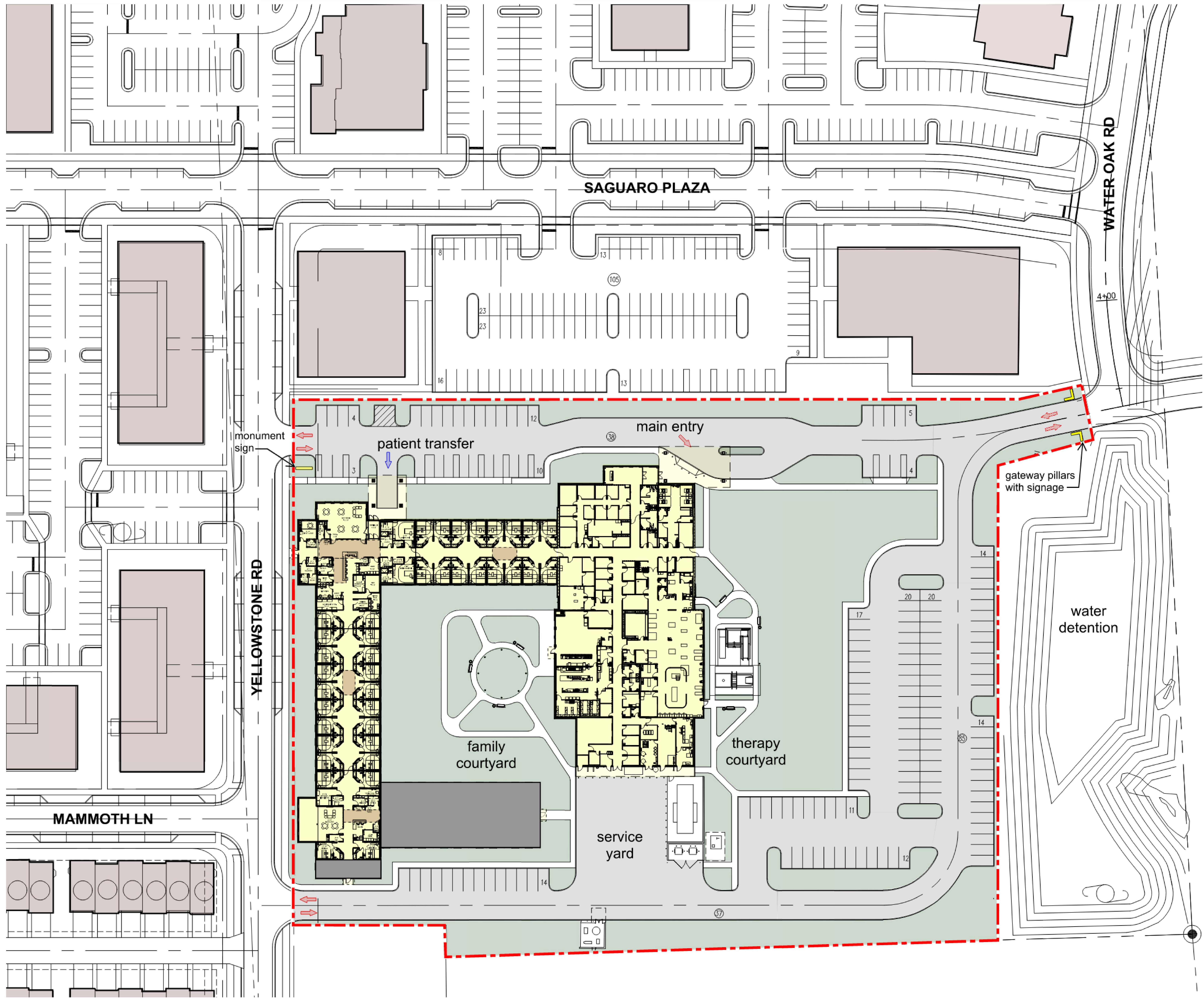
Response: The proposed facility will be located on approximately 6.5 undeveloped acres in Barton Village, a 350-acre mixed-use development under construction that has been approved for almost 2,000 homes, including a Del Webb community for ages 55 and over ("55+") that will include more than 700 homes and amenities on approximately 240 acres, and 350,000 square feet of retail, commercial and office space.

Barton Village and the proposed Rehab Hospital are located only about a half-mile off Interstate 40 (I-40) and in close proximity to Interstate 840 (I-840) as well as numerous major roadways, state highways and routes including SR 231 (Murfreesboro Road), S. Hartmann Drive, SR 70 and 70N, and SR 266 (S. College St.), all of which provide easy access to the site for residents throughout the 4-county service area.

In addition to being close to major interstates and highways, the facility will be accessible by public transportation. Public transportation is available in every county in Tennessee with options such as express buses, local shuttles, and complementary paratransit. In the proposed service area, the following options are available:

- WeGo Star: Commuter train connecting Nashville-Davidson County and Wilson County with stops in Martha, Mt. Juliet, Hermitage, Donelson, Lebanon, and downtown Nashville. Connecting bus service is also available.
- WeGo Express: Commuter service between downtown Nashville and outlying communities such as areas in Wilson and surrounding service area counties.
- Mid-Cumberland Human Resource Agency (MCHRA): Transit service for rural counties including the proposed projects' service area counties of Trousdale and Wilson counties.
- Upper Cumberland Human Resource Agency (UCHRA): Transit service for rural counties including the proposed projects' service area counties of Macon and Smith counties.

Attachment 12A
Plot Plan



ENCOMPASS
HEALTH
REHABILITATION
HOSPITAL OF
LEBANON

Lebanon, TN 37087

GIATTINA AYCOCK
ARCHITECTURE STUDIO INC.
2625 5th Avenue North, Building C
Bessemer, AL 35020
P: 205.933.9060
GAstudio.com

BLOX, LLC
2625 5th Avenue North, Building C
Bessemer, AL 35020
P: 205.424.3242
F: 205.424.3244
bloxbuilt.com

NOT FOR CONSTRUCTION

Building:
Open: 40 beds
+ 52,552 gsf
Shell: + 7,950 gsf
TOTAL: + 60,502 gsf

Site Parcel: + 6.34 acres*
property line
*approximate

Parking, Total spaces:
160 spaces
includes 16 ADA

REVISIONS & PREVIOUS DRAWING SETS		
Rev. No	Description	Date

CURRENT DRAWING SET
LAND DEVELOPMENT
PLANS
03/18/2025
SITE PLAN

Supplemental Document #1

Status of Vanderbilt Wilson County Hospital IRF Beds

From: [Ann R. Reed](#)
To: [Travis Swearingen](#)
Cc: [Wanda E. Hines](#)
Subject: [External Email] RE: Vanderbilt Wilson County McFarland Campus [IWOV-BUTLERSNOW.FID1022936]
Date: Wednesday, June 21, 2023 3:42:00 PM
Attachments: [image001.png](#)

Travis

Good afternoon. This is an accurate depiction of our conversation. Let me know if you have any further questions. Have a great week!



Ann Rutherford Reed RN, BSN, MBA
Deputy Director, Licensure & Regulation

Health Facilities Commission

665 Mainstream Drive, 2nd Floor, Nashville, TN 37243

Phone: 615-532-6595

Email: ann.r.reed@tn.gov

tn.gov/hsda

Mission Statement: *To continually improve the delivery of valuable healthcare services in Tennessee*

From: Travis Swearingen <Travis.Swearingen@butlersnow.com>
Sent: Tuesday, June 20, 2023 10:52 AM
To: Ann R. Reed <Ann.R.Reed@tn.gov>
Cc: Wanda E. Hines <Wanda.E.Hines@tn.gov>
Subject: [EXTERNAL] RE: Vanderbilt Wilson County McFarland Campus [IWOV-BUTLERSNOW.FID1022936]

***** This is an EXTERNAL email. Please exercise caution. DO NOT open attachments or click links from unknown senders or unexpected email - STS-Security. *****

Good morning, Ann. I hope you had a nice weekend.

I wanted to follow up with you on my e-mail below to confirm my understanding of the current McFarland status.

Thanks.

Travis B. Swearingen
Butler Snow LLP

D: (615) 651-6734 | F: (615) 651-6701
150 3rd Avenue South, Suite 1600, Nashville, TN 37201
Travis.Swearingen@butlersnow.com | [vCard](#) | [Bio](#)

From: Travis Swearingen

Sent: Friday, June 16, 2023 2:26 PM

To: 'Ann R. Reed' <Ann.R.Reed@tn.gov>

Cc: 'Wanda E. Hines' <Wanda.E.Hines@tn.gov>

Subject: Vanderbilt Wilson County McFarland Campus [IWOV-BUTLERSNOW.FID1022936]

Ann,

I wanted to confirm with you the details of our conversation early this week.

Through my letter dated April 28, 2023, the BLHCF has been notified of the cessation of services at Vanderbilt Wilson County Hospital's McFarland Campus. The last McFarland patient was discharged yesterday. While VWCH also asked that the McFarland beds be placed in inactive status, it is my understanding that the inactive status request was not presented to the Board because of McFarland's status as a satellite of VWCH and because both McFarland and VWCH are under Facility License Number 00000137, "part" of the license cannot be placed in inactive status. Given the lack of action at the meeting last week, VWCH remains actively licensed to operate the psych and rehabilitation beds and services at McFarland. From the BLHCF's perspective, the McFarland beds/services will be noted in the appropriate Licensure file as temporarily closed subject to future reinitiating by VWCH.

Also as follow-up to our discussion, if VWCH wishes to place the McFarland beds in inactive status, we will need to file a request to decouple the McFarland campus from VWCH (thus making it no longer a satellite), reactivate the original McFarland license, and then simultaneously while reactivating the original McFarland license, ask that it be placed in inactive status.

If you could confirm the above, I would appreciate it.

Have a good weekend.

Travis B. Swearingen

Butler Snow LLP

D: (615) 651-6734 | F: (615) 651-6701

150 3rd Avenue South, Suite 1600, Nashville, TN 37201

Travis.Swearingen@butlersnow.com | [vCard](#) | [Bio](#)

CONFIDENTIALITY NOTE: This e-mail and any attachments may be confidential and protected by legal privilege. If you are not the intended recipient, be aware that any disclosure, copying, distribution or use of the e-mail or any attachment is prohibited. If you have received this e-mail in error, please notify us immediately by replying to the sender and deleting this copy and the reply from your system. Thank you for your cooperation.

BUTLER | SNOW

April 28, 2023

VIA EMAIL

Ms. Ann Reed
Deputy Director, Licensure & Regulation
Health Facilities Commission
665 Mainstream Dr., Second Floor
Nashville, TN 37243

RE: Vanderbilt Wilson County Hospital, License #137
Request for Inactive Status of McFarland Satellite Campus

Dear Ms. Reed:

This letter is submitted to the Health Facilities Commission, Board for Licensing Health Care Facilities (BLHCF) to request the psychiatric and rehabilitation beds located on the McFarland campus of the Vanderbilt Wilson County Hospital (VWCH) be placed into inactive status. We would appreciate this request being placed on the BLHCF's June 6, 2023 agenda.

Vanderbilt Wilson County Hospital is a 245-bed community hospital with two campuses consisting of a 170 acute care beds main campus and the McFarland satellite campus consisting of 49 psychiatric beds and 26 rehabilitation beds. The McFarland satellite campus is located at 500 Park Avenue, Lebanon, Tennessee. McFarland was built in the 1930s and has several significant physical limitations that are inconsistent with modern patient expectations. To update the facility to contemporary standards is financially impractical.

Leadership at VWCH informed staff on April 27, 2023 that the facility will no longer be providing patient care effective June 30, 2023. Staff will be offered positions throughout the Vanderbilt Health System. McFarland will stop accepting new admissions no later than June 15, 2023 to ensure that all patients are appropriately discharged prior to cessation of patient care at the facility.

VWCH is requesting inactive status for the McFarland facility to provide an opportunity to analyze the future possibilities for the facility and to consider viable options for continued utilization of McFarland's psychiatric and rehabilitation services. We request that the McFarland license, consisting of 49 psychiatric beds and 26 rehabilitation beds, be placed into inactive status effective July 1, 2023, with such status continuing until the June BLHCF meeting in 2024.

*The Pinnacle at Symphony Place
150 3rd Avenue South, Suite 1600
Nashville, TN 37201*

TRAVIS B. SWEARINGEN
615.651.6734
Travis.Swearingen@butlersnow.com

T 615.651.6700
F 615.651.6701
www.butlersnow.com

We sincerely appreciate your consideration of this matter. Please let me know if you have questions or if you need additional information.

Sincerely,

BUTLER SNOW LLP

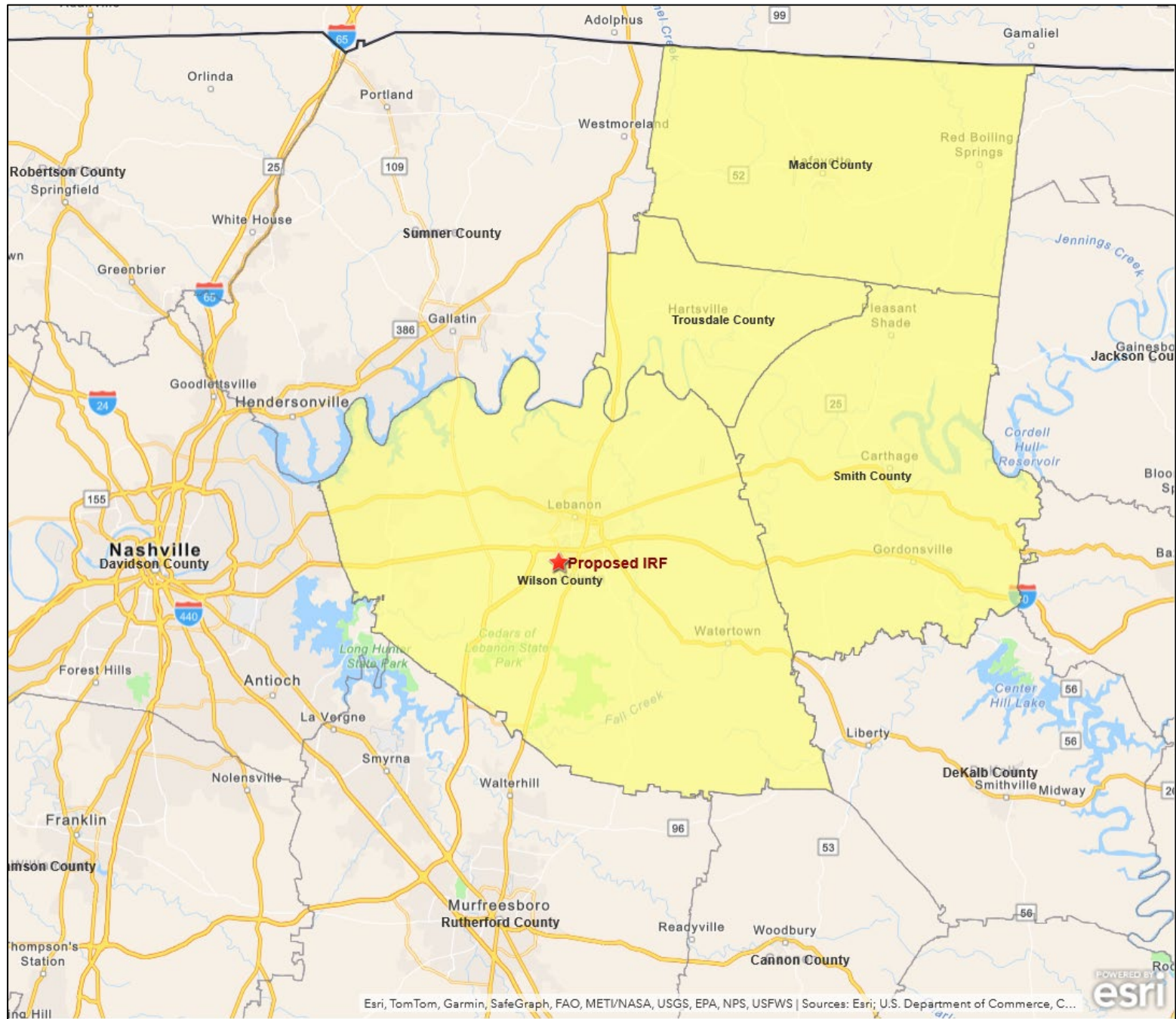
A handwritten signature in blue ink, appearing to read 'TBS', is positioned above the name Travis B. Swearingen.

Travis B. Swearingen

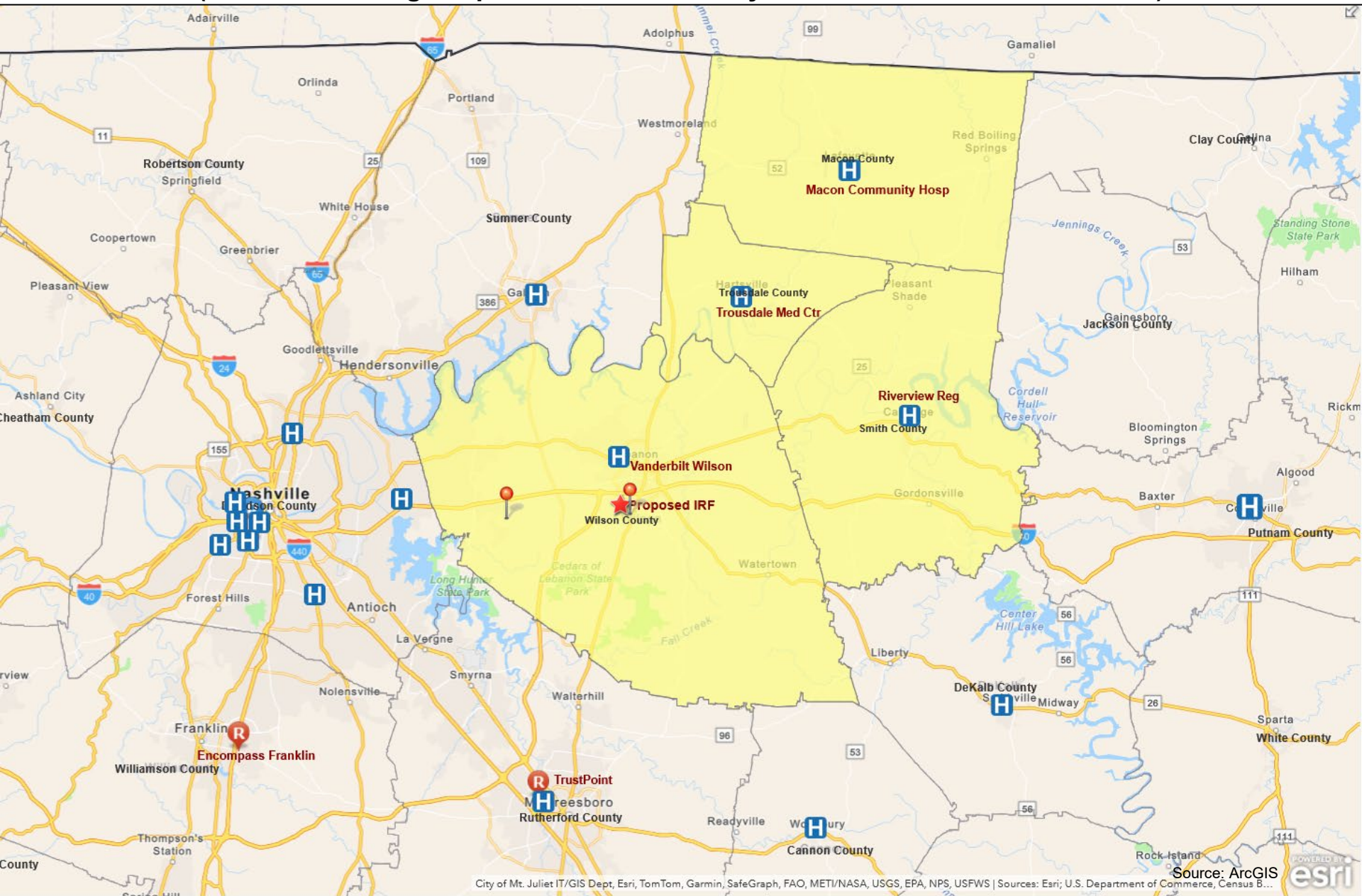
cc: Ginna Felts, Vanderbilt University Medical Center
Jennifer McGugin, Vanderbilt University Medical Center
Scott McCarver, President, Vanderbilt Wilson County Hospital

Attachment 2N
Service Area Maps

Rehabilitation Hospital of Lebanon Service Area



Rehabilitation Hospital of Lebanon Service Area (with surrounding hospitals & Wilson County Del Webb Communities shown)



Attachment 3N.B
Demographic Table

Attachment 3N-B

Demographic Variable/Geographic Area	Department of Health/Health Statistics							Census Bureau (a)				TennCare (b)	
	Total Population- Current Year: 2025	Total Population- Projected Year: 2029	Total Population- % Change	Target Population - Age 65+ Current Year: 2025	Target Population - Age 65+ Projected Year: 2029	Target Population - Age 65+ % Change	Target Population - Age 65+ Projected Year as % of Total	Median Age	Median Household Income	Person Below Poverty Level	Person Below Poverty Level as % of Total	TennCare Enrollees	TennCare Enrollees as % of Total
Macon County	27,378	28,787	5.1%	4,584	4,967	8.4%	17.3%	38.3	\$56,269	4,435	16.2%	6,696	24.5%
Smith County	20,715	20,915	1.0%	3,807	4,071	6.9%	19.5%	40.7	\$62,799	2,424	11.7%	4,186	20.2%
Trousdale County	12,512	12,926	3.3%	1,697	1,860	9.6%	14.4%	34.6	\$63,190	1,977	15.8%	2,057	16.4%
Wilson County	171,708	187,530	9.2%	28,909	32,791	13.4%	17.5%	39.9	\$94,048	11,333	6.6%	22,000	12.8%
Service Area Total	232,313	250,158	7.7%	38,997	43,689	12.0%	17.5%	-	-	20,169	8.7%	34,939	15.0%
State of TN Total	7,242,733	7,462,831	3.0%	1,314,492	1,407,912	7.1%	18.9%	38.9	\$67,097	1,013,983	14.0%	1,421,926	19.6%
Sources: TN State Data Center, Boyd Center Population Projections; US Census Bureau, QuickFacts; and TN Division of TennCare. (a) Most recent data available is 2023. The Census Bureau website does not provide the number of persons below poverty level. The totals in this column are calculated by applying the poverty percentage provided by the Census Bureau to the current year population totals from the Department of Health. The Census Bureau also does not calculate a weighted average of the medians for the service area counties, nor is the data available to calculate a weighted median. (b) Most recent TennCare Enrollment Data available is December 2024.													

Attachment 5N
Service Area Historical Utilization

Attachment 5N

Table 5N – Service Area Historical Utilization*										
Facility	County	Facility Type	2023 Licensed Beds*	Bed Days Available	Patient Days			Licensed Occupancy		
					2021	2022	2023	2021	2022	2023
Vanderbilt Wilson County Hospital	Wilson	Hospital Unit	26	9,490	3,333	2,697	2,636	35.1%	28.4%	27.8%
TOTAL			26	9,490	3,333	2,697	2,636	35.1%	28.4%	27.8%
Source: Joint Annual Report for Hospitals; data reported for July 1 – June 30 of each year. *IRF beds no longer set up and staffed as of June 30, 2023.										

As noted in Table 5N, Vanderbilt Wilson County Hospital offered inpatient rehabilitation services until June 30, 2023. Since that date, Vanderbilt Wilson has not staffed those beds, and there is no other provider with licensed IRF beds in the 4-county service area. Thus, there are currently no IRF services available in the 4-county service area, nor have there been since June 30, 2023.

Vanderbilt Wilson County Hospital historically offered IRF services in its 26 licensed IRF beds located on the hospital's McFarland satellite campus ("McFarland Campus"). The McFarland Campus was built in the 1930s, and thus has significant physical limitations that are inconsistent with modern patient expectations. Because of the scope of required updates and modernization needed to bring the McFarland Campus to contemporary standards, Vanderbilt University Medical Center determined that the most economical and efficient way to address the community need in the service area is for Vanderbilt to partner with Encompass Health to construct a new state-of-the-art inpatient rehabilitation hospital in Lebanon. Vanderbilt Wilson closed the McFarland Campus on June 30, 2023, in anticipation of its partnership with Encompass. Vanderbilt Wilson will relinquish its 26 licensed IRF beds upon approval of the proposed Rehab Hospital of Lebanon CON application.

Attachment 6NR
Volume Forecasts with Assumptions

Attachment 6NR

The projected utilization for the Rehabilitation Hospital of Lebanon, which will be comprised of 26 existing licensed but unstaffed beds from Vanderbilt Wilson County Hospital plus 14 new beds, is below.

Table 1 Rehabilitation Hospital of Lebanon Projected Volume		
Utilization	Year 1 (2028)	Year 2 (2029)
Discharges	670	854
Patient Days	7,906	10,074
Average Length of Stay	11.8	11.8
Licensed and Set up & Staffed Beds	40	40
Available Patient Days	14,640	14,600
Occupancy	54.0%	69.0%
Notes: Occupancy for Year 1 is based on 366 days because 2028 is a Leap Year. Numbers may not calculate exactly as shown due to rounding.		

The projected utilization demonstrates the efficient use of 26 existing licensed but unstaffed beds at Vanderbilt Wilson County Hospital that will be “relocated” within the same county (via contribution by VUMC, Vanderbilt Wilson County Hospital’s parent) to the proposed new hospital, plus a small number of new beds (14) to complete the proposed 40-bed Rehabilitation Hospital of Lebanon.

The projected utilization considers a number of factors, including:

1. The need for intensive inpatient rehabilitation services close to home for service area residents.
2. The service area’s large, increasing, and aging population.
3. Service area residents’ relatively high prevalence rates of diseases, conditions, and/or death for conditions that likely increase the need for patients to receive IRF services.
4. The current gap in care for IRF services as identified by the Commission’s numeric need.
5. Encompass Health’s history of closing the gap in care for needed IRF services.

Details follow.

1. There is a need for intensive inpatient rehabilitation services close to home for service area residents so that those consumers no longer have to travel on congested roadways to reach Davidson County or other out of service area providers.

The choice of an IRF provider close to home benefits not only the patients but the patient’s family and caregivers as well, particularly since family/caregiver involvement in rehab inpatient’s recovery is critically important to the patient’s ability to return to his/her highest level of functioning. For example, the patient’s family/caregivers actively participate in the patient’s recovery and education during the approximate two-week inpatient stay by attending therapy sessions in the gym and meeting with the patient and case management/social services staff members in the dayrooms and/or patient rooms for post-discharge education and training. A location close to home dramatically improves the ability of family members and caregivers to actively participate in the education and training sessions.

As shown below, every service area patient choosing IRF services must now travel outside the service area for that care, with the majority (75.2%) of service area residents traveling into Davidson County for post-acute IRF care. The proposed Lebanon Rehabilitation Hospital will provide a closer, more convenient choice for consumers in the service area in need of intensive inpatient rehabilitation care, which supports the projected volume for the new Wilson County IRF.

Attachment 6NR

Table 2
Service Area Residents' IRF Destination by Tennessee Rehabilitation Provider,
July 2023 - June 2024

Tennessee IRF Provider	Hospital County	Wilson County	Macon County	Smith County	Trousdale County	Service Area Discharges	% of Discharges
TriStar Summit Medical Center	Davidson	199	2	6	1	208	43.3%
Vanderbilt Stallworth Rehabilitation Hospital	Davidson	54	3	4	2	63	13.1%
Sumner Regional Medical Center	Sumner	21	17	4	8	50	10.4%
Ascension Saint Thomas Rehabilitation Hospital	Davidson	36	2	6	1	45	9.4%
TriStar Skyline Medical Center	Davidson	10	15	6	7	38	7.9%
TrustPoint Hospital	Rutherford	30	0	4	0	34	7.1%
Cookeville Regional Medical Center	Putnam	0	4	15	0	19	4.0%
Encompass Health Rehab Hospital of Franklin	Williamson	10	1	0	1	12	2.5%
TriStar Southern Hills Medical Center	Davidson	6	0	0	1	7	1.5%
Saint Thomas River Park Hospital	Warren	1	0	1	0	2	0.4%
Encompass Health Rehab Hospital of Chattanooga	Hamilton	1	0	0	0	1	0.2%
TriStar Horizon Medical Center	Dickson	1	0	0	0	1	0.2%
Total		369	44	46	21	480	100.0%
Subtotal, Davidson County Providers' Discharges		305	22	22	12	361	75.2%

Source: Tennessee Hospital Association deidentified patient-level data.

Of the total 480 service area patients who traveled to a TN IRF for care, the vast majority (estimated 79%) will be closer to the proposed Rehab Hospital of Lebanon than to any existing provider, conservatively assuming that half of the 199 Wilson County residents who traveled to TriStar Summit Medical Center were equidistance between the proposed IRF and TriStar Summit. Even with that assumption, 380 service area patients (out of 480 total service area IRF patients) will be closer to the proposed Rehab Hospital than any existing IRF. Moreover, as demonstrated in the table, Wilson County residents must now travel outside the service area for IRF care.

Attachment 6NR

The following table provides the list of acute care hospitals from which service area residents were discharged to an inpatient rehabilitation facility regardless of the state in which the IRF was located. The minor differences in the number of service area residents shown in the two tables is because the table below includes patients who traveled out-of-state for IRF services whereas Table 2 included only Tennessee hospitals, so that patients who traveled out-of-state for IRF services were not included in the table above.

Table 3 Service Area Residents' Discharges to IRF by Discharging Acute Care Hospital, July 2023 - June 2024		
Acute Care Hospital	Discharge to IRF	% of Total
TriStar Summit Medical Center	171	34.8%
Vanderbilt University Medical Center	105	21.3%
TriStar Skyline Medical Center	36	7.3%
TriStar Centennial Medical Center	36	7.3%
Vanderbilt Wilson County Hospital	33	6.7%
Saint Thomas West Hospital	28	5.7%
Saint Thomas Midtown Hospital	18	3.7%
Sumner Regional Medical Center	17	3.5%
Highpoint Health – Sumner	12	2.4%
Southern TN Regional Health System-Pulaski	10	2.0%
Cookeville Regional Medical Center	7	1.4%
TriStar Hendersonville Medical Center	3	0.6%
Riverview Regional Medical Center	3	0.6%
Saint Thomas Rutherford Hospital	3	0.6%
TriStar Southern Hills Medical Center	2	0.4%
Saint Thomas Hospital for Specialty Surgery	2	0.4%
Williamson Medical Center	2	0.4%
Methodist Le Bonheur Germantown Hospital	1	0.2%
Select Specialty Hospital - Nashville	1	0.2%
TriStar Horizon Medical Center	1	0.2%
Macon County General Hospital	1	0.2%
Total Service Area Patients D/C to IRF	492	100.0%
Source: Tennessee Hospital Association deidentified patient-level data. Note: data includes patients discharged to IRF providers regardless of IRF location, <i>i.e.</i> , includes both in-state and out-of-state IRFs.		

While a number of residents are willing and able to travel outside their community for the approximate two-week post-acute rehabilitation inpatient stay, many residents are unable and/or unwilling to do so. Absent any IRF services close to home, residents of the service area will likely continue to select less intensive, and therefore less optimal, services in lieu of intensive inpatient rehabilitation because they want to remain in their local community for post-acute rehabilitation care.

Attachment 6NR

The Applicant utilized Tennessee Hospital Association (“THA”) data to estimate the number of service area “rehab-appropriate discharges”¹ for patients who were discharged from acute care hospitals during the 12 months ending June 30, 2024. As shown below, 5,230 service area patients (discharges) were appropriate candidates for IRF services, with nearly 2,000 of those patients (1,897 discharges) from Vanderbilt Wilson County Hospital and VUMC combined. Of note is that not all IRF admissions are identified by the MSDRGs that define the “rehab-appropriate patients”; patients with diagnoses outside the identified listing are also admitted to IRFs when appropriate. Thus, the 5,230 rehab-appropriate discharges estimated for the 12 months ending June 30, 2024 is a conservative historical estimate, excluding any estimated increase due to population growth and aging, increase in rehab-appropriate discharges due to conditions and diseases in the population, and consideration of patients who need rehab but do not have one of the identified MSDRGs.

Table 4
Hospitals from which Service Area Rehab-Appropriate Patients were Discharged,
July 2023 - June 2024

Acute Care Hospital	Total Rehab-Appropriate Discharges	% of Total	Cumulative % of Total
Vanderbilt Wilson County Hospital	1,152	22.0%	22.0%
TriStar Summit Medical Center	1,133	21.7%	43.7%
Vanderbilt University Medical Center	745	14.2%	57.9%
TriStar Centennial Medical Center	377	7.2%	65.1%
Saint Thomas West Hospital	355	6.8%	71.9%
Riverview Regional Medical Center	205	3.9%	75.9%
Saint Thomas Midtown Hospital	188	3.6%	79.4%
Highpoint Health – Sumner Regional	351	6.7%	86.2%
TriStar Skyline Medical Center	168	3.2%	89.4%
Macon County General Hospital	139	2.7%	92.0%
All Other Hospitals	417	8.0%	100.0%
Total All Hospitals	5,230	100.0%	N/A

Source: Tennessee Hospital Association deidentified patient-level data.

Illustrative of service area residents choosing less intensive services close to home is that during the last two calendar years, Vanderbilt Wilson County Hospital discharged approximately 300 patients per year who were appropriate for IRF services but who were instead discharged to a skilled nursing facility. By reinitiating IRF services, these patients can seek IRF care closer to home.

¹ Rehab-appropriate discharges are discharges for patients with select Medicare Severity Diagnosis-Related Groups (MSDRGs) who are appropriate candidates for IRF services based on Encompass Health’s national experience. MSDRG is a classification system used by the Centers for Medicare & Medicaid Services (CMS) to categorize hospitalized patients based on their medical condition, resource utilization, and severity of illness. It is important to note that patient admissions to IRFs are not limited to Encompass Health’s defined “rehab-appropriate discharges”, thus there may be additional patients in need of, and appropriate for, IRF services beyond the identified patients based on select MSDRGs. *Please see the appendix at the end of this attachment for more information regarding the identification of rehab-appropriate patients.*

Attachment 6NR

The importance of having IRF services close to home is further illustrated by the patient origin for Vanderbilt Wilson County Hospital (“VWCH”) IRF services prior to the closure of that program in June 2023. As shown below, for the last full calendar year of operation (CY22) of IRF services, the vast majority (69.6%) of VWCH IRF patients were from the proposed Rehab Hospital’s 4-county service area of Wilson, Smith, Macon, and Trousdale counties, further supporting the need for the proposed IRF to be located in and serve residents in the 4-county area.

Table 5 Vanderbilt Wilson County Hospital IRF Discharges by County, CY22		
County	IRF Discharges	% of Total
Wilson	113	54.6%
Smith	22	10.6%
Davidson	21	10.1%
Sumner	10	4.8%
DeKalb	6	2.9%
Macon	6	2.9%
Rutherford	4	1.9%
Putnam	4	1.9%
Trousdale	3	1.4%
All Others	18	8.7%
Total	207	100.0%
4-County Service Area	144	69.6%
Source: Tennessee Hospital Association deidentified patient-level data.		

2. Population forecasts for the service area also support need for the proposed IRF and the expectation that the historical number of service area patients seeking IRF services (who must now travel outside their local communities) will increase.

The service area has a large, increasing, and aging population in need of IRF services close to home, as demonstrated throughout the application. For example:

- Wilson County, where the proposed IRF will be located, is among the state’s most populated counties, ranking 9th in terms of total projected residents in 2029.
- Wilson County is projected to be the state’s fastest growing county (ranked 1st) in terms of total population percentage increase between now (2025) and 2029, increasing by a projected 9.2%.
- Wilson County ranks 6th in terms of the projected numeric increase in population between now (2025) and 2029, with a projected increase of 15,822 residents during that time period.
- Wilson County’s population ages 65+ is the state’s 10th highest, with 32,791 projected residents ages 65+ in 2029.

Attachment 6NR

- Wilson County will have the state's 4th highest population percentage growth in ages 65+ between 2025 and 2029, increasing by a projected 13.4%.
 - Wilson County will have the state's 8th highest numeric increase for population ages 65+ between 2025 and 2029, increasing by a projected 3,882 residents.
 - The City of Lebanon in Wilson County, home of the proposed project, is one of the nation's top 15 fastest growing cities, according to the U.S. Census Bureau, with an 8.9% increase in total population between 2022 and 2023.
3. The higher prevalence rates of diseases, conditions, and/or death for service area residents compared to residents in other parts of the state, including for example Davidson County, further support the need for inpatient rehabilitation services in Lebanon, Wilson County. Consider for example:
- Macon, Smith, and Trousdale counties have higher prevalence of strokes with 4.2%, 3.9%, and 3.4%, respectively, of their population ages 18 and over experiencing a stroke in 2022 (the most recent year for which data are available from the CDC) compared to the relatively lower stroke prevalence rates for Wilson County of 3.1% and Davidson County of 3.3%.
 - Macon, Smith, Trousdale, and Wilson counties have higher prevalence of coronary heart disease with, respectively, 8.3%, 7.8%, 6.5%, and 6.5% of their population ages 18 and over having this condition in 2022 (the most recent year for which data are available from the CDC) compared to the relatively lower prevalence rates for Davidson County of 5.9%.
 - Macon, Smith, Trousdale, and Wilson counties have higher prevalence of high blood pressure with, respectively, 38.5%, 38.4%, 34.4%, and 36.1% of their population ages 18 and over having this condition in 2021 (the most recent year for which data are available from the CDC) compared to the relatively lower prevalence rates for Davidson County of 31.2%.
 - Smith County (one of the proposed project's service area counties) ranked among the top ten (10) Tennessee Counties having the highest rates of TBI Registry patients per 100,000 residents in 2023 with a traumatic brain injury rate of 107.2 per 100,000 population, according to the Tennessee Department of Health's 2024 TBI Annual Report. This rate was significantly higher than the state average of 85.0 per 100,000 population for the same time period.

These types of conditions are illustrative of the poorer health of the more rural service area counties and are the types of conditions that may impact the need for patients to receive IRF services. As discussed throughout this application, the proposed Rehab Hospital will provide residents throughout the service area with an intensive post-acute care service close to home, including for patients who suffer the types of conditions or accidents referenced above.

Attachment 6NR

4. The current **gap in care** for services as identified by the Commission's numeric need in the service area.

The Commission has recognized the importance of IRF services close to home, particularly for the population ages 65+, illustrated by the need formula of one (1) bed per 1,000 persons ages 65+. Applying the Commission's need methodology in the SHP to the 2029 service area population ages 65+ results in a numeric need for 44 beds. The Applicant proposes to establish a 40-bed hospital with 26 existing, licensed but unstaffed beds from Vanderbilt Wilson County Hospital and 14 new beds, which is an efficient way to meet the identified need with the addition of a minimal number of new beds.

5. Encompass Health's **history of addressing the gap in care** by appropriately increasing IRF utilization through education and outreach to community physicians, clinical staff members, case managers, patients, and caregivers regarding the many benefits of IRF to achieve the patient's highest level of functioning.

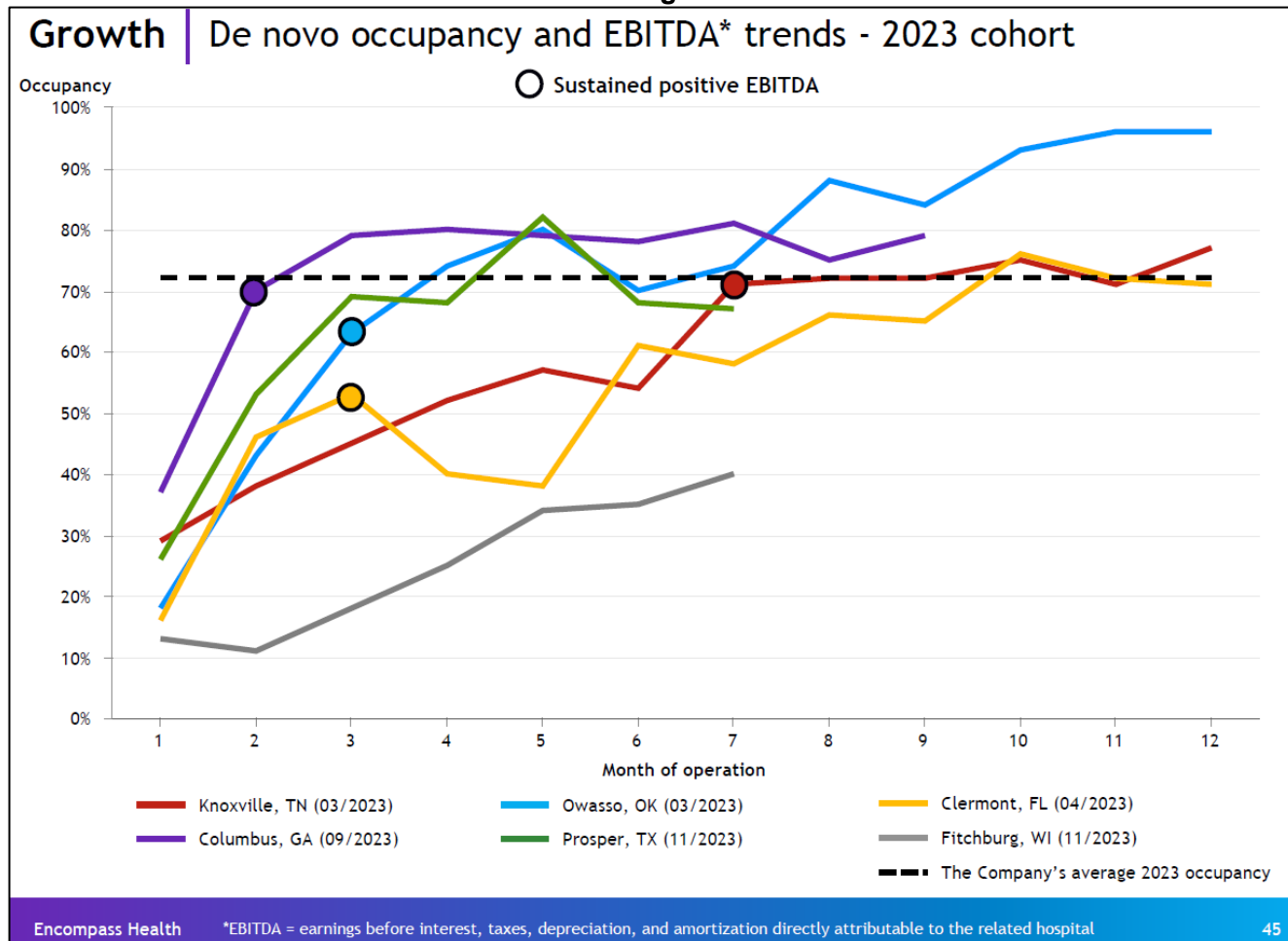
The projected utilization also reflects Encompass Health's experience of closing the gap in care in communities where there is need for a new, local, accessible IRF. For example, nationally and in Knoxville, Tennessee, newly-opened EHC hospitals quickly began providing access to IRF services as evidenced by the hospital's monthly utilization from day 1. (See Figure 1 below.)

The Rehab Hospital of Lebanon will implement Encompass Health's proven outreach and education methods to ensure service area residents have the appropriate access to IRF services close to home. The ability of Encompass hospitals to educate local markets, coupled with the identified need for beds in the service area, supports the proposed volume projections for the new Lebanon facility.

Encompass' proven success in entering a market that has an identified gap in care and increasing residents' appropriate use of needed intensive inpatient rehab care benefits not only patients and their families, but existing IRF and SNF providers as well, by appropriately educating the market on the benefits of IRF services to patients. Simply stated, Encompass' entry in markets where there is a gap in care has resulted in a *"rising tide lifts all boats"* concept in terms of a greater number of medically-appropriate patients in need of rehab services being identified and then ultimately admitted to the appropriate level of care. Thus, existing providers, including both IRF and SNF entities, will benefit from the proposed Project, not be harmed by it.

Attachment 6NR

Figure 1



Source: Encompass Health Corporation Investor Reference Book, June 21, 2024.

Attachment 6NR

APPENDIX

Based on its national experience and expertise, Encompass Health has developed a list of Medicare Severity Diagnosis-Related Groups (MSDRGs) identifying patients discharged from acute care hospitals who are likely appropriate candidates for IRF services. As shown below, Encompass Health has identified 262 such MSDRGs. To put the number of rehab-appropriate discharges into perspective, the Centers for Medicare & Medicaid Services (CMS) has defined a total of 773 MSDRGs for the Fiscal Year 2025, as of April 4, 2025. Thus, only approximately one-third (1/3) of all MSDRGs have been identified by Encompass Health as “rehab-appropriate” for analytical purposes.

The crosswalk of MSDRGs to IRF Rehabilitation Impairment Categories (RICs) follows, showing that Encompass identifies and has the ability to serve patients with a wide array of conditions. (MSDRGs are the types of diagnosis codes used by acute care hospitals while RICs are the types of diagnosis codes used by post-acute care Inpatient Rehabilitation Facilities. Thus, the crosswalk is necessary to compare the two types of diagnosis/condition codes across the two settings.)

Rehabilitation Impairment Category (“RIC”)	Number of Rehab-Appropriate MSDRGs
RIC 1 Stroke	6
RIC 02/03 Brain dysfunction	32
RIC 04/05 Spinal cord dysfunction	8
RIC 06 Neurological conditions	24
RIC 07 Fracture of lower extremity	5
RIC 08 Replacement of lower extremity joint	7
RIC 09 Other orthopedic	75
RIC 10/11 Amputation	12
RIC 14 Cardiac	65
RIC 15 Pulmonary	9
RIC 17/18 Major multiple trauma	13
RIC 21 Burns	6
Total MSDRGs Identified as "Rehab-Appropriate"	262
Source: Encompass Health.	

The 262 MSDRGs were used in the analysis of Tennessee Hospital Association deidentified patient-level data to estimate the number of rehab-appropriate patients (discharges) presented previously in this attachment.

Supplemental Document #2

3C. Effects of Competition and/or Duplication

3C. Effects on Competition and/or Duplication

This proposal will positively increase competition by providing consumer choice of services close to home. The proposed project is needed to address the Commission's numeric need in the defined service area. Currently, IRF services are not available in the service area. The proposed project will not have any negative impact upon consumer charges. Rather, as discussed throughout this application, the proposed project will provide consumers with high quality IRF services close to home.

The following table illustrates the high quality IRF services to be provided by the Applicant and the absence of existing IRF providers in the service area by comparing the proposed Rehab Hospital with existing IRFs in the broader middle Tennessee region using publicly-available Joint Commission accreditation information. As shown, the Rehab Hospital of Lebanon will provide consumer advantages through its provision of a minimum of two (2) Joint Commission Disease-Specific Care ("DSC") Certifications, one of which will be for Stroke Rehabilitation and the other expected to be for Brain Injury, depending on the hospital's patient population. Moreover, the proposed new hospital will offer all private rooms and baths in a state-of-the-art hospital designed specifically and exclusively for inpatient rehabilitation patients and their families.

The details of providers' services, room configurations (private or semi-private), amenities, specialized units, or current payors accepted are not known to the Applicant. What is known is that regardless of the services that may or may not be available at existing IRFs identified in the following table, they are all located outside the defined 4-county service area. Thus, the proposed project will offer service area residents a high-quality IRF close to home that is currently not available. Of note is that in addition to the benefits to patients and families that choose the proposed new Wilson County rehab hospital, patients and families of existing providers outside the 4-county service area are expected to benefit as well because demand for services at providers in contiguous counties (such as Davidson, Rutherford, and Sumner) are reasonably expected to increase as the population in those providers' home counties continue to increase and age.

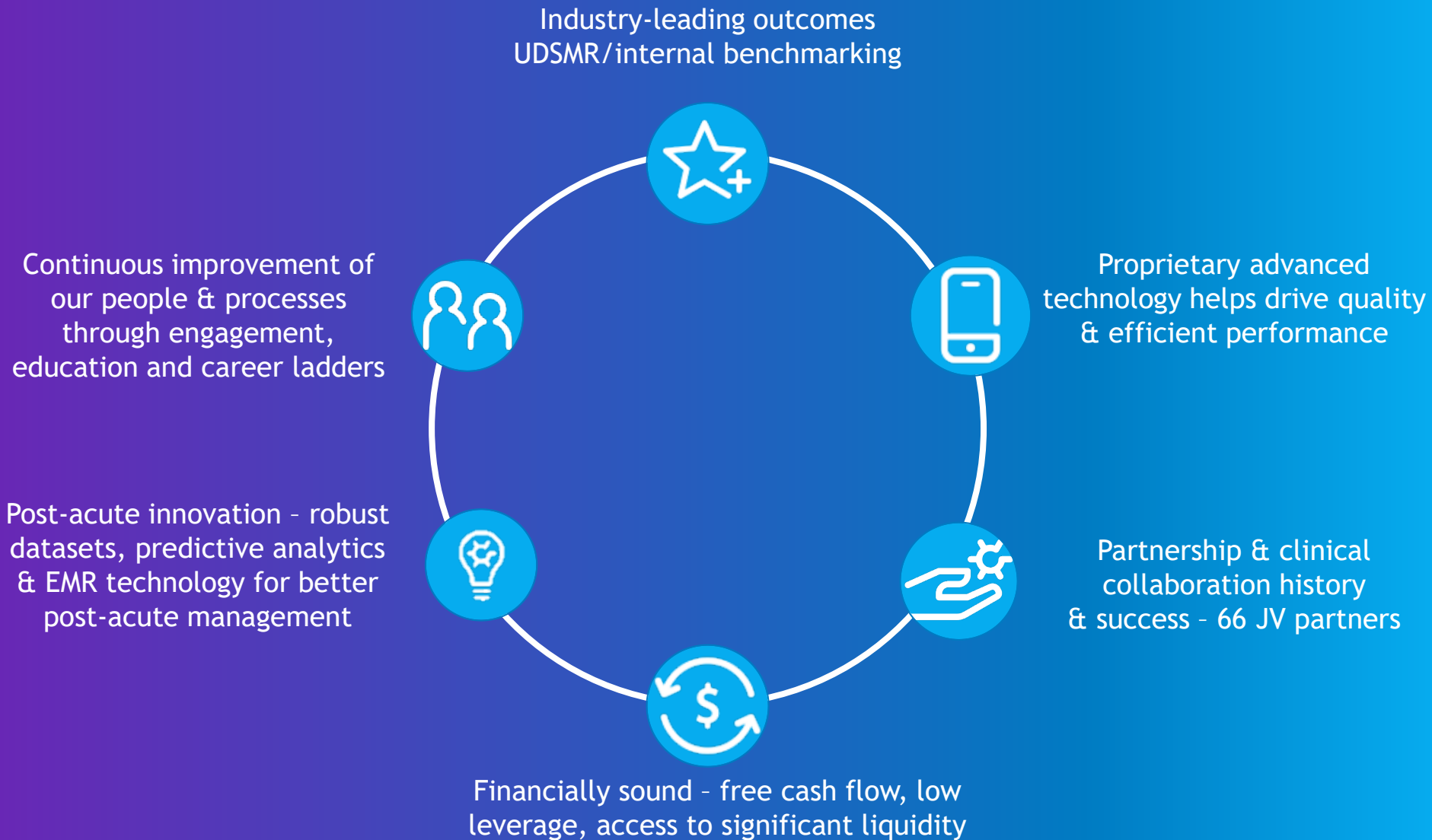
The Rehab Hospital will incorporate Encompass Health's proven programs and services to offer a comprehensive array of services, similar to the comprehensive array of services available at Encompass Franklin and Vanderbilt Stallworth Rehab Hospital. The proposed facility will have the same care delivery model, operational initiatives, advanced information technologies, and facility design features as Encompass Health's other facilities, including Vanderbilt Stallworth Rehabilitation Hospital, so that the proposed project will provide similarly high quality care. An overview of some of Encompass Health's programs and services that will be implemented at the new hospital begins on page 3. These same programs and services are in place at Vanderbilt Stallworth, as they are at other Encompass facilities.

Specific to the HFC Staff's request for a comparison of the proposed facility to VUMC Wilson McFarland facility, please note that the VUMC Wilson McFarland Campus is no longer operational. The Applicant determined that the proposed project is the superior choice to VUMC Wilson McFarland Campus for the reasons discussed throughout this application, including the physical limitations and required updates and modernization needed to bring the McFarland Campus to contemporary standards. Vanderbilt Wilson closed the McFarland Campus on June 30, 2023, in anticipation of its partnership with Encompass. Vanderbilt Wilson will relinquish its 26 licensed but unstaffed McFarland IRF beds upon approval of the proposed Rehab Hospital CON application.

3C. Effects on Competition and/or Duplication

Comparison of Proposed Facility to Existing Inpatient Rehabilitation Facilities in the Middle Tennessee Region											
IRF Type and Accreditations	Wilson Co.	Inpatient Rehabilitation Providers <u>Outside the Service Area</u> with County Location Indicated									
	Proposed Lebanon IRF*	Vanderbilt Stallworth Rehab (Davidson)	Encompass Franklin (Williamson)	TriStar Summit (Davidson)	TriStar Skyline (Davidson)	TriStar Southern Hills (Davidson)	Ascension St. Thomas Rehab (Davidson)	Sumner Regional (Sumner)	TrustPoint Hospital (Rutherford)	St. Thomas Stones River (Cannon)	Cookeville Regional (Putnam)
Freestanding IRF	✓	✓	✓				✓		✓		
<i>The Joint Commission Disease-Specific Care Certifications in Rehabilitation for:</i>											
Stroke Rehab	✓	✓	✓	✓							
Brain Injury Rehab	✓	✓									
Spinal Cord Rehab		✓									
Sources: The Joint Commission listing of accreditations as of May 5, 2025 per its website https://www.jointcommission.org/ and individual hospitals' websites. Notes: *The Applicant commits to obtaining at least two (2) Joint Commission Disease-specific Care Certifications, which are expected to be for Stroke Rehabilitation and Brain Injury Rehabilitation based on the facility's expected patient population. TriStar Skyline is accredited by the Commission on Accreditation of Rehabilitation Facilities ("CARF") but appears to have no DSC-equivalent certifications.											

Encompass Health is Well-Positioned to Serve Patients



Care Delivery Model

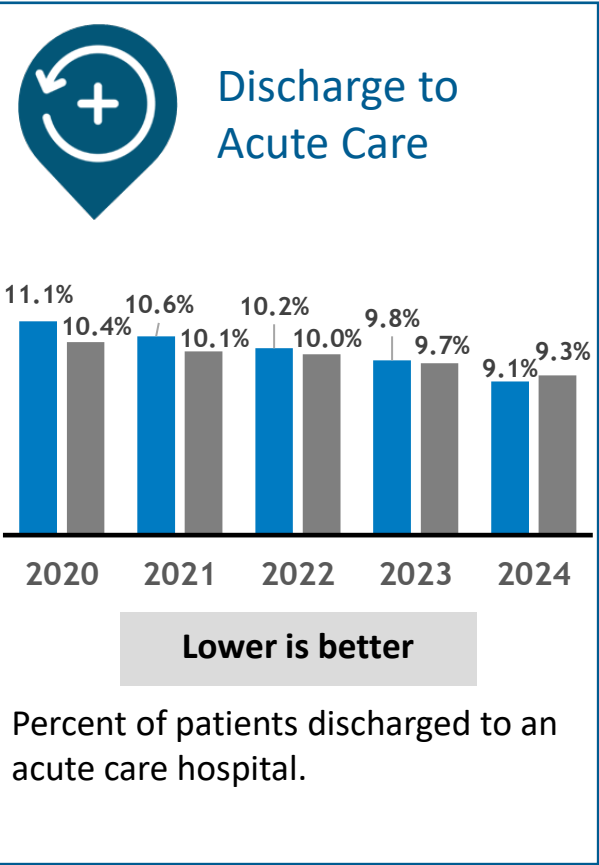
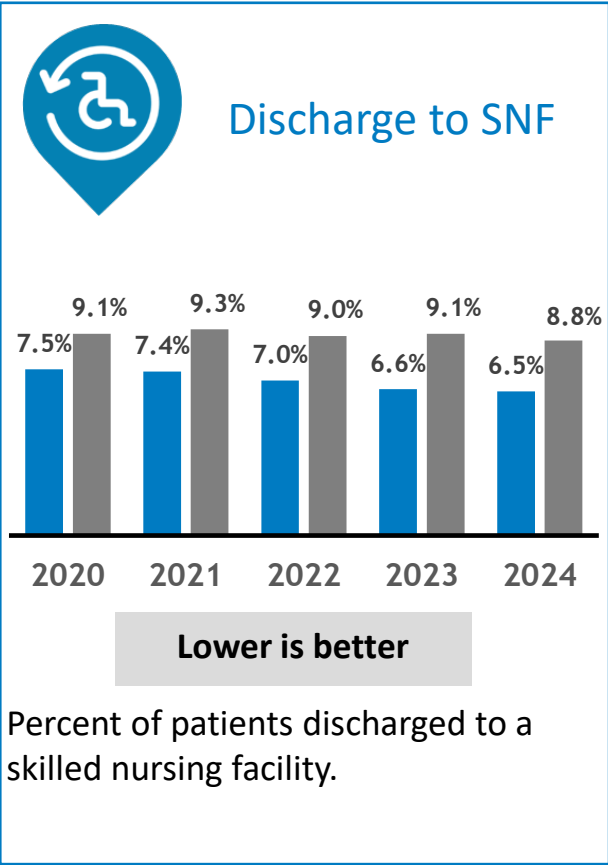
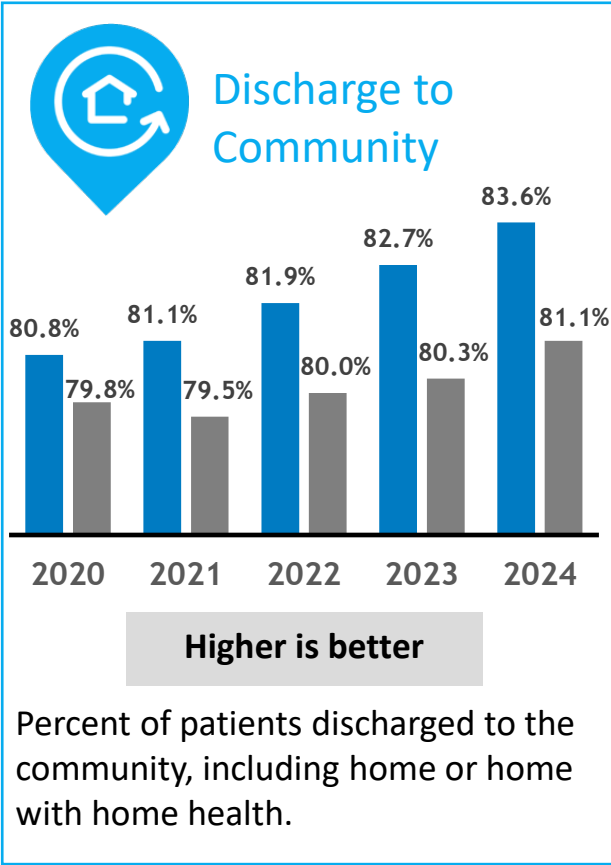
Encompass Health provides advanced therapy and nursing services to patients requiring intensive inpatient rehabilitative care.





Inpatient rehabilitation hospital services primarily include:

- Independent physician oversight of plan of care
- 24/7 nursing care
- Intensive multi-disciplinary therapy
- Extensive clinical support services

We Continually Provide High-Quality Care by Placing Patients First



 Encompass Health

 UDSMR

The above UDSMR measures include IRF units that are located within acute care hospitals.

Post-Acute Solutions

Our goals are to optimize our predictive tools and to use our extensive clinical database to further improve patient outcomes



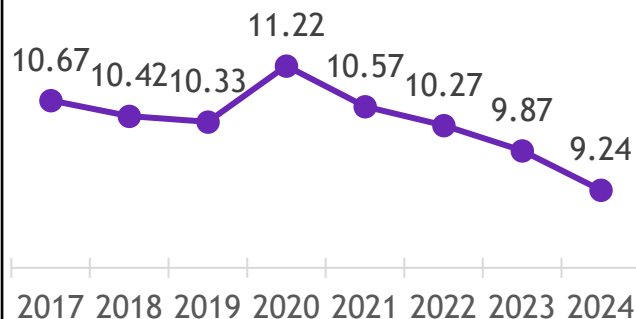
REACT™

Trademarked system developed in 2015 to predict a patient's risk of being transferred back to an acute care hospital.

40 clinical variables are considered in the risk analysis with risk levels assigned to each patient. High risk levels generate action items for the clinical staff to intervene and evaluate the patient.

The Company's performance since the system was fully implemented in 2017 is shown below.

Acute Care Transfer Rate (%)**



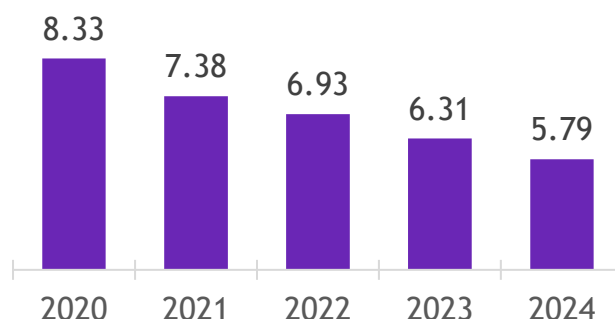
Fall Risk Model

Initiated in November 2021 to provide clinicians a near-real-time evaluation of each patient's fall risk.

50 clinical elements are considered and patients are assigned risk levels. Fall prevention strategies and workflows are created and assigned based on risk assessment.

The Company began implementation in 2021 with an enterprise wide year of utilization in 2022.

Fall Rate***



Innovation Center

The Readmission Prediction Model was initiated in October 2020. A patient's probability of readmission to an acute care hospital post IRF discharge is assessed based on diagnoses, medications, lab results, vitals and other patient information.

The Innovation Center's ongoing strategy includes:

- Regular updating of models to stay ahead of model degradation and to incorporate advances in AI
- Improve ease of learning and adoption by standardizing categories for all models and optimizing training resources for onboarding and continuing education

Operational initiatives | Evidence-based clinical initiatives



Wound care

- Enhanced our wound protocol by expanding options of available equipment, increased assessments on admission, and Wound Summits for in-person and virtual training of wound care coordinators.
- Reduced new or worsening wounds per 1,000 patient days by 29%.



Infection control

- Standardized and improved infection control practices across the Company. These practices and oversight provided clinicians with tools to successfully navigate the COVID-19 pandemic.
- Applied evidence-based decision making



Sepsis/SIRS alert

- Implemented an evidenced-based predictive model to identify patients at-risk for sepsis or Systemic Inflammatory Response Syndrome (“SIRS”)
- Applied intervention strategies as part of the plan of care



Medication reconciliation

- Implemented a multidisciplinary reconciliation process using the Company's EMR upon admission and discharge
- PEG Talks resources for clinicians



Reduce opioid use

- Implemented a multidisciplinary approach to improve pain management, including non-pharmacologic treatment of pain and vigilant opioid stewardship
- Required PEG Talks education to all therapists for pain management

PEG TALKS
PRINCIPLES, EXCELLENCE, GUIDELINES

Reduce readmissions & improve outcomes

Operational initiatives | Culture of collaboration and emphasis on best practices

Collaboration among our 160+ hospital teams supports continuous learning and deployment of best practices

Standardization across all hospitals

- Care management
- Comfort, Professionalism, & Respect (CPR - Heart of the Patient Experience)
- Pre-admission & admission process
- Clinical documentation
- Credentialing
- Career ladders for nursing, therapy and case management
- Contracting
- Therapy practice guidelines
- Medication management & reconciliation
- Clinical education offerings for staff
- Policies & procedures
- Quality reporting program
- Predictive models

Value of collaboration and networking across hospitals



- Strategic development as market dynamics change
- TJC Disease Specific Certification through shared program development tools
- Leadership mentoring among leaders within the same organization
- Lessons learned that impact metrics related to quality, employees and financial measures

Operational initiatives | Therapy and clinical technologies

Therapy Technology

The therapy innovations committee reviews and recommends state of the art technology for our hospitals to ensure our therapy teams have the equipment and the training to provide the best care.

(recent implementations are shown below)



Ambu® aScope™

Ambu aScope

Swallowing study technology that is portable with a disposable scope eliminating the labor intensive cleaning process with previous technologies



BITS

A multidisciplinary therapy solution used for balance, cognitive and visuo-motor therapy



Vector

Robotic trolleys using dynamic body weight support to promote faster recovery, over-ground gait rehabilitation and activities of daily living



BURT

A highly dexterous robotic arm manipulator for upper-extremity rehabilitation training

Clinical Technology

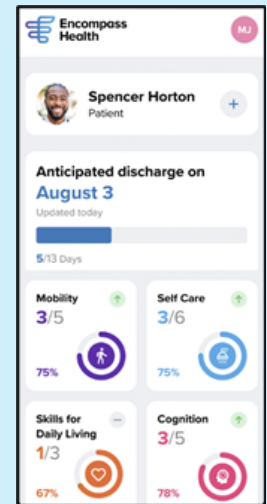
As our employees engage with patients and their families outside of therapy sessions, automation and technology is available for a better patient experience.

(recent implementations are shown below)

MyEncompass Health

The MyEncompass Health caregiver application is a patient experience application designed to promote early, ongoing engagement of the patient and their family or caregivers by communicating real-time progress toward their goals and an overview of their care plan in a secure manner.

The application is integrated with ACE IT (our clinical information system) for real-time updates to the patient's information.



CBORD food service management technology provides the hospital an electronic meal ordering and preparation system with standardized meal plans plus a point-of-sale system for cafeteria operations. The system interfaces with ACE IT to provide accurate and timely diet information, including nutritional data for blood sugar management and malnutrition status.

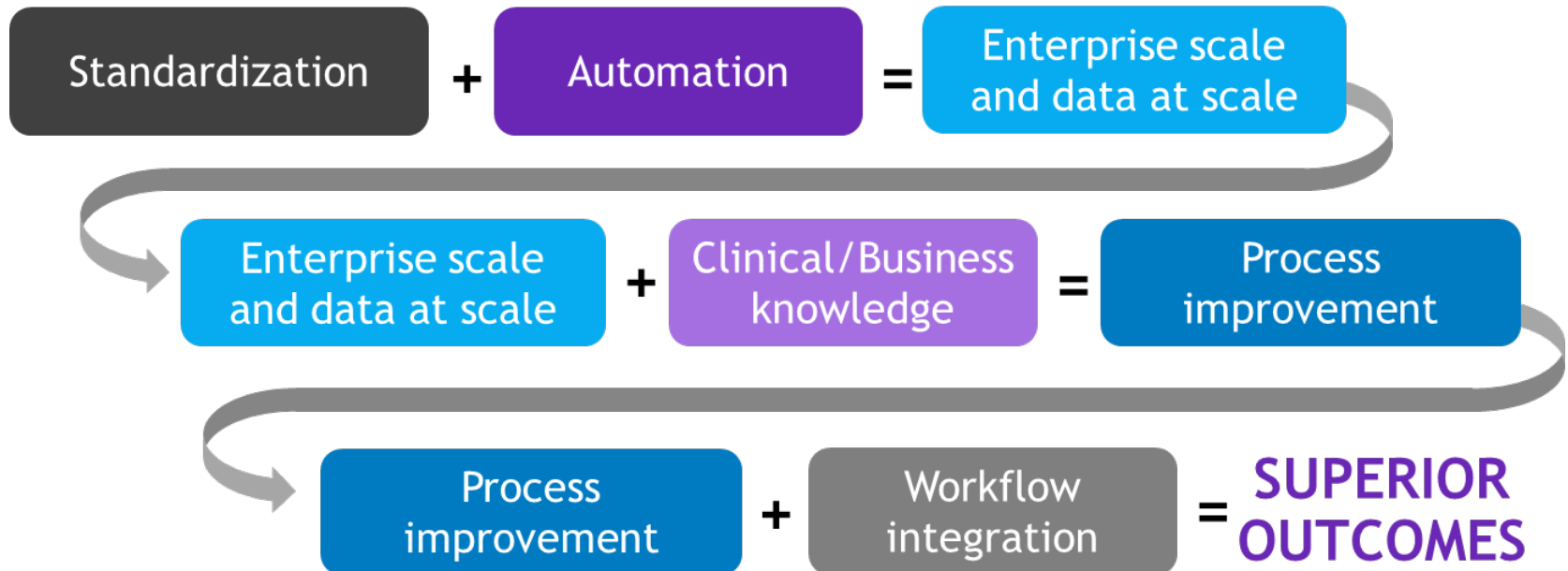


Information technology | Investment thesis and strategy

Our digital health strategy is based on leveraging our:

- clinical expertise
- exceptionally large post-acute datasets
- business and technology partners (e.g., Oracle Cerner)
- and our proven capabilities in
 - enterprise EMR technologies
 - data integration
 - data analytics and predictive analytics

to drive value-based performance across the continuum for our patients, our partners and our payors.



Information technology | Clinical information system



2010 - Our first hospital went live with the Cerner EMR system

2012 - We began a five year rollout to every hospital

Benefits:

- Patient outcomes and safety
- Operational efficiencies
- Cost effectiveness
- Change agility

Information technology | Beacon management reporting

Standardize the process, then automate it

Enterprise scalability



Proprietary large patient datasets



Clinical and business knowledge



Continuous improvement



BEACON Proprietary Management System

- Proprietary operations management system that provides real-time data
- Benchmarking to promote best practices
- Capabilities include:
 - Physician quality reporting
 - Readmission risk
 - Therapy outcomes analysis
 - Quality and patient satisfaction reporting
 - Workforce and labor productivity
 - Sales and marketing analysis
 - Care management
 - Food and drug spend analysis
 - Ability to run market-by-market analysis and reports
 - Accounts Receivable analysis
 - Dialysis outcomes analysis

Information technology | Patient / caregiver communication portal



MyEncompass Health caregiver application

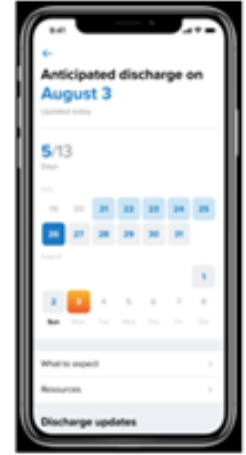
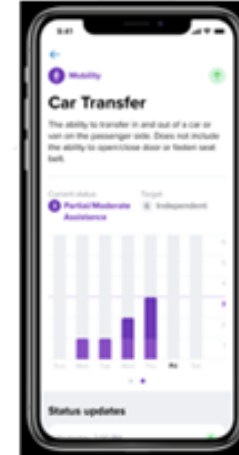
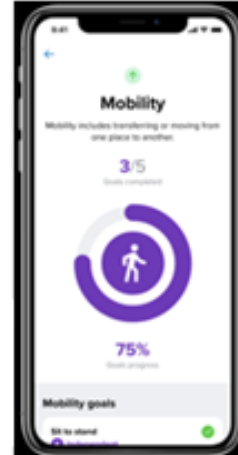
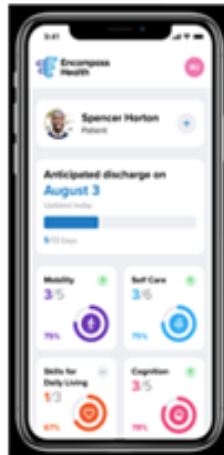
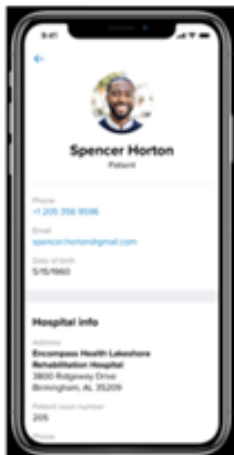
The app shows a patient's real-time progress toward their goals and an overview of their care plan in a secure manner. Information in the app is regularly updated by interfacing with our clinical documentation system specific to the patient's goals and outcomes.

TRACK

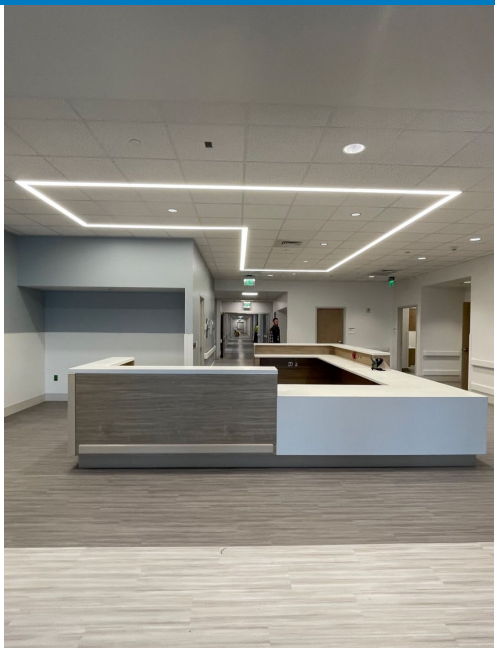
- Follow the patient's stay at our hospital as they make progress toward established goals.
- Track goals established by the patient and the hospital interdisciplinary care team, including mobility, self-care, cognition and behavior, and daily living skills such as meal preparation and medication management.
- See anticipated discharge date / plan for discharge

SHARE

- Invite others to follow along as the patient progresses in their rehabilitation stay
- The patient and those who are granted access to app will have access up to 14 days after discharge



Building Experience - Interior Spaces



Building Experience - Patient Rooms



Building Experience - Physical Therapy



Attachment 9C
Charge Comparison

Attachment 9C

There are no inpatient rehabilitation facility (“IRF”) services available in the service area. However, because Encompass and VUMC jointly own Vanderbilt Stallworth Rehabilitation Hospital in Davidson County, the following information is provided for all IRF providers located in Davidson County.

TABLE 1 reflects Average Gross Charge per Patient Day (“PPD”) for Davidson County facilities using available charges data reported in the most recent Joint Annual Reports. The Applicant’s proposed Gross Charge per Patient Day of **\$2,788** in Project Year 1 is reasonable and affordable when compared to adjacent service area rehab facilities.

Adjacent County	Rehab Provider	Patient Days	Total Gross Charges	2023 Average Gross Charge PPD	2028 Average Gross Charge PPD ¹
Davidson	Vanderbilt Stallworth Rehab Hosp	16,618	\$ 44,250,430	\$ 2,663	\$ 3,087
Davidson	St. Thomas Rehab Hospital	9,104	\$ 31,279,244	\$ 3,436	\$ 3,983
Source: Joint Annual Reports (2023).					
¹ Inflated to Project Year 1 (2028) at 3% annual increase for comparative purposes.					

TABLE 2 reflects Average Routine Charge per Patient Day for Davidson County rehab facilities and distinct part units. The Applicant’s proposed Average Routine Charge per Patient Day of **\$1,466** in Project Year 1 is reasonable and affordable when compared to adjacent service area providers.

Adjacent County	Rehab Provider	Patient Days	Routine Services Charges	2024 Average Routine Charge PPD	2028 Average Routine Charge PPD ¹
Davidson	Vanderbilt Stallworth Rehab Hosp	16,320	\$ 19,250,470	\$ 1,180	\$ 1,328
Davidson	St. Thomas Rehab Hospital	9,107	\$ 19,172,816	\$ 2,105	\$ 2,370
Davidson	TriStar Skyline Rehab Unit	13,780	\$ 32,160,373	\$ 2,334	\$ 2,627
Davidson	TriStar Southern Hills Rehab Unit	4,135	\$ 10,647,336	\$ 2,575	\$ 2,898
Davidson	TriStar Summit Rehab Unit	5,432	\$ 16,080,957	\$ 2,960	\$ 3,332
Source: American Hospital Directory online data repository.					
¹ Inflated to Project Year 1 (2028) at 3% annual increase for comparative purposes.					

Project Name : Rehabilitation Hospital of Lebanon

Supplemental Round Name : 1

Certificate No. : CN2504-011

Due Date : 5/8/2025

Submitted Date : 5/1/2025

1. 1E. Overview

Is there any documentation attached confirming the shutdown of these beds?

Why were the 26 beds taken offline in June 2023?

What other services are currently offered at Vanderbilt Wilson County Hospital, License #137, State ID #95024. Are psychiatric beds still staffed? Will the entire satellite hospital be shut down or will it continue to operate in some capacity?

Response : Yes. Attached as **Supplemental Document #1** is correspondence between Vanderbilt Wilson County Hospital's legal counsel and Health Facilities Commission staff confirming the closure of the McFarland campus.

The McFarland Campus was built in the 1930s and has several significant physical limitations that are inconsistent with modern patient expectations. After a lengthy evaluation, Vanderbilt Wilson County Hospital ("VWCH") leadership concluded that to update the facility to contemporary standards was financially impractical. Vanderbilt Wilson County Hospital decided to close the McFarland Campus and place its beds in "inactive" status to provide it an opportunity to analyze the future possibilities for the facility's psychiatric and rehabilitation services. VWCH ultimately decided that the partnership with Encompass detailed in the CON application was the best solution to reinitiate rehabilitation services.

Vanderbilt Wilson County Hospital provides critical and intensive care; emergency care, including the Level III Trauma Center and Primary Stroke Center; heart care, including interventional cardiology and the Chest Pain Center; neurology care, including the Epilepsy Monitoring Unit; oncology care; women's health, urology as well as many other subspecialty services. Psychiatric beds are no longer staffed. Vanderbilt Wilson County Hospital does not currently have plans to reopen medical services at the McFarland Campus due to the physical constraints described above.

2. 7A. Type of Ownership of Control

Are there any other joint ventures between the two owners beside the Vanderbilt Stallworth Rehabilitation Hospital?

Response : No, Vanderbilt Stallworth Rehabilitation Hospital is the only joint venture between Encompass Health and Vanderbilt University Medical Center or any of their respective subsidiaries.

3. 5C. License/Certification

Please confirm that the proposed facility will be separately licensed from Vanderbilt Wilson County Hospital #137.

Response : Yes, by this statement the Applicant confirms that the proposed facility will be separately licensed from Vanderbilt Wilson County Hospital #137.

4. 3C. Effects of Competition and/or Duplication

Please discuss any known differences between the proposed facility and other existing IRFs in the region in terms of capacity, services, specialized units, amenities, payors accepted, etc.

Please specifically discuss the proposed facility compared to the applicant's other affiliated IRFs, VUMC Stallworth and the VUMC Wilson - McFarland facility.

Response : Please see **Supplemental Document #2** which addresses these questions.

5. 1N. Criteria and Standards

Attachment 1N, SHP Criteria and Standards for a New Rehabilitation Facility, Criterion #1, Determination of Need

Please confirm that the applicant understands that the 26 licensed rehabilitation beds cannot be transferred from Vanderbilt Wilson County Hospital to the proposed facility.

Please confirm that Vanderbilt Health Services will accept as a condition on the Certificate of Need, the relinquishment of all licensed rehabilitation beds associated with Vanderbilt Wilson County Hospital resulting in the elimination of all licensed rehabilitation beds associated with the license #137.

Response : The Applicant understands that the 26 licensed rehabilitation beds cannot be transferred from Vanderbilt Wilson County Hospital to the proposed facility. VUMC, the ultimate parent of Vanderbilt Wilson County Hospital, is contributing the 26 rehab beds to the joint venture project as noted in the project cost chart in the CON application.

Vanderbilt Health Services, specifically VUMC as the ultimate parent of Vanderbilt Wilson County Hospital, accepts as a condition of the CON application that it will relinquish all 26 of the licensed rehabilitation beds associated with Vanderbilt Wilson County Hospital, resulting in the elimination of all licensed physical rehabilitation beds associated with the license #137.

6. 1N. Criteria and Standards

Attachment 1N, SHP Criteria and Standards for a New Rehabilitation Facility, Criterion #2, Establishment of Service Area

Please identify the nearest IRFs freestanding or units to the proposed facility in the response to Criterion #2.

Where are residents of the service area currently traveling to for IRF services.

Are there any Kentucky based facilities closer to residents of Macon County?

Are there any facilities outside of the defined service area that are closer to one or more of the service area counties besides Wilson, e.g. (TriStar Summit to residents of Mt. Juliet, or Highpoint Health in Sumner County)?

Response : Please see the revised Attachment 1NR which addresses each of these questions in detail.

7. 4E. Project Cost Chart

Please provide a list of itemized movable equipment over \$50K.

Response :

Bioness Vector Gate and Safety System	\$ 200,000
BURT – Upper Extremity Robotic Arm Device	\$ 70,000

8. 6N. Utilization and/or Occupancy Statistics

Is the data presented in Table 2 on Page 2 of Attachment 6N available by service area counties individually?

It is noted that the projected patient days are significantly higher than historical patient days reported at Vanderbilt Wilson Rehab Unit.

Where did the patients come from when the 20 beds were still available at Vanderbilt Wilson County Hospital (McFarland)?

It is noted that 480 total service area patients went to IRF beds per THA data, and the applicant is projecting 670 patients in Year 1 and then 854 patients in Year 2.

What is the basis for the increase, the appeal of a new facility, new service lines, proximity to patient base, etc.?

Have service area residents who were rehab appropriate discharges admitted to other levels of care, SNFs, home health, etc.?

How many will reside closer to this facility than to other IRFs or units?

Which hospitals are patients being discharged from that are appropriate for IRF level of care?

Where did these service area resident discharges receive inpatient acute care prior to IRF admission?

Response : Please see the revised **Attachment 6NR** which addresses each of these questions in detail.

9. 4C. Accessibility to Human Resources

Will there be any overlap in clinical and non-clinical staffing between Vanderbilt Wilson County Hospital or other Encompass affiliated IRFs in the area? How many staff are projected to transition to this facility if approved?

Are the other Encompass facilities in Tennessee and specifically in Middle TN fully staffed?

Response :

As a new freestanding IRF, the Rehab Hospital does not anticipate any overlap in staffing with Vanderbilt Wilson County Hospital or any Encompass-affiliated IRFs in the area. Moreover, while voluntary staff transitioning between Encompass facilities is an opportunity, no staff transitioning is presumed in this application.

The Applicant does not anticipate any problems recruiting staff because it will utilize Encompass Health's proven, extensive recruitment and retention strategies. Moreover, though staffing vacancies commonly occur in healthcare facilities due to routine staff turnover, EHC facilities in middle Tennessee are fully staffed through use of employed and contract labor.

10. 10C. Project Only Payor Mix

What sources will the "Other" category or payors include?

Is this Charity care rate consistent with the other affiliates in the region?

Response : Sources included in "Other" primarily include workers/state compensation, auto liability, federal/Champus/VA, and free care. The Rehab Hospital's projected Charity care rate of 1% of gross inpatient charges is commensurate with Encompass Chattanooga as well as Encompass Cleveland's project currently under review (CN2503-007) and recently approved IRFs in the region, as shown in the table below.

Facility	Gross Inpatient Charges	Charity	% of Gross Charges
Encompass Affiliates			
<i>Proposed</i> Rehab Hospital of Lebanon	\$ 22,045,827	\$ 220,458	1.00%
Encompass Cleveland (CN2503-007)	\$ 20,949,748	\$ 211,323	1.01%
Encompass Chattanooga	\$ 38,310,381	\$ 166,534	0.43%
Vanderbilt Stallworth Rehab Hospital	\$ 44,250,430	\$ 18,030	0.04%
Encompass Franklin	\$ 29,807,664	\$ 4,599	0.02%
Recently-Approved IRF CON Projects			
Ascension Saint Thomas Rutherford	\$ 25,252,920	\$ 255,080	1.01%
CSH/LP Behavioral Health and Rehab, LLC	\$ 27,639,500	\$ 276,395	1.00%
Sources: 2023 Joint Annual Reports; CN2503-007; CN2502-004; CN2409-029.			

11. 1N. Criteria and Standards

Attachment 1N, SHP Criteria and Standards for a New Rehabilitation Facility, Criterion #9, Access to Services in the Proposed Service Area

It appears that some of the travel times listed in Table 9 on Page 17 of Attachment 1N did not match a search by staff. Please confirm the midpoints utilized in the search and confirm the accuracy of the following travel times listed:

Travel Time to the Proposed IRF from Smith County - Staff search shows 36 min vs. 31 min listed.

Travel Times to TriStar Southern Hills, Ascension St. Thomas Rehab and Vanderbilt Stallworth Rehab from Wilson County - Staff search shows 39 min vs 44 min, 41 min vs 47 min, and 42 min vs. 48 min listed.

Please source the data and define the parameters used in Table 10 on Page 18 of Attachment 1N.

Response : Please see the revised **Attachment 1NR** which addresses each of these questions in detail. Note that the prior Table 9 is now Table 11 on page 18 and the prior Table 10 is now Table 12 on page 20.