

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 Herald-Citizen which is a newspaper of general circulation in Putnam County, Tennessee, on or before 02/14/2026 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 Cookeville, a/an newly formed entity owned by (a limited liability company that is a joint venture of Encompass Health Cookeville Holdings, LLC and Cookeville Regional Medical Center Authority) 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 to establish a 40-bed inpatient rehabilitation facility (IRF).. The address of the project will be a certain parcel of land containing approximately 3.11 acres and located at 215 W. 6th Street, Cookeville, Putnam County, Tennessee, 38501. The estimated project cost will be \$62,702,967.

The anticipated date of filing the application is 02/27/2026

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

Susan Lyerly

02/10/2026

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 .

HF 51 (Revised 6/1/2023)

RDA 1651



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Health Facilities Commission**

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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 Cookeville, a/an newly formed entity owned by (a limited liability company that is a joint venture of Encompass Health Cookeville Holdings, LLC and Cookeville Regional Medical Center Authority) 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 to establish a 40-bed inpatient rehabilitation facility (IRF).. The address of the project will be a certain parcel of land containing approximately 3.11 acres and located at 215 W. 6th Street, Cookeville, Putnam County, Tennessee, 38501. The estimated project cost will be \$62,702,967.

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CRITERIA AND **STANDARDS**

Attachment 1N

State Health Plan's Criteria and Standards for a New Rehab Facility

Attachment 1N

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, as shown below.

Table 1		
Project Complies with Service Area IRF Bed Need		
Service Area	Population Ages 65+	
	2026	2030
Cumberland County	23,114	24,742
Fentress County	4,998	5,377
Jackson County	3,027	3,180
Overton County	5,095	5,358
Putnam County	15,009	15,941
White County	6,248	6,580
Total Service Area	57,491	61,178
IRF Beds Needed (1 IRF Bed/1,000 Population Ages 65+)	61	
<i>Minus</i> Licensed IRF Beds in Service Area	34	
<i>Equals</i> Net New Beds Needed in Service Area, 2030	27	
<i>Minus</i> Proposed New Beds in Service Area*	20	
<i>Equals</i> Remaining Net Beds Needed in Service Area	7	
Sources: Boyd Center for Business and Economic Research at the University of Tennessee, Release Date August 7, 2024; and HFC Hospital Bed Report, July 2025. *Note: The proposed 40-bed IRF will be comprised of 20 new beds and 20 beds contributed from CRMC.		

There are currently two IRF providers in the service area: Cookeville Regional Medical Center (“CRMC”) in Putnam County with 20 licensed beds and Livingston Regional Hospital (“Livingston Regional” or “LRH”) in Overton County with 14 licensed beds. The proposed 40-bed IRF will be comprised of CRMC’s contributed 20 beds plus 20 new beds. CRMC will relinquish its 20 licensed beds upon opening of the proposed Rehabilitation Hospital of Cookeville.

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Need for the project is further demonstrated by the following factors:

1. The six (6) service area counties, all of which are located in the Upper Cumberland Region, have a large, increasing, and aging population. Consider, for example:
 - Putnam County, home of CRMC and the proposed Project, and contiguous Cumberland County are among the state's most populated counties, according to the University of Tennessee's Boyd Center for Business and Economic Research ("UT Boyd Center").
 - Cookeville (in Putnam County) was named one of the *nation's* Top 10 fastest growing micro areas by the U.S. Census Bureau.
 - Cookeville was named among the nation's 100 best places to retire in 2018, according to *Where to Retire*. Since that time, Cookeville continues to be a popular destination for retirees.
 - Cumberland County ranks #1 statewide with the highest percentage of residents ages 65 and over ("65+"), according to UT Boyd Center. The 65+ population cohort is an important consideration in the need for IRF services because this population is the primary user of IRF services.

2. Yet, Cumberland County has one of the state's lowest IRF utilization rates, with only eight (8) of Tennessee's 95 counties having a lower IRF utilization rate, according to the Centers for Medicare and Medicaid Services ("CMS"). Consider, for example:
 - Cumberland County's IRF utilization rate of 5 discharges per 1,000 Medicare Fee for Service Beneficiary ("Medicare") is approximately 1/3 of the statewide utilization rate of 16 discharges per 1,000 Medicare Beneficiaries.
 - Cumberland County patients discharged with rehab-appropriate diagnoses disproportionately utilize less intensive skilled nursing facility ("SNF") services compared to the majority of service area counties, including, for example, Putnam County.

3. The higher prevalence rates of diseases, conditions, and/or death for service area residents compared to residents in other parts of the state further support the need for inpatient rehabilitation services in Cookeville, Putnam County. Specifically, the relatively high stroke death rates and traumatic brain injury rates of service area counties are illustrative of the need for additional IRF services since stroke and TBI are two of the leading types of conditions optimally treated in the IRF setting.
 - The majority of the service area counties have among the state's highest (*worst*) stroke hospitalization and death rates, with Jackson, White, Putnam, and Overton Counties ranking among the state's Top 15 in stroke death rates.

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- Fentress County 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 121.8 per 100,000 population, compared to the state average of 85.0 per 100,000 population for the same time period.
4. Of the service area patients seeking IRF care, a significant percentage (20.4%) travel outside the service area to distant IRF providers in Davidson County (Nashville area), Knox County (Knoxville area), and beyond (e.g., Warren and Hamilton Counties).
- The proposed 40-bed Cookeville Rehab Hospital will increase the number of high quality, locally available IRF beds so that patients in need of IRF services can receive that care in a timely manner closer to home.

Details follow.

1. Service area has a large, increasing, and aging population in need of additional IRF services.

The Rehabilitation Hospital of Cookeville (“Rehab Hospital of Cookeville”, “Cookeville Rehab Hospital”, “Rehab Hospital”, “Project”, or “Applicant”) service area includes six (6) counties in the Upper Cumberland Region of Tennessee: Putnam County (home of the proposed project), Cumberland, White, Overton, Fentress, and Jackson counties.

The 2026 service area total population is 236,858, which is projected to increase to 242,755 by 2030, representing a 2.5% growth rate, which is similar to the projected 2.9% growth rate for Tennessee overall. Growth is strongest in Putnam County, with a projected 3.7% increase between now (2026) and 2030. (See **Attachment 3N.B**).

Furthermore, the 65+ population is projected to grow rapidly across the service area. The 2026 service area 65+ population is 57,491 and is projected to increase to 61,178 by 2030, a 6.4% increase. By 2030, the service area 65+ population is projected to comprise 25.2% of the total service area population, with Cumberland County having the highest percent of 65+ population at 36.3%. All but one county in the 6-county service area has percentages upward of 22.0%, far exceeding the state of Tennessee’s 19.0% of 65+ population. The 65+ population size and projected increase is an important indicator of need because that is the population age group that comprises the majority of IRF patients.

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As shown below, Putnam and Cumberland County are both projected to be in the top quartile (17th and 21st largest county) of most populated counties in the state, with 89,465 and 68,249 total residents forecasted in 2030, respectively. (Tennessee has a total of 95 counties).

Table 2					
Tennessee Total Population by County (Top Quartile)					
<i>Ranked Highest to lowest based on 2030 Population</i>					
Rank	County	2026 Population	2030 Population	Numeric Change	Percent Change
1	Shelby	908,920	900,267	(8,653)	-1.0%
2	Davidson	734,808	762,912	28,104	3.8%
3	Knox	513,098	530,212	17,114	3.3%
4	Rutherford	397,974	432,774	34,800	8.7%
5	Hamilton	389,159	401,714	12,555	3.2%
6	Williamson	282,593	304,573	21,980	7.8%
7	Montgomery	257,280	279,340	22,060	8.6%
8	Sumner	219,021	232,956	13,935	6.4%
9	Wilson	175,794	191,267	15,473	8.8%
10	Sullivan	164,794	167,076	2,282	1.4%
11	Blount	145,681	150,249	4,568	3.1%
12	Washington	141,773	145,708	3,935	2.8%
13	Maury	118,635	128,574	9,939	8.4%
14	Bradley	114,906	118,555	3,649	3.2%
15	Sevier	101,680	104,174	2,494	2.5%
16	Madison	98,937	98,070	(867)	-0.9%
17	Putnam	86,309	89,465	3,156	3.7%
18	Anderson	81,095	82,687	1,592	2.0%
19	Robertson	78,381	81,003	2,622	3.3%
20	Greene	72,941	73,542	601	0.8%
21	Cumberland	66,450	68,249	1,799	2.7%
22	Hamblen	66,676	67,885	1,209	1.8%
23	Loudon	62,623	65,897	3,274	5.2%
24	Coffee	62,567	65,179	2,612	4.2%

Source: TN Population Projections from Boyd Center for Business and Economic Research, UT, Release Date August 7, 2024.

As shown in the following table, similar to total population, Putnam and Cumberland Counties' population ages 65+ is also among the state's largest (within the top quartile), which is an important consideration in the need for the proposed project because that population age cohort is the highest user of IRF services.

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Table 3 Tennessee Population Ages 65+ by County (Top Quartile) <i>Ranked Highest to lowest based on 2030 Population</i>					
Rank	County	2026 Population	2030 Population	Numeric Change	Percent Change
1	Shelby	147,213	150,946	3,733	2.5%
2	Davidson	103,873	109,613	5,740	5.5%
3	Knox	89,466	94,857	5,391	6.0%
4	Hamilton	75,770	79,604	3,834	5.1%
5	Rutherford	49,083	56,584	7,501	15.3%
6	Williamson	45,815	52,156	6,341	13.8%
7	Sumner	39,783	44,202	4,419	11.1%
8	Sullivan	38,340	39,779	1,439	3.8%
9	Blount	33,164	35,644	2,480	7.5%
10	Wilson	29,935	33,669	3,734	12.5%
11	Montgomery	27,604	31,135	3,531	12.8%
12	Washington	28,841	30,630	1,789	6.2%
13	Cumberland	23,114	24,742	1,628	7.0%
14	Sevier	23,023	24,676	1,653	7.2%
15	Maury	21,753	24,065	2,312	10.6%
16	Bradley	21,645	23,249	1,604	7.4%
17	Loudon	18,750	20,518	1,768	9.4%
18	Madison	19,569	20,360	791	4.0%
19	Greene	17,331	18,188	857	4.9%
20	Anderson	17,032	17,639	607	3.6%
21	Putnam	15,009	15,941	932	6.2%
22	Jefferson	13,361	14,642	1,281	9.6%
23	Hawkins	13,869	14,613	744	5.4%
24	Robertson	13,342	14,562	1,220	9.1%

Source: TN Population Projections from Boyd Center for Business and Economic Research, UT, Release Date August 7, 2024.

The city of Cookeville, home of the proposed Project and county seat of Putnam County, has also experienced significant growth. Cookeville is considered a micropolitan area, a smaller city that serves as a regional economic hub. According to the U.S. Census Bureau, **Cookeville was among one of the fastest growing micropolitan areas in the United States**. The following table shows the Top 10 U.S. Micro Areas by Numeric Growth between 2023 and 2024 and Cookeville's ranking as the nation's 9th fastest growing micro area during that time period.

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Figure 1

**Top 10 U.S. Micro Areas by Numeric Growth:
July 1, 2023, to July 1, 2024**

Rank	Micro Area	April 1, 2020 (Estimates Base)	July 1, 2023	July 1, 2024	Numeric Growth
1	Seaford, DE	237,390	263,975	271,134	7,159
2	Jefferson, GA	75,918	88,723	93,825	5,102
3	Anderson Creek, NC	133,556	141,792	146,096	4,304
4	Clewiston, FL	51,745	56,950	59,262	2,312
5	Richmond-Berea, KY	122,902	127,707	129,810	2,103
6	Hilo-Kailua, HI	200,629	208,043	209,790	1,747
7	Hobbs, NM	74,457	73,503	75,151	1,648
8	Moses Lake, WA	99,125	103,088	104,717	1,629
9	Cookeville, TN	141,331	148,351	149,929	1,578
10	Albemarle, NC	62,502	65,818	67,326	1,508

Source: U.S. Census Bureau, Vintage 2024 Population Estimates.

Source: <https://www.census.gov/newsroom/press-releases/2025/population-estimates-counties-metro-micro.html> (U.S. Census Bureau Page Last Revised - March 13, 2025.)

Cumberland County is projected to have the state’s largest percentage of 65+ population in 2030, with 36.3% of the county’s population ages 65+ compared to the statewide average of 19.0%. Moreover, while the other service area counties of White, Overton, Fentress, and Jackson have a smaller total population, they are considerably an older population. The counties’ projected 65+ population as a percentage of total population range from 22.2% to 27.0%, which also exceed the state of TN percentage. The following table details the state’s top 50% of counties with the highest projected 2030 population ages 65+ as a percent of total population.

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Table 4				
Population Ages 65+ as a Percentage of Total Population by County, 2030				
<i>Top 50%, Ranked Highest to Lowest based on Percent of Total Population</i>				
Rank	County	Total Population	65+ Population	65+ Pop as % of Total Pop
1	Cumberland	68,249	24,742	36.3%
2	Pickett	4,946	1,549	31.3%
3	Loudon	65,897	20,518	31.1%
4	Johnson	17,692	4,911	27.8%
5	Clay	7,281	2,005	27.5%
6	Fayette	46,519	12,657	27.2%
7	Fentress	19,922	5,377	27.0%
8	Hardin	27,621	7,352	26.6%
9	Unicoi	17,345	4,584	26.4%
10	Henry	32,267	8,521	26.4%
11	Carter	54,341	14,337	26.4%
12	Van Buren	6,825	1,795	26.3%
13	Benton	15,453	4,021	26.0%
14	Roane	55,734	14,478	26.0%
15	Jackson	12,298	3,180	25.9%
16	Hancock	6,677	1,707	25.6%
17	Decatur	11,435	2,909	25.4%
18	Monroe	49,983	12,647	25.3%
19	Cocke	37,357	9,330	25.0%
20	Hawkins	58,560	14,613	25.0%
21	Grainger	24,807	6,180	24.9%
22	Greene	73,542	18,188	24.7%
23	Sequatchie	18,551	4,511	24.3%
24	Haywood	16,586	4,013	24.2%
25	Moore	6,863	1,650	24.0%
26	Jefferson	60,935	14,642	24.0%
27	Polk	18,605	4,453	23.9%
28	Bledsoe	15,800	3,762	23.8%
29	Sullivan	167,076	39,779	23.8%
30	Blount	150,249	35,644	23.7%
31	Sevier	104,174	24,676	23.7%
32	Marion	29,269	6,904	23.6%
33	Giles	30,979	7,225	23.3%
34	Meigs	14,348	3,309	23.1%
35	Houston	8,095	1,848	22.8%
36	Franklin	45,732	10,381	22.7%
37	Overton	23,605	5,358	22.7%
38	Obion	29,666	6,724	22.7%
39	Union	20,991	4,751	22.6%
40	Claiborne	32,127	7,266	22.6%
41	Lewis	13,410	3,031	22.6%
42	White	29,216	6,580	22.5%

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Table 4 Population Ages 65+ as a Percentage of Total Population by County, 2030 <i>Top 50%, Ranked Highest to Lowest based on Percent of Total Population</i>				
Rank	County	Total Population	65+ Population	65+ Pop as % of Total Pop
43	Grundy	13,590	3,059	22.5%
44	Campbell	38,764	8,695	22.4%
45	Wayne	15,692	3,519	22.4%
46	Stewart	14,418	3,232	22.4%
47	Lincoln	37,327	8,346	22.4%
48	McNairy	26,023	5,803	22.3%

Source: TN Population Projections from Boyd Center for Business and Economic Research, UT, Release Date August 7, 2024.

The Upper Cumberland Region of Tennessee is a Premier Retirement Destination

Further supporting the numeric need for inpatient rehabilitation beds in Cookeville, Putnam County is the area’s recognition as an ideal retirement destination and a place for retirees to call home. Cookeville was named among one of the nation’s 100 best places to retire in 2018, according to *Where to Retire*. Since that time, Cookeville continues to be a popular destination for retirees.

For example, Cookeville was also awarded the coveted *2019 and 2021 Seal of Approval Awards* by the American Association of Retirement Communities and has been deemed a best place to retire in Tennessee since serving as an official *Retire Tennessee* community since 2007, as recognized by the Tennessee Department of Tourist Development Office.¹

Similarly, Cumberland County has been named one of Tennessee’s Retirement Communities by the Tennessee Department of Tourist Development. As evidenced by the large percentage of the population ages 65+, Cumberland County has become an increasingly popular destination for retirees and is home to numerous active adult retirement communities including Fairfield Glade, a 14,000-acre community with nearly 6,000 homes and approximately 10,000 residents, and Uplands Village, a 500+ acre retirement community with an array of living accommodations and services for its residents.

Cumberland County is also home to other planned communities that include retirees and families such as Lake Tansi, with its 2,700 housing units and approximately 4,500 residents. So many retirees live in the Upper Cumberland Region, including Cumberland and Putnam counties, that there is a term to describe them: they are known as “half backs”.

¹ “Cookeville among America’s 100 best places to retire”, Upper Cumberland Business Journal, December 4, 2018. (www.ucbjournal.com/cookeville-among-americas-100-best-places-to-retire/).

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Alissa Sauer, a contributing writer with Leisure Care explains the term “half backs” in an October 2024 National Mortgage Professional article² as follows:

“These retirees are called half backs or half back retirees as they move “halfway back” to their original state...There are a wide range of reasons why seniors are moving ‘half back’ home. Mid-South states still offer the weather that draws seniors to more traditional retirement states, but often without the crowds and cost.”

- Alissa Sauer
Contributing Writer, Leisure Care

As the population increases and ages, the need for high-quality IRF services close to home will also increase. The Applicant proposes to meet that need by developing a 40-bed freestanding IRF on the campus of CRMC, which is easily accessible and the closest IRF provider for the vast majority of service area residents.

2. Cumberland County has relatively low usage of IRF services compared to the statewide average.

As shown below, Cumberland County has among the state’s lowest IRF utilization rates, ranking 87th out of 95 counties in terms of IRF discharges per 1,000 Medicare beneficiaries.

Table 5 Cumberland County has one of Tennessee’s Lowest IRF Utilization Rates, Ranking 87th out of 95 Counties in 2023			
Medicare IRF Discharges / 1,000 Beneficiaries	2014	2023	Percent Increase*
Tennessee Statewide Average	11	16	39.5%
Cumberland County	4	5	21.1%
Difference in Discharges, TN > Cumberland	7	11	50.3%
Cumberland as % of Statewide Average	36.9%	32.0%	N/A
Source: Medicare Geographic Variation Public Use Files (PUF), 2023. Notes: IRF utilization rates shown are for IRF discharges per 1,000 Medicare FFS beneficiaries. *Percentages may not calculate exactly as shown due to rounding of IRF utilization rates.			

Of note is that while the statewide IRF utilization rate has increased 39.5% from an approximate 11 discharges per 1,000 Medicare beneficiary in 2014 to approximately 16 discharges in 2023, Cumberland County’s IRF utilization rate has remained far below the statewide average and increased at a lower 21.1% during that time period. Consequently, the difference between Cumberland County’s IRF utilization rate and the statewide average has increased during this

² Drzewiecki, Erica. “Half backs’ Buy Homes in Other Southern Regions”, National Mortgage Professional, October 15, 2024. (<https://nationalmortgageprofessional.com/news/half-backs-buy-homes-other-southern-regions>).

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time period, with Cumberland County’s 2023 IRF utilization rate less than one-third of the statewide rate. (2023 Medicare PUF data is the most recent data available. Please refer to **Appendix 1** of this document for a summary of the source data file used to determine the 2023 Medicare IRF Utilization Rate for each county in Tennessee.)

Absent a sufficient number of accessible IRF beds close to their homes, Cumberland County patients in need of IRF services are utilizing a lower level of care (e.g., SNF) in lieu of the more intensive IRF service. As shown below, Cumberland County residents with discharges from post-acute care who are appropriate for IRF services (“rehab-appropriate”)³ are utilizing SNF services at a higher rate when compared to other service area residents, indicated by the percentage of rehab-appropriate patients discharged to SNF and the high ratio of SNF to IRF discharges.

Table 6
Service Area County's Rehab-Appropriate Discharges from Acute Care Hospitals by Discharge Destination, July 2023 - June 2024

Service Area County	To Skilled Nursing Facilities		To Home Health Agencies		To IRFs		Total Rehab-Appropriate Discharges	Ratio, SNF to IRF Discharges
	D/Cs	% of Total RAMSDRGs	D/Cs	% of Total RAMSDRGs	D/Cs	% of Total RAMSDRGs		
Cumberland	399	19.9%	352	17.5%	78	3.9%	2,008	5.12
Fentress	106	18.2%	122	20.9%	18	3.1%	584	5.89
Jackson	44	15.1%	46	15.8%	21	7.2%	292	2.10
Overton	80	14.2%	95	16.9%	49	8.7%	563	1.63
Putnam	346	15.5%	336	15.1%	174	7.8%	2,226	1.99
White	152	17.7%	97	11.3%	57	6.6%	860	2.67
Total	1,127	17.3%	1,048	16.0%	397	6.1%	6,533	2.84

Source: Tennessee Hospital Association de-identified patient level data, 2023 Q3 - 2024 Q2.

Notes: total shown is for all patients discharged excluding those who expired or were discharged to hospice and psych/MH facilities. Not all discharge destinations shown.

“D/Cs” are discharges from acute care hospitals.

As shown in Table 13 below, the proposed project will be the closest IRF to the vast majority of service area residents. Thus, the proposed project is expected to enhance access to services for all service area residents, including those in Cumberland County.

³ 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. MS DRG 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 2** at the end of this attachment for more information regarding the identification of rehab-appropriate patients.*

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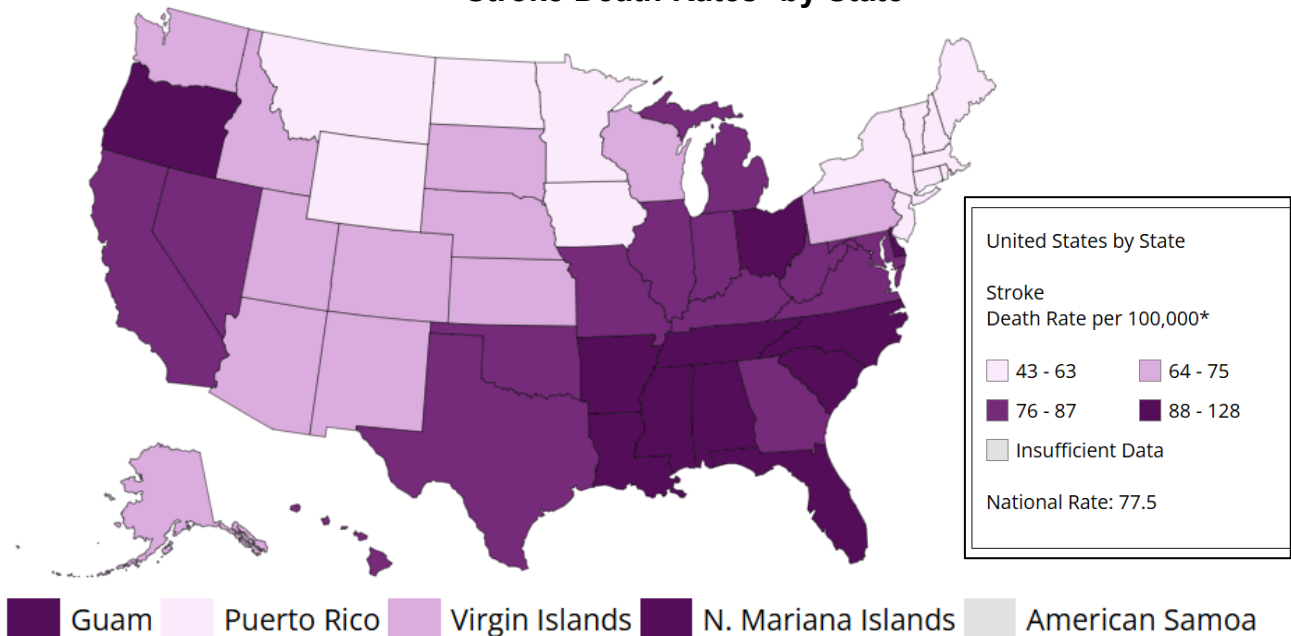
3. Service area counties have higher rates of diseases, conditions, and/or death that further support need for the Project.

Further support for the proposed new IRF is the service area counties' higher prevalence rates of diseases, conditions, and/or death for service area residents compared to residents in other parts of the Tennessee and residents across the United States.

For example, the following figure depicts the Stroke Death Rates per 100,000 population, Ages 35+ by State. As shown below, Tennessee is among the highest in the nation for stroke death rates (88 per 100,000) between 2021 and 2023 and is greater than the national average of 77.5 per 100,000 persons.

Figure 2

Stroke Death Rates* by State



*Note: Rates are age standardized and spatially smoothed 3-year averages, 2021-2023, ages 35+.

Source: National Center for Chronic Disease Prevention and Health Promotion, Division for Heart Disease and Stroke Prevention, CDC, 2021-2023.

As noted previously, the relatively high stroke death rates are illustrative of the need for additional IRF services since stroke is one of the leading types of conditions optimally treated in the IRF setting.

When stroke death rates are examined at the county level, there is further support for the proposed new IRF in the service area. As shown below, the majority of the service area counties' (5 out of 6) all have stroke death rates greater than the Tennessee stroke death rate shown above. In fact, four (4) rank in the top quartile (24 out of 95 counties) of counties with high stroke death rates.

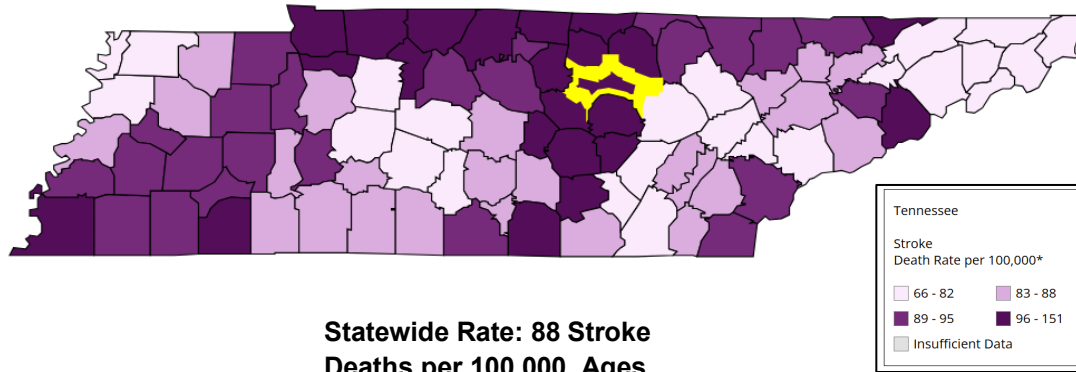
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Table 7 Stroke Death Rates by County, 2021-2023		
Service Area County	Statewide Ranking	Stroke Death Rate
Jackson	5 th	107
White	7 th	105
Putnam	12 th	102
Overton	14 th	100
Fentress	38 th	92
Cumberland	93 rd	72
<i>Tennessee</i>	<i>N/A</i>	<i>88</i>
<small>Source: National Center for Chronic Disease Prevention and Health Promotion, Division for Heart Disease and Stroke Prevention, CDC, 2021-2023.</small>		

The following statewide map shows the death rates by county.

Figure 3
Tennessee Stroke Death Rates by County*



**Note: Rates are age standardized and spatially smoothed 3-year averages, 2021-2023, ages 35+.*
Source: National Center for Chronic Disease Prevention and Health Promotion, Division for Heart Disease and Stroke Prevention, CDC, 2021-2023 data.

Another condition that impacts residents' need to receive IRF services is Traumatic Brain Injuries (TBI). Patients with TBI are a primary user of IRF services, and the proposed service area counties have higher TBI rates than other areas of the state. Consider, for example, Fentress 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 121.8 per 100,000 population, according to the Tennessee Department of Health's 2024 TBI Annual Report. This rate was significantly higher than the statewide average of 85.0 per 100,000 population for the same time period. Furthermore, in 2023 the Upper Cumberland Public Health Region (which includes all of the

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proposed service area counties) reported an average TBI rate of 92.0 per 100,000 population, exceeding the state average⁴.

4. Patient migration patterns support the need for additional IRF beds in the service area.

The Applicant utilized Tennessee Hospital Association (“THA”) de-identified patient level data to determine the patient migration patterns for IRF services. As shown in the table below, there were a total of 747 service area IRF patients (discharges) during the 12 months ending June 30, 2024. Please note that patient days and referring hospital information are not available in the THA data. The table below also identifies the IRF discharges by county of residence and from which IRF provider the patients were discharged.

As shown below, the majority of service area residents (595 or approximately 80%) remain within the service area for IRF services, indicating that proximity (closeness to home) is an important consideration in consumer’s choice of IRF services. However, the remaining approximate twenty percent (20%) of service area IRF discharges were from distant IRF providers, e.g., IRFs located in Davidson County (Nashville area) where 7.5% of service area patients traveled or Knox County (Knoxville area) where 6.7% of service area patients traveled for IRF care.

The proposed project would provide additional IRF beds closer to home for residents currently traveling to distant IRF providers outside of the service area.

⁴ 2024 Traumatic Brain Injury Annual Report, Tennessee Department of Health, Division of Family Health & Wellness, electronically published November 2024. (<https://www.tn.gov/health/health-program-areas/fhw/tbi/resources.html>).

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Table 8
Service Area Residents' Inpatient Rehabilitation Discharges, July 2023 - June 2024
Service Area IRF Providers Highlighted for Ease of Review

IRF Provider	IRF County	Putnam County	Cumberland County	White County	Overton County	Fentress County	Jackson County	Service Area D/Cs	% of IRF D/Cs
Cookeville Regional Medical Center	Putnam	312	48	58	30	25	24	497	66.5%
Livingston Regional Hospital	Overton	23		1	59	7	8	98	13.1%
Vanderbilt Stallworth Rehabilitation Hospital	Davidson	15	7	7	1	1	2	33	4.4%
Saint Thomas River Park Hospital	Warren	2	1	22				25	3.3%
Patricia Neal Rehabilitation Hospital West	Knox	2	16	1		3		22	2.9%
Knoxville Rehabilitation Hospital	Knox	1	19			1		21	2.8%
Siskin Hospital for Physical Rehabilitation	Hamilton	2	4	3				9	1.2%
Ascension Saint Thomas Rehabilitation Hospital	Davidson	3	4	1	1			9	1.2%
Encompass Health Rehab Hospital of Chattanooga	Hamilton	2	4	1				7	0.9%
Patricia Neal Rehabilitation Hospital Fort Sanders	Knox		3	1		3		7	0.9%
TriStar Skyline Medical Center	Davidson	1	1		2	2	1	7	0.9%
TrustPoint Hospital	Rutherford	1	1		1			3	0.4%
TriStar Summit Medical Center	Davidson	1		1	1			3	0.4%
Encompass Health Rehab Hospital of Franklin	Williamson		1	1				2	0.3%
Encompass Health Rehab Hospital of Memphis	Shelby		2					2	0.3%
Baptist Memorial Rehabilitation Hospital	Shelby		1					1	0.1%
Spire Cane Creek Rehabilitation Hospital*	Weakley		1					1	0.1%
Total		365	113	97	95	42	35	747	100.0%

* West Tennessee Healthcare Rehab of Cane Creek.

Source: Tennessee Hospital Association de-identified patient level data, 2023 Q3 - 2024 Q2.

Further analysis of the THA de-identified patient-level data reveals that during the 12 months ending June 30, 2024, there were 685 service area residents who were discharged from an acute care hospital to an inpatient rehabilitation facility. Again, it is not known to which IRF they were discharged, only that they were discharged to an IRF from the identified acute care hospital. The following table provides the list of acute care hospitals from which those residents were discharged to an IRF.

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Table 9
Service Area General Acute Care (GAC) Discharges to IRF by Discharging GAC Hospital, July 2023-June 2024
Service Area GAC Hospitals Highlighted for Ease of Review

General Acute Care (GAC) Hospital	GAC Hospital County	Cumberland County	Fentress County	Jackson County	Overton County	Putnam County	White County	D/C to IRF	% of D/C to IRF
Cookeville Regional Medical Center	Putnam	20	14	22	42	226	42	366	53.4%
Vanderbilt University Medical Center	Davidson	13	3	5	8	36	16	81	11.8%
University of TN Medical Center	Knox	19	7		2	1		29	4.2%
TriStar Skyline Medical Center	Davidson		2	3	12	6	3	26	3.8%
Livingston Regional Hospital	Overton		6	1	17	1		25	3.6%
Cumberland Medical Center	Cumberland	21	2					23	3.4%
TriStar Centennial Medical Center	Davidson	1	2		1	14		18	2.6%
Saint Thomas West Hospital	Davidson	4			2	9	3	18	2.6%
Saint Thomas Midtown Hospital	Davidson	5			1	7	2	15	2.2%
Saint Thomas Highlands Hospital	White				1	5	7	13	1.9%
Parkwest Medical Center	Knox	11	1			1		13	1.9%
Erlanger Med. Ctr.-Baroness Hospital	Hamilton	6				3	3	12	1.8%
Saint Thomas Rutherford Hospital	Rutherford	3				1	6	10	1.5%
Fort Sanders Regional Med. Ctr.	Knox	6	1			1		8	1.2%
Saint Thomas River Park Hospital	Warren	1					7	8	1.2%
Southern TN Regional H.S. -Pulaski	Giles	2			1	1		4	0.6%
Saint Thomas Stones River Hospital	Cannon	2					1	3	0.4%
TriStar Summit Medical Center	Davidson				1	1		2	0.3%
Highpoint Health - Sumner	Sumner			2				2	0.3%
Vanderbilt Tullahoma-Harton Hospital	Coffee					1		1	0.1%
Methodist Med. Ctr. of Oak Ridge	Anderson	1						1	0.1%
TriStar Southern Hills Medical Center	Davidson	1						1	0.1%
TriStar Stonecrest Medical Center	Rutherford			1				1	0.1%
LeConte Medical Center	Sevier						1	1	0.1%
Tennova HC -Turkey Creek Med. Ctr.	Knox	1						1	0.1%
CHI Memorial Hospital-Chattanooga	Hamilton	1						1	0.1%
Vanderbilt Wilson County Hospital	Wilson					1		1	0.1%
Saint Thomas DeKalb Hospital	DeKalb						1	1	0.1%
Total Service Area Patients Discharges to IRF		118	38	34	88	315	92	685	100.0%

Source: Tennessee Hospital Association de-identified patient-level data, 2023 Q3 - 2024 Q2.

The proposed project would offer a high-quality IRF closer to home for the 258 service area patients (approximately 38%) who were discharged from a general acute care hospital to an IRF outside the service area. Stated simply: patients discharged from distant general acute care providers in Knoxville or Nashville would have sufficiently available and accessible IRF beds closer to home if the Project is approved.

As noted elsewhere, a location close to home dramatically improves the ability of family members and caregivers to actively participate in the recovery process of their loved ones, which in turn improves the outcome of the patient's long-term success.

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The following data confirms that there is a sufficient number of rehab-appropriate discharges for this project. As previously detailed in Table 6, 6,533 service area patients (discharges) were appropriate candidates for IRF services for the 12 months ending June 30, 2024. As discussed previously, the Project will offer more intensive post-acute care rehabilitation services close to home for the majority of service area residents so that they do not have to choose a less intensive service because too few IRF beds are available and accessible in their community.

Table 10		
Rehab-Appropriate Discharges from Acute Care Hospitals by Discharge Destination, July 2023 - June 2024		
Discharge Destination after Acute Care Stay	Rehab- Appropriate Discharges	% of Total
Skilled Nursing Facilities (SNF)	1,127	17.3%
Home Health Agencies (HHA)	1,048	16.0%
Inpatient Rehabilitation Facilities (IRF)	397	6.1%
All Other	3,961	60.6%
Total	6,533	100.0%
Source: Tennessee Hospital Association (THA) de-identified patient level data, 2023 Q3 - 2024 Q2.		

Moreover, the Rehab Hospital of Cookeville will provide an independent, freestanding IRF that will admit patients from all health systems and hospitals, with no prioritization of patients from any one healthcare system over another. The proposed project will not only address the community need for additional IRF beds but will also enhance the service area’s overall healthcare delivery system in a high-quality and cost-effective manner.

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:

- Large, aging, and increasing population, particularly in the population ages 65+;
- Patient origin of Cookeville Regional Medical Center inpatient and IRF patients;
- Patient migration patterns and ease of access to the proposed hospital; and,
- Quantifiable bed need based on application of the Commission’s need methodology.

As noted previously, Rehab Hospital of Cookeville’s proposed service area includes six (6) counties in Tennessee’s Upper Cumberland Region: Putnam County (home of the proposed project), Cumberland, White, Overton, Fentress, and Jackson counties. Details regarding the

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population size, aging, and overall growth were provided previously so will not be repeated here. (See response to Question 1.)

As a JV partner in the Project, Cookeville Regional Medical Center’s hospital-wide and IRF patient origin were considered in defining the Project’s proposed service area. As shown below, approximately 87% of CRMC’s inpatients and approximately 91% of IRF patients reside in the Project’s defined service area.

Table 11 Cookeville Regional Medical Center Patient Origin, July 2023 - June 2024		
County	Hospital-wide Discharges	% of Total
Putnam	7,000	49.2%
White	1,563	11.0%
Overton	1,124	7.9%
Cumberland	1,030	7.2%
Jackson	813	5.7%
Fentress	784	5.5%
DeKalb	315	2.2%
Clay	211	1.5%
Warren	210	1.5%
Pickett	206	1.4%
Smith	174	1.2%
Van Buren	168	1.2%
All Others	617	4.3%
Total	14,215	100.0%
Subtotal, Service Area	12,314	86.6%
Source: THA patient-level data.		

Table 12 CRMC Inpatient Rehab Center Patient Origin, July 2023 - June 2024		
County	IRF Discharges	% of Total
Putnam	312	57.2%
White	58	10.6%
Cumberland	48	8.8%
Overton	30	5.5%
Fentress	25	4.6%
Jackson	24	4.4%
Smith	15	2.8%
Van Buren	6	1.1%
Warren	4	0.7%
Macon	4	0.7%
All Others	19	3.5%
Total	545	100.0%
Subtotal, Service Area	497	91.2%
Source: THA patient-level data.		

Patient migration patterns, roadways and ease of access, and travel from the service area counties to the proposed IRF were also considered in determination of the service area and are reflected in CRMC’s patient origin data.

Rehab Hospital of Cookeville is in close proximity and conveniently located near major roadways in the Upper Cumberland Region of middle Tennessee. The proposed rehab hospital is only 1 mile from US-70 (West Spring Street), only 1 mile from SR 136 (North Washington Avenue), and approximately 3 miles from Interstate 40 (I-40), all of which are major highways easily accessible to residents throughout the service area. I-40 is the main interstate, serving as a critical east-west corridor, connecting Cookeville to major cities like Nashville and Knoxville. Additional major roadways, state highways, and routes in close proximity to the

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proposed hospital include SR 111 (a major north-south highway intersecting with I-40), SR 135 (North Willow Avenue), and East 10th Street. These routes, as well as numerous other roadways, provide easy access to the proposed Cookeville Rehab Hospital for residents in the service area.

Driving distances and driving times from each of the proposed service area counties to the proposed IRF, as well as the nearest existing IRFs within and outside the service area, are documented in the table below. (Please note that because Cookeville Rehab Hospital will be located on the CRMC campus and CRMC will relinquish its 20 licensed IRF beds upon opening of the new rehab hospital, drive times to Cookeville Rehab Hospital/CRMC campus are shown as one entry per service area county rather than duplicating mileage and drive times to the proposed new IRF on CRMC's campus and CMRC's existing IRF separately.)

Table 13					
Rehab Hospital of Cookeville					
Proposed Service Area County Residents' Travel Time to Nearest IRF					
Rehab Hospital of Cookeville* Proposed Service Area County to:	2030 Total County Population	Nearest IRFs Within Proposed Service Area		Nearest IRFs Outside Proposed Service Area	
		Proposed Cookeville Rehab/CRMC Campus <i>(Putnam County)</i>	Livingston Regional Hospital <i>(Overton County)</i>	Ascension St Thomas Stones River <i>(Cannon County)</i>	Ascension St Thomas River Park <i>(Warren County)</i>
Putnam County, TN	89,465	6.4 miles 14 min	22.9 miles 26 min	51.8 miles 1 hr 4 min	43.2 miles 44 min
Cumberland County, TN	68,249	44.8 miles 52 min	49.1 miles 59 min	80.2 miles 1 hr 36 min	57.3 miles 1 hr 8 min
Fentress County, TN	19,922	51.1 miles 1 hr 6 min	35.3 miles 53 min	96.6 miles 1 hr 56 min	88.0 miles 1 hr 36 min
Jackson County, TN	12,298	21.4 miles 28 min	24.9 miles 37 min	60.0 miles 1 hr 18 min	68.0 miles 1 hr 12 min
Overton County, TN	23,605	21.0 miles 29 min	1.1 miles 3 min	69.7 miles 1 hr 25 min	61.1 miles 1 hr 4 min
White County, TN	29,216	21.3 miles 30 min	38.4 miles 43 min	40.5 miles 56 min	26.5 miles 28 min

* Note: The proposed IRF, Rehab Hospital of Cookeville, is at the approximate location of the existing CRMC IRF since the proposed IRF will be located on the CRMC campus.
Sources: Google Maps (www.google.com/maps) drive times captured around 9AM on a Friday from county midpoint to each provider using fastest route available. TN Population Projections from Boyd Center for Business and Economic Research, UT, Release Date August 7, 2024.

As is evidenced above, the vast majority of service area residents (199,228 or 82.1%) are closer to the proposed Rehab Hospital of Cookeville compared to other providers. The proposed Rehab Hospital of Cookeville is at the approximate location of the existing CRMC IRF since the proposed IRF will be located on the CRMC campus. The nearest existing IRF providers outside of the service area are an hour or more away from the majority of the residents in the service area, with Nashville or Knoxville IRF providers being even further away,

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requiring a 1 to 2 hour travel time. Therefore, the proposed service area is appropriate for the proposed project to address the need for additional IRF beds closer to the residents' homes.

Finally, regarding service area definition, the proposed project addresses the numeric need for additional IRF beds based on the Commission's need methodology as contained in the current State Health Plan. The proposed 40-bed Rehab Hospital of Cookeville will provide patients requiring intensive inpatient rehabilitation services with a sufficient number of available IRF beds in a, state-of-the-art, all private-bed, facility close to home.

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 rehab hospital because a 40-bed facility is the right size in the right location to enhance access and provide consumer choice to a large, growing, and aging population that requires inpatient rehab services close to residents' homes. The proposed 40-bed facility has been designed to be able to efficiently and economically expand should the community need additional beds in the future. Moreover, the proposed 40-bed facility size is consistent with multiple recently approved projects by the Commission, including Rebound LLC d/b/a Encompass Health Rehabilitation Hospital of Chattanooga at Cleveland's CN2503-007; Rehabilitation Hospital of Lebanon's CN2504-011; CHS/LP Behavioral Health and Rehabilitation Tennessee, LLC's CN2409-027; Saint Thomas Rutherford Rehabilitation Hospital's CN2502-004; Ascension Saint Thomas Clarksville Rehabilitation Hospital CN2508-30; and Encompass Health Rehabilitation Hospital of Clarksville, LLC CN2508-032. 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%

RESPONSE: As noted previously and shown below, there are two (2) existing providers of inpatient rehabilitation services in the service area. The following table details the 3-year historical utilization for both providers.

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Table 14
Service Area Historical Utilization, 2022-2024

Inpatient Rehabilitation Facility	County	Facility Type	2024 Licensed Beds	Bed Days Available*	Patient Days			Licensed Occupancy		
					2022	2023	2024	2022	2023	2024*
CRMC IRF	Putnam	Hospital Unit	20	7,300	5,317	4,743	5,767	72.8%	65.0%	78.8%
Livingston Regional Hospital IRF	Overton	Hospital Unit	14	5,110	1,450	1,671	1,705	28.4%	32.7%	33.3%
TOTAL			34	12,410	6,767	6,414	7,472	54.5%	51.7%	60.0%

Source: TN Joint Annual Report for Hospitals; data reported for July 1 – June 30 of each year, 2022-2024.

* 2024 Bed Days Available (7,320 for CRMC Inpatient Rehab and 5,124 for Livingston Regional IRF) and Licensed Occupancy calculations are based on 366 days since 2024 is a leap year.

The details of Livingston Regional’s IRF (e.g., array of services offered, room configurations (private or semi-private), program complements, and amenities) that would affect the utilization of the hospital’s inpatient rehabilitation unit are not known to the Applicant. What is known is that Livingston Regional’s IRF has been consistently underutilized for the last three years. Furthermore, it does not appear Livingston Regional’s IRF has any Joint Commission Disease Specific Certifications, as shown in the comparison table below.

Table 15
Comparison of Proposed IRF to Existing IRFs in the Proposed Service Area

IRF Type, Services, and Accreditations	Rehab Hospital of Cookeville* (proposed IRF)	CRMC IRF (existing)	Livingston Regional IRF (existing)
Freestanding IRF	✓	x	x
Number of Beds	40	20	14
All Private Rooms	✓	x	Unknown
In-House Dialysis Services	✓	In host hospital	In host hospital (likely)
Bariatric (Individual of Size or “IoS”) Rooms	✓	x	Unknown
The Joint Commission (TJC) Hospital Accreditation	✓	Hospital-wide	Hospital-wide
TJC Disease-Specific Care Certifications in Rehab	✓	x	x

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 another based on the facility's expected patient population. The Applicant will also apply for TJC Hospital Accreditation upon opening of the Hospital.

Sources: The Joint Commission listing of accreditations as of Feb. 19, 2026, per its website (<https://jointcommission.org/>) and individual hospitals' websites.

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Notwithstanding the comparison of existing and proposed services, the proposed project anticipates caring for patients currently traveling to distant IRF providers or seeking less intensive post-acute care rehab services (such as SNF); not redirecting patients currently choosing Livingston Regional IRF services. Thus, the Project will not adversely impact Livingston Regional's IRF.

The Project will provide needed, comprehensive IRF services that consumers will be able to access close to home. Specific programs and services to be offered at the Rehab Hospital of Cookeville will address a wide range of diagnosis 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

This array of services is the same comprehensive array of services currently offered at other Encompass Health hospitals in Tennessee. Within that comprehensive array of services, Encompass Health hospitals in Tennessee also hold specialty Disease Specific Certifications ("DSC") related to inpatient rehabilitation services, including Stroke Rehabilitation, Brain Injury Rehabilitation, and Spinal Cord Rehabilitation. **Rehab Hospital of Cookeville commits to obtaining at least two (2) Joint Commission Disease-Specific Care Certifications: Stroke Rehabilitation and one other DSC based on the facility's expected patient population.**

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.

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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		

RESPONSE: Rehab Hospital of Cookeville is a new facility, thus there is no available quality data. However, the Rehab Hospital of Cookeville is a joint venture between two high quality providers that care for residents in Tennessee: Encompass Health and Cookeville Regional Medical Center. The following information demonstrates the high-quality care provided by these providers.

Encompass Health

Encompass Health Corporation, a Delaware-based for profit corporation in good standing, is a national leader of inpatient rehabilitation (“rehab”) services with 173 inpatient rehab hospitals in 39 states and Puerto Rico. *Encompass Health’s sole purpose is to own and operate inpatient rehabilitation post-acute care facilities and services.* 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 Health currently operates ten (10) licensed IRFs in Tennessee, with Patricia Neal Rehabilitation Hospital operating two (2) locations under a single license: (1) Patricia Neal Rehabilitation Hospital located at 101 Fort Sanders West Boulevard (“West”); and (2) Patricia Neal Rehabilitation Hospital Fort Sanders (“Fort Sanders”), which is a hospital-in-hospital (“HIH”) at Fort Sanders Regional Medical Center and is also a satellite of the West location.

All of Encompass Health’s Tennessee IRFs are considered “freestanding” for Medicare reimbursement purposes; Encompass does not operate any hospital-based (or distinct part) IRF units. As shown in the following table, Encompass is the sole owner and operator of two (2) Tennessee IRFs: Encompass Health Rehabilitation Hospital of Chattanooga and Encompass Health Rehabilitation Hospital of Franklin. All other Tennessee IRFs are joint ventures with local healthcare systems.

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Table 16
Encompass Health’s Tennessee Inpatient Rehabilitation Facilities

Encompass Health Facility	Nature of Ownership <i>Wholly Owned vs. Joint Venture</i>	Type of Facility
Vanderbilt Stallworth Rehab Hospital	JV with Vanderbilt Health Services	Freestanding
Encompass Health Rehab Hospital of Chattanooga	Wholly Owned	Freestanding
Encompass Health Rehab Hospital of Memphis	JV with Methodist Healthcare	Freestanding
Encompass Health Rehab Hospital of North Memphis	JV with Methodist Healthcare	Freestanding
Rehabilitation Hospital of Kingsport	JV with Ballard Health	Freestanding
Quillen Rehabilitation Hospital	JV with Ballard Health	Freestanding
West Tennessee Healthcare Rehab Hospital Cane Creek	JV with West TN Healthcare	Freestanding
Encompass Health Rehab Hospital of Franklin	Wholly Owned	Freestanding
West Tennessee Healthcare Rehab Hospital Jackson	JV with West TN Healthcare	Freestanding
Patricia Neal Rehab Hospital (West & Fort Sanders) (a)	JV with Covenant Health	Freestanding

Note: (a) Patricia Neal Rehabilitation Hospital operates at two (2) locations under a single license: West & Fort Sanders.

Encompass also recently received CONs to construct and operate three (3) additional TN IRFs: (1) Encompass Health Rehabilitation Hospital of Chattanooga at Cleveland, which will be a wholly-owned, newly constructed 40-bed freestanding satellite of Encompass Rehabilitation Hospital of Chattanooga; (2) Rehabilitation Hospital of Lebanon, which will be a joint venture with Vanderbilt Health Services and will be a newly constructed 40-bed freestanding hospital in Lebanon; and (3) Encompass Health Rehabilitation Hospital of Clarksville, which will be a wholly-owned, newly constructed 40-bed freestanding hospital in Clarksville.

Illustrative of Encompass Health’s high quality of care is information on the CMS Medicare Care Compare Quality Metrics. These metrics for the 10 operational Encompass Health IRFs in Tennessee are provided in the table below. (See Table 18 for CRMC IRF’s quality metrics.)

As is evidenced in the table below, Encompass Tennessee IRFs meet or exceed numerous quality indicators. In addition to the following quality metrics, all of Encompass’ Tennessee IRFs are Joint Commission-accredited, and all but one hold at least one Joint Commission Disease-Specific Care (“DSC”) Certification.

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Table 17
CMS Medicare Compare Quality Metrics
Encompass Affiliated IRFs in Tennessee

Measure	National Average	Encompass Health Rehab Hospital of Franklin (Franklin)	Vanderbilt Stallworth Rehab Hospital (Nashville)	Encompass Health Rehab Hospital of Chattanooga (Chattanooga)	Encompass Health Rehab Hospital of Memphis (Memphis)	Encompass Health Methodist Rehab Hospital (Memphis)	West Tennessee Healthcare Rehab Hospital (Jackson)	West Tennessee Healthcare Rehab Hospital Cane Creek (Martin)	Patricia Neal Rehab Hospital (Knoxville)	Quillen Rehab Hospital (Johnson City)	Rehab Hospital of Kingsport (Kingsport)
Pressure Ulcers <i>(lower percentages are better)</i>	0.94%	1.46%	1.49%	0.50%	0.22%	0.95%	0.15%	0.22%	0.13%	0.57%	0.25%
Falls with injury <i>(lower percentages are better)</i>	0.15%	0.22%	0.27%	0.66%	0.10%	0.23%	0.00%	0.13%	0.15%	0.38%	0.21%
Catheter associated urinary tract infection (CAUTI) <i>(lower numbers are better)</i>	1.043	0.000 <i>*No different than national benchmark*</i>	1.291 <i>*No different than national benchmark*</i>	2.440 <i>*No different than national benchmark*</i>	0.516 <i>*No different than national benchmark*</i>	0.986 <i>*No different than national benchmark*</i>	1.827 <i>*No different than national benchmark*</i>	Not Available	0.380 <i>*No different than national benchmark*</i>	2.514 <i>*No different than national benchmark*</i>	1.788 <i>*No different than national benchmark*</i>
Clostridium difficile (C.diff) <i>(lower numbers are better)</i>	0.323	0.346 <i>*No different than national benchmark*</i>	0.662 <i>*No different than national benchmark*</i>	0.000 <i>*Better than national benchmark*</i>	0.287 <i>*Better than national benchmark*</i>	0.000 <i>*Better than national benchmark*</i>	0.143 <i>*Better than national benchmark*</i>	0.213 <i>*No different than national benchmark*</i>	0.767 <i>*No different than national benchmark*</i>	0.000 <i>*Better than national benchmark*</i>	0.442 <i>*No different than national benchmark*</i>
Healthcare worker influenza vaccinations <i>(higher percentages are better)</i>	77.1%	75.9%	84.1%	62.3%	94.3%	82.7%	82.0%	83.0%	79.3%	74.7%	88.0%
30-day post-discharge readmissions <i>(lower percentages are better)</i>	9.21%	10.33%	7.86%	9.20%	10.09%	10.33%	8.40%	9.91%	9.44%	9.63%	9.88%
Functional outcome measures – mobility, self-care <i>(higher percentages are better)</i>	65.49%	84.54%	79.52%	73.61%	73.24%	80.98%	80.37%	72.49%	78.20%	81.08%	84.39%
Successful Return to Home or Community from an IRF <i>(higher rates are better)</i>	67.39%	68.83%	63.03%	72.27%	68.34%	71.12%	69.12%	70.49%	72.19%	72.20%	69.58%

* 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 December 17, 2025.

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Of note is that, as shown above, all of Encompass' Tennessee IRFs have functional outcome measures, 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), that are higher than the 65.49% 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, Encompass' higher than national functional outcome measures among its Tennessee facilities are an important indicator of the high quality of care and measure of success for the hospital's patients. As an Encompass Health Hospital, it is reasonable to expect that Encompass Cookeville will have similarly high functional outcome measures.

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 data presented in Table 17 above, all but one of Encompass TN facilities returned a higher percentage of patients to home or community than the 67.39% national average.

Cookeville Regional Medical Center

Cookeville Regional Medical Center is a 289-bed regional referral center located in Cookeville, (Putnam County) serving residents of the Upper Cumberland. CRMC is owned by the city of Cookeville and has been in the community for approximately 100 years.

As a Joint Commission accredited hospital, with certifications in Hip Fracture and Sepsis and advanced certifications in Advanced Total Hip and Total Knee Replacement and Primary Stroke Center, CRMC is committed to providing high quality care to all its patients. Illustrative of this high quality are some of the awards and accolades that CRMC received during 2024 and 2025:

- Get With The Guidelines – Stroke Gold Plus Quality Achievement Award, American Heart Association, 2025
- Outpatient Pharmacy Pioneer in Performance Measurement, Utilization Review Accreditation Commission, 2025
- America's 50 Best Hospitals for Outpatient Orthopedic Surgery, Healthgrades, 2024
- Additional Accolades for Clinical Excellence in 2025 from Healthgrades include:
 - Outpatient Joint Replacement Excellence Award in 2025
 - Top 10% in the Nation for Outpatient Joint Replacement in 2025
 - Nation's Top 5% for Outpatient Orthopedic Surgery for two years in a row (2024-2025)
 - Top 10% in the Nation for Outpatient Orthopedic Surgery for two years in a row (2024-2025)
 - Outpatient Orthopedic Surgery Excellence Award for two years in a row (2024-2025)
 - 5-Star Recipient for Back and Neck Surgery for two years in a row (2024)
 - 5-Star for Coronary Bypass Surgery for eight years in a row (2018-2025)
 - 5-Star for Gallbladder Removal Surgery for three years in a row (2023-2025)
 - 5-Star for Treatment of Diabetic Hospitalizations for four years in a row (2022-2025)

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The following table compares CRMC's and Livingston Regional Hospital CMS IRF quality ratings. As shown, CRMC's successful return to home or community metric is similar to Livingston Regionals. However, its functional outcome measures metric is significantly higher (*better*) than Livingston Regional Hospital's, which may help explain why Livingston Regional Hospital IRF has consistently low utilization.

Table 18 CMS Medicare Compare Quality Metrics Service Area IRF Providers			
Measure	National Average	CRMC IRF Cookeville, TN	Livingston Regional IRF Livingston, TN
Pressure Ulcers <i>(lower percentages are better)</i>	0.94%	0.47%	0.00%
Falls with injury <i>(lower percentages are better)</i>	0.15%	0.00%	0.00%
Catheter associated urinary tract infection (CAUTI) <i>(lower numbers are better)</i>	1.043	0.000 <i>*No different than national benchmark*</i>	Not Available
Clostridium difficile (C.diff) <i>(lower numbers are better)</i>	0.323	0.000 <i>*No different than national benchmark*</i>	Not Available
Healthcare worker influenza vaccinations <i>(higher percentages are better)</i>	77.1%	54.7%	86.7%
30-day post-discharge readmissions <i>(lower percentages are better)</i>	9.21%	9.12%	8.78%
Functional outcome measures – mobility, self-care <i>(higher percentages are better)</i>	65.49%	52.48%	26.50%
Successful Return to Home or Community from an IRF <i>(higher rates are better)</i>	67.39%	64.45%	65.06%
<small>* 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 December 17, 2025.</small>			

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 CRMC 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

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proposed project will meet all applicable licensure certification, and accreditation requirements, including but not limited to Medicare and Medicaid certification.

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. For the staff that will need to be hired, Encompass 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 their 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 facilities around the country. Encompass, through its existing inpatient rehabilitation facilities throughout Tennessee, has established relationships with the following Tennessee 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)

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- 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 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, Encompass Health consistently ranks among the nation's and Tennessee's best places to work. This further supports the reasonable expectation that Rehab Hospital of Cookeville will be able to hire and retain the necessary staff, including professional staff, to deliver high quality intensive inpatient rehabilitation care in the proposed hospital.

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

Moreover, CRMC also has programs in place to recruit and retain qualified staff at its hospital. Similar to the approaches used by Encompass, CRMC offers competitive compensation and benefits, uses recruiting and retention strategies, and has relationships with local universities and colleges, such as Tennessee Tech University which is conveniently also located in Cookeville. CRMC also offers Residency Programs in Nursing and Pharmacy:

- CRMC Nurse Residency Program is designed to ease the transition from student to practicing professional nurse during the first year of employment. CRMC is committed to building on the knowledge and skills acquired throughout nursing education, providing students with tools and resources necessary for success. This program is available to new graduates (RN or LPN) and new hire nurses (RN or LPN) with less than one year experience.
- CRMC Pharmacy Residency Program began in 2011 and is a one-year, American Society of Health System Pharmacists (ASHP) accredited program. The Postgraduate Year One (PGY1) Pharmacy Residency Program builds clinical and leadership skills that are essential for pharmacists to efficiently and effectively operate in today's healthcare environment.

In summary, Encompass' experience in recruiting and retaining highly-skilled, rehab-specific employees will ensure the proposed project will be able to hire and retain professional,

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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 Health 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 79% 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 needed, convenient, and alternative choice for additional inpatient rehabilitation beds close to the residents' home.

Overall, the service area population is an older population with all but one county in the 6-county service area having percentages of elderly population upward of 22.0%, far exceeding the state of Tennessee's 19.0%. The highest percentage of elderly in the service area resides in Cumberland County, comprising 36.3% of the total county population. Additionally, Fentress and Jackson, the less populated and more rural service area counties, have the second and third highest percentage of population ages 65+, with the population ages 65+ comprising 27.0% and 25.9% of their total county population, respectively. These counties also have the highest percentage of residents below poverty level (18.9% and 20.0% respectively), exceeding the statewide percentage (13.8%). Overall, 21.4% of the service area's population is enrolled in TennCare, compared to 19.2% statewide. However, the more rural counties of Fentress and Jackson have the higher percentages of TennCare enrollees at 28.3% and 22.7% of its total populations respectively. Thus, the proposed IRF will provide service area residents, including those uninsured or underinsured, TennCare or Medicaid recipients, and those ages 65+ with a much-needed IRF close to home.

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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. As demonstrated throughout this application, there is need for additional IRF beds in the service area. The proposed project will provide a sufficient number of available IRF beds in the service area to meet this need. Additionally, it will allow for an additional access point and patient choice for residents who wish to remain in the local community for care without compromising quality.

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 Rehab Hospital of Cookeville, which are similarly offered at other Encompass Tennessee hospitals, address a wide range of diagnosis including, but not limited to, the following.

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

The Rehab Hospital of Cookeville will utilize Encompass Health's 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**.

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Standards and Criteria for Comprehensive Inpatient Rehabilitation Services

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.

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Standards and Criteria for Comprehensive Inpatient Rehabilitation Services

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 Rehab Hospital, but also from the unique **patient-centric programs** staff members institute at their facilities to ensure patients receive high quality care.

A few employee-driven patient-centric programs that will be in place at Rehab Hospital of Cookeville, 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.)

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Standards and Criteria for Comprehensive Inpatient Rehabilitation Services

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 by providing consumer advantages and consumer choice through increased access locally to a wide array of services offered by high-quality inpatient rehabilitation providers.

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.

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APPENDIX 1 – CMS IRF Utilization Rate by Tennessee County

The CMS Medicare IRF Utilization Rates discussed previously in this application are sourced from the Medicare Geographic Variation Public Use Files (PUF) for 2023, the most recent year of data available. This dataset provides information on the geographic differences in the use and quality of health care services for the Medicare population. The entire PUF dataset (for National, State, and County) may be accessed at the following link: <https://data.cms.gov/summary-statistics-on-use-and-payments/medicare-geographic-comparisons/medicare-geographic-variation-by-national-state-county>.

The following table delineates the 2023 Medicare IRF Discharge Rates for each county in Tennessee.

Medicare IRF Utilization Rates by Tennessee County, State, and National, 2023	
Geographic Area	2023 Medicare IRF Utilization Rate*
National	13
TN	16
TN-Anderson	9
TN-Bedford	9
TN-Benton	12
TN-Bledsoe	14
TN-Blount	8
TN-Bradley	11
TN-Campbell	10
TN-Cannon	11
TN-Carroll	16
TN-Carter	18
TN-Cheatham	11
TN-Chester	23
TN-Claiborne	5
TN-Clay	15
TN-Cocke	5
TN-Coffee	7
TN-Crockett	21
TN-Cumberland	5
TN-Davidson	14
TN-Decatur	11
TN-DeKalb	14
TN-Dickson	25
TN-Dyer	27

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Medicare IRF Utilization Rates by Tennessee County, State, and National, 2023	
Geographic Area	2023 Medicare IRF Utilization Rate*
TN-Fayette	16
TN-Fentress	10
TN-Franklin	10
TN-Gibson	28
TN-Giles	6
TN-Grainger	6
TN-Greene	16
TN-Grundy	12
TN-Hamblen	7
TN-Hamilton	23
TN-Hancock	0
TN-Hardeman	12
TN-Hardin	6
TN-Hawkins	16
TN-Haywood	18
TN-Henderson	19
TN-Henry	15
TN-Hickman	13
TN-Houston	11
TN-Humphreys	15
TN-Jackson	11
TN-Jefferson	9
TN-Johnson	16
TN-Knox	14
TN-Lake	28
TN-Lauderdale	19
TN-Lawrence	20
TN-Lewis	10
TN-Lincoln	8
TN-Loudon	13
TN-Macon	8
TN-Madison	25
TN-Marion	22
TN-Marshall	8
TN-Maury	11
TN-McMinn	7
TN-McNairy	11
TN-Meigs	10
TN-Monroe	6

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Medicare IRF Utilization Rates by Tennessee County, State, and National, 2023	
Geographic Area	2023 Medicare IRF Utilization Rate*
TN-Montgomery	10
TN-Moore	0
TN-Morgan	7
TN-Obion	32
TN-Overton	20
TN-Perry	0
TN-Pickett	0
TN-Polk	12
TN-Putnam	19
TN-Rhea	10
TN-Roane	9
TN-Robertson	12
TN-Rutherford	9
TN-Scott	0
TN-Sequatchie	15
TN-Sevier	9
TN-Shelby	25
TN-Smith	7
TN-Stewart	16
TN-Sullivan	24
TN-Sumner	13
TN-Tipton	23
TN-Trousdale	0
TN-Unicoi	22
TN-Union	0
TN-UNKNOWN	0
TN-Van Buren	0
TN-Warren	20
TN-Washington	18
TN-Wayne	11
TN-Weakley	34
TN-White	9
TN-Williamson	16
TN-Wilson	14
*Discharges per 1,000 Medicare Fee-for-Service Beneficiaries Source: Medicare Geographic Variation Public Use Files, created 03.27.25.	

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APPENDIX 2 – Rehab-Appropriate Discharges

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) defined a total of 776 MSDRGs for the Fiscal Year 2024 (the time period for which the Tennessee Hospital Association de-identified patient-level data was analyzed). 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 de-identified patient-level data to estimate the number of rehab-appropriate patients (discharges) presented previously in this attachment.

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 Cookeville

Name

a certain parcel of land containing approximately 3.11 acres and located at 215 W. 6th Street

Putnam County

Street or Route

County

Cookeville

Tennessee

38501

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

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: 02/26/26

RESPONSE: The dates listed above are not correct due to this being a re-done application. The actual LOI submission date was 02.10.2026 and the actual LOI publication date was 02.14.2026. Please see Attachment 3A for a publication affidavit from the newspaper.

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 Cookeville, LLC (a limited liability company that is a Joint Venture of Encompass Health Cookeville Holdings, LLC and Cookeville Regional Medical Center Authority)

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 Cookeville (“Rehab Hospital of Cookeville”, “Cookeville Rehab Hospital”, “Rehab Hospital”, “Project”, or “Applicant”) is a newly formed entity owned by Rehabilitation Hospital of Cookeville, LLC (a limited liability company that is a Joint Venture of Encompass Health Cookeville Holdings, LLC and Cookeville Regional Medical Center Authority). Encompass Health Cookeville Holdings, LLC owns 50% interest in the Project with Cookeville Regional Medical Center Authority (“Cookeville Regional” or “CRMC”) owning the remaining 50%. Encompass Health Cookeville Holdings, LLC is, in turn, 100% owned by Encompass Health Corporation (“Encompass”, “Encompass Health”, or “EHC”). Cookeville Regional Medical Center Authority is owned by the City of Cookeville. Corporate documents including Certificate of Formation, Certificate of Authority, and Organizational Chart are provided as Attachment 7A.

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

Land Lease Option

RESPONSE: The Project will be located on a certain parcel of land containing approximately 3.11 acres and located at 215 W. 6th Street, Cookeville, Putnam County, Tennessee, 38501. This land is currently owned by the City of Cookeville and will be leased to the Applicant entity. Site Entitlement is provided as Attachment 9A.

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 is 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: Rehab Hospital of Cookeville is in close proximity and conveniently located near major roadways in the Upper Cumberland Region of middle Tennessee. The proposed rehab hospital is only 1 mile from US-70 (West Spring Street), only 1 mile from SR 136 (North Washington Avenue), and approximately 3 miles from Interstate 40 (I-40), all of which are major highways easily accessible to residents throughout the service area. I-40 is the main interstate, serving as a critical east-west corridor, connecting Cookeville to major cities like Nashville and Knoxville. Additional major roadways, state highways, and routes in close proximity to the proposed hospital include SR 111 (a major north-south highway intersecting with I-40), SR 135 (North Willow Avenue), and East 10th Street. These routes, as well as numerous other roadways, provide easy access to

the proposed Cookeville Rehab Hospital for residents in the service area. In addition to being close to major interstates and highways, the proposed Cookeville Rehab Hospital 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. Specifically in the middle Tennessee service area, the Upper Cumberland Human Resource Agency (UCHRA) provides rural transit services for fourteen counties in middle Tennessee. Further information regarding the availability of public transportation is provided 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 a 3.11-acre of land located at 215 W. 6th Street, Cookeville, Putnam County, Tennessee 38501. 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 Cookeville, Putnam County to provide service area residents with accessible, high-quality intensive inpatient rehabilitative and restorative care close to home. The proposed project addresses the numeric need for additional rehab beds in the service area through a combination of 20 new beds and the contribution of 20 existing licensed IRF beds from Cookeville Regional Medical Center.

CRMC’s 20-bed inpatient rehabilitation unit (a hospital Distinct Part Unit) consists of 10 private rooms and 5 semi-private rooms and is located on the hospital’s campus in a building that also houses the hospital’s outpatient pediatric and adult rehabilitation departments. CRMC has determined that the most economical and efficient way to address the community need for additional IRF beds is for CRMC to partner with Encompass Health to construct a new state-of-the-art facility on its hospital campus. CRMC will relinquish its 20 licensed IRF beds upon opening of the proposed Rehabilitation Hospital of Cookeville.

The proposed project will provide consumer advantages and increased access through the establishment of a new high quality IRF, in a state-of-the-art facility, close to home for service area residents. The proposed 40-bed Rehab Hospital 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.

-
- Ownership structure

RESPONSE: Rehabilitation Hospital of Cookeville will be owned and operated by Rehabilitation Hospital of Cookeville, LLC (a limited liability company that is a Joint Venture of Encompass Health Cookeville Holdings, LLC and Cookeville Regional Medical Center Authority). Encompass Health Cookeville Holdings, LLC owns 50% interest in the Project with Cookeville Regional Medical Center Authority owning the remaining 50%. Encompass Health Cookeville Holdings, LLC is, in turn, 100% owned by Encompass Health Corporation. Cookeville Regional Medical Center Authority is owned by the City of Cookeville. The Joint Venture will construct the proposed facility on land leased from the City of Cookeville. Encompass Health Corporation, a Delaware-based for profit corporation in good standing, is a national leader of inpatient rehabilitation (“rehab”) services with 173 inpatient rehab hospitals in 39 states and Puerto Rico. Encompass Health’s sole purpose is to own and operate inpatient rehabilitation post-acute care facilities and services. As detailed in Attachment 1N, Encompass Health currently operates ten (10) licensed IRFs in Tennessee, with Patricia Neal Rehabilitation Hospital operating at two (2) locations under a single license. Encompass Health is the sole owner and operator of two (2) of these IRFs with the remaining IRFs operated as a Joint Venture with local healthcare systems. Encompass also recently received CONs to construct and operate three (3) additional IRFs in Cleveland, Lebanon, and Clarksville.

-
- Service Area

RESPONSE: Rehab Hospital of Cookeville’s proposed service area includes 6 counties in Tennessee’s Upper Cumberland Region: Putnam (home of the proposed project), Cumberland, White, Overton, Fentress, and Jackson counties. The 2026 service area total population is 236,858, which is projected to increase to 242,755 by 2030, representing a 2.5% growth rate, which is similar to the projected 2.9% growth rate for Tennessee overall. Growth is strongest in Putnam County, with a projected 3.7% increase between now (2026) and 2030. Of note is that the service area population ages 65 and over (“65+”) is projected to grow between now and 2030, increasing from the current 57,491 residents to a projected 61,178 by 2030, a 6.4% increase. This projected increase is similar to the 6.3% statewide average projected for this same time period. By 2030, the service area population ages 65+ is projected to comprise 25.2% of the total service area population, with Cumberland County having the highest percentage of population ages 65+ at 36.3%. The ages 65+ population size and projected increase 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 the large, aging, and increasing population, particularly in the population ages 65+; patient migration patterns; CRMC’s inpatient and IRF patient origin data; 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 two (2) existing IRF providers in the 6-county service area, with a combined 34 licensed IRF beds. CRMC, located in Putnam County, has 20 licensed IRF beds which it will contribute to the proposed Project and which it will relinquish upon opening of the proposed Rehabilitation Hospital of Cookeville. Livingston Regional Hospital (“Livingston Regional” or “LRH”), located in Overton County, has 14 licensed IRF beds (a Distinct Part Unit) in its hospital.

- Project Cost

RESPONSE: The estimated project cost is \$68,491,822. The project will be funded with cash by Cookeville Regional Medical Center and Encompass Health Corporation, the ultimate parent entity of Encompass Health Cookeville Holdings, LLC. The project is anticipated to open in January 2029.

- Staffing

RESPONSE: The Rehab Hospital projects that 61.2 direct patient care full-time equivalents (“FTEs”) and 38.3 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 their 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.

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; large, increasing, and aging service area population; relatively high rates of diseases, conditions and/or death for service area residents compared to other parts of the state; low IRF utilization rates in Cumberland County, a service area county with the service area's largest 65+ population and the state's highest percentage of population ages 65+; significant percentage of service area IRF patients traveling to distant IRF providers in the Nashville and Knoxville areas; and ability to establish a 40-bed hospital through the contribution of 20 existing licensed IRF beds from CRMC. The proposed project will have an overall positive impact on consumers who will have a choice of high-quality IRF services close to home upon establishment of the proposed project.

- Quality Standards

RESPONSE: The Applicant is committed to maintaining the highest levels of quality standards at the proposed facility. Patients and their families will benefit from Encompass Health's national experience and quality of care as 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. As an operator of multiple healthcare facilities across the state, Encompass Health is familiar with and compliant with State Licensure requirements and all applicable regulations. All ten (10) Encompass Tennessee hospitals are accredited by The Joint Commission, with all but one holding Disease-Specific Certifications ("DSC") related to inpatient rehabilitation services. Cookeville Regional Medical Center is a 289-bed regional referral center that is accredited by The Joint Commission. The proposed Encompass Cookeville will be accredited by the Joint Commission and will commit to obtaining at least two (2) Joint Commission Disease-Specific Care Certifications, which are expected to be for Stroke Rehabilitation and one other DSC based on the facility's expected patient population.

- Consumer Advantage

- Choice

RESPONSE: The proposed project will provide service area residents with a high-quality IRF provider close to home, enhancing access to timely intensive inpatient rehabilitation care. Currently, there are only two inpatient rehabilitation providers in the service area, both of which are rehab units of general acute care hospitals. Outside of the service area, the nearest IRFs are at least an hour or more away. The proposed IRF would offer service area residents an intensive, appropriate level of care close to home in a state-of-the-art, freestanding facility, which benefits not only the patient but the patient's family and caregivers as well. This is important because family/caregiver involvement in a rehab inpatient's recovery is critical 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. The availability and accessibility to the appropriate number of IRF beds 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 to and availability of intensive inpatient rehabilitative and restorative care in the local community for service area residents in a new state-of-the-art, all private room facility jointly owned by Encompass Health and CRMC, two high quality providers with a history of caring for patients in Tennessee. The proposed project is the most cost-effective and efficient way to address community need because it involves the contribution of 20 existing licensed rehab beds from CRMC and a ground lease for land on CRMC's campus. Through the establishment of the 40-bed IRF, Rehab Hospital of Cookeville is able to address the need for additional IRF beds in the service area to meet the growing demand for high-quality, available and accessible rehab services.

- 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 lower projected average gross chargers per patient day in Project Year 1 (2029) of \$2,872 compared to existing providers in the service area.

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		\$2,150,000
2. Legal, Administrative (Excluding CON Filing Fee), Consultant Fees		\$250,000
3. Acquisition of Site		
4. Preparation of Site		\$4,145,000
5. Total Construction Costs		\$37,827,041
6. Contingency Fund		\$2,500,000
7. Fixed Equipment (Not included in Construction Contract)		
8. Moveable Equipment (List all equipment over \$50,000 as separate attachments)		\$6,245,000
9. Other (Specify): <u>Pre-Opening Expenses, ACE-IT Installation</u>		\$1,741,000
B. Acquisition by gift, donation, or lease:		
1. Facility (inclusive of building and land)		
2. Building only		
3. Land only		\$8,288,781
4. Equipment (Specify): _____		
5. Other (Specify): <u>Contributed Rehab Assets</u>		\$5,300,000
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)		\$68,446,822
E. CON Filing Fee		\$45,000
F. Total Estimated Project Cost (D+E)	TOTAL	\$68,491,822

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 1N** 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:

As shown on the map provided as **Attachment 2N**, Rehab Hospital of Cookeville’s proposed service area includes the following 6 counties in the Upper Cumberland Region of Tennessee: Putnam County (home of the proposed project), Cumberland, White, Overton, Fentress, and Jackson counties. The service area was defined considering a number of factors including the large and increasing population, particularly in the population ages 65+; CRMC patient origin data (hospital-wide and IRF); patient migration patterns; 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”).

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

PROJECTED UTILIZATION

Unit Type:

- Procedures
- Cases
- Patients
- Other

Service Area Counties	Projected Utilization Recent Year 1 (Year =)	% of Total
Jackson	45	5.23%
Putnam	224	26.02%
Cumberland	348	40.42%
White	93	10.80%
Overton	75	8.71%
Fentress	76	8.83%
Total	861	100%

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

RESPONSE:

Rehab Hospital of Cookeville’s proposed service area includes the following 6 counties in the Upper Cumberland Region of Tennessee: Putnam County (home of the proposed project), Cumberland, White, Overton, Fentress, and Jackson counties. The 2026 service area total population is 236,858, which is projected to increase to 242,755 by 2030, representing a 2.5% growth rate, which is similar to the projected 2.9% growth rate for Tennessee overall. Growth is strongest in Putnam County at an increase of 3.7% projected between 2026 and 2030.

Furthermore, the population ages 65+ is projected to grow rapidly across the service area. The 2026 service area population 65+ is 57,491 and is projected to increase to 61,178 by 2030, a 6.4% increase. This trend is also similar to Tennessee overall, where the 65+ group is projected to grow by 6.3% during the same period. By 2030, the service area population 65+ is projected to comprise 25.2% of the total service area population, with Cumberland County having the highest percentages of population ages 65+ at 36.3%. All but one county in the 6-county service area has 65+ population percentages upward of 22.0%, far exceeding the state of Tennessee’s 19.0% of elderly population. The 65+ population size and projected increase is an important indicator of need because that is the population age group that comprises the majority of IRF patients.

As is evidenced in the table provided in **Attachment 3N.BR**, the population in the majority of the proposed service area counties are older and poorer than compared to the population of Tennessee as a whole. The median age for all but one of the service area counties is older than the statewide median age, with Cumberland, Jackson, and Fentress Counties having the highest median age in the service area (54 and 47 years respectively). In aggregate, the service area population’s percentage of residents below poverty level (15.5%) is slightly higher than the statewide percentage (13.8%). Overall, about 21.1% of the service area’s population is enrolled in TennCare, compared to 18.9% statewide with the more rural counties of Fentress and White having the highest percentages of TennCare enrollees at 28.0% and 24.1% of its total populations respectively.

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.BR** 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. All Encompass 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 79% 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. Rehab Hospital of Cookeville’s projected payor mix is based on market discharge demographics and Encompass Health’s experience in Tennessee. Since the population most in need of IRF services is the elderly ages 65+, as demonstrated by Encompass Health’s experience in Tennessee and across the nation, Medicare is projected to be the primary payor source.

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 accessible IRF beds for service area residents who wish to remain in their local community for care. Thus, the proposed IRF will provide service area residents, including those uninsured or underinsured, TennCare or Medicaid recipients, and those ages 65+ with much-needed additional IRF beds in a state-of-the-art facility close to home.

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:

As shown in Table 5N below and in **Attachment 5N**, there are two (2) existing IRF providers in the 6-county service area totaling 34 licensed rehabilitation beds. The CRMC 20-bed inpatient rehabilitation unit and the 14-bed Livingston Regional Hospital inpatient rehabilitation unit.

The details of Livingston Regional’s IRF (e.g., array of services offered, room configurations (private or semi-private), program complements, and amenities) that would affect the utilization of the hospital’s inpatient rehabilitation unit are not known to the Applicant. What is known is that Livingston Regional’s IRF has been consistently underutilized for the last three years. Furthermore, it does not appear Livingston Regional’s IRF has any Joint Commission Disease Specific Certifications.

Facility	County	Facility Type	2024 Licensed Beds	Bed Days Available*	Patient Days			Licensed Occupancy		
					2022	2023	2024	2022	2023	2024*
Cookeville Regional Medical Center IRF	Putnam	Hospital Unit	20	7,300	5,317	4,743	5,767	72.8%	65.0%	78.8%
Livingston Regional Hospital IRF	Overton	Hospital Unit	14	5,110	1,450	1,671	1,705	28.4%	32.7%	33.3%
TOTAL			34	12,410	6,767	6,414	7,472	54.5%	51.7%	60.0%

Source: TN Joint Annual Report for Hospitals; data reported for July 1 – June 30 of each year, 2022-2024.
 * 2024 Bed Days Available (7,320 for CRMC Inpatient Rehab and 5,124 for Livingston Regional Rehab) and Licensed Occupancy calculations are based on 366 days since 2024 is a leap year.

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 Cookeville is for a new rehab hospital, thus does not have historical utilization. Projected utilization for the Rehab Hospital is detailed in **Attachment 6N**. As detailed in the attachment, Rehab Hospital of Cookeville's Year 1 occupancy is projected to be 69% with a Year 2 projected occupancy of 75%.

The projected utilization is based on a number of factors, including the need for additional IRF beds as identified by the Commission's numeric need methodology; the need for additional intensive inpatient rehabilitation services closer to home for service area residents; the benefits and enhanced access consumers will realize when the Encompass/CRMC JV facility close to their homes is opened; Encompass Health's and CRMC's proven history of serving patients in need while helping patients achieve their highest level of functioning; patient migration patterns; and population forecasts for the service area, particularly given the increasing aging population in the Upper Cumberland Region and its popularity as a retirement destination.

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:

Encompass Health has three recently approved Certificates of Need as indicated on the below table and chart. All of these projects are on-schedule and in the design phase per the Development Schedule.

<u>CON Number</u>	<u>Project Name</u>	<u>Date Approved</u>	<u>Expiration Date</u>
CN2503-007	Rebound LLC d/b/a Encompass Health Rehab Hosp of Chattanooga at Cleveland	5/28/2025	July 1, 2028
CN2504-011	Rehabilitation Hospital of Lebanon	6/25/2025	August 1, 2028
CN2508-032	Encompass Health Rehabilitation Hospital of Clarksville, LLC	10/22/2025	Dec. 1, 2028

<u>CON Number</u>	<u>Project Name</u>	<u>Date Approved</u>	<u>Expiration Date</u>
CN2508-032	Encompass Health Rehabilitation Hospital of Clarksville LLC	10/22/2025	12/1/2028
CN2504-011	Rehabilitation Hospital of Lebanon	6/25/2025	8/1/2028
CN2503-007	Rebound LLC dba Encompass Health Rehab Hosp of Chattanooga at Cleveland	5/28/2025	7/1/2028

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: Upon approval of the CON application, The Rehab Hospital of Cookeville intends to establish a transfer agreement with Cookeville Regional 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, ClearRiver Health, Farm Bureau Health Plan, First Health, 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 consumers with a high-quality IRF close to home. The proposed project is needed to address the Commission’s numeric need in the defined service area. This will be accomplished through a combination of 20 existing licensed beds to be contributed by CRMC plus 20 new beds needed to complete the proposed 40-bed facility. CRMC has determined that the most cost-effective and efficient way to address the service area’s community need is for CRMC to partner with Encompass Health to construct a new state-of-the-art facility. Upon opening of the Cookeville Rehab Hospital, CRMC will delicense its existing 20 IRF beds.

There is only one other IRF provider in the service area (in addition to CRMC): Livingston Regional Hospital in Overton County, which is licensed for 14 IRF beds. Livingston Regional’s hospital-based rehab unit has been historically, and is currently, underutilized. The following table details the differences in IRF payor sources between CRMC, Livingston Regional, and the proposed Rehab Hospital of Cookeville, illustrating that the proposed new project will positively impact consumers by offering services to a higher percentage of Medicaid and Self-Pay than existing providers.

Payor Mix Case Comparison Proposed Encompass Cookeville IRF and Service Area IRFs			
Payor	<i>Proposed Rehab Hospital of Cookeville</i>	CRMC IRF¹	Livingston Regional IRF¹
Medicare FFS & Advantage	71.0%	80.7%	90.5%
Medicaid	4.0%	0.2%	0.0%
Managed Care/Commercial	16.0%	11.9%	6.3%
Self-Pay	4.0%	0.2%	0.0%
Other	5.0%	7.0%	3.2%
Total	100.0%	100.0%	100.0%
¹ Source: Tennessee Hospital Association de-identified patient level data, July 2023 - June 2024.			

Moreover, the proposed project will not have any negative impact upon consumer charges, since as detailed elsewhere in the application, the proposed Rehab Hospital of Cookeville will have charges in Year 1 (2029) lower than existing service area providers.

The proposed project will also provide consumer advantages and increased access through the establishment of a new high quality IRF, in a state-of-the-art facility, close to home for service area residents. It will also increase consumer choice for those patients and families who require post-acute rehabilitation services and wish to remain in their local community by sufficiently providing additional IRF beds in the service area.

The following table illustrates the high quality IRF services to be provided by the Applicant compared to the existing IRF providers in the service area. As shown, the Rehab Hospital of Cookeville will provide consumer advantages through its provision of a minimum of two (2) Joint Commission Disease-Specific Care (“DSC”) Certifications, offering all private rooms and baths in a state-of-the-art hospital designed specifically and exclusively for inpatient rehabilitation patients and their families. Of note, is that Rehab Hospital of Cookeville will also offer dialysis services in the IRF unit and at bedside as needed.

Comparison of Proposed IRF to Existing IRFs in the Proposed Service Area			
IRF Type, Services, and Accreditations	Rehab Hospital of Cookeville* (proposed IRF)	CRMC IRF (existing)	Livingston Regional IRF (existing)
Freestanding IRF	✓	✗	✗
Number of Beds	40	20	14
All Private Rooms	✓	✗	Unknown
In-House Dialysis Services	✓	In host hospital	In host hospital (likely)
Bariatric (Individual of Size or "IoS") Rooms	✓	✗	Unknown
The Joint Commission (TJC) Hospital Accreditation	✓	Hospital-wide	Hospital-wide
TJC Disease-Specific Care Certifications in Rehab	✓	✗	✗
<p>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 another based on the facility's expected patient population. The Applicant will also apply for TJC Hospital Accreditation upon opening of the Hospital.</p> <p>Sources: The Joint Commission listing of accreditations as of Feb. 19, 2026, per its website (https://jointcommission.org/) and individual hospitals' websites.</p>			

As discussed in the application, Encompass Health is a high-quality provider whose sole purpose is to own and operate inpatient rehabilitation post-acute care facilities and services. Encompass brings to the local market the resources and expertise 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.

Rehab Hospital of Cookeville 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' other Tennessee facilities. 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 those in Tennessee, so that the proposed project will provide similar high-quality care.

- 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. Furthermore, as a local healthcare system, CRMC has availability of and access to the human resources required to staff this proposal through its affiliations such as its Nursing and Pharmacy Residency programs and the close proximity of Tennessee Technical University.

- 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 CRMC. As operators of multiple healthcare facilities across Tennessee, the JV partners are familiar with and compliant with State Licensure requirements and all applicable regulations. As noted earlier, Encompass currently operates ten (10) licensed IRFs in Tennessee, with one of those hospitals operating at two (2) locations under a single license. All of Encompass Health’s Tennessee IRFs are considered “freestanding” for Medicare reimbursement purposes, and Encompass does not operate any hospital-based (or distinct part) IRF units. All ten (10) Encompass Tennessee hospitals are accredited by The Joint Commission, with all but one holding Disease-Specific Certifications (“DSC”) related to inpatient rehabilitation services. Nationally, Encompass hospitals hold 398 Disease-Specific Care Certifications from The Joint Commission. The proposed Rehab Hospital of Cookeville will be accredited by the Joint Commission and will commit to obtaining at least two (2) Joint Commission Disease-Specific Care Certifications, which are expected to be for Stroke Rehabilitation and one other DSC based on the facility’s expected 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
	<u>2029</u>	<u>2030</u>
A. Utilization Data		
Specify Unit of Measure <u>Other : Patient Days</u>	<u>10071</u>	<u>10970</u>
B. Revenue from Services to Patients		
1. Inpatient Services	<u>\$28,923,912.00</u>	<u>\$32,451,015.00</u>
2. Outpatient Services	<u>\$0.00</u>	<u>\$0.00</u>
3. Emergency Services	<u>\$0.00</u>	<u>\$0.00</u>
4. Other Operating Revenue (Specify) _____	<u>\$0.00</u>	<u>\$0.00</u>
Gross Operating Revenue	<u>\$28,923,912.00</u>	<u>\$32,451,015.00</u>
C. Deductions from Gross Operating Revenue		
1. Contractual Adjustments	<u>\$11,061,837.00</u>	<u>\$11,665,188.00</u>
2. Provision for Charity Care	<u>\$289,239.00</u>	<u>\$324,510.00</u>
3. Provisions for Bad Debt	<u>\$341,767.00</u>	<u>\$397,709.00</u>
Total Deductions	<u>\$11,692,843.00</u>	<u>\$12,387,407.00</u>
NET OPERATING REVENUE	<u>\$17,231,069.00</u>	<u>\$20,063,608.00</u>

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	\$2,872.00	\$2,958.16	0.00
Deduction from Revenue (<i>Total Deductions/Utilization Data</i>)	\$0.00	\$0.00	\$1,161.04	\$1,129.21	0.00
Average Net Charge (<i>Net Operating Revenue/Utilization Data</i>)	\$0.00	\$0.00	\$1,710.96	\$1,828.95	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, there is no impact on existing patient charges. The Rehab Hospital’s proposed charges are based on service area demographics and Encompass Health’s experience in the Tennessee market. The proposed Rehab Hospital of Cookeville will have charges in Year 1 (2029) commensurate with existing service area providers as well as recently-approved rehab projects in Tennessee.

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 two existing IRF providers in the proposed service area, CRMC and Livingston Regional Hospital; both of which operate hospital-based distinct part units. The Applicant has prepared comparisons of the proposed project's charges to the Average Charge per Patient Day for these existing providers (see Table 1 in **Attachment 9C**). As exhibited in the table, the proposed project's charges are reasonable. Thus, 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-2029		Year-2030	
	Gross Operating Revenue	% of Total	Gross Operating Revenue	% of Total
Medicare/Medicare Managed Care	\$20,535,978.00	71.00	\$23,040,221.00	71.00
TennCare/Medicaid	\$1,156,956.00	4.00	\$1,298,041.00	4.00
Commercial/Other Managed Care	\$4,627,826.00	16.00	\$5,192,162.00	16.00
Self-Pay	\$1,156,956.00	4.00	\$1,298,041.00	4.00
Other(Specify)	\$1,446,196.00	5.00	\$1,622,550.00	5.00
Total	\$28,923,912.00	100%	\$32,451,015.00	100%
Charity Care	\$289,239.00		\$324,510.00	

**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 experience in Tennessee. The Rehab Hospital of Cookeville will participate in the Medicare and Medicaid programs and anticipates that 75% 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 \$289,239 and \$324,510 in Project Years 1 and 2, respectively. Rehab Hospital of Cookeville’s projected charity payor mix of 1.0% is commensurate with Encompass Health’s other Tennessee facilities’ experience ranging between 0% to 0.9% with an average charity payor mix of 0.3%.

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 standing?

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	

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

Please Explain

RESPONSE: On June 6, 2023, CMS sent Cookeville Regional Medical Center ("CRMC") notice that the agency was issuing an immediate jeopardy level citation. CRMC promptly submitted a plan of correction, and upon resurvey,

CRMC was determined to be in substantial compliance. CMS noticed CRMC of such on August 31, 2023. No civil money penalties were imposed, and no adverse licensure or other enforcement action was taken as a result of the citation.

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		
Physical Therapists	0.00	4.70
RNs	0.00	15.70
LPNs; Nurse Techs; Nurse Aides	0.00	24.20
PT Assistants; Techs	0.00	4.50
Occupational Therapists	0.00	4.70
OT Assistants; Techs	0.00	1.90
Speech Pathologists	0.00	2.00
Respiratory Therapists	0.00	2.00
Pharmacists; Pharmacy Techs	0.00	1.50
RNs	0.00	15.70
LPNs; Nurse Techs; Nurse Aides	0.00	24.20
Physical Therapists	0.00	4.70
PT Assistants; Techs	0.00	4.50
Occupational Therapists	0.00	4.70
OT Assistants; Techs	0.00	1.90
Speech Pathologists	0.00	2.00
Respiratory Therapists	0.00	2.00
Pharmacists; Pharmacy Techs	0.00	1.50
LPNs; Nurse Techs; Nurse Aides	0.00	24.20
Physical Therapists	0.00	4.70
RNs	0.00	15.70
PT Assistants; Techs	0.00	4.50
Occupational Therapists	0.00	4.70
OT Assistants; Techs	0.00	1.90
Speech Pathologists	0.00	2.00
Respiratory Therapists	0.00	2.00
Pharmacists; Pharmacy Techs	0.00	1.50
Total Direct Patient Care Positions	N/A	61.2

B. Non-Patient Care Positions		
Chief Nursing Officer	0.00	1.00
Marketing Operations		

Director	0.00	1.00
Director Therapy Operations	0.00	1.00
Registered Dieticians	0.00	2.00
Cooks; Aides	0.00	6.00
Maintenance Technicians	0.00	1.00
Environmental Services Techs	0.00	3.40
CEO	0.00	1.00
HR Director	0.00	1.00
Quality/Risk Director	0.00	1.00
Pharmacy Director	0.00	1.00
Director Plant Operations	0.00	1.00
Case Management Director	0.00	1.00
Case Managers; Quality Coordinators	0.00	3.50
Finance; Admissions; Other	0.00	13.40
Finance: Admissions; Other	0.00	13.40
Maintenance Technicians	0.00	1.00
Registered Dieticians	0.00	2.00
Cooks; Aides	0.00	6.00
Environmental Services Techs	0.00	3.40
CEO	0.00	1.00
HR Director	0.00	1.00
Director Therapy Operations	0.00	1.00
Chief Nursing Officer	0.00	1.00
Marketing Operations Director	0.00	1.00
Quality/Risk Director	0.00	1.00
Pharmacy Director	0.00	1.00
Director Plant Operations	0.00	1.00
Case Management Director	0.00	1.00
Case Managers; Quality Coordinators	0.00	3.50
Finance; Admissions; Other	0.00	13.40
Registered Dieticians	0.00	2.00
Cooks; Aides	0.00	6.00
Maintenance Technicians	0.00	1.00

Environmental Services Techs	0.00	3.40
CEO	0.00	1.00
HR Director	0.00	1.00
Director Therapy Operations	0.00	1.00
Chief Nursing Officer	0.00	1.00
Marketing Operations Director	0.00	1.00
Quality/Risk Director	0.00	1.00
Pharmacy Director	0.00	1.00
Director Plant Operations	0.00	1.00
Case Management Director	0.00	1.00
Case Managers; Quality Coordinators	0.00	3.50
Total Non-Patient Care Positions	N/A	38.3
Total Employees (A+B)	0	99.5

C. Contractual Staff		
Contractual Staff Position	0.00	0.00
Contractual Staff Position	0.00	0.00
Contractual Staff Position	0.00	0.00
Contractual Staff Position	0.00	0.00
Total Staff (A+B+C)	0	99.5

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		04/22/26
2. Building Construction Commenced	437	07/02/27
3. Construction 100% Complete (Approval for Occupancy)	937	11/13/28
4. Issuance of License	972	12/18/28
5. Issuance of Service	986	01/01/29
6. Final Project Report Form Submitted (Form HR0055)	1016	01/31/29

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 Cookeville, 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 of Proposed Project & Pictures of Typical EHC Hospital Features
11A	Public Transportation Route
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
7Q	Response to Question 7Q
Document #1	Notification Requirement Documentation
Document #2	CON Form Set Tables for Questions 2N, 6C, 7C, 10C, and 8Q

Attachment 3A
Proof of Publication

AFFP

Intent to Apply

Affidavit of Publication

STATE OF TN }
COUNTY OF PUTNAM } SS

Heather Brown, being duly sworn, says:

That she is Legal Clerk of the Herald-Citizen, a daily newspaper of general circulation, printed and published in Cookeville, Putnam County, TN; that the publication, a copy of which is attached hereto, was published in the said newspaper and on the newspaper website, and for foreclosure notices, on the third-party website, www.foreclosuretn.com, on the following dates:

February 14, 2026

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

SIGNED:

Legal Clerk

Subscribed to and sworn to me this 14th day of February 2026.

Jason J. Hackett, Notary Public, Putnam County, TN

My commission expires: December 22, 2029

70152680 71417440

Jennifer Jones
Chafin Consulting Group, Inc. (H-C)
2566 Shallowford Road NE
Suite 104-150
Atlanta, GA 30345

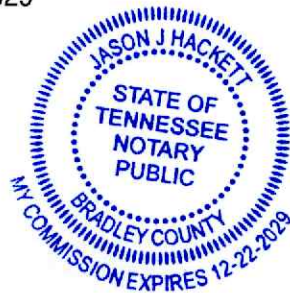
NOTIFICATION OF INTENT TO APPLY FOR A CERTIFICATE OF NEED

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 Cookeville, a/an newly formed entity owned by (a limited liability company that is a joint venture of Encompass Health Cookeville Holdings, LLC and Cookeville Regional Medical Center Authority) 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 to establish a 40-bed inpatient rehabilitation facility (IRF). The address of the project will be a certain parcel of land containing approximately 3.11 acres and located at 215 W. 6th Street, Cookeville, Putnam County, Tennessee, 38501. The estimated project cost will be \$62,702,967.

The anticipated date of filing the application is 02/27/2026

The contact person for this project is National Director, Certificate of Need Program Susan Lyerly who may be reached at Encompass Health - 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

Delaware

Page 1

The First State

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 COOKEVILLE, LLC", FILED IN THIS OFFICE ON THE THIRTIETH DAY OF JANUARY, A.D. 2026, AT 8:46 O`CLOCK P.M.



C. P. Sanchez

Charuni Patibanda-Sanchez, Secretary of State

10494196 8100
SR# 20260378938

Authentication: 202979159
Date: 02-02-26

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

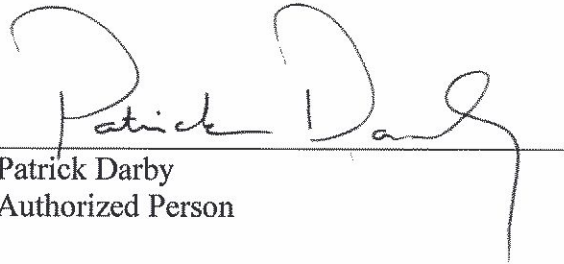
**STATE OF DELAWARE
CERTIFICATE OF FORMATION
OF LIMITED LIABILITY COMPANY**

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 Cookeville, 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.

IN WITNESS WHEREOF, the undersigned has executed this Certificate of Formation of Rehabilitation Hospital of Cookeville, LLC this 30th day of January, 2026.



Patrick Darby
Authorized Person



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
tncab.tnsos.gov/portal/

Tre Hargett
Secretary of State

MARY STOWELL
9001 LIBERTY PARKWAY
BIRMINGHAM, AL 35242, USA

02/05/2026

Filing Acknowledgment

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

Entity Name:	REHABILITATION HOSPITAL OF COOKEVILLE, LLC		
SOS Control #:	002083770	Initial Filing Date:	02/03/2026
Entity Type:	Foreign Limited Liability Company (LLC)	Formation Locale:	Delaware
Status:	Active	Duration Term:	Perpetual
Fiscal Year Close:	December	Annual Report Due:	04/01/2027
Business County:	(No County on Record)		
Managed By:	Manager Managed		
Obligated Member Entity:	No		

Document Receipt

Receipt #: 2026-112611	Filing Fee:	\$300.00
Payment: Credit Card - 3914816730		\$300.00

Registered Agent Address:
CORPORATION SERVICE COMPANY
2908 POSTON AVE
NASHVILLE, TN 37203-1312

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 COOKEVILLE, 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
B2026087153

Application For Certificate Of Authority



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

tncab.tnsos.gov/portal/

Control #: 002083770
Filed: 02/03/2026 10:08 AM
Tre Hargett
Secretary of State

Entity Information

Entity Type: Limited Liability Company

Entity Name: REHABILITATION HOSPITAL OF COOKEVILLE, 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: 1/30/2026

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:

Manager 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 AVE
NASHVILLE, TN 37203-1312

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: 02/02/2026

Delaware

The First State

I, CHARUNI PATIBANDA-SANCHEZ, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY "REHABILITATION HOSPITAL OF COOKEVILLE, 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 SECOND DAY OF FEBRUARY, A.D. 2026.

AND I DO HEREBY FURTHER CERTIFY THAT THE SAID "REHABILITATION HOSPITAL OF COOKEVILLE, LLC" WAS FORMED ON THE THIRTIETH DAY OF JANUARY, A.D. 2026.

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



10494196 8300

SR# 20260403667

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

A handwritten signature in black ink that reads "C. P. Sanchez".

Charuni Patibanda-Sanchez, Secretary of State

Authentication: 202980142

Date: 02-02-26



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
tncab.tnsos.gov/portal/

Date: 02/02/2026

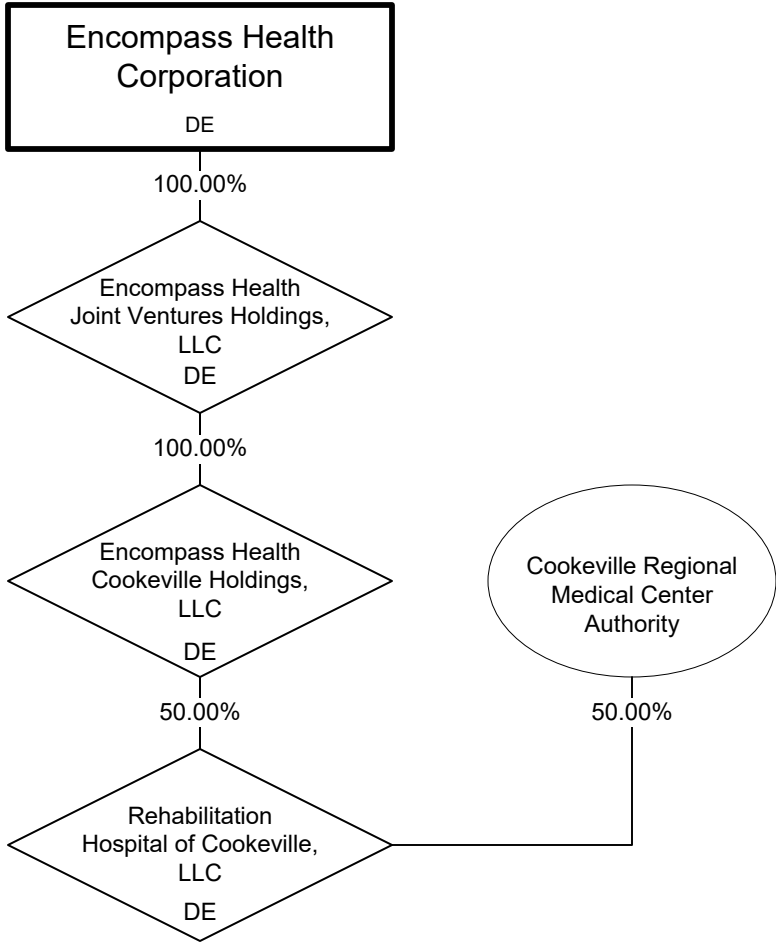
Invoice: 2026-112611

Customer Information

MARY STOWELL
REHABILITATION HOSPITAL OF COOKEVILLE, LLC
9001 LIBERTY PARKWAY
BIRMINGHAM, AL 35242, USA

Tracking #	Description	Amount Paid
B2026087153	Application for Registration of Foreign Limited Liability Company for REHABILITATION HOSPITAL OF COOKEVILLE, LLC (LLC Filings)	\$ 300.00
Payment Details		
	Fee Total:	\$ 300.00
	Payment Total:	\$ 300.00
	Amount Due:	\$ 0.00
Payment Method		
	Payment Type: Credit Card	
	Check/Confirmation Number: 3914816730	

Rehabilitation Hospital of Cookeville, LLC



Attachment 8A
Not Applicable

Attachment 9A
Site Entitlement

GROUND LEASE AGREEMENT

BETWEEN

The City of Cookeville, Tennessee

AS LANDLORD

AND

Rehabilitation Hospital of Cookeville, LLC

AS TENANT

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GROUND LEASE AGREEMENT

This Ground Lease Agreement (this "Lease") is made and entered into as of the 24th day of February, 2026 (the "Lease Date"), by and between **The City of Cookeville, Tennessee**, a Tennessee municipality (the "Landlord" or "City of Cookeville"), and **Rehabilitation Hospital of Cookeville, LLC**, a Delaware limited liability company (the "Tenant").

WHEREAS, the City of Cookeville is the owner in fee simple of certain real property located in Putnam County, Tennessee, which is designated for the operation of healthcare, and is utilized by the Cookeville Regional Medical Center for as much;

WHEREAS, the Cookeville Regional Medical Center Authority ("CRMCA") is an entity established and operating a hospital commonly known as "Cookeville Regional Medical Center" as a Private Act Authority with the authority to enter into agreements for the provision of essential healthcare services;

WHEREAS, the City of Cookeville and CRMCA have determined that the establishment of a new inpatient rehabilitation hospital is in the best interest of the community and as such; and

WHEREAS, Tenant is a limited liability company with CRMCA owning a fifty-percent (50%) membership interest, and a subsidiary of Encompass Health Corporation owning a fifty-percent (50%) membership interest; and

WHEREAS, Tenant desires to lease the real property from the City of Cookeville for the purposes of constructing, operating, and maintaining a new inpatient rehabilitation hospital thereon.

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements contained herein, the parties agree as follows:

1. DESCRIPTION OF PREMISES. Upon and subject to the terms and conditions contained in this Lease, Landlord leases to Tenant, and Tenant leases from Landlord, a certain parcel of land containing approximately 3.11 acres and located at 215 W. 6th Street, in Cookeville, Putnam County, Tennessee 38501, and any improvements now existing and hereafter constructed thereon, together with all related easements, rights, privileges, appurtenances, and the rights of ingress and egress (the "Premises"), as more particularly described on Exhibit A attached hereto. The Premises are located on a medical campus known as "Cookeville Regional Medical Center Campus" (the "Campus"), as more particularly depicted on Exhibit A.

2. TERM; RENT COMMENCEMENT DATE.
(a) Except as otherwise provided herein, the initial term of this Lease (the "Initial Term") shall commence on the Rent Commencement Date (as hereafter defined) and shall be for a period of fifty (50) Lease Years thereafter. A "Lease Year" shall be the twelve (12) month period commencing on the Rent Commencement Date (or if the Rent Commencement Date is not the first day of the month, commencing on the first day of the month immediately following the Rent Commencement Date) and each anniversary of such date thereafter. The "Rent Commencement Date" shall be the date on which Tenant receives a certificate of occupancy which

grants Tenant the right to occupy the Tenant's improvements at the Premises (together with any other improvements constructed on the Premises by Tenant from time to time, the "Tenant Improvements"). Promptly following the Rent Commencement Date, Landlord and Tenant agree to execute a supplemental agreement in the form of Exhibit B attached hereto, which agreement shall set forth the Rent Commencement Date.

3. RENEWAL OPTIONS.

(a) Option Periods. As long as an Event of Default (as defined in Section 17) has not occurred and is continuing as of the expiration of the Initial Term or any applicable Option Period (as hereafter defined), Tenant shall have, and is hereby granted, four (4) successive options to extend the term of this Lease. Each such option shall be for an additional period (an "Option Period", and together with the Initial Term, the "Term") of twelve (12) Lease Years, with each such Option Period to begin, respectively, upon the expiration of the Initial Term of this Lease or the immediately preceding Option Period, as the case may be. The lease of the Premises during each Option Period shall be on the same terms and conditions as herein set forth.

(b) Exercise of Option Periods. If Tenant shall elect to exercise an option for an Option Period, Tenant shall do so by giving written notice to Landlord not less than three (3) months prior to the expiration of the Term (as such term may have previously been extended). If Tenant fails to give timely written notice of its election to exercise an option for an Option Period, the Option Period and any successive Option Period(s), if applicable, shall be deemed waived.

4. EXECUTION; MEMORANDUM OF LEASE. After the Lease Date, Landlord and Tenant shall execute and record a memorandum of lease in substantially the form attached hereto and incorporated herein by reference as Exhibit C. Tenant shall bear the expense of all recording tax and fees associated with the recordation of such memorandum of lease, and after recording, a copy of the recorded document shall be delivered to both parties. Tenant shall bear the cost of the title premium. After the Lease Date, to the extent reasonably requested by Tenant or Tenant's title company, Landlord shall execute and deliver (i) an owner's affidavit and any other documents necessary for the purpose of removing the "standard" exceptions from Tenant's leasehold owner's title insurance policy for the Premises, (ii) a closing statement (which will also be executed by Tenant), (iii) fully executed versions of any documents reasonably required by Tenant or Tenant's title company to evidence Landlord's existence and authority to convey the leasehold interest to Tenant hereunder and (iv) any other documents expressly contemplated in this Lease. Landlord and Tenant agree to share equally any closing or escrow fee charged by the Tenant's title company in connection with issuing Tenant's leasehold owner's title insurance policy in connection with this Lease.

5. REPRESENTATIONS AND WARRANTIES.

(a) By Landlord. To induce Tenant to enter into this Lease, Landlord makes the following representations and warranties, all of which are true as of the date hereof (unless otherwise specified):

(i) Landlord has full power and authority to enter into this Lease and to perform all of its obligations hereunder. The execution and delivery of this Lease and the performance by Landlord of its obligations hereunder have been duly authorized by all requisite action and no further action or approval is required in order to constitute this Lease as a binding and enforceable obligation of Landlord.

(ii) No act or omission has occurred with respect to the Premises and no materials or services have been furnished or delivered on or to the Premises which would create or otherwise encumber the Premises with any mechanics, materialman, laborer, or other similar type lien after the Lease Date.

(iii) The Premises is currently zoned in such a way that the operation of an inpatient rehabilitation hospital on the Premises will not conflict in any way with any applicable use restrictions.

(iv) The Premises has full and free access to and from a dedicated public roadway, and there is no pending or, to the best of Landlord's knowledge, any threatened proceeding by any governmental authority or any other fact or condition which might limit or result in the termination of such access. Landlord owns and hereby conveys a leasehold interest to Tenant in connection with this Lease, good, indefeasible, fee simple title to the Property, free and clear of all conditions, exceptions or reservations, except the restrictions, easements, and other matters of record reflected in Tenant's leasehold owner's title insurance policy.

(v) There are no outstanding written or oral leases or agreements relating to the use or possession of the Premises, and to the best of Landlord's knowledge, there are no parties claiming any rights to possess any portion of the Premises.

(vi) There are no special assessments of any kind presently pending against the Premises and Landlord has not received any notice of any special assessments being contemplated.

(vii) No default or breach exists under any of the covenants, conditions, restrictions, rights-of-way, or easements, if any, affecting all or any portion of the Premises.

(viii) Landlord has not received any notice of a violation of any law, ordinance, statute, code, rule, regulation, order or decree of any governmental authorities having jurisdiction over the Premises.

(ix) There are no agreements to which Landlord is a party or notices that Landlord has received which in any way affect any portion of the Premises or affect Landlord's ability to convey the Premises.

(x) No attachments, execution proceedings, assignments for the benefit of creditors, insolvency, bankruptcy, reorganization or other proceedings are pending or threatened against Landlord, nor are any of such proceedings contemplated by Landlord.

(xi) As of the Lease Date, Landlord has received no written notice and has no actual knowledge that there is any plan, study or effort of any governmental authority that would materially affect the Premises, including, without limitation, any threatened condemnation or taking, or any intended public improvements that would result in any charge being levied against, or any lien assessed upon, the Premises, including, without limitation, any resolution or ordinance intending to condemn any portion of the Premises.

(xii) As of the Lease Date, no commissions, brokerage fees or similar payments with respect to the Premises shall be due and owing for which Landlord is bound and liable and there are no existing brokerage commission or similar agreements entered into by Landlord to which Landlord is bound or liable relating to the sale or leasing of all or any portion of the Premises.

(xiii) No other person or other entity has any right or option to acquire or lease any or all of the Premises or any right of first refusal with regard to the Premises.

(xiv) Landlord is not listed, nor is it owned or controlled by, or acting for or on behalf of any person or entity, on the list of Specially Designated Nationals and Blocked Persons maintained by the Office of Foreign Assets Control of the United States Department of the Treasury, or any other list of persons or entities with whom Tenant is restricted from doing business under the rules and regulations of the Office of Foreign Asset Control (“OFAC List”). Landlord shall provide documentary and other evidence of Landlord’s identity and ownership as may be reasonably requested by Tenant at any time to enable Tenant to verify Landlord’s identity or to comply with any legal requirement or applicable laws.

With respect to the representations and warranties contained in this Section 5(a), Landlord agrees to indemnify, defend, reimburse and hold harmless Tenant, its affiliates, successors and assigns from any and all liabilities, costs, damages and expenses (including without limitation, attorneys' fees) arising from or related to the breach of any representation or warranty as to conditions existing on or prior to the Lease Date.

(b) By Tenant. Tenant hereby represents and warrants to Landlord as follows:

(i) Tenant has full power and authority to enter into this Lease and to perform all of its obligations hereunder. The execution and delivery of this Lease and the performance by Tenant of its obligations hereunder have been duly authorized by all requisite action and no further action or approval is required in order to constitute this Lease as a binding and enforceable obligation of Tenant.

(ii) Tenant is not subject to any pending or, to Tenant's knowledge, threatened, claim, litigation or other proceeding that could render Tenant unable to perform its obligations under this Lease.

6. RENT.

(a) Base Rent. Tenant, from and after the Rent Commencement Date during the Term, shall pay to Landlord on the first day of every month, at the address set forth in Section

25, or to such other address designated by Landlord to Tenant in writing from time to time (as hereafter provided), and without demand therefor, an amount equal to one-twelfth (1/12th) of the amounts set forth on Exhibit D attached hereto ("Base Rent"), unless abated or diminished as may be provided herein. In the case of any change by Landlord of the address or wiring instructions to which payments are to be made, Landlord shall designate in writing to Tenant such alternate address or wiring instructions at least fifteen (15) days prior to the date on which payment is due. Base Rent shall be paid in equal monthly installments on the Rent Commencement Date and then on the first day of each month thereafter, in advance, commencing upon the Rent Commencement Date; provided, however, the Base Rent for any partial Lease Year or month shall be prorated on a per diem basis. Notwithstanding the City of Cookeville's status as fee owner of the Premises, the City of Cookeville shall remit all Rent received under this Lease to CRMCA. The parties acknowledge this direction is made pursuant to CRMCA's authority as a private act entity, thus ensuring the revenue derived from the Lease is dedicated toward CRMCA's mission to provide healthcare services to the community.

(b) Additional Rent. All amounts which Tenant is required to pay to Landlord or any other party pursuant to this Lease (other than Base Rent), together with any penalty, interest and costs which may be added for nonpayment or late payment thereof as may be expressly provided for herein, shall constitute additional rent ("Additional Rent" and together with Base Rent, "Rent"). If Tenant fails to pay any Additional Rent due under this Lease and such failure continues beyond any cure period applicable thereto, then Landlord shall have the right to pay the same and shall have all of the rights, powers and remedies with respect thereto as are provided herein. It is the intention of Landlord and Tenant that this Lease be a so-called "triple net" Lease and that Tenant be responsible for all Taxes (as hereafter provided), all quasi taxes or fees from any governmental authority and any utilities, maintenance and repair expenses related to the use and enjoyment of the Premises and the Tenant Improvements during the Term; and all Base Rent shall be paid absolutely "net" to Landlord except as to the express obligations of Landlord contained herein. Accordingly, all claims related to Taxes, insurance or other items or responsibilities at the Premises and the Tenant Improvements which are not Landlord's responsibility under this Lease or elsewhere are the sole responsibility of Tenant, and Tenant shall, and does hereby, release Landlord from and against all such claims not specifically assumed by Landlord.

7. TAXES; IMPOSITIONS.

(a) Landlord shall pay all real estate taxes, if any are due, including penalties and interest, for tax years and periods preceding the Rent Commencement Date. Landlord shall also pay all special assessments that are a lien on the Premises on the Rent Commencement Date, whether or not such assessments are past due, then due or are thereafter to become due and any assessments or charges which are for improvements then installed, or which are then known but which will be payable in whole or in part after the Rent Commencement Date.

(b) Except as otherwise provided in Sections 7(a) and 7(d), from and after the Rent Commencement Date, Tenant agrees to pay to the appropriate governmental agencies all real property taxes, assessments, impositions, or all other claims or charges including special assessments (collectively, the "Taxes") that may constitute or may be reduced to a lien upon the

Premises and the Tenant Improvements, including but not limited to, water charges and sewer charges, before the same shall become delinquent. All such payments for the first and last year of the Term shall be prorated between Landlord and Tenant so that Tenant shall be responsible for that portion of the Taxes that is attributable to the Term. Tenant's tax obligation hereunder shall commence on the Rent Commencement Date. In the event there is included in the Taxes any special assessment or assessment which may be paid in installments, unless otherwise directed by written notice from Tenant, Landlord shall advise the appropriate governmental agency of its intention to elect payments in installments thereof, and Tenant shall pay such installments as shall be due and payable during the Term, regardless of when such installment was assessed. Tenant shall be permitted to contact the taxing authority having jurisdiction over the Premises and request that all tax bills related to the Premises and the Tenant Improvements be delivered to Tenant from and after the Rent Commencement Date for direct payment by Tenant. In the event the taxing authority is unwilling to deliver said tax bills to Tenant, Landlord shall forward to Tenant promptly upon receipt all tax bills related to the Premises, and Tenant shall not be deemed in default hereunder unless it has failed to pay any Taxes on the Premises by the later to occur of (i) thirty (30) days after receipt of the applicable tax bill from Landlord and (ii) the date on which the Taxes become delinquent.

(c) In the event the Premises are a portion of a larger tract, Landlord agrees to use its best efforts to have the Premises designated as a separate parcel for taxing purposes so that the assessed valuation of the land and buildings shall relate only to the land constituting the Premises and the Tenant Improvements.

(d) In the event the Premises is a portion of a larger tract and Landlord is unable to have the Premises designated as a separate parcel for taxing purposes, so that taxes are assessed upon the larger tract of which the Premises is a portion, Tenant agrees to pay that portion of the Taxes that is reasonably attributable to the Premises and the Tenant Improvements, determined as follows:

(i) In the event the Taxes are identified or apportioned by the taxing authorities or are identifiable or apportionable based on valuation or other information furnished by the taxing authority so that (A) the portion of the Taxes attributable to the value of the Premises can be distinguished from the portion of the Taxes attributable to the value of the land constituting the larger tract (the "Land Taxes") and (B) the portion of the Taxes attributable to the value of the Tenant Improvements can be distinguished from the portion of the Taxes attributable to the value of the improvements on the larger tract (the "Building Taxes"), then Tenant will pay (x) the portion of the Land Taxes attributable to the value of the Premises and (y) the portion of the Building Taxes attributable to the value of the Tenant Improvements.

(ii) In the event the Taxes are identified or apportioned by the taxing authorities or are identifiable or apportionable based on valuation or other information furnished by the taxing authority so that (A) the portion of the Land Taxes attributable to the value of the Premises cannot be distinguished from the portion of the Land Taxes attributable to the value of the larger tract and (B) the portion of the Building Taxes attributable to the value of the Tenant Improvements can be distinguished from the portion of the Building Taxes attributable to the value of the other improvements on the larger tract, then Tenant will pay (x) a percentage of the Land

Taxes determined by dividing the area of the Premises by the total area of the larger tract Premises and (y) the portion of the Building Taxes attributable to the value of the Tenant Improvements.

(iii) In the event the Taxes are identified or apportioned by the taxing authorities or are identifiable or apportionable based on valuation or other information furnished by the taxing authority so that (A) the portion of the Land Taxes attributable to the value of the Premises can be distinguished from the portion of the Land Taxes attributable to the value of the larger tract and (B) the portion of the Building Taxes attributable to the value of the Tenant Improvements cannot be distinguished from the portion of the Building Taxes attributable to the value of the other improvements on the larger tract, then Tenant will pay (x) the portion of the Land Taxes attributable to the value of the Premises and (y) a percentage of the Building Taxes determined by dividing the gross floor area of the Tenant Improvements by the gross floor area of all buildings located on the larger tract.

(iv) In the event the Taxes are not identified or apportioned by the taxing authority and are not identifiable or apportionable based on valuation or other information furnished by the taxing authority so that the Land Taxes cannot be distinguished from the Building Taxes, then as to all Taxes, Tenant will pay a percentage of the Taxes determined by dividing the area of the Premises by the total area of the larger tract or by some other method reasonably agreed upon by Landlord and Tenant.

(e) CRMCA will notify Tenant in writing of any Taxes that Tenant is required to pay in accordance with the provisions of Section 7(d). Such notification shall be furnished to Tenant promptly following Landlord's receipt of the tax bill, but in no event less than thirty (30) days before the date on which penalties begin to accrue for nonpayment of such Taxes. Such notification shall be accompanied by a copy of the tax bill. Any Taxes that Tenant is required to pay in accordance with the provisions of Section 7(d) shall be paid by it to Landlord no later than the date on which such Taxes are due unless the notification by CRMCA is received by Tenant less than thirty (30) days before the date on which such taxes are due, in which event Tenant shall pay such taxes within thirty (30) days after the date of such notification, and CRMCA shall be responsible for the payment of any penalties, interest or other charges imposed upon delinquent payment of Taxes. The written notification by CRMCA to Tenant of such Taxes shall set forth (i) the total Taxes on the larger tract accompanied by a copy of the tax bill; (ii) whether the total Taxes on the larger tract are identifiable or apportionable between land and buildings and if so, the amount of Taxes attributable to the land and the amount of Taxes attributable to buildings; and (iii) Tenant's portion of the total Taxes together with a statement showing how Tenant's portion was calculated in accordance with this Section.

(f) If Tenant fails to pay any Taxes that it is required to pay within the time period provided above, Landlord may, at its option, pay said Taxes, together with any and all penalties, and said amount shall become immediately due and payable as Additional Rent.

(g) Tenant shall have the right in its own name, at Tenant's own cost and expense, to contest by appropriate proceedings the amount or legality of any Taxes that it is obligated to pay hereunder and make application for the reduction thereof, or any assessment upon which the same may be based, and Landlord agrees, at the reasonable request of Tenant, to execute

or join in the execution of any instruments or documents necessary in connection with such contest or application. If Tenant shall contest such tax assessment, or other imposition, provided the payment of such Taxes may legally be held in abeyance, the time within which Tenant shall be required to pay the same shall be extended until such contest or application shall have been finally determined, except that Tenant shall be responsible for any penalty imposed by the taxing authority resulting from the late payment of Taxes due to said contest.

(h) In no event shall Tenant be liable for payment of any income, estate, inheritance, franchise, excise or capital gains taxes imposed upon Landlord or the estate of Landlord. Tenant shall not pay any income, franchise, excise, sales or excess profits tax levied upon, required to be collected by, or assessed against Landlord.

8. UTILITIES.

(a) Landlord and Tenant agree to cooperate reasonably and in good faith relative to the granting of easements over, upon and under the Premises and any adjacent property owned by Landlord for utilities, access, and similar purposes to service the development of the Premises and the Tenant Improvements. Landlord agrees, from time to time upon request by Tenant, without any compensation being paid therefor, to, within five (5) business days after a request from Tenant, join in the granting of such easements, which easements shall be on terms and conditions reasonably acceptable to Landlord and Tenant, and to take any other action reasonably necessary to effectuate the same.

(b) Tenant shall be responsible for all costs and expenses associated with the utilities work, and shall pay for all utilities used or consumed at the Premises thereafter. Further, Tenant shall pay any and all traffic impact fees or such other charges and fees which are based wholly, or in part, upon Tenant's lease and use of the Premises and associated traffic.

9. USE OF PREMISES.

(a) The Premises may be used as an inpatient rehabilitation hospital, and uses incidental thereto, or for any other legal purpose (collectively, the "Permitted Uses"). Landlord represents and warrants that the Intended Use is not in conflict with Landlord's agreements with third parties or any other restrictions applicable to the Premises as of the Lease Date. Tenant covenants and agrees that no part of the Premises shall be used to operate, or permit the operation by any third party, any facility, program, or service whose function involves substance abuse treatment, opioid or drug dependency rehabilitation, or any other form of behavioral health services related to chemical dependency.

(b) Tenant agrees to comply in all material respects with all applicable requirements of laws, ordinances, orders and regulations of the federal, state, county and municipal authorities now in force, or which hereafter may be in force in connection with Tenant's use and occupation of the Premises and in the prosecution or conduct of its business therein, and Tenant agrees to comply in all material respects with any direction or certificate of occupancy issued pursuant to any law by any public officer or officers, to the extent the same relate solely to the Tenant Improvements or operational matters. Tenant shall not be responsible for defective or

nonconforming conditions of the Premises that existed prior to the date Tenant took possession thereof, all of which shall be Landlord's responsibility.

10. SIGNS.

(a) Tenant shall be permitted to place interior and exterior signs at the Premises and the Tenant Improvements consistent with Tenant's business practices and in compliance with all applicable laws, ordinances, regulations and other applicable signage guidelines. Tenant shall also be permitted to erect directional signage on the Campus for the benefit of the Premises in compliance with all applicable laws, ordinances, regulations and other applicable signage guidelines. Landlord hereby grants Tenant the right, upon the termination, cancellation, or expiration of this Lease, to enter upon the Premises and remove any and all such signs, it being understood that Tenant shall repair any damage thereby caused to the Premises or the Tenant Improvements at its sole cost and expense.

(b) Tenant shall have the option to erect a pylon or monument sign on the Campus at a location to be reasonably agreed upon by Tenant and Landlord if compliant with all generally applicable laws, ordinances, regulations and other applicable signage guidelines. In addition, in the event Landlord allows any tenant or occupant to place a panel on a pylon or monument sign erected at Landlord's expense, or in the event any tenant or occupant is allowed to erect a pylon or monument sign at the Campus, then in either event, Tenant shall be granted a similar privilege at its option to place a panel on Landlord's pylon or monument sign or erect a pylon or monument sign at a location at the Campus to be reasonably agreed upon by Tenant and Landlord if compliant with all generally applicable laws, ordinances, regulations and other applicable signage guidelines.

11. REPAIRS AND MAINTENANCE. Tenant will keep the Premises and the Tenant Improvements in good condition and repair, subject to ordinary wear and tear and Landlord's obligations under this Lease.

12. IMPROVEMENTS OR ADDITIONS BY TENANT. During the Term, provided Tenant obtains Landlord's prior written consent, which shall not be unreasonably withheld, conditioned, or delayed, Tenant may make alterations, additions and improvements to the Premises and to the Tenant Improvements. Notwithstanding the foregoing, Tenant may make cosmetic changes or other non-structural alterations or improvements (for example, paint, changes to or replacement of flooring, ceiling tiles, or cabinetry) to the Premises and to the Tenant Improvements without Landlord's prior written consent.

13. INDEMNIFICATION. Tenant shall indemnify Landlord from all liability, loss or other damage claims resulting from any injuries or losses to persons or property occurring in or on the Premises or the Tenant Improvements, including reasonable attorney's fees and court costs incurred by Landlord in defending any such claims, except when caused by the negligence or

willful misconduct of Landlord or its agents, servants, employees, contractors, subcontractors or invitees.

14. INSURANCE.

(a) Tenant shall carry at its own expense throughout the Term "Special Form" property insurance for damage to the Premises and the Tenant Improvements (but not Tenant's trade fixtures or other personalty) in an amount equal to at least eighty percent (80%) of the full replacement cost thereof (exclusive of the cost of excavations, foundations and footings), with such coverage subject to policy terms, conditions and exclusions. Tenant shall be named as the loss payee and the named insured on such policy. Landlord acknowledges that, except as may be specifically provided otherwise in this Lease, Landlord shall have no right to any of the proceeds of said insurance and that Landlord has no insurance coverage under any policies obtained by Tenant.

(b) Tenant agrees to carry at its own expense throughout the Term commercial general liability insurance covering the Premises, the Tenant Improvements and Tenant's use thereof, in the amount of at least Two Million and No/100 Dollars (\$2,000,000.00) per occurrence and Five Million and No/100 Dollars (\$5,000,000.00) in the aggregate on an annual basis on account of bodily injuries or death and property damage, with such coverage subject to policy terms, conditions and exclusions. Said policy or policies shall name Landlord as an additional insured, as its interests may appear under this Lease only. Beginning on the fifth (5th) anniversary of the Rent Commencement Date and every five (5) years thereafter, Landlord shall have the right to provide written notice to Tenant requesting formal review of the then-current commercial general liability insurance requirements. Subsequent to Tenant's receipt of such notice, Landlord and Tenant shall meet in good faith to negotiate whether an increase in the existing commercial general liability insurance coverage limits is warranted. In determining the necessity and extent of such an increase, Landlord and Tenant shall consider the then-current state of the economy, the Consumer Price Index (CPI), prevailing industry standards for inpatient rehabilitation hospitals of similar size and scope, the historical claims experienced by the inpatient rehabilitation hospital located on the Premises, and the availability and commercial affordability of such increased coverage in the then-existing insurance market. Any agreed upon adjustments shall be memorialized in a written amendment to this Lease.

(c) Tenant shall deliver to Landlord certificates evidencing said policy or policies of insurance prior to the date of any use or occupancy of the Premises by Tenant and thereafter upon written request from Landlord. Tenant may, at its option, bring its obligations to insure under this Section within the coverage of any so-called blanket policy or policies of insurance that it may now or hereafter carry, by appropriate amendment, rider, endorsement or otherwise.

(d) Anything in this Lease to the contrary notwithstanding, Landlord and Tenant each hereby waives any and all rights of recovery, claim, action or cause of action against the other for any loss or damage that may occur to the Premises or any improvements thereto, or any personal property of Landlord or Tenant, arising from any cause that (a) would be insured against under the terms of any property insurance required to be carried hereunder; or (b) is insured

against under the terms of any property insurance actually carried, regardless of whether the same is required hereunder. The foregoing waiver shall apply regardless of the cause or origin of such claim, including but not limited to the negligence of a party, or such party's agents, officers, employees or contractors. The foregoing waiver shall not apply if it would have the effect, but only to the extent of such effect, of invalidating any insurance coverage of Landlord or Tenant. The foregoing waiver shall also apply to any deductible, as if the same were a part of the insurance recovery. In no event will this provision be deemed a waiver of Landlord's insurer's right of subrogation against Tenant or any other entity, and Tenant acknowledges that Landlord's insurance policy specifically prohibits waiver of subrogation, and no such waiver is made. Anything to the contrary notwithstanding, the City of Cookeville as Landlord claims all rights and privileges afforded it under the Tennessee Governmental Tort Liability Act, T.C. A. § 20-20-101 et. seq. (the "TN Tort Liability Act"), including but not limited to a non-jury trial in the Circuit Court of Putnam County, Tennessee; the limitations afforded by the TN Tort Liability Act on the amount of any payment or judgment and the one (1) year statute of limitations – and all other privileges and immunities afforded in the TN Tort Liability Act, and the parties acknowledge and agree that CRMCA is afforded the same rights and privileges under the statute as its status of a Private Act Authority.

15. DAMAGE OR DESTRUCTION OF PREMISES.

(a) If there is damage to or destruction of the Tenant Improvements, Tenant agrees to do one of the following: (i) restore or replace the Tenant Improvements; or (ii) demolish and remove the damaged or unusable improvements and fill, grade, pave or landscape the Premises.

(b) In any event Tenant shall be entitled to receive the entire insurance proceeds payable as a result of any damage to the buildings or improvements on the Premises occurring during the Term.

16. CONDEMNATION.

(a) (i) If the whole of the Premises shall be taken for any public or quasi-public use under any statute or by right of eminent domain or by private purchase in lieu thereof, then this Lease shall automatically terminate as of the date that possession has been taken. In the event of a partial taking (or purchase) of the Premises pursuant to which any portion of the Premises is taken (or so purchased) which renders the remainder unsuitable for Tenant's use as determined in Tenant's sole discretion, then Tenant shall have the right, but not the obligation, to terminate this Lease by giving written notice of such termination to Landlord on or prior to the date ninety (90) days after the date of such taking (or purchase). If this Lease shall be so terminated, the Rent, if and when necessary, shall be adjusted to the day of the taking (or purchase) and neither party shall have any further rights, duties obligations or liabilities hereunder.

(ii) In the event of a taking (or purchase) resulting in the termination of this Lease pursuant to the provisions of subsection (a)(i) above, the parties hereto agree to apply for and prosecute separate claims for awards for such taking to the extent reasonably possible. In the event it is not reasonably possible to prosecute separate claims, the parties hereto agree to

cooperate with one another in applying for and prosecuting a joint claim for awards and further agree, that the award shall be distributed to Landlord and Tenant proportionately based on the relative value of their respective interests in the Premises and Tenant's interest in the Tenant Improvements.

(b) (i) In the event of a partial taking (or purchase) which does not render the Premises unsuitable for Tenant's use, Tenant, at its own cost and expense, shall make all repairs to the Premises affected by such taking (or purchase) to the extent necessary to restore the same to substantially the same condition (to the extent permitted, however, taking into consideration the amount of land remaining after any such taking or purchase); provided, however, that Tenant shall not be obligated to expend an amount in excess of the proceeds of the net award available to Tenant for such purposes.

(ii) From and after the date of such taking (or purchase), the Base Rent shall be reduced by a fraction, the numerator of which shall be the amount of the total square footage of land of the Premises so taken (or purchased) and the denominator of which shall be the total square footage of land comprising the Premises prior to such taking (or purchase).

(c) If the whole or any part of the Premises, or of Tenant's leasehold estate under this Lease, shall be taken in condemnation proceedings or by any right of eminent domain for temporary use or occupancy, the foregoing provisions of this Section shall not apply and Tenant shall continue to pay the full amounts of the Rent payable by Tenant hereunder in the manner and at the times specified in this Lease, and, except only to the extent that Tenant may be prevented from so doing pursuant to the terms of the order of the condemning authority, Tenant shall perform and observe all of the other terms, covenants, conditions and obligations hereof upon the part of Tenant to be performed and observed, as though such taking had not occurred. Tenant shall be entitled to receive the entire amount of the condemnation proceeds made for such taking, whether paid by way of damages, rent or otherwise, unless such period of temporary use or occupancy shall extend beyond the termination of this Lease, in which case the condemnation proceeds shall be apportioned between Landlord and Tenant as of the date of termination of this Lease. Tenant covenants that, upon the expiration of any such period of temporary use or occupancy during the Term, it will, at its sole cost and expense, restore the Premises, as nearly as may be reasonably possible, to the condition that existed immediately prior to such taking; provided, however, that Tenant shall not be obligated to expend an amount in excess of the proceeds of the net award available to Tenant for such purposes, as hereinafter provided. To the extent that Landlord receives any portion of the condemnation proceeds as compensation for the cost of restoration of the Premises, Landlord shall pay such sum to Tenant in trust for restoration of the Premises.

17. EVENTS OF DEFAULT.

(a) Tenant Default.

(i) Event of Default. It is agreed by and between the parties hereto that any of the following shall constitute an "Event of Default" by Tenant hereunder: (i) if Tenant shall have failed to pay any Base Rent when due or any other sum required or stipulated to be paid by Tenant hereunder, and such failure continues for thirty (30) days following Tenant's receipt of

written notice thereof from Landlord and such failure continues for an additional five (5) days following Tenant's receipt of a second written notice thereof from Landlord; or (ii) if Tenant shall have failed to observe or perform any other covenant or obligation of Tenant hereunder and Tenant shall not have cured such failure within ninety (90) days after Tenant shall have received written notice thereof from Landlord; provided, however, that if such failure cannot with diligent effort be cured within ninety (90) days, Tenant shall not be in default if Tenant shall have commenced action to remedy such failure within said ninety (90)-day period and shall continue to diligently prosecute such action in good faith thereafter.

(ii) Remedies. Upon the occurrence and during the continuance of an Event of Default, Landlord shall be entitled to exercise any one or more of the following remedies: (A) Landlord may exercise any right or remedy available at law or in equity; or (B) Landlord, without additional notice, may cure such Event of Default on the part of Tenant, at Tenant's expense, and Tenant shall promptly reimburse Landlord for all reasonable costs and expenses incurred by Landlord in connection therewith. Notwithstanding the foregoing, if an Event of Default occurs, Landlord expressly waives, releases and relinquishes any and all right to (i) recover damages or any other sum against Tenant, except to the extent of Tenant's interest in the Premises, (ii) special, consequential, incidental, indirect or punitive damages or (iii) accelerate any rent or other sums due under this Lease by Tenant to Landlord. Notwithstanding anything to the contrary contained herein, if Landlord claims that an Event of Default has occurred and Tenant has contested such claim, then Landlord may not terminate this Lease or recover possession of the Premises unless and until Landlord obtains a final, unappealable adjudication of the claim which confirms that an Event of Default has occurred, and Tenant fails to cure the Event of Default within sixty (60) days after such adjudication becomes final and unappealable.

(b) Landlord Default. If Landlord fails to observe or perform any of its obligations under this Lease following thirty (30) days' prior written notice from Tenant, Tenant shall have the right but not the obligation to (i) perform any such obligations on behalf of Landlord, and thereafter demand payment from Landlord, and Landlord shall promptly reimburse Tenant for any and all such reasonable costs, (ii) terminate this Lease and be relieved from all further obligations under this Lease, and/or (iii) exercise any other remedies available to Tenant at law or in equity. The parties specifically acknowledge that Landlord is a municipal government with jurisdiction over the Premises. No action or inaction of the Landlord in its capacity as a municipal government will be deemed an event of default or other violation of this Lease, including but not limited to engaging in any public works projects in the vicinity of the Premises or elsewhere, adoption, amendment or repeal of any generally applicable municipal ordinances, resolutions, codes enforcement, zoning actions, or any other governmental functions.

18. ASSIGNMENTS AND SUBLEASES. Tenant shall have the right to assign this Lease or sublet the Premises during the Term only with Landlord's prior written consent in Landlord's sole and absolute discretion.

19. SUBORDINATION AND NON-DISTURBANCE; ESTOPPEL CERTIFICATES.

(a) Prior to the Lease Date, Landlord shall obtain from any and all existing mortgagees, ground lessors and trustees that then hold interests in the Premises and deliver to

Tenant, a non-disturbance agreement satisfactory to Tenant in form and substance (the "Initial SNDA") that provides that, so long as Tenant is not in default under this Lease, (i) said mortgagee, ground lessor or trustee shall not join Tenant as a party defendant in any action or proceeding foreclosing a mortgage (unless required to foreclose the mortgage, and then only for such purpose and not for the purpose of termination of the Lease) or in any eviction proceeding or in any action to terminate the ground lease, (ii) Tenant's possession of the Premises and Tenant's rights and privileges under this Lease, or any extensions or renewals thereof which may be exercised in accordance with this Lease, shall not be diminished or interfered with by the mortgagee, trustee or ground lessor, (iii) Tenant's occupancy of the Premises shall not be disturbed by the mortgagee, trustee or ground lessor (except in accordance with the terms of this Lease), including without limitation in the event of foreclosure of any mortgage or deed of trust. If Landlord fails to obtain the Initial SNDA from all applicable parties, Tenant may terminate this Lease upon thirty (30) days' written notice to Landlord. In the event Landlord mortgages the Premises following the Lease Date, Landlord shall deliver to Tenant from time to time an SNDA consistent with the foregoing from any mortgagee, trustee or ground lessor that obtain interests in the Premises during the Term within thirty (30) days of any such mortgagee, trustee or ground lessor obtaining such interests. If Landlord fails to obtain such SNDA, Tenant may terminate this Lease upon thirty (30) days' written notice to Landlord.

(b) Either party, without charge, at any time and from time to time hereafter but no more than two times per calendar year, within twenty (20) days after written request of the other, will certify by written instrument duly executed and acknowledged to any mortgagee or purchaser, or proposed mortgagee or proposed purchaser, or any other person, firm or corporation specified in such request, as to: (a) whether this Lease has been supplemented or amended, and if so, the substance and manner of such supplement or amendment; (b) the validity and force and effect of this Lease; (c) the existence of any default hereunder; (d) the existence of any offsets, counterclaims or defenses thereto on the part of such other party; (e) the commencement and expiration dates of the term of this Lease; and (f) any other matters as may reasonably be so requested. Any such certificate may be relied upon by the party requesting it and any other person, firm or corporation to whom the same may be exhibited or delivered and the contents of such certificate shall be binding on the party executing same.

20. QUIET ENJOYMENT. Landlord covenants that, so long as an Event of Default has not occurred and is continuing, Tenant shall peacefully and quietly hold and enjoy the Premises and all rights, easements, covenants, and privileges belonging or in any way appertaining thereto without unreasonable hindrance or interruption by Landlord or any persons claiming by, through, or under Landlord. At any time Tenant's quiet enjoyment of the Premises is disturbed, in addition to any other remedies available to Tenant at law or in equity, Tenant shall be entitled to an equitable abatement of Rent.

21. LANDLORD WARRANTY OF TITLE. Landlord hereby warrants, represents and covenants to Tenant that: (a) as of the Lease Date, Landlord is the sole owner of the Premises and has good and marketable fee simple title to the Premises; (b) Landlord will defend the title to the Premises and any easements referred to in this Lease; and (c) Landlord has full right and power to execute this Lease, to lease the Premises to Tenant and to perform its obligations hereunder. In case Landlord does not have the title and rights aforesaid, then in such event, in addition to any

and all rights and remedies available at law and in equity, Tenant shall have the right to terminate this Lease.

22. PREMISES AS PART OF CAMPUS.

(a) General Covenants. City of Cookeville or CRMCA agree that (i) access to and from the Premises shall not be limited or restricted in any way by CRMCA; (ii) Tenant, its employees, customers and invitees shall have the nonexclusive rights of ingress and egress in, on and over all of the streets, roads and ways within the Campus to and from all streets, alleys and ways adjacent to the Campus; and (iii) Landlord shall not interfere with Tenant's business or the Tenant Improvements except as may occur through Landlord's function as a municipal government, including but not limited to general public works projects, ordinances, regulations, codes, or similar governmental functions. CRMCA agrees to keep (or cause to be kept) the Campus (excepting the Premises and the Tenant Improvements) in good maintenance and repair and in a safe, clean and sanitary condition. The foregoing shall not be construed to obligate Landlord to provide any security, such as private guards or surveillance equipment, to the Campus. The cost of maintaining and repairing the Campus (excepting the Premises and the Tenant Improvements) and keeping it in a safe, clean and sanitary condition shall be borne solely CRMCA, except as otherwise provided in this Lease.

(b) Temporary Closing of the Campus. Any temporary closing of the Campus by Landlord to prevent the acquisition of public rights shall not occur unless Landlord reasonably believes that such closing is required and shall not extend past the minimum period of time required by the state law to prevent the acquisition of such public rights, or Tenant shall be allowed to abate the payment of Rent required hereunder for each day in excess of the minimum period of closing required by law.

(c) Landlord's Insurance. Landlord or CRMCA agrees to carry, or cause to be carried, during the Term, general liability insurance on the Common Areas (as defined in Section 22(e)) of the Campus, providing coverage to the limits stated in the TN Tort Liability Act on an annual basis against liability for injury or death, and furnish to Tenant a certificate evidencing such coverage. At all times during the Term, Landlord or CRMCA shall pay all premiums for and maintain in effect, with a responsible insurance company or companies, policies of insurance for the benefit of Landlord or CRMCA and Tenant, as their respective interest may appear, covering all of the Campus and improvements which are part of the Campus, including without limitation all tenant spaces, but excepting the Premises, to the extent of one hundred percent (100%) of full replacement of such property against all casualties included in the classification, on a "Causes of Loss – Special Form" basis. Landlord or CRMCA shall provide Tenant with certificates evidencing such insurance prior to the date of any use or occupancy of the Premises by Tenant and thereafter upon written request from Tenant. Said policy or policies shall name Tenant as an additional insured as its interests may appear under this Lease.

(d) Anything to the contrary notwithstanding, City of Cookeville and CRMCA each claim all rights and privileges afforded it under the TN Tort Liability Act, including but not limited to a non-jury trial in the Circuit Court of Putnam County; the limitations afforded by the TN Tort Liability Act on the amount of any payment or judgment and the one (1) year statute of

limitations – and all other privileges and immunities afforded in the TN Tort Liability Act. Landlord specifically does not waive any privileges or immunities contained in the TN Tort Liability Act.

(e) Landlord's Maintenance. "Common Areas" shall mean all areas, improvements, space, equipment and special services in or at the Campus devoted to the general usage of all tenants and other occupants of the Campus and their employees, customers, and other invitees, including, (i) access roads, driveways, entrances and exits not dedicated to public use, (ii) retaining walls, (iii) landscaped areas, (iv) accommodation areas such as sidewalks, grass plots, ornamental plantings and (v) entry monuments and signs, and directional signage and signals. CRMCA covenants and agrees to keep and maintain (or cause to be kept and maintained) the Common Areas in good order, condition, replacement and repair, and in a clean, sanitary, safe and attractive condition in accordance with the laws of the city, county and state in which the Campus is located, and in accordance with all directions, rules and regulations of any governmental agencies having jurisdiction over the Campus. The foregoing shall not be construed to obligate Landlord to provide any security, such as private guards or surveillance equipment, to the Campus. CRMCA shall promptly cause all snow to be removed from any access roads, driveways, entrances and exits not dedicated to public use. Tenant, subtenants and concessionaires of Tenant, employees, agents, contractors and customers of Tenant, and employees, agents, contractors and customers of subtenants and concessionaires of Tenant, shall have the right to use, in common with and with due regard for the rights of others entitled to use the same, the Common Areas (excluding any parking areas). The parties hereby acknowledge and agree that they will negotiate in good faith and incorporate into the Memorandum of Lease before the recording of the same, use restriction, easement and common area maintenance provisions that will (i) memorialize the use restriction described in Section 25 below, (ii) memorialize the Common Area easement rights described herein and (iii) describe the obligations of Landlord to maintain the Common Areas and the corresponding obligation of Tenant (as well as other users and occupants of the Campus as to their proportionate shares) to reimburse Landlord for Tenant's proportionate share of the cost of repairing, maintaining and replacing the Common Areas. Notwithstanding the foregoing, the parties hereby agree that Tenant's reimbursement obligations will not include any share of the costs incurred by Landlord in repairing, maintaining and replacing parking lots or parking areas at the Campus. The use restriction, easement and maintenance provisions will also provide that to the extent any repair and/or replacement costs incurred by Landlord with regard to the Common Areas result in extending the life of the applicable asset or are otherwise determined to be capital in nature, Tenant's reimbursement obligations for each calendar year will include only the portion of such costs that are allocable to such calendar year, utilizing the straight-line amortization method over the remaining useful life of the repaired or replaced improvements, at an assumed interest rate per annum equal to the yield on U.S. Treasury Securities with a term closest to the remaining useful life of such improvements plus 300 basis points.

23. ENVIRONMENTAL COVENANTS, REPRESENTATIONS AND WARRANTIES.

(a) Landlord's Representations. Landlord represents and warrants to Tenant that (i) Landlord has disclosed to Tenant in writing any and all material information known to Landlord relating to the environmental condition of the Premises, and (ii) to Landlord's knowledge,

no hazardous wastes or hazardous substances (as defined in Section 23(b)) or any other environmentally regulated substance or condition has been generated, manufactured, refined, transported, treated, stored, handled, disposed of, released or located on, in, or under the Premises, except for any of the same that have been removed from the Premises in accordance with all applicable laws.

(b) Tenant's Environmental Covenants.

(i) Tenant shall not engage in and shall use reasonable efforts to prevent any Person claiming by, through or under Tenant from engaging in operations at the Premises which involve the generation, manufacture, refining, transportation, treatment, storage, handling, disposal, release or threat of release of "hazardous substances," "regulated substances," "hazardous wastes" or "solid wastes" (as such terms are defined and/or used in applicable state or federal laws or the regulations issued thereunder whether now or hereafter in effect, including, without limitation, the federal Comprehensive Environmental Response Compensation and Liability Act), including, without limitation, asbestos, lead paint and polychlorinated biphenyls or environmentally deleterious material in amounts and concentrations, the uncontained presence of which, would require remediation or clean-up to conform to applicable remediation criteria established under applicable local, state or federal laws, regulations or guidelines. Tenant shall at all times comply with and conform to the requirements of all laws, statutes, ordinances, rules, regulatory notices and orders of all governmental and regulatory authorities with respect to the generation, handling, treatment, storage, disposal and remediation of hazardous substances, regulated substances, and wastes or environmentally deleterious materials. Tenant shall not cause and shall not permit to exist as a result of an intentional or unintentional action or omission on its part (and Tenant shall use reasonable efforts not to permit to exist as a result of an intentional or unintentional action or omission on the part of any other party), the releasing, spilling, leaking, pumping, pouring, emitting, emptying or dumping from the Premises of any such hazardous substances, regulated substances, or wastes in amounts and concentrations the uncontained presence of which would require remediation or clean-up to conform to applicable remediation criteria established under applicable local, state or federal laws, regulations or guidelines.

(ii) Nothing contained in this Section 23(b) shall be construed as prohibiting the use at the Premises of substances regulated by environmental laws, including hazardous substances and hazardous wastes, that are normally or routinely used in construction or are normally or routinely used in the operation, repair, maintenance, and use of commercial and residential projects, such as fuels, solvents, cleaning materials, paint and printing materials, so long as the same are used in a manner that complies with all applicable laws.

24. ENCUMBRANCES. After the Lease Date, Landlord shall in no way encumber or burden the Premises without the prior written consent of Tenant (which consent will not be unreasonably withheld or delayed) except that Landlord shall be entitled to mortgage its fee interest in the Premises without the prior written consent of Tenant and, in connection therewith,

grant to the lender other security interests in the Premises that are customary for commercial loans including, but not limited to, assignments of leases and rents.

25. USE RESTRICTION ON DEVELOPMENT. Landlord covenants and agrees that, during the Term, no portion of the Campus or any property owned, leased or controlled by Landlord or any affiliate of Landlord within Putnam County (other than the Premises) shall be leased to another entity to be used as (a) an inpatient rehabilitation hospital, or (b) a skilled nursing facility (collectively, the “Prohibited Uses”). Landlord further covenants and agrees that, for a period of ten (10) years from the Lease Date, no property within five (5) miles of the Premises owned, leased or controlled by the City of Cookeville or any affiliate of the City of Cookeville shall be sold to another entity to be used as a Prohibited Use.

26. RELATIONSHIP BETWEEN CITY OF COOKEVILLE AND CRMCA.

(a) Cookeville Regional Medical Center Authority is the governing and managing body of the hospital known as Cookeville Regional Medical Center.

(b) The City of Cookeville owns the real property where CRMCA is operated, as well as the City streets and all normal city infrastructure. Notwithstanding the foregoing and during the Term of this Lease, Tenant shall own, and is hereby granted and shall retain all rights, title and interest in and to any constructed buildings or improvements on the Premises. Landlord shall have no right, title or interest in or to said buildings or improvements during the Term of this Lease.

(c) By executing this Lease, CRMCA is giving its consent to this Lease, despite the fact that the City of Cookeville owns the real property within the Premises and CRMCA is not obligated by law to approve this Lease.

27. MISCELLANEOUS PROVISIONS.

(a) Notices. All notices, requests, demands or other communications required or permitted under this Lease shall be in writing and delivered either: (i) personally; (ii) by certified or registered mail, return receipt requested, postage prepaid; (iii) by a recognized overnight courier service (such as Fed Ex), or (iv) by email (provided that a notice delivered by email shall promptly thereafter be delivered by one of the other methods permitted in this Section 27(a)), addressed as follows:

If to Landlord: The City of Cookeville, Tennessee
45 East Broad Street
Cookeville, Tennessee 38501
Attn: City Attorney
Email: danrader@moorerader.com

If to Tenant: Rehabilitation Hospital of Cookeville, LLC
c/o Encompass Health Corporation

9001 Liberty Parkway
Birmingham, Alabama 35242
Attn: Legal Services Department
Email: legal.services@encompasshealth.com

With copy to: Cookeville Regional Medical Center Authority
142 West Fifth Street
Cookeville, Tennessee 38501
Attn: Chief Legal Officer
Email: lhill@crmchealth.org

All notices given in accordance with the terms hereof shall be deemed received on the next business day if sent by overnight courier, on the third business day following deposit with the United States Mail as a registered or certified matter with postage prepaid, or when delivered personally or sent by email. Either party hereto may change the address for receiving notices, requests, demands or other communication by notice sent in accordance with the terms of this Section 27(a).

(b) Consents. Unless otherwise expressly stated herein, whenever Landlord's or Tenant's consent is required under this Lease, such consent shall not be unreasonably withheld, conditioned or delayed.

(c) Surrender of Premises. Tenant shall surrender the Premises at the end of the Term in good condition, ordinary and reasonable wear and tear and damage from casualty or condemnation excepted.

(d) Title to Improvements. Tenant from time to time may construct, repair, remodel, remove or replace the Tenant Improvements on the Premises in accordance with applicable laws. Title to the Tenant Improvements and any repairs, alterations, additions or improvements to the Tenant Improvements shall be vested in and remain in Tenant at all times during the Term. Tenant alone shall be entitled to claim any and all depreciation in connection with its federal or state income tax returns. Upon the expiration of this Lease, any extensions or renewals hereof, or its termination in any way, title to the Tenant Improvements shall automatically pass to and become vested in Landlord, and Tenant, upon request of Landlord, shall execute such quitclaim deed, bill of sale, or assignment as may be necessary to evidence the transfer of such title to Landlord.

(e) Holding Over. If Tenant remains in possession of the Premises following the expiration of the Term, then Tenant's subsequent holding over, without consent of Landlord, shall result in the creation of a tenancy from month-to-month at a monthly Base Rent equal to 125% of the Base Rent payable immediately prior to the expiration of this Lease, and such rent shall be payable on the first day of each month during the month-to-month tenancy. All other terms and conditions of this Lease shall remain in full force during any month-to-month tenancy hereunder.

(f) Non-Merger. During the Term, the leasehold estate of Tenant shall not

merge with the fee simple or other estate in the Premises but shall always remain separate and distinct notwithstanding the union of all or any part of said estate either in Landlord or Tenant, or in a third party by purchase or otherwise, unless and until all persons having an interest therein, including a leasehold mortgagee, shall join in a written instrument consenting to or effecting such merger.

(g) Governing Law; Dispute Resolution. Anything to the contrary notwithstanding in this Agreement, any dispute arising out of this Lease will be governed by the laws of the State of Tennessee and shall be decided in the Chancery Court of Putnam County, Tennessee, as the sole and exclusive venue and jurisdiction for the resolution of any said claims. The parties may voluntarily agree to a non-binding mediation in Cookeville, Putnam County, Tennessee, to resolve any dispute prior to litigation, but are not obligated to do so. Each party shall be responsible for its own attorneys' fees and costs of litigation. CRMCA is a hospital established and operating as a Private Act Hospital Authority Act and any statutory provisions for private act hospitals supersede any provision to the contrary in this Lease.

(h) Exhibits. All Exhibits attached hereto are incorporated herein by reference.

(i) Headings. This Lease's section headings are for quick reference and convenience only and do not alter, amend, define, limit, describe, or otherwise affect the terms, conditions, and agreements set forth herein.

(j) Waiver. No waiver by either of the parties hereto of any provision or breach hereof, shall be deemed a waiver of any other provision or of any subsequent breach by Tenant or Landlord of the same or any other provisions. Landlord's or Tenant's consent to or approval of any act shall not be deemed to render unnecessary the obtaining of Landlord's or Tenant's consent to or approval of any subsequent act. No remedy or election hereunder shall be deemed exclusive, but shall, whenever possible, be cumulative with all other remedies at law or in equity.

(k) Severability. If any provision of this Lease is found by a court of competent jurisdiction to be illegal, invalid, or unenforceable, the remainder of this Lease will not be affected, and in lieu of each provision that is found to be illegal, invalid, or unenforceable, a provision will be added as a part of this Lease that is as similar to the illegal, invalid, or unenforceable provision as may be possible and is legal, valid, and enforceable. In addition to the foregoing, CRMCA is a private act hospital and any statutory provisions for private act hospitals shall supersede any provision to the contrary in this Lease to the extent such provision is applicable to CRMCA.

(l) No Construction Against Preparer of Lease. This Lease has been jointly prepared and negotiated by Tenant and Landlord. Tenant and Landlord believe that this Lease is the product of their efforts, that it expresses their agreement, and that it should not be interpreted in favor of either Tenant or Landlord or against either Tenant or Landlord merely because of their efforts in preparing it.

(m) When Lease Becomes Binding. The submission of this document for examination and negotiation does not constitute an offer to lease, or a reservation of, or option for

the Premises; and this Lease shall become binding only upon the execution and delivery hereof by both Landlord and Tenant.

(n) Entire Agreement. All negotiations, considerations, representations, and understandings between Landlord and Tenant are incorporated herein.

(o) Modifications. This Lease may be modified or altered only by agreement in writing by both Landlord and Tenant.

(p) Successors and Assignees. Subject to the terms and conditions of Section 18, this Lease and the terms, conditions and covenants hereof shall be binding upon and shall inure to the benefit of each of the parties hereto, their successors or assigns, and shall run with the land. All terms and words used in this Lease, regardless of the number and gender in which they are used, shall be deemed and construed to include any other number, singular or plural, and any other gender, masculine, feminine or neuter, as the context or sense of this Lease or any Section or clause herein may require, the same as if such words had been fully and properly written in the required number and gender.

(q) Business Days. In the event any period of time provided for in this Lease ends on a day other than a business day on which banks are generally open for a full day for business, such ending date shall automatically be extended to the next business day.

(r) Force Majeure. In the event Landlord or Tenant shall be delayed or hindered or prevented from the performance of any obligation required under this Lease by reason of strikes, lockouts, inability to procure labor or materials, failure of power, fire or other casualty, pandemics, acts of God, restrictive governmental laws or regulations, riots, insurrection, war or any other reason not within the reasonable control of Landlord or Tenant, as the case may be, then the performance of such obligation shall be excused for the period of such delay and the period for the performance of any such act shall be extended for a period equivalent to the period of such delay.

(s) Representations and Warranties of Landlord and Tenant. The parties to this Lease intend to comply with and have therefore structured this Lease so as to comply with the Anti-Kickback statute ("Anti-Kickback"), 42 U.S.C. Section 1320a-7b(b), the Safe Harbor Regulations, 42 C.F.R. Part 1001, thereunder promulgated. It is not a purpose of this Lease to induce the referral of patients. The parties acknowledge that there is no requirement or payment under this Lease or any agreement between the parties that requires either party to refer, recommend or arrange for any items or services paid for by a Federal health care program. Either party may refer patients to any hospital or other provider that furnishes services needed by a patient, and will make such referrals, if any, consistent with professional medical judgment and the wishes of the patient.

(t) Counterparts; Electronic Signatures. This Lease may be executed in two or more separate counterparts, each of which, when so executed and delivered, shall constitute an original, and all such counterparts shall together constitute one and the same instrument, and any

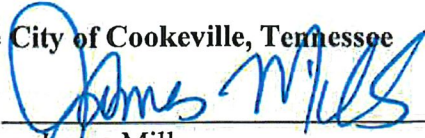
party may execute this Lease by executing any one or more of such counterparts. Signatures delivered electronically shall be as binding as original signatures.

[signatures on following page]

IN WITNESS WHEREOF, the parties have caused this Lease to be executed under seal by their respective duly authorized representatives as of the date first above written.

LANDLORD:


The City of Cookeville, Tennessee

By: 
Name: James Mills
Title: City Manager

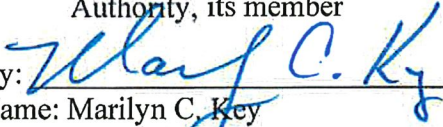
TENANT:

Rehabilitation Hospital of Cookeville, LLC

By: Encompass Health Cookeville Holdings,
LLC, its member

By: 
Name: Edmund Ball
Title: Vice President

By: Cookeville Regional Medical Center
Authority, its member

By: 
Name: Marilyn C. Key
Title: Chief Executive Officer

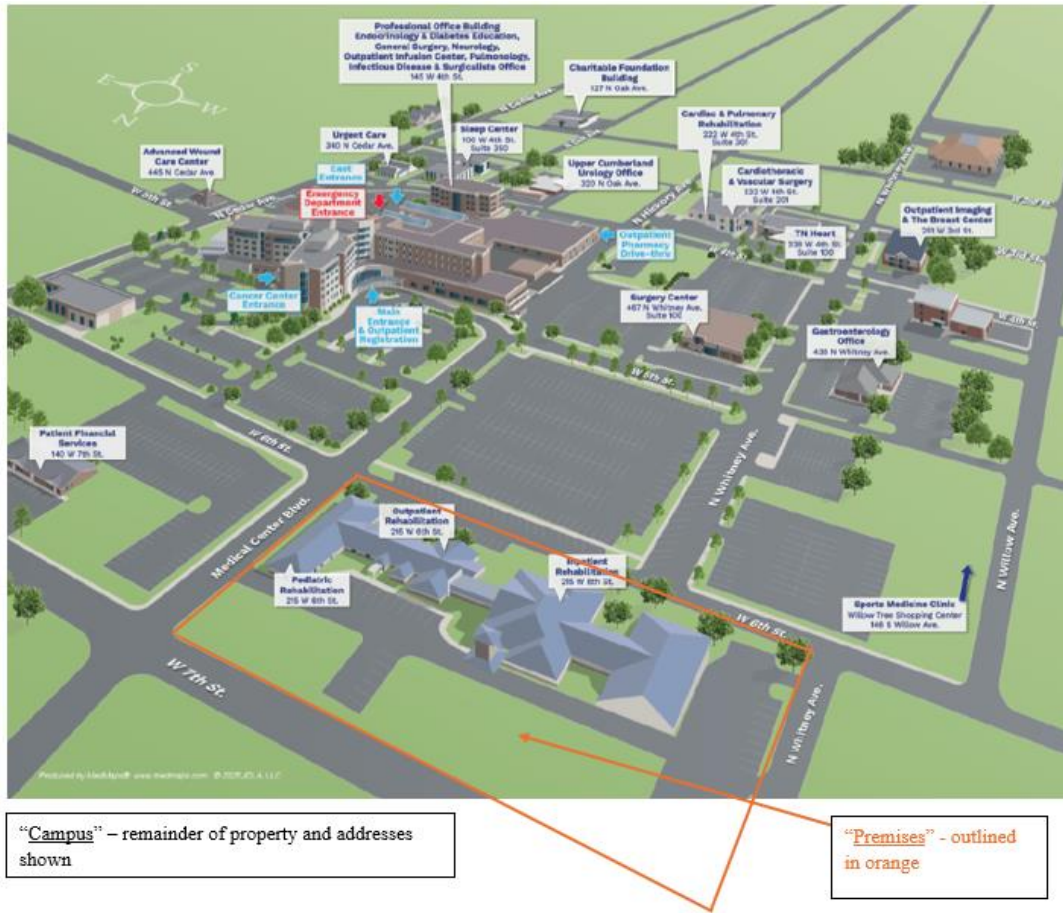
Acknowledged and agreed to with respect to the limited obligations specified herein:

Cookeville Regional Medical Center Authority

By: 
Name: Marilyn C. Key
Title: Chief Executive Officer

EXHIBIT A

DEPICTION OR DESCRIPTION OF PREMISES AND CAMPUS



Legal Description of Premises:

A TRACT OF LAND LYING IN THE FIRST DISTRICT IN PUTNAM COUNTY TENNESSEE BOUNDED ON THE NORTH BY W 7TH STREET ON THE EAST BY MEDICAL CENTER BLVD ON THE SOUTH BY W 6TH STREET AND ON THE WEST BY N WHITNEY AVE AND MORE BEING PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A IRON PIN WITH CAP STAMPED KIMLEY HORN ASSOCIATES "KHA" SAID PIN BEING AT THE INTERSECTION OF W 6TH STREET AND N WHITNEY AVE; **THENCE** WITH THE EASTERLY RIGHT OF WAY OF N WHITNEY STREET **N 04 59'04"** E A DISTANCE OF **294.37 FEET** TO A NAIL WITH WASHER STAMPED "KHA" IN THE SOUTHERLY RIGHT OF WAY OF W 7TH STREET; **THENCE** WITH THE RIGHT OF WAY OF W 7TH STREET **S 84 46'39"** E A DISTANCE OF **473.32 FEET** TO A NAIL WITH A WASHER STAMPED "KHA" IN THE WESTERLY RIGHT OF WAY OF MEDICAL CENTER BLVD; **THENCE** WITH THE WITH THE WESTERLY RIGHT OF WAY OF MEDICAL

CENTER BLVD S **5 29'38" W** A DISTANCE OF **281.25 FEET** TO A NAIL WITH WASHER STAMPED "KHA" IN THE NORTHERLY RIGHT OF WAY OF W 6TH STREET; **THENCE** WITH THE NORTHERLY RIGHT OF WAY OF W 6TH STREET N **86 22'26 W** A DISTANCE OF **470.95 FEET** TO THE POINT OF BEGINNING CONTAINING 135,858 SQ. FT OR 3.11 ACRES. Parcel ID: 0400 D 021.00

EXHIBIT B

LEASE COMMENCEMENT AGREEMENT

This Lease Commencement Agreement is a supplement to that certain Ground Lease Agreement (the "Lease") dated the _____ day of _____, 2027, between **The City of Cookeville, Tennessee**, a Tennessee municipality ("Landlord"), and **Rehabilitation Hospital of Cookeville, LLC**, a Delaware limited liability company ("Tenant"), demising the premises more particularly described therein. Pursuant to the provisions of the Lease, Landlord and Tenant intending to be legally bound hereby agree to the following:

1. The Initial Term of the Lease commenced on and the Rent Commencement Date is _____, 2027;
2. The Initial Term of the Lease shall end on _____, 20____, unless sooner terminated or otherwise extended as therein provided.

IN WITNESS WHEREOF, the parties have caused this Lease Commencement Agreement to be executed by their respective duly authorized representatives as of the _____ day of _____, 20__.

LANDLORD:

The City of Cookeville, Tennessee

By: _____
Name: _____
Title: _____

TENANT:

Rehabilitation Hospital of Cookeville, LLC

By: Encompass Health Cookeville Holdings,
LLC, its member

By: _____
Name: _____
Title: _____

By: Cookeville Regional Medical Center
Authority, its member

By: _____
Name: _____
Title: _____

EXHIBIT C

FORM OF MEMORANDUM OF GROUND LEASE

MEMORANDUM OF GROUND LEASE

This Memorandum of Ground Lease (this "Memorandum") is made and entered into effective the ____ day of _____, 2027, by and between **The City of Cookeville, Tennessee**, a Tennessee municipality ("Landlord"), whose address for purposes hereof is 45 East Broad Street, Cookeville, Tennessee 38501, and **Rehabilitation Hospital of Cookeville, LLC**, a Delaware limited liability company ("Tenant"), whose address for purposes hereof is 9001 Liberty Parkway, Birmingham, Alabama 35242, Attention: Real Estate Department.

Recitals

A. Landlord has leased certain real property located in Cookeville, Putnam County, Tennessee, as further described on Exhibit A attached hereto and made a part hereof (the "Premises"), to Tenant pursuant to a Ground Lease Agreement dated as of February 24, 2026, which is incorporated herein by reference as if appearing in full (the "Lease"). Unless otherwise defined herein, capitalized terms shall have the meaning assigned to them in the Lease.

B. The parties wish to provide record notice of certain of the terms and conditions of the Lease.

Agreement

NOW, THEREFORE, Landlord and Tenant do hereby state the following:

1. Lease of the Premises. Landlord has leased the Premises to Tenant, and Tenant has leased the Premises from Landlord, upon the terms and conditions stipulated in the Lease.

2. Term. The initial term of this Lease commences on the date on which Tenant receives a certificate of occupancy which grants Tenant the right to occupy the Tenant's improvements at the Premises (together with any other improvements constructed on the Premises by Tenant from time to time), and continues for a period of fifty (50) years.

3. Option to Extend. The terms of the Lease provide Tenant with four (4) options to renew the term of the Lease for twelve (12) years each.

4. Common Area Easements and Maintenance at the Campus. In Section 22(a) of the Lease, Landlord agrees that Tenant, its employees, customers and invitees shall have the nonexclusive rights of ingress and egress in, on and over all of the streets, roads and ways within the Campus (as described on Exhibit B attached hereto and made a part hereof) to and from all streets, alleys and ways adjacent to the Campus. Further, in Section 22(f) of the Lease, Landlord grants to Tenant, subtenants and concessionaires of Tenant, employees, agents, contractors and customers of Tenant, and employees, agents, contractors and customers of subtenants and concessionaires of Tenant, the right to use, in common with and with due regard for the rights of others entitled to use the same, the Common Areas (excluding any parking areas). In Section 22(f)

of the Lease, Landlord further covenants and agrees to keep and maintain (or cause to be kept and maintained) the Common Areas in good order, condition, replacement and repair, as more fully described therein.

5. Use Restriction. Section 25 of the Lease provides that no portion of the Campus (other than the Premises) shall be occupied or used as (a) an inpatient rehabilitation hospital, or (b) a skilled nursing facility (collectively, the "Prohibited Uses"). Further, for a period of ten (10) years from February 24, 2026, no property within five (5) miles of the Premises owned, leased or controlled by the City of Cookeville or any affiliate of the City of Cookeville shall be sold to another entity to be used as a Prohibited Use.

6. Conflict. In the event of a conflict between the terms and provisions of this Memorandum and the Lease, the Lease shall govern and control. Copies of the Lease are held by both Landlord and Tenant at the respective addresses first set forth above.

IN WITNESS WHEREOF, Landlord and Tenant have caused this Memorandum to be executed by their duly authorized representatives as of the date and year first above written.

LANDLORD:

LANDLORD:

The City of Cookeville, Tennessee

By: _____
Name: _____
Title: _____

TENANT:

Rehabilitation Hospital of Cookeville, LLC

By: Encompass Health Cookeville Holdings,
LLC, its member

By: _____
Name: _____
Title: _____

By: Cookeville Regional Medical Center
Authority, its member

By: _____
Name: _____
Title: _____

[ADD NOTARY ACKNOWLEDGMENTS]

Exhibit "A"
To the Memorandum of Ground Lease

[Description of Premises]

Exhibit "B"

To the Memorandum of Ground Lease

[Description of Campus]

EXHIBIT D
RENT SCHEDULE

During the Initial Term, Base Rent shall be equal to the following:

Year	Annual Base Rent		Year	Annual Base Rent		Year	Annual Base Rent
1	\$ 98,000.00		18	\$ 137,223.66		35	\$ 192,146.25
2	\$ 99,960.00		19	\$ 139,968.13		36	\$ 195,989.18
3	\$ 101,959.20		20	\$ 142,767.49		37	\$ 199,908.96
4	\$ 103,998.38		21	\$ 145,622.84		38	\$ 203,907.14
5	\$ 106,078.35		22	\$ 148,535.30		39	\$ 207,985.28
6	\$ 108,199.92		23	\$ 151,506.01		40	\$ 212,144.99
7	\$ 110,363.92		24	\$ 154,536.13		41	\$ 216,387.89
8	\$ 112,571.20		25	\$ 157,626.85		42	\$ 220,715.64
9	\$ 114,822.62		26	\$ 160,779.39		43	\$ 225,129.96
10	\$ 117,119.07		27	\$ 163,994.98		44	\$ 229,632.56
11	\$ 119,461.45		28	\$ 167,274.87		45	\$ 234,225.21
12	\$ 121,850.68		29	\$ 170,620.37		46	\$ 238,909.71
13	\$ 124,287.70		30	\$ 174,032.78		47	\$ 243,687.91
14	\$ 126,773.45		31	\$ 177,513.44		48	\$ 248,561.66
15	\$ 129,308.92		32	\$ 181,063.70		49	\$ 253,532.90
16	\$ 131,895.10		33	\$ 184,684.98		50	\$ 258,603.56
17	\$ 134,533.00		34	\$ 188,378.68		Total	\$ 8,288,781.34

Attachment 10A

Floor Plan and Pictures of Typical Encompass Health Hospital Features

Proposed New 40-Bed Hospital



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

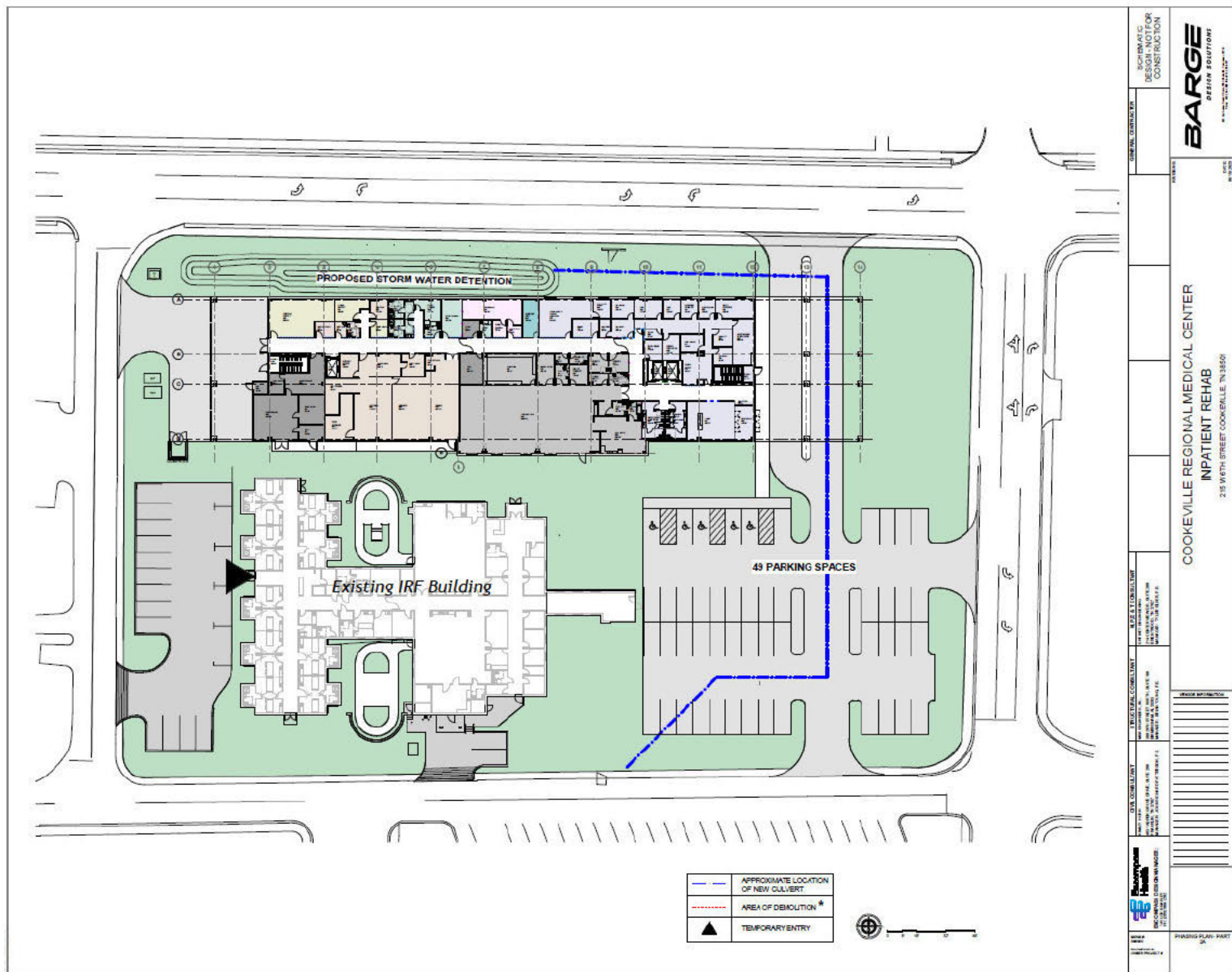
The Rehabilitation Hospital of Cookeville is in close proximity and conveniently located near major roadways in the Upper Cumberland Region of middle Tennessee. The proposed Rehab Hospital is only 1 mile from US-70 (West Spring Street), only 1 mile from SR 136 (North Washington Avenue), and approximately 3 miles from Interstate 40 (I-40), all of which are major highways easily accessible to residents throughout the service area. I-40 is the main interstate, serving as a critical east-west corridor, connecting Cookeville to major cities like Nashville and Knoxville. Additional major roadways, state highways, and routes in close proximity to the proposed hospital include SR 111 (a major north-south highway intersecting with I-40), SR 135 (North Willow Avenue), and East 10th Street. These routes, as well as numerous other roadways, provide easy access to the proposed Cookeville Rehab Hospital for residents in the service area.

In addition to being close to major interstates and highways, the proposed Rehab Hospital 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. Specifically in the middle Tennessee service area, the Upper Cumberland Human Resource Agency (UCHRA) provides rural transit services for fourteen counties in middle Tennessee including the proposed project's service area counties of Putnam, Overton, Cumberland, White, Fentress, and Jackson Counties. UCHRA has a diverse array of services including:

- Connect Upper Cumberland – This service provides each community with daily intercity bus service on I-40 and 1-24 routes into Nashville and Murfreesboro with stops along the route including BNA/Nashville International Airport, the Greyhound Bus Station, and other requested destinations.
- Go UC – These fare-free, hourly deviated-fixed bus routes service Crossville, Algood, Cookeville, McMinnville, and Tennessee Tech.
- Pick-Up Upper Cumberland – UCHRA Public Transportation's on-demand service in Putnam and Cumberland Counties.
- Ride Upper Cumberland – Ride Upper Cumberland provides door-to-door public transportation to all fourteen counties in the Upper Cumberland.
- Job Access Program – A program designed to assist qualifying low-income individuals with transportation to and from their place of employment. The program also assists with transportation to and from childcare for all eligible dependents.

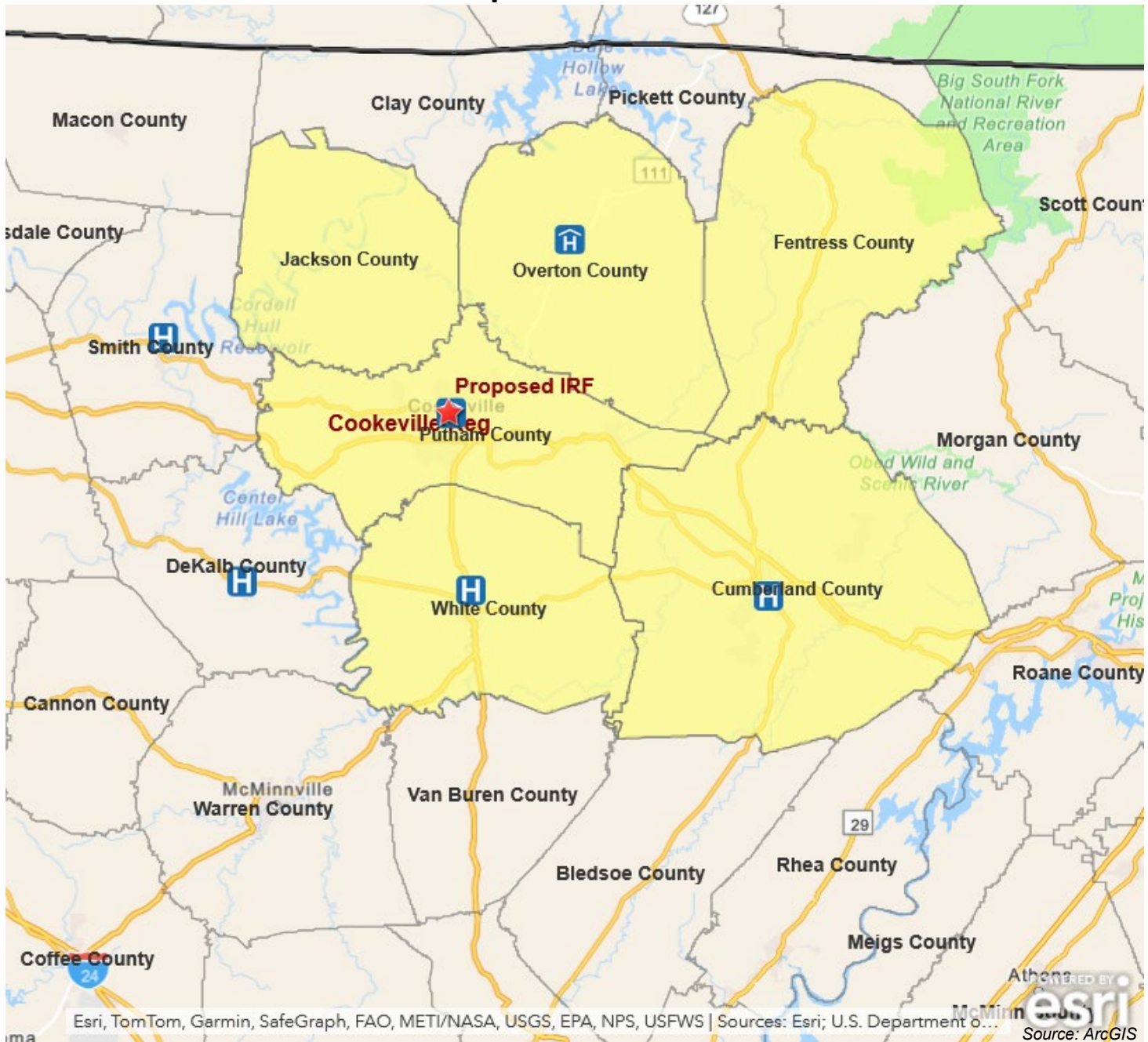
Attachment 12A
Plot Plan


Proposed 2-Story, 40-Bed Hospital and Parking




Attachment 2N
Service Area Maps

Rehabilitation Hospital of Cookeville Service Area



 Hospital with IRF Unit

 Hospital without IRF

Attachment 3N.BR
Demographic Table

Attachment 3N.BR

Demographic Variable/Geographic Area	Department of Health/Health Statistics							Census Bureau (a)				TennCare (b)	
	Total Population- Current Year: 2026	Total Population- Projected Year: 2030	Total Population- % Change	Target Population - Age 65+ Current Year: 2026	Target Population - Age 65+ Projected Year: 2030	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
Putnam County, TN	86,309	89,465	3.7%	15,009	15,941	6.2%	17.8%	36.0	\$61,722	14,982	18.4%	17,965	20.8%
Cumberland County, TN	66,450	68,249	2.7%	23,114	24,742	7.0%	36.3%	53.5	\$63,432	8,573	13.2%	12,082	18.2%
White County, TN	28,708	29,216	1.8%	6,248	6,580	5.3%	22.5%	43.5	\$56,340	3,334	11.6%	6,930	24.1%
Overton County, TN	23,407	23,605	0.8%	5,095	5,358	5.2%	22.7%	43.7	\$56,460	3,144	13.5%	4,781	20.4%
Fentress County, TN	19,765	19,922	0.8%	4,998	5,377	7.6%	27.0%	46.9	\$50,626	3,761	19.0%	5,540	28.0%
Jackson County, TN	12,219	12,298	0.6%	3,027	3,180	5.1%	25.9%	46.9	\$54,877	1,982	16.3%	2,774	22.7%
Service Area Total	236,858	242,755	2.5%	57,491	61,178	6.4%	25.2%	-	-	35,776	15.5%	50,072	21.1%
State of TN Total	7,300,003	7,513,757	2.9%	1,341,027	1,426,059	6.3%	19.0%	38.9	\$72,007	942,730	13.3%	1,379,309	18.9%

Sources: TN Department of Health/Health Statistics Population Projections-Boyd Center for Business and Economic Research at the University of Tennessee, Release Date August 7, 2024; US Census Bureau, Small Area Income and Poverty Estimates; and TN Division of TennCare.

(a) Most recent data available is 2024. Data represents "Number of Persons in Poverty" and "Percent of Persons in Poverty". 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 January 2026.

Attachment 5N
Service Area Historical Utilization

Table 5N – Service Area Historical Utilization

Inpatient Rehab Facility Provider	County	Facility Type	2024 Licensed Beds	Bed Days Available*	Patient Days			Licensed Occupancy		
					2022	2023	2024	2022	2023	2024*
Cookeville Regional Medical Center	Putnam	Hospital Unit	20	7,300	5,317	4,743	5,767	72.8%	65.0%	78.8%
Livingston Regional Hospital	Overton	Hospital Unit	14	5,110	1,450	1,671	1,705	28.4%	32.7%	33.3%
TOTAL			34	12,410	6,767	6,414	7,472	54.5%	51.7%	60.0%

Source: Joint Annual Report for Hospitals; data reported for July 1 – June 30 of each year, 2022-2024.

*Note: Bed Days Available shown are based on 365 days. However, 2024 is a Leap Year; thus, the 2024 bed days available are 7,320 for CRMC and 5,124 for Livingston Regional Hospital for a total 12,444 bed days available in 2024 in the service area. 2024 licensed occupancy calculations reflect 366 days in that Leap Year.

Attachment 6N
Volume Forecasts with Assumptions

Attachment 6N – Volume Forecasts with Assumptions

The projected utilization for the proposed 40-bed Rehabilitation Hospital of Cookeville is below.

Table 1		
Rehab Hospital of Cookeville Projected Volume		
Utilization	Year 1 (2029)*	Year 2 (2030)*
Discharges	861	938
Patient Days	10,071	10,970
Average Length of Stay	11.7	11.7
Licensed and Set up & Staffed Beds	40	40
Available Patient Days	14,600	14,600
Occupancy	69%	75%
<small>Numbers may not be calculated exactly as shown due to rounding. * Year 1 is from 1/1/2029 – 12/31/2029 and Year 2 is from 1/1/2030 – 12/31/2030.</small>		

The projected utilization considers a number of factors, including:

1. The need for additional intensive inpatient rehabilitation services and a sufficient number of rehabilitation beds close to home for service area residents as identified by the Commission’s numeric need in the service area.
2. The service area’s large, increasing, and aging population; patient migration patterns; and post-acute care utilization, particularly IRF and SNF services.
3. Service area residents’ high rates of chronic diseases and accidents, such as stroke and Traumatic Brain Injury, which are leading conditions treated in the IRF setting.
4. Encompass Health and CRMC’s proven history of serving patients in need while helping patients achieve their highest level of functioning.
5. The benefits and enhanced access consumers will realize when the Encompass/CRMC JV facility close to their homes is opened.

Details follow.

1. There is a **need for additional and accessible intensive inpatient rehabilitation services close to home** for service area residents so that those consumers will have a choice of high-quality IRF services and the service area will have a sufficient number of rehabilitation beds. 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 2030 service area population ages 65+ results in a defined gross numeric need for 61 beds in the service area. The Applicant proposes to establish a 40-bed hospital, with 20 existing licensed beds from Cookeville Regional Medical Center and 20 new beds, which is an efficient way to meet the identified need with the addition of a minimal number of new beds.

The choice of a high-quality 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 the 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

Attachment 6N – Volume Forecasts with Assumptions

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. An additional location close to home dramatically improves the number of family members and caregivers that are able to actively participate in the education and training sessions of the rehab patients.

The proposed Cookeville Rehab Hospital will provide a high-quality option close to home for consumers in the service area in need of inpatient rehabilitation care, which supports the projected volume for Encompass' new Putnam County IRF.

2. Population forecasts demonstrate that the **service area will continue to experience growth, especially among the elderly population (ages 65+) cohort**. Specifically, *Cumberland County is projected to be the county with the largest 65+ population as a percent of total population by 2030 (36.3% compared to the state of TN at 19.0%)*. While the other service area counties of White, Overton, Fentress, and Jackson have a smaller total population, they are also considerably an older population. Further contributing to this population growth is the increasing popularity of the Upper Cumberland Region (which includes all the proposed service area counties) among retirees as a retirement destination. Cookeville has served as an official *Retire Tennessee* Community since 2007, being deemed as a best place to retire in Tennessee and receiving the Seal of Approval Awards in 2019 and 2021 by the American Association of Retirement Communities.

Despite Cumberland County being among the state's most populated counties, it has one of the state's lowest Medicare IRF utilization rates (5 discharges per 1,000 Medicare Fee-for-Service Beneficiaries compared to the state average of 16). Further demonstrating the need for additional beds proximate to and serving Cumberland County residents is the fact that though Cumberland County's 65+ population is 1.5 times larger than that of Putnam County's 65+ population, Cumberland County's IRF discharges are approximately 1/3 less in Cumberland County.

Although the majority of the service area counties have Medicare IRF utilization rates lower than the state averages, based on patient migration patterns and patient-level data there is a sufficient number of service area residents that are considered "rehab-appropriate". Said another way, these are service area residents who are medically appropriate for and could benefit from an intensive level of post-acute care provided by IRFs. However, a large portion of these individuals received post-acute care services at a lower, less optimal level of care such as home health or skilled nursing. This could explain why some of the service area counties have much lower Medicare IRF utilization rates. If patients do not have a sufficient number of locally accessible IRF beds, they are forced to choose between traveling out of the area to receive this level of care; receiving post-acute care services at a lower, less optimal level of care; or foregoing care all together.

Thus, the proposed volume reflects the need for high-quality, intensive inpatient rehabilitation care close to home for service area residents. (See **Attachment 1N** for details regarding patient migration patterns and utilization of post-acute care IRF services.)

Attachment 6N – Volume Forecasts with Assumptions

3. Service area residents have **high rates of chronic diseases and accidents, such as stroke and Traumatic Brain Injury, which are leading conditions treated in the IRF setting.** (See details provided in **Attachment 1N.**) Tennessee is among the highest in the nation for stroke death rates (88 per 100,000) between 2021 and 2023 among adults ages 35+ and its rate is greater than the national average of 77.5 per 100,000 persons. These relatively high stroke death rates are illustrative of the need for additional IRF services since stroke is one of the leading types of conditions optimally treated in the IRF setting. When stroke death rates are examined at the county level, the majority of the service area counties' (5 out of 6) all have stroke death rates greater than the Tennessee stroke death rate shown above. In fact, four (4) rank in the top quartile (24 out of 95 counties) of counties with high stroke death rates.

Another condition that impacts residents' need to receive IRF services is Traumatic Brain Injuries (TBI). Patients with TBI are a primary user of IRF services, and the proposed service area counties have higher TBI rates than other areas of the state. Consider, for example, Fentress 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 121.8 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. Furthermore, in 2023 the Upper Cumberland Public Health Region (which includes all of the proposed service area counties) reported an average TBI rate of 92.0 per 100,000 population, exceeding the state average¹.

Thus, the volume forecasts reflect Cookeville's ability to care for patients who have suffered stroke or traumatic brain injuries, in addition to the comprehensive array of other conditions and/or injuries the hospital will serve (as noted throughout the application).

4. **Encompass Health has a 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.

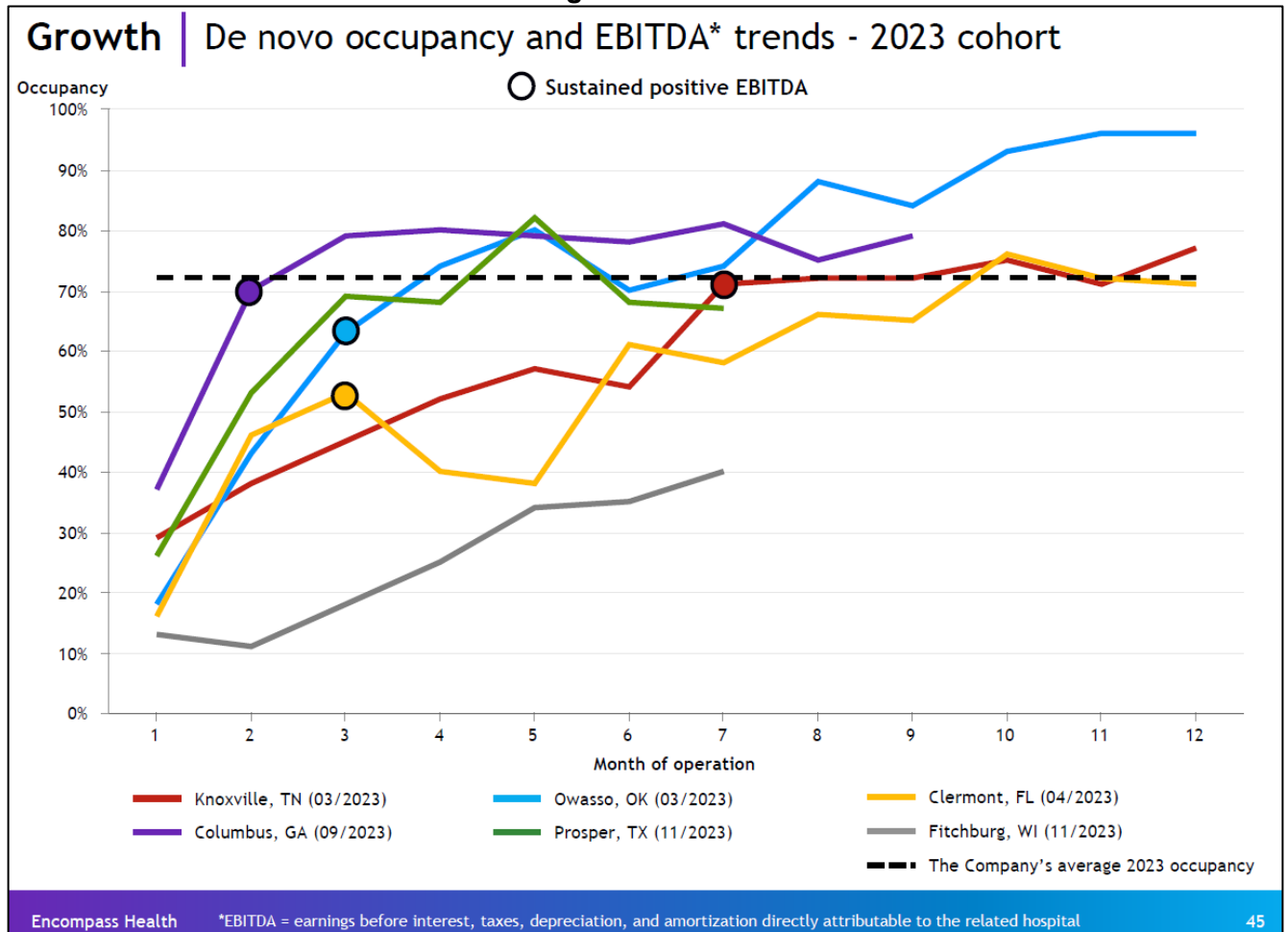
The projected utilization reflects Encompass Health's experience of closing the gap in care in communities where there is need for a new, local, accessible IRF. For example, newly opened EHC hospitals quickly began providing access to IRF services as evidenced by the hospitals' monthly utilization from day 1. (See Figure 1 below.) Rehab Hospital of Cookeville will implement EHC's proven outreach and education methods to ensure service area residents have 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 and the service area residents' preference for an additional choice in their local communities for post-acute rehabilitation services, support the proposed volume projections for the new Cookeville facility.

¹ 2024 Traumatic Brain Injury Annual Report, Tennessee Department of Health, Division of Family Health & Wellness, electronically published November 2024. (<https://www.tn.gov/health/health-program-areas/fhw/tbi/resources.html>).

Attachment 6N – Volume Forecasts with Assumptions

Encompass' proven success in entering a market that has historically low rates of IRF utilization 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 for 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.

Figure 1



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

- The **benefits and enhanced access** consumers will realize when the Encompass/CRMC JV facility close to their homes is opened.

The proposed project is a joint venture between two health systems that provide high quality care to residents throughout Tennessee: Cookeville Regional Medical Center and Encompass Health.

Attachment 6N – Volume Forecasts with Assumptions

Encompass is the nation's leading owner and operator of inpatient rehab hospitals, and its sole purpose is to own and operate post-acute inpatient rehabilitation facilities and services. As a leading provider and operator of health care facilities, Encompass Health has a proven long-term commitment to caring for patients.

As the local community provider in Cookeville and the Upper Cumberland Region of Tennessee for approximately 100 years, Cookeville Regional Medical Center has grown into a 289-bed premier regional referral center. Although a lot has changed in a century, Cookeville Regional Medical Center's story has always been one of care and community.

As stated previously, the collaboration of these two high-quality providers to develop a freestanding 40-bed inpatient rehabilitation hospital will ensure service area residents will have a sufficient number of IRF beds so that they can receive timely IRF services close to home. The proposed project brings together the complementary skills and expertise of CRMC and Encompass, to ensure that service area residents have available and accessible rehab beds when needed in a facility entirely exclusive for inpatient rehab patients. As documented previously, service area patients and their families will benefit from Encompass' proven high quality, cost-effective programs and services, including their rehab-specific hospital design, clinical equipment, and technology.

Service area residents will also benefit from the JV partners' proven policies, procedures, resources, and infrastructure, as well as their commitment to ensuring access for all patients in need.

Attachment 9C
Charge Comparison

Attachment 9C – Charge Comparison

Table 1 compares the proposed Cookeville Rehab Hospital's Average Gross Charges per Patient Day (“PPD”) to the two existing IRF providers in the proposed service area. As shown below, the Rehab Hospital's proposed Project Year 1 (2029) Average Gross Charges per Patient Day of **\$2,872** is reasonable and affordable when compared to both existing IRF providers.

Table 1					
Comparison of Average Gross Charges per Patient Day					
Applicant Compared to Existing IRF Service Area Providers					
Service Area County	Inpatient Rehabilitation Facility Provider	Patient Days	Gross Charges	2024 Average Charges PPD	2029 Average Charges PPD¹
Putnam	Cookeville Regional Med Ctr	5,772	\$16,207,457	\$2,808	\$3,255
Overton	Livingston Regional Hospital	1,706	\$5,710,981	\$3,348	\$3,881

Sources: CRMC Internal Records and American Hospital Directory online data repository (2024 Medicare Cost Report data).
¹ Inflated to Project Year 1 (2029) at 3% annual increase for comparison.

An additional comparison of the proposed Cookeville Rehab Hospital's Average Gross Charges per Patient Day to recently approved CON applications for IRF services is provided in **Table 2**. As shown below, the Applicant's proposed Average Gross Charges per Patient Day of **\$2,872** in Project Year 1 (2029) is reasonable and affordable when compared to recently approved IRF CON applications.

Table 2					
Comparison of Average Gross Charges per Patient Day					
Applicant Compared to Recently Approved IRF CON Applications					
Application No.	County	Rehab Provider	Patient Days	Gross Charges	2029 Average Charges PPD
CN2508-031	Montgomery	Ascension Saint Thomas Clarksville Rehab Hospital	10,220	\$36,297,608	\$3,552
CN2508-032	Montgomery	Rehabilitation Hospital of Clarksville	10,074	\$28,933,760	\$2,872
CN2504-011	Wilson	Rehabilitation Hospital of Lebanon	10,074	\$28,932,300	\$2,872

Sources: CON Applications as noted above.

Attachment 9C – Charge Comparison

Table 3 compares Cookeville Rehab Hospital's projected Average Gross Charges per Patient Day to Encompass Health's other Tennessee facilities. As shown below, the Applicant's proposed Average Gross Charges per Patient Day of **\$2,872** in Project Year 1 (2029) is reasonable and affordable when compared to Encompass Health's other facilities.

Table 3 Encompass Health Tennessee Facilities' Charges, Projected 2029 (Project Year 1)	
Encompass Health Facility	Avg Charge PPD¹
Vanderbilt Stallworth Rehabilitation Hospital	\$ 3,151
Encompass Health Rehabilitation Hosp of Chattanooga	\$ 2,775
Encompass Health Rehab Hospital of Memphis	\$ 2,832
Encompass Health Rehab Hospital of North Memphis	\$ 2,943
Rehabilitation Hospital of Kingsport	\$ 2,802
Quillen Rehabilitation Hospital	\$ 2,766
West Tennessee Healthcare Rehab Hospital Jackson	\$ 2,913
West Tennessee Healthcare Rehab Hospital Cane Creek	\$ 2,624
Encompass Health Rehabilitation Hospital of Franklin	\$ 2,899
Patricia Neal Rehab Hospital (West and Fort Sanders)	\$ 3,247
Source: 2024 Joint Annual Reports.	
¹ Inflated to Project Year 1 (2029) at 3% annual increase for comparative purposes.	

Attachment 7Q
Response to Question 7Q

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

7Q.A. Has any of the following:

1. Any person(s) or entity with more than 5 percent ownership (direct or indirect) in the applicant (to include any entity in the chain of ownership for applicant)
2. Any entity in which any person(s) or entity with more than 5 percent 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 percent; and/or.

7Q.B. Been subject to any of the following:

*7Q.B.1. Final Order or Judgement in a state licensure action;

- Yes
 No

*7Q.B.2. Criminal fines in cases involving a Federal or State health care offense;

- Yes
 No

*7Q.B.3. Civil monetary penalties in cases involving a Federal or State health care offense;

- Yes
 No

*7Q.B.4. Administrative monetary penalties in cases involving a Federal or State health care offense

- Yes
 No

*7Q.B.5. 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

*7Q.B.6. Suspension or termination of participation in Medicare or TennCare/Medicaid programs; and/or

- Yes
 No

*7Q.B.7 Is presently subject of/to an investigation, or party in any regulatory or criminal action of which you are aware.

- Yes
 No

Please Explain

On June 6, 2023, CMS sent Cookeville Regional Medical Center ("CRMC") notice that the agency was issuing an immediate jeopardy level citation. CRMC promptly submitted a plan of correction, and upon resurvey, CRMC was determined to be in substantial compliance. CMS noticed CRMC of such on August 31, 2023. No civil money penalties were imposed, and no adverse licensure or other enforcement action was taken as a result of the citation.

Document #1
Notification Requirement Documentation



February 23, 2026

Via Certified Mail Return Receipt Requested

City of Cookeville
Mr. James Mills, City Manager
45 E Broad Street
Cookeville, Tennessee 38501

City of Cookeville
Ms. Laurin Wheaton, Mayor
45 E Broad Street
Cookeville, Tennessee 38501

Re: Rehabilitation Hospital of Cookeville, LLC- Notice of Certificate of Need Filing

Rehabilitation Hospital of Cookeville, LLC (the "Applicant") is a joint venture owned by a subsidiary of Encompass Health Corporation ("Encompass Health") and Cookeville Regional Medical Center Authority. Pursuant to Tennessee Code Annotated §68-11-1601(c)(9)(B), the Applicant must notify the "chief executive officer" of a municipality of a certificate of need filing if the municipality is the lessor of the real property on which the healthcare facility shall sit.

On or before February 28, 2026, Encompass Health, on behalf of the Applicant, will file a certificate of need application to construct a forty (40) bed inpatient rehabilitation hospital with the State of Tennessee Health Facilities Commission.

Sincerely,

Encompass Health Corporation

A handwritten signature in blue ink, appearing to read "Susan S. Lyerly".

Susan S. Lyerly
National Director, Certificate of Need Program



February 23, 2026

Via Certified Mail Return Receipt Requested

City of Cookeville
Mr. James Mills, City Manager
45 E Broad Street
Cookeville, Tennessee 38501

City of Cookeville
Ms. Laurin Wheaton, Mayor
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Sincerely,

Encompass Health Corporation

A handwritten signature in blue ink that reads "Susan S. Lyerly".



Susan S. Lyerly
National Director, Certificate of Need Program

From: Dudley, Adriene <Adriene.Dudley@encompasshealth.com>
Sent: Tuesday, February 24, 2026 11:31 AM
To: Lyerly, Susan <Susan.Lyerly@encompasshealth.com>
Cc: Horsley, Kristy <Kristy.Horsley@encompasshealth.com>
Subject: USPS Certified Mail


Tracking number for letter sent to James Mills: **9414809898643578344350**


Tracking number for letter sent to Laurin Wheaton: **9414809898643578344480**

James Mills:

 **Label Completed** 



Click into the form to begin your next label and clear this message.

USPS: **9414809898643578344350** 


 Reprint Coversheet


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Laurin Wheaton:

 **Label Completed** 

Click into the form to begin your next label and clear this message.

USPS: **9414809898643578344480** 

 Reprint Coversheet

Your Cost: \$8.86

Adriene Dudley
Legal Secretary
O 205 970-5726 | adriene.dudley@encompasshealth.com
Encompass Health
9001 Liberty Parkway
Birmingham, Alabama 35242

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To ensure compliance with Treasury Department regulations, we advise you that, unless otherwise expressly indicated, any federal tax advice contained in this message was not intended or written to be used, and cannot be used, for the purpose of (i) avoiding tax-related penalties under the Internal Revenue Code or applicable state or local tax law provisions or (ii) promoting, marketing or recommending to another party any tax-related matters addressed herein.

Document #2

CON Form Set Tables for Questions 2N, 6C, 7C, 10C, and 8Q

Table for Question 2N

Historical Utilization – Not Applicable

Unit Type: <input type="checkbox"/> Procedures <input type="checkbox"/> Cases <input type="checkbox"/> Patients <input type="checkbox"/> Other (Specify): _____		
Service Area Counties	Historical Utilization Most Recent Year (Year= _____)	% of Total
County #1		
County #2		
County #3		
Etc.		
Total		

Projected Utilization

Unit Type: <input type="checkbox"/> Procedures <input type="checkbox"/> Cases <input checked="" type="checkbox"/> Patients <input type="checkbox"/> Other (Specify): _____		
Service Area Counties	Projected Utilization Year 1 (1/1/29-12/31/29)	% of Total
Putnam County, TN	224	26.1%
Cumberland County, TN	348	40.4%
White County, TN	93	10.8%
Overton County, TN	75	8.8%
Fentress County, TN	76	8.8%
Jackson County, TN	45	5.2%
Total	861	100.0%

Table for Question 6C

PROJECTED DATA CHART

Project Only
Total Facility

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

	<u>2029</u>	<u>2030</u>
A. Utilization Data		
Specify Unit of Measure: <u>Patient Days</u>	10,071	10,970
B. Revenue from Services to Patients		
1. Inpatient Services	\$ 28,923,912	\$ 32,451,015
2. Outpatient Services	_____	_____
3. Emergency Services	_____	_____
4. Other Operating Revenue (Specify) _____	_____	_____
	Gross Operating Revenue \$ 28,923,912	\$ 32,451,015
C. Deductions from Gross Operating Revenue		
1. Contractual Adjustments	\$ 11,061,837	\$ 11,665,188
2. Provision for Charity Care	289,239	324,510
3. Provisions for Bad Debt	_____	_____
	<u>341,767</u>	<u>397,709</u>
	Total Deductions \$ 11,692,843	\$ 12,387,407
NET OPERATING REVENUE	\$ 17,231,069	\$ 20,063,608

Table for Question 7C

	Previous Year to Most Recent Year Year ____	Most Recent Year Year ____	Year One 2029 (01/01/29-12/31/29)	Year Two 2030 (01/01/30-12/31/30)	% Change (Current Year to Year 2)
Gross Charge (<i>Gross Operating Revenue/Utilization Data</i>)	N/A	N/A	\$2,872	\$2,958	N/A
Deduction from Revenue (<i>Total Deductions/Utilization Data</i>)	N/A	N/A	\$1,161	\$1,129	N/A
Average Net Charge (<i>Net Operating Revenue/Utilization Data</i>)	N/A	N/A	\$1,711	\$1,829	N/A

Table for Question 10C

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

Payor Source	Year 1		Year 2	
	Gross Operating Revenue	% of Total	Gross Operating Revenue	% of Total
Medicare/Medicare Managed Care	\$ 20,535,978	71.0%	\$ 23,040,221	71.0%
TennCare/Medicaid	\$ 1,156,956	4.0%	\$ 1,298,041	4.0%
Commercial/Other Managed Care	\$ 4,627,826	16.0%	\$ 5,192,162	16.0%
Self-Pay	\$ 1,156,956	4.0%	\$ 1,298,041	4.0%
Other(WorkComp; Champus; Other)	\$ 1,446,196	5.0%	\$ 1,622,550	5.0%
Total*	\$ 28,923,912	100.0%	\$ 32,451,015	100.0%
Charity Care	\$ 289,239		\$ 324,510	

Table for Question 8Q

Position Classification	Existing FTEs (enter year)	Projected FTEs Year 1
A. Direct Patient Care Positions		
<i>RNs</i>	N/A	15.7
<i>LPNs; Nurse Techs; Nurse Aides</i>	N/A	24.2
<i>Physical Therapists</i>	N/A	4.7
<i>PT Assistants; Techs</i>	N/A	4.5
<i>Occupational Therapists</i>	N/A	4.7
<i>OT Assistants; Techs</i>	N/A	1.9
<i>Speech Pathologists</i>	N/A	2.0
<i>Respiratory Therapists</i>	N/A	2.0
<i>Pharmacists; Pharmacy Techs</i>	N/A	1.5
Total Direct Patient Care Positions	N/A	61.2

B. Non-Patient Care Positions		
<i>Registered Dieticians</i>	N/A	2.0
<i>Cooks; Aides</i>	N/A	6.0
<i>Maintenance Technicians</i>	N/A	1.0
<i>Environmental Services Techs</i>	N/A	3.4
<i>CEO</i>	N/A	1.0
<i>HR Director</i>	N/A	1.0
<i>Director Therapy Operations</i>	N/A	1.0
<i>Chief Nursing Officer</i>	N/A	1.0
<i>Marketing Operations Director</i>	N/A	1.0
<i>Quality/Risk Director</i>	N/A	1.0
<i>Pharmacy Director</i>	N/A	1.0
<i>Director Plant Operations</i>	N/A	1.0
<i>Case Management Director</i>	N/A	1.0
<i>Case Managers; Quality Coordinators</i>	N/A	3.5
<i>Finance; Admissions; Other</i>	N/A	13.4
Total Non-Patient Care Positions	N/A	38.3
Total Employees (A+B)	N/A	99.5
C. Contractual Staff		0.0
Total Staff (A+B+C)	N/A	99.5

Responses to Supplemental Round 1

Project Name: Rehabilitation Hospital of Cookeville

Supplemental Round Name: 1

Certificate No.: CN2602-002

Due Date: 03/11/26

Submitted Date: 03/10/26

1. Item 7A., Type of Ownership

Please explain whether either party with 50% ownership has a controlling interest.

Please describe the composition of the governing body of the applicant.

RESPONSE: Because each party owns 50%, neither has controlling interest. Both parties have representatives on the governing body, which is responsible for operating the Applicant. The governing body consists of representatives of Encompass Health, Cookeville Regional Medical Center, the Rehabilitation Hospital of Cookeville Chief Executive Officer, Medical Director, and Chief Nursing Officer. The governing body may also have a representative from the medical staff.

2. Item 9A., Site Control

Please attach the Land Lease Option.

What is happening to the existing IRF buildings and adjacent buildings? Are any service lines being eliminated due to the loss of the existing buildings?

RESPONSE: Please see [Appendix 1](#) for the Land Lease Option.

The existing IRF building and adjacent outpatient building will be demolished in phases and no interruption in services is planned as explained below.

- The existing outpatient building, housing outpatient physical, occupational, and speech therapy, will be demolished during construction of the new IRF building to allow for completion of the parking area for the proposed new IRF. CMRC will continue providing outpatient physical, speech, and occupational therapy services during and following construction of the new IRF, though those services will be relocated.
- The existing CRMC IRF building will be demolished after the new IRF building is completed and operational since the proposed new construction is on vacant land adjacent to the existing IRF. The demolition of the existing IRF after completion of the new building will ensure that service area residents have ongoing access to IRF services through construction and until the new facility is open.

No medical service lines will be eliminated. CRMC considers the contribution of IRF beds to the Rehabilitation Hospital of Cookeville an expansion and relocation strategy rather than a service reduction. As noted below, CRMC will relinquish its 20 IRF beds upon opening of the new freestanding IRF.

Responses to Supplemental Round 1

3. Item 10A., Floor Plan

What is the total square footage of the IRF unit?

Please clarify if the proposed IRF has the capability to expand its footprint in the future if necessary. Does the building design have the capability to expand vertically? Please explain.

What will be the dimensions of the private patient rooms as compared to the existing IRF rooms at CRMC.

RESPONSE: The total square footage of the proposed new 40-bed IRF is 50,115 SF. That compares to the 15,992 SF of CRMC's existing IRF unit.

The proposed new freestanding building has two expansion capabilities for a total of 20 additional beds. The first is a 10-bed expansion that can be built in shell space being constructed on the 2nd floor as part of this proposed project. The second 10-bed expansion capability is a vertical 10-bed expansion off the patient wing on the second floor that would involve new construction not included in the current application.

The dimension of each new IRF private patient room will be 214 SF. (All rooms will be private.) That compares to 174 SF for CRMC's private rooms and 287 SF for the hospital's semi-private rooms. (CRMC's IRF is comprised of 10 private rooms and 5 semi-private rooms housing 10 semi-private beds.)

4. Item 13A., Notification Requirements

Please provide the signed USPS Green Cards with the notifications.

RESPONSE: Please see [Appendix 2](#) attached to this document for proof of delivery of notification to the Mayor (CEO) of City of Cookeville. (Please note that the Applicant has not yet received proof of delivery of the supplemental, courtesy copy that was also mailed to the City Manager, though not required.)

5. Item 1E., Executive Summary

Why were only 16 of 20 IRF unit beds staffed at CRMC in 2023 & 2024.

When was the CRMC IRF unit established? What are the limitations of the existing unit that the new freestanding IRF proposes to resolve?

What other service lines surround the existing IRF unit. Which if any will be eliminated or relocated with the new freestanding facility?

What other levels of care/service lines are affiliated with CRMC in the service area region? Are any of those affiliates currently providing post-acute care in a SNF or home health setting? Is the applicant anticipating a shift in referrals from these existing service lines to

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the IRF setting once capacity is expanded?

Please confirm that the applicant intends to license the proposed freestanding IRF separately from CRMC.

Please note that the 20 licensed beds at the existing CRMC IRF unit cannot be contributed to the license of the proposed IRF if they will be licensed separately.

If approved, please clarify if the applicant will accept a condition on the Certificate of Need that Cookeville Regional Hospital will relinquish its 20 licensed IRF beds upon opening of the proposed Rehabilitation Hospital of Cookeville.

Please document the applicant's ability to comply with Medicare's 60% rule. Under the rule at least 60% of an inpatient rehabilitation facility's patient population must have one of 13 qualifying conditions to receive higher Medicare payments.

RESPONSE: Prior to January 1, 2026, there were multiple changes in contracted management services and related inconsistent management practices, which affected staffing and patient admissions to CRMC's IRF. Effective January 1, 2026, Encompass Health began overseeing operations of CRMC's IRF. CRMC anticipates that patient admissions will increase and all 20 beds will be staffed in the near future.

The CRMC IRF unit was established in June of 2003. The current unit is housed in a repurposed nursing home building. This layout necessitates semi-private and smaller room configurations that cannot accommodate the high-tech equipment or the 24/7 nursing oversight required for the modern, high-acuity IRF patient. Also, the use of semi-private rooms oftentimes results in patients being diverted to skilled nursing facilities (SNFs) or out of the region (Nashville or Knoxville) because an appropriate bed is not immediately available.

Physical, speech, and occupational therapy services surround the existing IRF unit. As noted previously, CRMC will continue providing outpatient physical, speech, and occupational therapy services, though those services will be relocated. Thus, no service lines surrounding the existing IRF unit will be eliminated.

Regarding other levels of care/service lines affiliated with CRMC: CRMC is a regional hub hospital with a comprehensive network of service lines such as emergency services, CV/open heart, cancer, OBGYN, urology, and gastroenterology services. As for post-acute care service offerings, CRMC operates Cookeville Regional Home Health (established in 1978) and works closely with regional SNFs, such as NHC Healthcare and Signature HealthCARE, to coordinate discharges.

The Applicant anticipates continuing to refer appropriate patients to these existing services as well as to the new IRF provider when it is open. It is the expectation that the proposed IRF will complement the services of SNF and HHAs, so that referral patterns will continue in the future as they currently exist.

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Of note is that similar to many regional centers, CRMC faces "ED Boarding"—where admitted patients remain in the ED because of limited inpatient bed availability. With the completion of the proposed 40-bed IRF, CRMC will be able to move patients out of its inpatient med-surg units faster once they are medically stable but still require intensive therapy, ultimately benefitting med-surg patients and patients in the ED waiting on a hospital inpatient med-surg bed.

The Applicant intends to license the proposed freestanding IRF separately from CRMC and accepts the condition on the CON that CRMC will relinquish its 20 licensed IRF beds upon opening of the proposed Rehabilitation Hospital of Cookeville. It is noted that the 20 CRMC licensed beds cannot be contributed to the license of the proposed IRF because Rehabilitation Hospital of Cookeville will be licensed separately from CRMC.

The Applicant, which will be a joint venture between Encompass Health and CRMC, will be able to comply with Medicare's 60% rule by utilizing Encompass Health's proven programs and services to treat a wide array of diagnosis including, but not limited to, the following.

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

Encompass Health currently operates ten (10) licensed IRFs in Tennessee, all of which are Medicare-certified as being compliant with the 60% rule. Similarly, CRMC's IRF is compliant with the 60% rule. Thus, the experience of both joint venture partners in operating IRFs compliant with the 60% rule is evidence that the proposed new JV IRF will likewise be compliant with Medicare's 60% rule.

6. Item 2E., Rationale for Approval

Is there a waitlist for the existing IRF at CRMC? If so, please discuss the reasons for staffing only 16 of the 20 IRF beds.

What percentage of IRF patients at CRMC have been under the age of 65 historically?

There appears to be a typo on Page 8 "Clarksville".

RESPONSE: There is currently a small waitlist. Prior to Encompass overseeing operations of the CRMC IRF, only 16 of the 20 IRF beds were staffed as directed by the previous management company of the unit. As noted above, Encompass expects to staff all 20 beds in the near future.

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Regarding the percentage of IRF patients at CMRC who have been under the age of 65: Over the past two years, 14.6% of IRF patients at CRMC have been under the age of 65.

Regarding the typo, please see the amended CON application form for the correction on page 8, now referencing Cookeville.

7. Item 1N., Criteria and Standards

Attachment 1N, Criteria #1 Determination of Need:

Page 16 – Table 10: What is included in “All Other Discharges”?

RESPONSE: The following table provides the discharge destinations for the identified 3,961 rehab-appropriate patients who were discharged somewhere other than SNF, IRF, or Home with Home Health Skilled Care (Home Health Agency).

Table 1 “All Other” Rehab-Appropriate Discharges from Acute Care Hospitals by Discharge Destination, July 2023 - June 2024 <i>(Excludes Discharges to SNF, IRF, or HHA)</i>		
Discharge Disposition	Discharges	% of Total
To Home or Self Care	3,658	92.4%
To Short-Term Gen Hosp for IP Care	115	2.9%
Left Against Med Advice/Discontinued Care	83	2.1%
To ICF that provides Custodial or Supp Care	60	1.5%
To M/Care Cert LTCH	15	0.4%
To Court/law Enforcement	10	0.3%
To M/Care Approved Swing Bed Within this Inst	9	0.2%
To Another Inst not elsewhere defined	3	0.1%
To a Designated Cancer Ctr or Children's Hosp	2	0.1%
Still a patient	1	0.0%
To a Fed Health Care Facility	1	0.0%
To Court/law Enforcement w/planned readmit	1	0.0%
To Home or Self Care w/ planned readmit	1	0.0%
To M/Care Cert LTCH w/planned readmit	1	0.0%
To Nursing Fac Cert under M/Caid but not M/Care	1	0.0%
Total All Other	3,961	100.0%
Source: Tennessee Hospital Association (THA) de-identified patient level data, 2023 Q3 - 2024 Q2.		

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8. Item 1N., Criteria and Standards

Attachment 1N, Criteria #2. Service Area:

Page 17 – Table 12: It is noted that there are more White County residents being discharged from the CRMC unit than Cumberland County residents despite Cumberland County having a larger population. Many Cumberland County residents appear to be travelling to Encompass facilities in Knoxville rather than Cookeville, which is significantly closer. Are there specific identifiable reasons for the use of Knox County IRFs by Cumberland County residents? Are these patients receiving acute care in Knox County before being discharged to a Knox County based IRF?

RESPONSE: The Applicant is not aware of specific identifiable reasons for the use of Knox County IRFs by Cumberland County residents nor can the Applicant identify to which IRF the discharges from any general acute care hospital was made. However, based upon its experience and knowledge of patient referral patterns generally and in Tennessee specifically, Encompass Health believes that the majority of residents who received IRF care in Knoxville were most likely discharged from a Knoxville area general acute care hospital.

The fact that at least some Cumberland County patients are willing to be admitted to an Encompass IRF farther from home (in Knoxville) than seek care at CRMC or Livingston Regional's IRF units closer to home, supports the need for an Encompass-affiliated (joint venture) freestanding IRF in Cookeville. The proposed IRF will enable Cumberland County patients discharged from a general acute care hospital in Knoxville (or any other area outside the service area) to return closer to home for Encompass Health's proven high-quality IRF services.

9. Item 3N., Demographics

Please update Table 3NB with the following:

- Median Household Income (all rows).
- Persons Below Poverty Level (all rows).
- TennCare Enrollees (all rows) with more current data.
- TennCare as a % of Total (all rows).

Please complete the demographic table and resubmit (labeled as Attachment 3NBR).

RESPONSE: Please see Attachment 3NBR.

10. Item 4E., Project Costs Chart

The amount in B.1 in the amount of \$2,499,926 in the Project Costs Chart for “land only” is noted. In the case of a lease, the cost in the Project Costs Chart is the fair market value of the land or the total amount of the lease payments for the initial term of the lease, whichever is greater.

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RESPONSE: The land cost of \$2,499,926 reflected in 4.E. Project Cost Chart line item B.3. represents the net present value of the proposed land lease annual payments over the 50-year initial term. While this amount is considered a reasonable estimate of fair market value, the greater amount is the sum of annual lease payments for the 50-year initial term of the lease. This amount sums to \$8,288,781. Please refer to Appendix 1 for a copy of the proposed land lease including Exhibit D rent schedule.

A revised 4.E. Project Cost Chart reflecting this greater amount is attached to this document as Appendix 3. Project costs have also been updated in the CON application form to reflect the sum of annual lease payments for the 50-year initial term of the lease.

11. Item 5N., Historical Utilization

Please discuss the reduced utilization reported at the CRMC IRF unit in 2023 as there was a 21% increase from 2023 to 2024 in patient days.

RESPONSE: The reported reduction in utilization during 2023, followed by a significant 21% increase in patient days in 2024, was primarily driven by clinical management transitions and enhanced administrative oversight. During 2023, the IRF unit underwent multiple changes in contracted management services. During these transitions, CRMC leadership identified that the third-party providers were not meeting the hospital's expectations regarding admission efficiency and clinical throughput.

12. Item 6N., Applicant's Historical and Projected Utilization

The underutilization in Cumberland County is noted. Does the applicant have any data or insights into the reasons for this given the proximity of Cumberland County to the existing IRF?

If known, please discuss the extent to which patients being discharged with rehab-appropriate diagnoses are receiving care in SNF and home health settings within their counties of residence currently as opposed to the IRF setting.

The rehab-appropriate DRGs are noted. Please provide additional information clarifying the extent to which all cases included in the identified categories are most appropriately served in the IRF setting vs other alternative settings. What percentage of the cases identified can be appropriately handled in a lower level of care such as a SNF or home health setting?

Is the high rate of stroke and TBI reflected in the IRF admissions at CRMC?

RESPONSE: As noted in response to Question 8 above, Cumberland County residents discharged from a Knoxville area general acute care hospital are likely remaining in Knoxville in order to receive care from one of Encompass Health's freestanding IRFs rather than seek IRF care closer to home in CRMC's hospital-based unit. There are likely a variety of reasons for this, including for example, the high quality of care and patient satisfaction at Encompass Health facilities; the comprehensive array of services at Encompass Health's facilities including in-house dialysis; the inclusion of individual of size (bariatric) rooms at Encompass Health's facilities; the inclusion of all private rooms at Encompass facilities (compared to inclusion of

Responses to Supplemental Round 1

semi-private rooms at CRMC’s IRF); and Encompass Health’s disease-specific certifications at its facilities.

Regarding the extent to which patients being discharged with rehab-appropriate diagnosis are receiving care in SNF and home health settings within their counties of residence currently as opposed to the IRF setting, please see the following table. As shown below, absent a sufficient number of accessible IRF beds close to their homes, Cumberland County residents with rehab-appropriate discharges are utilizing SNF (and to a lesser extent home health services) at a higher rate when compared to other service area residents, indicated by the percentage of rehab-appropriate patients discharged to SNF and the high ratio of SNF to IRF discharges. The logical conclusion that can be drawn from the data is that patients are remaining within their counties of residence for less-intensive SNF or HHA care rather than seeking IRF services farther away.

Table 2
Service Area County's Rehab-Appropriate Discharges from Acute Care Hospitals by Discharge Destination, July 2023 - June 2024

Service Area County	To Skilled Nursing Facilities		To Home Health Agencies		To IRFs		Total Rehab-Appropriate Discharges	Ratio, SNF to IRF Discharges
	D/Cs	% of Total RAMSDRGs	D/Cs	% of Total RAMSDRGs	D/Cs	% of Total RAMSDRGs		
Cumberland	399	19.9%	352	17.5%	78	3.9%	2,008	5.12
Fentress	106	18.2%	122	20.9%	18	3.1%	584	5.89
Jackson	44	15.1%	46	15.8%	21	7.2%	292	2.10
Overton	80	14.2%	95	16.9%	49	8.7%	563	1.63
Putnam	346	15.5%	336	15.1%	174	7.8%	2,226	1.99
White	152	17.7%	97	11.3%	57	6.6%	860	2.67
Total	1,127	17.3%	1,048	16.0%	397	6.1%	6,533	2.84

Source: Tennessee Hospital Association de-identified patient level data, 2023 Q3 - 2024 Q2.

Notes: total shown is for all patients discharged excluding those who expired or were discharged to hospice and psych/MH facilities.

Not all discharge destinations shown.

“D/Cs” are discharges from acute care hospitals.

The relatively high utilization of SNF and home health services and relatively low utilization of IRF services for Cumberland County residents indicate that residents are remaining in-county rather than traveling to distant IRFs for care. This same scenario is true for Fentress County residents as well, illustrated by the high ratio of SNF to IRF discharges.

Regarding the rehab-appropriate DRGs listed in Attachment 1N Appendix 2, that listing is comprehensive in estimating potential patients for IRFs based on a listing of MSDRGs that identifies patients discharged from acute care hospitals who are likely appropriate candidates for IRF services. Nationally, approximately 14.5% of rehab-appropriate patients are discharged from acute care to an IRF. That percentage is based on patients who are discharged from acute-care hospitals within current Encompass Health markets with one or more of 13 specified medical conditions that CMS ties to IRF eligibility based on Medicare fee-for-service data, which is the only publicly available data on the subject.

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CRMC's IRF patient population is comprised of a significant percentage of stroke patients, *i.e.*, approximately 23% of its 2024 patients, according to the most recent (December 4, 2025) CMS Compare data available as of March 9, 2026. Though CRMC treats a relatively high percentage of stroke patients, based on patient migration patterns, the inclusion of semi-private rooms at CRMC, and lower than expected IRF utilization rates for service area residents, it is reasonable to assume that there are more stroke patients in need of IRF services than currently served at CRMC.

In terms of TBI patients served at CRMC, because the number of TBI patients served is relatively small in number (14 discharges) and percentage (3.1%) of IRF discharges, similar to stroke patients, it is reasonable to assume that there are more TBI patients in need of IRF services than currently served at CRMC.

13. Item 2C., Commercial Plans

Are there any differences in the plans projected to be in network for the new facility vs. the CRMC IRF Unit?

RESPONSE: The Rehab Hospital anticipates the same, if not expanded, commercial plan coverage due to Encompass Health's vast national, regional, and statewide footprint. The Applicant will pursue in-network contracts with whatever commercial payors are in the service area.

14. Item 3C., Effects of Competition / Duplication

Please explain the basis for the difference in payor mix between this project and CRMC.

Is dialysis available at the existing CRMC IRF unit?

RESPONSE: The Rehabilitation Hospital of Cookeville's projected payor mix reflects CRMC's IRF payor mix, market discharge demographics, and Encompass Health's experience in Tennessee. As demonstrated by Encompass Health's experience in Tennessee and across the nation, Medicare is projected to be the primary payor source since the adult population ages 65+ primarily utilizes IRF services.

As a hospital-based unit, CRMC has primarily admitted rehab-appropriate patients from its own acute care hospital, whereas the proposed Rehabilitation Hospital of Cookeville will admit rehab-appropriate patients from all hospitals and health systems. Thus, the proposed new freestanding IRF's payor mix was determined considering CRMC rehab center's historical payor mix and service area rehab-appropriate cases, as shown in the table below.

Regarding dialysis services at CRMC's IRF, the existing CRMC IRF unit does not have that service available.

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Table 3 Payor Mix Case Comparison Proposed vs. Actual CRMC and Service Area Discharges for July 2023 – June 2024			
Payor	<i>Proposed</i> Rehab Hospital of Cookeville	CRMC IRF Unit	Service Area Rehab- Appropriate Discharges
Medicare FFS & Advantage	71.0%	80.7%	72.1%
Medicaid	4.0%	0.2%	3.8%
Managed Care/Commercial	16.0%	11.9%	16.2%
Self-Pay	4.0%	0.2%	3.4%
Other	5.0%	7.0%	4.5%
Total	100.0%	100.0%	100.0%
Source: Tennessee Hospital Association de-identified patient level data, 2023 Q3 - 2024 Q2 (CRMC and Service Area Rehab-Appropriate Discharges).			

15. Item 4C., Human Resources

How will the responsibility for staffing the proposed facility be assigned? Will Encompass be primarily responsible under the JV? How are other operational responsibilities being assigned in the JV between the two parties?

Does the applicant have clinical training affiliations with institutions in the service area?

Does the applicant anticipate significant overlap between the staffing of the existing facility and the new facility?

RESPONSE: Because each party owns 50%, neither has controlling interest. Both parties have representatives on the governing body, which is responsible for operating the Applicant. The governing body consists of representatives of Encompass Health, Cookeville Regional Medical Center, the Rehabilitation Hospital of Cookeville Chief Executive Officer, Medical Director, and Chief Nursing Officer. The governing body may also have a representative from the medical staff.

As part of the governing body, representatives of Encompass Health will bring its expertise and experience in staffing and operating the proposed facility. Regarding any overlap between the staffing of the existing facility and the new facility, Encompass intends to continue with all current CRMC IRF staffing by transferring employment to the new IRF, Rehabilitation Hospital of Cookeville, upon opening.

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Regarding clinical training affiliations, Encompass Health has therapy and nursing clinical training affiliations with Roane State Community College, which has campuses in the service area in Cumberland County (Crossville) and Fentress County (Clarkrange). As shown in Appendix 4, therapy students from Roane State Community College can receive hands-on training and education at Encompass Health Rehabilitation Hospital of Chattanooga while therapy and nursing students from the Community College can receive hands-on training and education at Patricia Neal Rehabilitation Hospital.

Notably, as shown in Appendix 4, Encompass Health's clinical training affiliations are not limited to schools within the service area. Rather, Encompass enters into clinical affiliation agreements with educational institutions throughout the U.S. to promote hospital-educational institution partnerships for internships such as clinical rotations for students enrolled in nursing, therapy programs, pharmacy, or other clinical care programs. These partnerships are created in large part to help the educational institutions provide the clinical/hospital experience students require to complete a training component of their educational degree while also providing Encompass with a pipeline of workers for its health care facilities.

Thus, students from universities are able to train onsite at an Encompass facility anywhere, not just within the state where the university is located. The numerous affiliations that Encompass has with universities and colleges throughout the U.S. allow students from those same higher learning institutions to work at Encompass to gain clinical/hospital experience.

CRMC has clinical training affiliations in place with Tennessee Tech University, which is located in the service area in Cookeville. Similar to the approaches used by Encompass, CRMC utilizes its clinical affiliation with Tennessee Tech University to recruit and retain qualified staff at its hospital.

The proposed new Rehab Hospital will provide an additional clinical/hospital location for students from Tennessee-based universities and colleges to gain hands-on experience within the same state as their university.

16. Item 5C., Licensing, Certification, Accreditation.

Please provide additional details on the clinical leadership proposed to serve in the IRF unit?
Is any crossover with clinical leadership operating at CRMC expected?

RESPONSE: There is no planned shared leadership or staff with CRMC. The clinical leadership proposed to serve in the new Rehabilitation Hospital of Cookeville will be dedicated staff members including a Chief Executive Officer, Chief Nursing Officer, Controller, Director of Therapy Operations, Business Development Director, Director of Case Management, Director of Pharmacy, Human Resources Director, Director of Facility Management, Director of Quality and Risk Management, and a contracted medical director.

APPENDIX 1

SITE CONTROL (LAND LEASE OPTION)

GROUND LEASE AGREEMENT

BETWEEN

The City of Cookeville, Tennessee

AS LANDLORD

AND

Rehabilitation Hospital of Cookeville, LLC

AS TENANT

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GROUND LEASE AGREEMENT

This Ground Lease Agreement (this "Lease") is made and entered into as of the 24th day of February, 2026 (the "Lease Date"), by and between **The City of Cookeville, Tennessee**, a Tennessee municipality (the "Landlord" or "City of Cookeville"), and **Rehabilitation Hospital of Cookeville, LLC**, a Delaware limited liability company (the "Tenant").

WHEREAS, the City of Cookeville is the owner in fee simple of certain real property located in Putnam County, Tennessee, which is designated for the operation of healthcare, and is utilized by the Cookeville Regional Medical Center for as much;

WHEREAS, the Cookeville Regional Medical Center Authority ("CRMCA") is an entity established and operating a hospital commonly known as "Cookeville Regional Medical Center" as a Private Act Authority with the authority to enter into agreements for the provision of essential healthcare services;

WHEREAS, the City of Cookeville and CRMCA have determined that the establishment of a new inpatient rehabilitation hospital is in the best interest of the community and as such; and

WHEREAS, Tenant is a limited liability company with CRMCA owning a fifty-percent (50%) membership interest, and a subsidiary of Encompass Health Corporation owning a fifty-percent (50%) membership interest; and

WHEREAS, Tenant desires to lease the real property from the City of Cookeville for the purposes of constructing, operating, and maintaining a new inpatient rehabilitation hospital thereon.

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements contained herein, the parties agree as follows:

1. DESCRIPTION OF PREMISES. Upon and subject to the terms and conditions contained in this Lease, Landlord leases to Tenant, and Tenant leases from Landlord, a certain parcel of land containing approximately 3.11 acres and located at 215 W. 6th Street, in Cookeville, Putnam County, Tennessee 38501, and any improvements now existing and hereafter constructed thereon, together with all related easements, rights, privileges, appurtenances, and the rights of ingress and egress (the "Premises"), as more particularly described on Exhibit A attached hereto. The Premises are located on a medical campus known as "Cookeville Regional Medical Center Campus" (the "Campus"), as more particularly depicted on Exhibit A.

2. TERM; RENT COMMENCEMENT DATE.
(a) Except as otherwise provided herein, the initial term of this Lease (the "Initial Term") shall commence on the Rent Commencement Date (as hereafter defined) and shall be for a period of fifty (50) Lease Years thereafter. A "Lease Year" shall be the twelve (12) month period commencing on the Rent Commencement Date (or if the Rent Commencement Date is not the first day of the month, commencing on the first day of the month immediately following the Rent Commencement Date) and each anniversary of such date thereafter. The "Rent Commencement Date" shall be the date on which Tenant receives a certificate of occupancy which

grants Tenant the right to occupy the Tenant's improvements at the Premises (together with any other improvements constructed on the Premises by Tenant from time to time, the "Tenant Improvements"). Promptly following the Rent Commencement Date, Landlord and Tenant agree to execute a supplemental agreement in the form of Exhibit B attached hereto, which agreement shall set forth the Rent Commencement Date.

3. RENEWAL OPTIONS.

(a) Option Periods. As long as an Event of Default (as defined in Section 17) has not occurred and is continuing as of the expiration of the Initial Term or any applicable Option Period (as hereafter defined), Tenant shall have, and is hereby granted, four (4) successive options to extend the term of this Lease. Each such option shall be for an additional period (an "Option Period", and together with the Initial Term, the "Term") of twelve (12) Lease Years, with each such Option Period to begin, respectively, upon the expiration of the Initial Term of this Lease or the immediately preceding Option Period, as the case may be. The lease of the Premises during each Option Period shall be on the same terms and conditions as herein set forth.

(b) Exercise of Option Periods. If Tenant shall elect to exercise an option for an Option Period, Tenant shall do so by giving written notice to Landlord not less than three (3) months prior to the expiration of the Term (as such term may have previously been extended). If Tenant fails to give timely written notice of its election to exercise an option for an Option Period, the Option Period and any successive Option Period(s), if applicable, shall be deemed waived.

4. EXECUTION; MEMORANDUM OF LEASE. After the Lease Date, Landlord and Tenant shall execute and record a memorandum of lease in substantially the form attached hereto and incorporated herein by reference as Exhibit C. Tenant shall bear the expense of all recording tax and fees associated with the recordation of such memorandum of lease, and after recording, a copy of the recorded document shall be delivered to both parties. Tenant shall bear the cost of the title premium. After the Lease Date, to the extent reasonably requested by Tenant or Tenant's title company, Landlord shall execute and deliver (i) an owner's affidavit and any other documents necessary for the purpose of removing the "standard" exceptions from Tenant's leasehold owner's title insurance policy for the Premises, (ii) a closing statement (which will also be executed by Tenant), (iii) fully executed versions of any documents reasonably required by Tenant or Tenant's title company to evidence Landlord's existence and authority to convey the leasehold interest to Tenant hereunder and (iv) any other documents expressly contemplated in this Lease. Landlord and Tenant agree to share equally any closing or escrow fee charged by the Tenant's title company in connection with issuing Tenant's leasehold owner's title insurance policy in connection with this Lease.

5. REPRESENTATIONS AND WARRANTIES.

(a) By Landlord. To induce Tenant to enter into this Lease, Landlord makes the following representations and warranties, all of which are true as of the date hereof (unless otherwise specified):

(i) Landlord has full power and authority to enter into this Lease and to perform all of its obligations hereunder. The execution and delivery of this Lease and the performance by Landlord of its obligations hereunder have been duly authorized by all requisite action and no further action or approval is required in order to constitute this Lease as a binding and enforceable obligation of Landlord.

(ii) No act or omission has occurred with respect to the Premises and no materials or services have been furnished or delivered on or to the Premises which would create or otherwise encumber the Premises with any mechanics, materialman, laborer, or other similar type lien after the Lease Date.

(iii) The Premises is currently zoned in such a way that the operation of an inpatient rehabilitation hospital on the Premises will not conflict in any way with any applicable use restrictions.

(iv) The Premises has full and free access to and from a dedicated public roadway, and there is no pending or, to the best of Landlord's knowledge, any threatened proceeding by any governmental authority or any other fact or condition which might limit or result in the termination of such access. Landlord owns and hereby conveys a leasehold interest to Tenant in connection with this Lease, good, indefeasible, fee simple title to the Property, free and clear of all conditions, exceptions or reservations, except the restrictions, easements, and other matters of record reflected in Tenant's leasehold owner's title insurance policy.

(v) There are no outstanding written or oral leases or agreements relating to the use or possession of the Premises, and to the best of Landlord's knowledge, there are no parties claiming any rights to possess any portion of the Premises.

(vi) There are no special assessments of any kind presently pending against the Premises and Landlord has not received any notice of any special assessments being contemplated.

(vii) No default or breach exists under any of the covenants, conditions, restrictions, rights-of-way, or easements, if any, affecting all or any portion of the Premises.

(viii) Landlord has not received any notice of a violation of any law, ordinance, statute, code, rule, regulation, order or decree of any governmental authorities having jurisdiction over the Premises.

(ix) There are no agreements to which Landlord is a party or notices that Landlord has received which in any way affect any portion of the Premises or affect Landlord's ability to convey the Premises.

(x) No attachments, execution proceedings, assignments for the benefit of creditors, insolvency, bankruptcy, reorganization or other proceedings are pending or threatened against Landlord, nor are any of such proceedings contemplated by Landlord.

(xi) As of the Lease Date, Landlord has received no written notice and has no actual knowledge that there is any plan, study or effort of any governmental authority that would materially affect the Premises, including, without limitation, any threatened condemnation or taking, or any intended public improvements that would result in any charge being levied against, or any lien assessed upon, the Premises, including, without limitation, any resolution or ordinance intending to condemn any portion of the Premises.

(xii) As of the Lease Date, no commissions, brokerage fees or similar payments with respect to the Premises shall be due and owing for which Landlord is bound and liable and there are no existing brokerage commission or similar agreements entered into by Landlord to which Landlord is bound or liable relating to the sale or leasing of all or any portion of the Premises.

(xiii) No other person or other entity has any right or option to acquire or lease any or all of the Premises or any right of first refusal with regard to the Premises.

(xiv) Landlord is not listed, nor is it owned or controlled by, or acting for or on behalf of any person or entity, on the list of Specially Designated Nationals and Blocked Persons maintained by the Office of Foreign Assets Control of the United States Department of the Treasury, or any other list of persons or entities with whom Tenant is restricted from doing business under the rules and regulations of the Office of Foreign Asset Control (“OFAC List”). Landlord shall provide documentary and other evidence of Landlord’s identity and ownership as may be reasonably requested by Tenant at any time to enable Tenant to verify Landlord’s identity or to comply with any legal requirement or applicable laws.

With respect to the representations and warranties contained in this Section 5(a), Landlord agrees to indemnify, defend, reimburse and hold harmless Tenant, its affiliates, successors and assigns from any and all liabilities, costs, damages and expenses (including without limitation, attorneys' fees) arising from or related to the breach of any representation or warranty as to conditions existing on or prior to the Lease Date.

(b) By Tenant. Tenant hereby represents and warrants to Landlord as follows:

(i) Tenant has full power and authority to enter into this Lease and to perform all of its obligations hereunder. The execution and delivery of this Lease and the performance by Tenant of its obligations hereunder have been duly authorized by all requisite action and no further action or approval is required in order to constitute this Lease as a binding and enforceable obligation of Tenant.

(ii) Tenant is not subject to any pending or, to Tenant's knowledge, threatened, claim, litigation or other proceeding that could render Tenant unable to perform its obligations under this Lease.

6. RENT.

(a) Base Rent. Tenant, from and after the Rent Commencement Date during the Term, shall pay to Landlord on the first day of every month, at the address set forth in Section

25, or to such other address designated by Landlord to Tenant in writing from time to time (as hereafter provided), and without demand therefor, an amount equal to one-twelfth (1/12th) of the amounts set forth on Exhibit D attached hereto ("Base Rent"), unless abated or diminished as may be provided herein. In the case of any change by Landlord of the address or wiring instructions to which payments are to be made, Landlord shall designate in writing to Tenant such alternate address or wiring instructions at least fifteen (15) days prior to the date on which payment is due. Base Rent shall be paid in equal monthly installments on the Rent Commencement Date and then on the first day of each month thereafter, in advance, commencing upon the Rent Commencement Date; provided, however, the Base Rent for any partial Lease Year or month shall be prorated on a per diem basis. Notwithstanding the City of Cookeville's status as fee owner of the Premises, the City of Cookeville shall remit all Rent received under this Lease to CRMCA. The parties acknowledge this direction is made pursuant to CRMCA's authority as a private act entity, thus ensuring the revenue derived from the Lease is dedicated toward CRMCA's mission to provide healthcare services to the community.

(b) Additional Rent. All amounts which Tenant is required to pay to Landlord or any other party pursuant to this Lease (other than Base Rent), together with any penalty, interest and costs which may be added for nonpayment or late payment thereof as may be expressly provided for herein, shall constitute additional rent ("Additional Rent" and together with Base Rent, "Rent"). If Tenant fails to pay any Additional Rent due under this Lease and such failure continues beyond any cure period applicable thereto, then Landlord shall have the right to pay the same and shall have all of the rights, powers and remedies with respect thereto as are provided herein. It is the intention of Landlord and Tenant that this Lease be a so-called "triple net" Lease and that Tenant be responsible for all Taxes (as hereafter provided), all quasi taxes or fees from any governmental authority and any utilities, maintenance and repair expenses related to the use and enjoyment of the Premises and the Tenant Improvements during the Term; and all Base Rent shall be paid absolutely "net" to Landlord except as to the express obligations of Landlord contained herein. Accordingly, all claims related to Taxes, insurance or other items or responsibilities at the Premises and the Tenant Improvements which are not Landlord's responsibility under this Lease or elsewhere are the sole responsibility of Tenant, and Tenant shall, and does hereby, release Landlord from and against all such claims not specifically assumed by Landlord.

7. TAXES; IMPOSITIONS.

(a) Landlord shall pay all real estate taxes, if any are due, including penalties and interest, for tax years and periods preceding the Rent Commencement Date. Landlord shall also pay all special assessments that are a lien on the Premises on the Rent Commencement Date, whether or not such assessments are past due, then due or are thereafter to become due and any assessments or charges which are for improvements then installed, or which are then known but which will be payable in whole or in part after the Rent Commencement Date.

(b) Except as otherwise provided in Sections 7(a) and 7(d), from and after the Rent Commencement Date, Tenant agrees to pay to the appropriate governmental agencies all real property taxes, assessments, impositions, or all other claims or charges including special assessments (collectively, the "Taxes") that may constitute or may be reduced to a lien upon the

Premises and the Tenant Improvements, including but not limited to, water charges and sewer charges, before the same shall become delinquent. All such payments for the first and last year of the Term shall be prorated between Landlord and Tenant so that Tenant shall be responsible for that portion of the Taxes that is attributable to the Term. Tenant's tax obligation hereunder shall commence on the Rent Commencement Date. In the event there is included in the Taxes any special assessment or assessment which may be paid in installments, unless otherwise directed by written notice from Tenant, Landlord shall advise the appropriate governmental agency of its intention to elect payments in installments thereof, and Tenant shall pay such installments as shall be due and payable during the Term, regardless of when such installment was assessed. Tenant shall be permitted to contact the taxing authority having jurisdiction over the Premises and request that all tax bills related to the Premises and the Tenant Improvements be delivered to Tenant from and after the Rent Commencement Date for direct payment by Tenant. In the event the taxing authority is unwilling to deliver said tax bills to Tenant, Landlord shall forward to Tenant promptly upon receipt all tax bills related to the Premises, and Tenant shall not be deemed in default hereunder unless it has failed to pay any Taxes on the Premises by the later to occur of (i) thirty (30) days after receipt of the applicable tax bill from Landlord and (ii) the date on which the Taxes become delinquent.

(c) In the event the Premises are a portion of a larger tract, Landlord agrees to use its best efforts to have the Premises designated as a separate parcel for taxing purposes so that the assessed valuation of the land and buildings shall relate only to the land constituting the Premises and the Tenant Improvements.

(d) In the event the Premises is a portion of a larger tract and Landlord is unable to have the Premises designated as a separate parcel for taxing purposes, so that taxes are assessed upon the larger tract of which the Premises is a portion, Tenant agrees to pay that portion of the Taxes that is reasonably attributable to the Premises and the Tenant Improvements, determined as follows:

(i) In the event the Taxes are identified or apportioned by the taxing authorities or are identifiable or apportionable based on valuation or other information furnished by the taxing authority so that (A) the portion of the Taxes attributable to the value of the Premises can be distinguished from the portion of the Taxes attributable to the value of the land constituting the larger tract (the "Land Taxes") and (B) the portion of the Taxes attributable to the value of the Tenant Improvements can be distinguished from the portion of the Taxes attributable to the value of the improvements on the larger tract (the "Building Taxes"), then Tenant will pay (x) the portion of the Land Taxes attributable to the value of the Premises and (y) the portion of the Building Taxes attributable to the value of the Tenant Improvements.

(ii) In the event the Taxes are identified or apportioned by the taxing authorities or are identifiable or apportionable based on valuation or other information furnished by the taxing authority so that (A) the portion of the Land Taxes attributable to the value of the Premises cannot be distinguished from the portion of the Land Taxes attributable to the value of the larger tract and (B) the portion of the Building Taxes attributable to the value of the Tenant Improvements can be distinguished from the portion of the Building Taxes attributable to the value of the other improvements on the larger tract, then Tenant will pay (x) a percentage of the Land

Taxes determined by dividing the area of the Premises by the total area of the larger tract Premises and (y) the portion of the Building Taxes attributable to the value of the Tenant Improvements.

(iii) In the event the Taxes are identified or apportioned by the taxing authorities or are identifiable or apportionable based on valuation or other information furnished by the taxing authority so that (A) the portion of the Land Taxes attributable to the value of the Premises can be distinguished from the portion of the Land Taxes attributable to the value of the larger tract and (B) the portion of the Building Taxes attributable to the value of the Tenant Improvements cannot be distinguished from the portion of the Building Taxes attributable to the value of the other improvements on the larger tract, then Tenant will pay (x) the portion of the Land Taxes attributable to the value of the Premises and (y) a percentage of the Building Taxes determined by dividing the gross floor area of the Tenant Improvements by the gross floor area of all buildings located on the larger tract.

(iv) In the event the Taxes are not identified or apportioned by the taxing authority and are not identifiable or apportionable based on valuation or other information furnished by the taxing authority so that the Land Taxes cannot be distinguished from the Building Taxes, then as to all Taxes, Tenant will pay a percentage of the Taxes determined by dividing the area of the Premises by the total area of the larger tract or by some other method reasonably agreed upon by Landlord and Tenant.

(e) CRMCA will notify Tenant in writing of any Taxes that Tenant is required to pay in accordance with the provisions of Section 7(d). Such notification shall be furnished to Tenant promptly following Landlord's receipt of the tax bill, but in no event less than thirty (30) days before the date on which penalties begin to accrue for nonpayment of such Taxes. Such notification shall be accompanied by a copy of the tax bill. Any Taxes that Tenant is required to pay in accordance with the provisions of Section 7(d) shall be paid by it to Landlord no later than the date on which such Taxes are due unless the notification by CRMCA is received by Tenant less than thirty (30) days before the date on which such taxes are due, in which event Tenant shall pay such taxes within thirty (30) days after the date of such notification, and CRMCA shall be responsible for the payment of any penalties, interest or other charges imposed upon delinquent payment of Taxes. The written notification by CRMCA to Tenant of such Taxes shall set forth (i) the total Taxes on the larger tract accompanied by a copy of the tax bill; (ii) whether the total Taxes on the larger tract are identifiable or apportionable between land and buildings and if so, the amount of Taxes attributable to the land and the amount of Taxes attributable to buildings; and (iii) Tenant's portion of the total Taxes together with a statement showing how Tenant's portion was calculated in accordance with this Section.

(f) If Tenant fails to pay any Taxes that it is required to pay within the time period provided above, Landlord may, at its option, pay said Taxes, together with any and all penalties, and said amount shall become immediately due and payable as Additional Rent.

(g) Tenant shall have the right in its own name, at Tenant's own cost and expense, to contest by appropriate proceedings the amount or legality of any Taxes that it is obligated to pay hereunder and make application for the reduction thereof, or any assessment upon which the same may be based, and Landlord agrees, at the reasonable request of Tenant, to execute

or join in the execution of any instruments or documents necessary in connection with such contest or application. If Tenant shall contest such tax assessment, or other imposition, provided the payment of such Taxes may legally be held in abeyance, the time within which Tenant shall be required to pay the same shall be extended until such contest or application shall have been finally determined, except that Tenant shall be responsible for any penalty imposed by the taxing authority resulting from the late payment of Taxes due to said contest.

(h) In no event shall Tenant be liable for payment of any income, estate, inheritance, franchise, excise or capital gains taxes imposed upon Landlord or the estate of Landlord. Tenant shall not pay any income, franchise, excise, sales or excess profits tax levied upon, required to be collected by, or assessed against Landlord.

8. UTILITIES.

(a) Landlord and Tenant agree to cooperate reasonably and in good faith relative to the granting of easements over, upon and under the Premises and any adjacent property owned by Landlord for utilities, access, and similar purposes to service the development of the Premises and the Tenant Improvements. Landlord agrees, from time to time upon request by Tenant, without any compensation being paid therefor, to, within five (5) business days after a request from Tenant, join in the granting of such easements, which easements shall be on terms and conditions reasonably acceptable to Landlord and Tenant, and to take any other action reasonably necessary to effectuate the same.

(b) Tenant shall be responsible for all costs and expenses associated with the utilities work, and shall pay for all utilities used or consumed at the Premises thereafter. Further, Tenant shall pay any and all traffic impact fees or such other charges and fees which are based wholly, or in part, upon Tenant's lease and use of the Premises and associated traffic.

9. USE OF PREMISES.

(a) The Premises may be used as an inpatient rehabilitation hospital, and uses incidental thereto, or for any other legal purpose (collectively, the "Permitted Uses"). Landlord represents and warrants that the Intended Use is not in conflict with Landlord's agreements with third parties or any other restrictions applicable to the Premises as of the Lease Date. Tenant covenants and agrees that no part of the Premises shall be used to operate, or permit the operation by any third party, any facility, program, or service whose function involves substance abuse treatment, opioid or drug dependency rehabilitation, or any other form of behavioral health services related to chemical dependency.

(b) Tenant agrees to comply in all material respects with all applicable requirements of laws, ordinances, orders and regulations of the federal, state, county and municipal authorities now in force, or which hereafter may be in force in connection with Tenant's use and occupation of the Premises and in the prosecution or conduct of its business therein, and Tenant agrees to comply in all material respects with any direction or certificate of occupancy issued pursuant to any law by any public officer or officers, to the extent the same relate solely to the Tenant Improvements or operational matters. Tenant shall not be responsible for defective or

nonconforming conditions of the Premises that existed prior to the date Tenant took possession thereof, all of which shall be Landlord's responsibility.

10. SIGNS.

(a) Tenant shall be permitted to place interior and exterior signs at the Premises and the Tenant Improvements consistent with Tenant's business practices and in compliance with all applicable laws, ordinances, regulations and other applicable signage guidelines. Tenant shall also be permitted to erect directional signage on the Campus for the benefit of the Premises in compliance with all applicable laws, ordinances, regulations and other applicable signage guidelines. Landlord hereby grants Tenant the right, upon the termination, cancellation, or expiration of this Lease, to enter upon the Premises and remove any and all such signs, it being understood that Tenant shall repair any damage thereby caused to the Premises or the Tenant Improvements at its sole cost and expense.

(b) Tenant shall have the option to erect a pylon or monument sign on the Campus at a location to be reasonably agreed upon by Tenant and Landlord if compliant with all generally applicable laws, ordinances, regulations and other applicable signage guidelines. In addition, in the event Landlord allows any tenant or occupant to place a panel on a pylon or monument sign erected at Landlord's expense, or in the event any tenant or occupant is allowed to erect a pylon or monument sign at the Campus, then in either event, Tenant shall be granted a similar privilege at its option to place a panel on Landlord's pylon or monument sign or erect a pylon or monument sign at a location at the Campus to be reasonably agreed upon by Tenant and Landlord if compliant with all generally applicable laws, ordinances, regulations and other applicable signage guidelines.

11. REPAIRS AND MAINTENANCE. Tenant will keep the Premises and the Tenant Improvements in good condition and repair, subject to ordinary wear and tear and Landlord's obligations under this Lease.

12. IMPROVEMENTS OR ADDITIONS BY TENANT. During the Term, provided Tenant obtains Landlord's prior written consent, which shall not be unreasonably withheld, conditioned, or delayed, Tenant may make alterations, additions and improvements to the Premises and to the Tenant Improvements. Notwithstanding the foregoing, Tenant may make cosmetic changes or other non-structural alterations or improvements (for example, paint, changes to or replacement of flooring, ceiling tiles, or cabinetry) to the Premises and to the Tenant Improvements without Landlord's prior written consent.

13. INDEMNIFICATION. Tenant shall indemnify Landlord from all liability, loss or other damage claims resulting from any injuries or losses to persons or property occurring in or on the Premises or the Tenant Improvements, including reasonable attorney's fees and court costs incurred by Landlord in defending any such claims, except when caused by the negligence or

willful misconduct of Landlord or its agents, servants, employees, contractors, subcontractors or invitees.

14. INSURANCE.

(a) Tenant shall carry at its own expense throughout the Term "Special Form" property insurance for damage to the Premises and the Tenant Improvements (but not Tenant's trade fixtures or other personalty) in an amount equal to at least eighty percent (80%) of the full replacement cost thereof (exclusive of the cost of excavations, foundations and footings), with such coverage subject to policy terms, conditions and exclusions. Tenant shall be named as the loss payee and the named insured on such policy. Landlord acknowledges that, except as may be specifically provided otherwise in this Lease, Landlord shall have no right to any of the proceeds of said insurance and that Landlord has no insurance coverage under any policies obtained by Tenant.

(b) Tenant agrees to carry at its own expense throughout the Term commercial general liability insurance covering the Premises, the Tenant Improvements and Tenant's use thereof, in the amount of at least Two Million and No/100 Dollars (\$2,000,000.00) per occurrence and Five Million and No/100 Dollars (\$5,000,000.00) in the aggregate on an annual basis on account of bodily injuries or death and property damage, with such coverage subject to policy terms, conditions and exclusions. Said policy or policies shall name Landlord as an additional insured, as its interests may appear under this Lease only. Beginning on the fifth (5th) anniversary of the Rent Commencement Date and every five (5) years thereafter, Landlord shall have the right to provide written notice to Tenant requesting formal review of the then-current commercial general liability insurance requirements. Subsequent to Tenant's receipt of such notice, Landlord and Tenant shall meet in good faith to negotiate whether an increase in the existing commercial general liability insurance coverage limits is warranted. In determining the necessity and extent of such an increase, Landlord and Tenant shall consider the then-current state of the economy, the Consumer Price Index (CPI), prevailing industry standards for inpatient rehabilitation hospitals of similar size and scope, the historical claims experienced by the inpatient rehabilitation hospital located on the Premises, and the availability and commercial affordability of such increased coverage in the then-existing insurance market. Any agreed upon adjustments shall be memorialized in a written amendment to this Lease.

(c) Tenant shall deliver to Landlord certificates evidencing said policy or policies of insurance prior to the date of any use or occupancy of the Premises by Tenant and thereafter upon written request from Landlord. Tenant may, at its option, bring its obligations to insure under this Section within the coverage of any so-called blanket policy or policies of insurance that it may now or hereafter carry, by appropriate amendment, rider, endorsement or otherwise.

(d) Anything in this Lease to the contrary notwithstanding, Landlord and Tenant each hereby waives any and all rights of recovery, claim, action or cause of action against the other for any loss or damage that may occur to the Premises or any improvements thereto, or any personal property of Landlord or Tenant, arising from any cause that (a) would be insured against under the terms of any property insurance required to be carried hereunder; or (b) is insured

against under the terms of any property insurance actually carried, regardless of whether the same is required hereunder. The foregoing waiver shall apply regardless of the cause or origin of such claim, including but not limited to the negligence of a party, or such party's agents, officers, employees or contractors. The foregoing waiver shall not apply if it would have the effect, but only to the extent of such effect, of invalidating any insurance coverage of Landlord or Tenant. The foregoing waiver shall also apply to any deductible, as if the same were a part of the insurance recovery. In no event will this provision be deemed a waiver of Landlord's insurer's right of subrogation against Tenant or any other entity, and Tenant acknowledges that Landlord's insurance policy specifically prohibits waiver of subrogation, and no such waiver is made. Anything to the contrary notwithstanding, the City of Cookeville as Landlord claims all rights and privileges afforded it under the Tennessee Governmental Tort Liability Act, T.C. A. § 20-20-101 et. seq. (the "TN Tort Liability Act"), including but not limited to a non-jury trial in the Circuit Court of Putnam County, Tennessee; the limitations afforded by the TN Tort Liability Act on the amount of any payment or judgment and the one (1) year statute of limitations – and all other privileges and immunities afforded in the TN Tort Liability Act, and the parties acknowledge and agree that CRMCA is afforded the same rights and privileges under the statute as its status of a Private Act Authority.

15. DAMAGE OR DESTRUCTION OF PREMISES.

(a) If there is damage to or destruction of the Tenant Improvements, Tenant agrees to do one of the following: (i) restore or replace the Tenant Improvements; or (ii) demolish and remove the damaged or unusable improvements and fill, grade, pave or landscape the Premises.

(b) In any event Tenant shall be entitled to receive the entire insurance proceeds payable as a result of any damage to the buildings or improvements on the Premises occurring during the Term.

16. CONDEMNATION.

(a) (i) If the whole of the Premises shall be taken for any public or quasi-public use under any statute or by right of eminent domain or by private purchase in lieu thereof, then this Lease shall automatically terminate as of the date that possession has been taken. In the event of a partial taking (or purchase) of the Premises pursuant to which any portion of the Premises is taken (or so purchased) which renders the remainder unsuitable for Tenant's use as determined in Tenant's sole discretion, then Tenant shall have the right, but not the obligation, to terminate this Lease by giving written notice of such termination to Landlord on or prior to the date ninety (90) days after the date of such taking (or purchase). If this Lease shall be so terminated, the Rent, if and when necessary, shall be adjusted to the day of the taking (or purchase) and neither party shall have any further rights, duties obligations or liabilities hereunder.

(ii) In the event of a taking (or purchase) resulting in the termination of this Lease pursuant to the provisions of subsection (a)(i) above, the parties hereto agree to apply for and prosecute separate claims for awards for such taking to the extent reasonably possible. In the event it is not reasonably possible to prosecute separate claims, the parties hereto agree to

cooperate with one another in applying for and prosecuting a joint claim for awards and further agree, that the award shall be distributed to Landlord and Tenant proportionately based on the relative value of their respective interests in the Premises and Tenant's interest in the Tenant Improvements.

(b) (i) In the event of a partial taking (or purchase) which does not render the Premises unsuitable for Tenant's use, Tenant, at its own cost and expense, shall make all repairs to the Premises affected by such taking (or purchase) to the extent necessary to restore the same to substantially the same condition (to the extent permitted, however, taking into consideration the amount of land remaining after any such taking or purchase); provided, however, that Tenant shall not be obligated to expend an amount in excess of the proceeds of the net award available to Tenant for such purposes.

(ii) From and after the date of such taking (or purchase), the Base Rent shall be reduced by a fraction, the numerator of which shall be the amount of the total square footage of land of the Premises so taken (or purchased) and the denominator of which shall be the total square footage of land comprising the Premises prior to such taking (or purchase).

(c) If the whole or any part of the Premises, or of Tenant's leasehold estate under this Lease, shall be taken in condemnation proceedings or by any right of eminent domain for temporary use or occupancy, the foregoing provisions of this Section shall not apply and Tenant shall continue to pay the full amounts of the Rent payable by Tenant hereunder in the manner and at the times specified in this Lease, and, except only to the extent that Tenant may be prevented from so doing pursuant to the terms of the order of the condemning authority, Tenant shall perform and observe all of the other terms, covenants, conditions and obligations hereof upon the part of Tenant to be performed and observed, as though such taking had not occurred. Tenant shall be entitled to receive the entire amount of the condemnation proceeds made for such taking, whether paid by way of damages, rent or otherwise, unless such period of temporary use or occupancy shall extend beyond the termination of this Lease, in which case the condemnation proceeds shall be apportioned between Landlord and Tenant as of the date of termination of this Lease. Tenant covenants that, upon the expiration of any such period of temporary use or occupancy during the Term, it will, at its sole cost and expense, restore the Premises, as nearly as may be reasonably possible, to the condition that existed immediately prior to such taking; provided, however, that Tenant shall not be obligated to expend an amount in excess of the proceeds of the net award available to Tenant for such purposes, as hereinafter provided. To the extent that Landlord receives any portion of the condemnation proceeds as compensation for the cost of restoration of the Premises, Landlord shall pay such sum to Tenant in trust for restoration of the Premises.

17. EVENTS OF DEFAULT.

(a) Tenant Default.

(i) Event of Default. It is agreed by and between the parties hereto that any of the following shall constitute an "Event of Default" by Tenant hereunder: (i) if Tenant shall have failed to pay any Base Rent when due or any other sum required or stipulated to be paid by Tenant hereunder, and such failure continues for thirty (30) days following Tenant's receipt of

written notice thereof from Landlord and such failure continues for an additional five (5) days following Tenant's receipt of a second written notice thereof from Landlord; or (ii) if Tenant shall have failed to observe or perform any other covenant or obligation of Tenant hereunder and Tenant shall not have cured such failure within ninety (90) days after Tenant shall have received written notice thereof from Landlord; provided, however, that if such failure cannot with diligent effort be cured within ninety (90) days, Tenant shall not be in default if Tenant shall have commenced action to remedy such failure within said ninety (90)-day period and shall continue to diligently prosecute such action in good faith thereafter.

(ii) Remedies. Upon the occurrence and during the continuance of an Event of Default, Landlord shall be entitled to exercise any one or more of the following remedies: (A) Landlord may exercise any right or remedy available at law or in equity; or (B) Landlord, without additional notice, may cure such Event of Default on the part of Tenant, at Tenant's expense, and Tenant shall promptly reimburse Landlord for all reasonable costs and expenses incurred by Landlord in connection therewith. Notwithstanding the foregoing, if an Event of Default occurs, Landlord expressly waives, releases and relinquishes any and all right to (i) recover damages or any other sum against Tenant, except to the extent of Tenant's interest in the Premises, (ii) special, consequential, incidental, indirect or punitive damages or (iii) accelerate any rent or other sums due under this Lease by Tenant to Landlord. Notwithstanding anything to the contrary contained herein, if Landlord claims that an Event of Default has occurred and Tenant has contested such claim, then Landlord may not terminate this Lease or recover possession of the Premises unless and until Landlord obtains a final, unappealable adjudication of the claim which confirms that an Event of Default has occurred, and Tenant fails to cure the Event of Default within sixty (60) days after such adjudication becomes final and unappealable.

(b) Landlord Default. If Landlord fails to observe or perform any of its obligations under this Lease following thirty (30) days' prior written notice from Tenant, Tenant shall have the right but not the obligation to (i) perform any such obligations on behalf of Landlord, and thereafter demand payment from Landlord, and Landlord shall promptly reimburse Tenant for any and all such reasonable costs, (ii) terminate this Lease and be relieved from all further obligations under this Lease, and/or (iii) exercise any other remedies available to Tenant at law or in equity. The parties specifically acknowledge that Landlord is a municipal government with jurisdiction over the Premises. No action or inaction of the Landlord in its capacity as a municipal government will be deemed an event of default or other violation of this Lease, including but not limited to engaging in any public works projects in the vicinity of the Premises or elsewhere, adoption, amendment or repeal of any generally applicable municipal ordinances, resolutions, codes enforcement, zoning actions, or any other governmental functions.

18. ASSIGNMENTS AND SUBLEASES. Tenant shall have the right to assign this Lease or sublet the Premises during the Term only with Landlord's prior written consent in Landlord's sole and absolute discretion.

19. SUBORDINATION AND NON-DISTURBANCE; ESTOPPEL CERTIFICATES.

(a) Prior to the Lease Date, Landlord shall obtain from any and all existing mortgagees, ground lessors and trustees that then hold interests in the Premises and deliver to

Tenant, a non-disturbance agreement satisfactory to Tenant in form and substance (the "Initial SNDA") that provides that, so long as Tenant is not in default under this Lease, (i) said mortgagee, ground lessor or trustee shall not join Tenant as a party defendant in any action or proceeding foreclosing a mortgage (unless required to foreclose the mortgage, and then only for such purpose and not for the purpose of termination of the Lease) or in any eviction proceeding or in any action to terminate the ground lease, (ii) Tenant's possession of the Premises and Tenant's rights and privileges under this Lease, or any extensions or renewals thereof which may be exercised in accordance with this Lease, shall not be diminished or interfered with by the mortgagee, trustee or ground lessor, (iii) Tenant's occupancy of the Premises shall not be disturbed by the mortgagee, trustee or ground lessor (except in accordance with the terms of this Lease), including without limitation in the event of foreclosure of any mortgage or deed of trust. If Landlord fails to obtain the Initial SNDA from all applicable parties, Tenant may terminate this Lease upon thirty (30) days' written notice to Landlord. In the event Landlord mortgages the Premises following the Lease Date, Landlord shall deliver to Tenant from time to time an SNDA consistent with the foregoing from any mortgagee, trustee or ground lessor that obtain interests in the Premises during the Term within thirty (30) days of any such mortgagee, trustee or ground lessor obtaining such interests. If Landlord fails to obtain such SNDA, Tenant may terminate this Lease upon thirty (30) days' written notice to Landlord.

(b) Either party, without charge, at any time and from time to time hereafter but no more than two times per calendar year, within twenty (20) days after written request of the other, will certify by written instrument duly executed and acknowledged to any mortgagee or purchaser, or proposed mortgagee or proposed purchaser, or any other person, firm or corporation specified in such request, as to: (a) whether this Lease has been supplemented or amended, and if so, the substance and manner of such supplement or amendment; (b) the validity and force and effect of this Lease; (c) the existence of any default hereunder; (d) the existence of any offsets, counterclaims or defenses thereto on the part of such other party; (e) the commencement and expiration dates of the term of this Lease; and (f) any other matters as may reasonably be so requested. Any such certificate may be relied upon by the party requesting it and any other person, firm or corporation to whom the same may be exhibited or delivered and the contents of such certificate shall be binding on the party executing same.

20. QUIET ENJOYMENT. Landlord covenants that, so long as an Event of Default has not occurred and is continuing, Tenant shall peacefully and quietly hold and enjoy the Premises and all rights, easements, covenants, and privileges belonging or in any way appertaining thereto without unreasonable hindrance or interruption by Landlord or any persons claiming by, through, or under Landlord. At any time Tenant's quiet enjoyment of the Premises is disturbed, in addition to any other remedies available to Tenant at law or in equity, Tenant shall be entitled to an equitable abatement of Rent.

21. LANDLORD WARRANTY OF TITLE. Landlord hereby warrants, represents and covenants to Tenant that: (a) as of the Lease Date, Landlord is the sole owner of the Premises and has good and marketable fee simple title to the Premises; (b) Landlord will defend the title to the Premises and any easements referred to in this Lease; and (c) Landlord has full right and power to execute this Lease, to lease the Premises to Tenant and to perform its obligations hereunder. In case Landlord does not have the title and rights aforesaid, then in such event, in addition to any

and all rights and remedies available at law and in equity, Tenant shall have the right to terminate this Lease.

22. PREMISES AS PART OF CAMPUS.

(a) General Covenants. City of Cookeville or CRMCA agree that (i) access to and from the Premises shall not be limited or restricted in any way by CRMCA; (ii) Tenant, its employees, customers and invitees shall have the nonexclusive rights of ingress and egress in, on and over all of the streets, roads and ways within the Campus to and from all streets, alleys and ways adjacent to the Campus; and (iii) Landlord shall not interfere with Tenant's business or the Tenant Improvements except as may occur through Landlord's function as a municipal government, including but not limited to general public works projects, ordinances, regulations, codes, or similar governmental functions. CRMCA agrees to keep (or cause to be kept) the Campus (excepting the Premises and the Tenant Improvements) in good maintenance and repair and in a safe, clean and sanitary condition. The foregoing shall not be construed to obligate Landlord to provide any security, such as private guards or surveillance equipment, to the Campus. The cost of maintaining and repairing the Campus (excepting the Premises and the Tenant Improvements) and keeping it in a safe, clean and sanitary condition shall be borne solely CRMCA, except as otherwise provided in this Lease.

(b) Temporary Closing of the Campus. Any temporary closing of the Campus by Landlord to prevent the acquisition of public rights shall not occur unless Landlord reasonably believes that such closing is required and shall not extend past the minimum period of time required by the state law to prevent the acquisition of such public rights, or Tenant shall be allowed to abate the payment of Rent required hereunder for each day in excess of the minimum period of closing required by law.

(c) Landlord's Insurance. Landlord or CRMCA agrees to carry, or cause to be carried, during the Term, general liability insurance on the Common Areas (as defined in Section 22(e)) of the Campus, providing coverage to the limits stated in the TN Tort Liability Act on an annual basis against liability for injury or death, and furnish to Tenant a certificate evidencing such coverage. At all times during the Term, Landlord or CRMCA shall pay all premiums for and maintain in effect, with a responsible insurance company or companies, policies of insurance for the benefit of Landlord or CRMCA and Tenant, as their respective interest may appear, covering all of the Campus and improvements which are part of the Campus, including without limitation all tenant spaces, but excepting the Premises, to the extent of one hundred percent (100%) of full replacement of such property against all casualties included in the classification, on a "Causes of Loss – Special Form" basis. Landlord or CRMCA shall provide Tenant with certificates evidencing such insurance prior to the date of any use or occupancy of the Premises by Tenant and thereafter upon written request from Tenant. Said policy or policies shall name Tenant as an additional insured as its interests may appear under this Lease.

(d) Anything to the contrary notwithstanding, City of Cookeville and CRMCA each claim all rights and privileges afforded it under the TN Tort Liability Act, including but not limited to a non-jury trial in the Circuit Court of Putnam County; the limitations afforded by the TN Tort Liability Act on the amount of any payment or judgment and the one (1) year statute of

limitations – and all other privileges and immunities afforded in the TN Tort Liability Act. Landlord specifically does not waive any privileges or immunities contained in the TN Tort Liability Act.

(e) Landlord's Maintenance. "Common Areas" shall mean all areas, improvements, space, equipment and special services in or at the Campus devoted to the general usage of all tenants and other occupants of the Campus and their employees, customers, and other invitees, including, (i) access roads, driveways, entrances and exits not dedicated to public use, (ii) retaining walls, (iii) landscaped areas, (iv) accommodation areas such as sidewalks, grass plots, ornamental plantings and (v) entry monuments and signs, and directional signage and signals. CRMCA covenants and agrees to keep and maintain (or cause to be kept and maintained) the Common Areas in good order, condition, replacement and repair, and in a clean, sanitary, safe and attractive condition in accordance with the laws of the city, county and state in which the Campus is located, and in accordance with all directions, rules and regulations of any governmental agencies having jurisdiction over the Campus. The foregoing shall not be construed to obligate Landlord to provide any security, such as private guards or surveillance equipment, to the Campus. CRMCA shall promptly cause all snow to be removed from any access roads, driveways, entrances and exits not dedicated to public use. Tenant, subtenants and concessionaires of Tenant, employees, agents, contractors and customers of Tenant, and employees, agents, contractors and customers of subtenants and concessionaires of Tenant, shall have the right to use, in common with and with due regard for the rights of others entitled to use the same, the Common Areas (excluding any parking areas). The parties hereby acknowledge and agree that they will negotiate in good faith and incorporate into the Memorandum of Lease before the recording of the same, use restriction, easement and common area maintenance provisions that will (i) memorialize the use restriction described in Section 25 below, (ii) memorialize the Common Area easement rights described herein and (iii) describe the obligations of Landlord to maintain the Common Areas and the corresponding obligation of Tenant (as well as other users and occupants of the Campus as to their proportionate shares) to reimburse Landlord for Tenant's proportionate share of the cost of repairing, maintaining and replacing the Common Areas. Notwithstanding the foregoing, the parties hereby agree that Tenant's reimbursement obligations will not include any share of the costs incurred by Landlord in repairing, maintaining and replacing parking lots or parking areas at the Campus. The use restriction, easement and maintenance provisions will also provide that to the extent any repair and/or replacement costs incurred by Landlord with regard to the Common Areas result in extending the life of the applicable asset or are otherwise determined to be capital in nature, Tenant's reimbursement obligations for each calendar year will include only the portion of such costs that are allocable to such calendar year, utilizing the straight-line amortization method over the remaining useful life of the repaired or replaced improvements, at an assumed interest rate per annum equal to the yield on U.S. Treasury Securities with a term closest to the remaining useful life of such improvements plus 300 basis points.

23. ENVIRONMENTAL COVENANTS, REPRESENTATIONS AND WARRANTIES.

(a) Landlord's Representations. Landlord represents and warrants to Tenant that (i) Landlord has disclosed to Tenant in writing any and all material information known to Landlord relating to the environmental condition of the Premises, and (ii) to Landlord's knowledge,

no hazardous wastes or hazardous substances (as defined in Section 23(b)) or any other environmentally regulated substance or condition has been generated, manufactured, refined, transported, treated, stored, handled, disposed of, released or located on, in, or under the Premises, except for any of the same that have been removed from the Premises in accordance with all applicable laws.

(b) Tenant's Environmental Covenants.

(i) Tenant shall not engage in and shall use reasonable efforts to prevent any Person claiming by, through or under Tenant from engaging in operations at the Premises which involve the generation, manufacture, refining, transportation, treatment, storage, handling, disposal, release or threat of release of "hazardous substances," "regulated substances," "hazardous wastes" or "solid wastes" (as such terms are defined and/or used in applicable state or federal laws or the regulations issued thereunder whether now or hereafter in effect, including, without limitation, the federal Comprehensive Environmental Response Compensation and Liability Act), including, without limitation, asbestos, lead paint and polychlorinated biphenyls or environmentally deleterious material in amounts and concentrations, the uncontained presence of which, would require remediation or clean-up to conform to applicable remediation criteria established under applicable local, state or federal laws, regulations or guidelines. Tenant shall at all times comply with and conform to the requirements of all laws, statutes, ordinances, rules, regulatory notices and orders of all governmental and regulatory authorities with respect to the generation, handling, treatment, storage, disposal and remediation of hazardous substances, regulated substances, and wastes or environmentally deleterious materials. Tenant shall not cause and shall not permit to exist as a result of an intentional or unintentional action or omission on its part (and Tenant shall use reasonable efforts not to permit to exist as a result of an intentional or unintentional action or omission on the part of any other party), the releasing, spilling, leaking, pumping, pouring, emitting, emptying or dumping from the Premises of any such hazardous substances, regulated substances, or wastes in amounts and concentrations the uncontained presence of which would require remediation or clean-up to conform to applicable remediation criteria established under applicable local, state or federal laws, regulations or guidelines.

(ii) Nothing contained in this Section 23(b) shall be construed as prohibiting the use at the Premises of substances regulated by environmental laws, including hazardous substances and hazardous wastes, that are normally or routinely used in construction or are normally or routinely used in the operation, repair, maintenance, and use of commercial and residential projects, such as fuels, solvents, cleaning materials, paint and printing materials, so long as the same are used in a manner that complies with all applicable laws.

24. ENCUMBRANCES. After the Lease Date, Landlord shall in no way encumber or burden the Premises without the prior written consent of Tenant (which consent will not be unreasonably withheld or delayed) except that Landlord shall be entitled to mortgage its fee interest in the Premises without the prior written consent of Tenant and, in connection therewith,

grant to the lender other security interests in the Premises that are customary for commercial loans including, but not limited to, assignments of leases and rents.

25. USE RESTRICTION ON DEVELOPMENT. Landlord covenants and agrees that, during the Term, no portion of the Campus or any property owned, leased or controlled by Landlord or any affiliate of Landlord within Putnam County (other than the Premises) shall be leased to another entity to be used as (a) an inpatient rehabilitation hospital, or (b) a skilled nursing facility (collectively, the “Prohibited Uses”). Landlord further covenants and agrees that, for a period of ten (10) years from the Lease Date, no property within five (5) miles of the Premises owned, leased or controlled by the City of Cookeville or any affiliate of the City of Cookeville shall be sold to another entity to be used as a Prohibited Use.

26. RELATIONSHIP BETWEEN CITY OF COOKEVILLE AND CRMCA.

(a) Cookeville Regional Medical Center Authority is the governing and managing body of the hospital known as Cookeville Regional Medical Center.

(b) The City of Cookeville owns the real property where CRMCA is operated, as well as the City streets and all normal city infrastructure. Notwithstanding the foregoing and during the Term of this Lease, Tenant shall own, and is hereby granted and shall retain all rights, title and interest in and to any constructed buildings or improvements on the Premises. Landlord shall have no right, title or interest in or to said buildings or improvements during the Term of this Lease.

(c) By executing this Lease, CRMCA is giving its consent to this Lease, despite the fact that the City of Cookeville owns the real property within the Premises and CRMCA is not obligated by law to approve this Lease.

27. MISCELLANEOUS PROVISIONS.

(a) Notices. All notices, requests, demands or other communications required or permitted under this Lease shall be in writing and delivered either: (i) personally; (ii) by certified or registered mail, return receipt requested, postage prepaid; (iii) by a recognized overnight courier service (such as Fed Ex), or (iv) by email (provided that a notice delivered by email shall promptly thereafter be delivered by one of the other methods permitted in this Section 27(a)), addressed as follows:

If to Landlord: The City of Cookeville, Tennessee
45 East Broad Street
Cookeville, Tennessee 38501
Attn: City Attorney
Email: danrader@moorerader.com

If to Tenant: Rehabilitation Hospital of Cookeville, LLC
c/o Encompass Health Corporation

9001 Liberty Parkway
Birmingham, Alabama 35242
Attn: Legal Services Department
Email: legal.services@encompasshealth.com

With copy to: Cookeville Regional Medical Center Authority
142 West Fifth Street
Cookeville, Tennessee 38501
Attn: Chief Legal Officer
Email: lhill@crmchealth.org

All notices given in accordance with the terms hereof shall be deemed received on the next business day if sent by overnight courier, on the third business day following deposit with the United States Mail as a registered or certified matter with postage prepaid, or when delivered personally or sent by email. Either party hereto may change the address for receiving notices, requests, demands or other communication by notice sent in accordance with the terms of this Section 27(a).

(b) Consents. Unless otherwise expressly stated herein, whenever Landlord's or Tenant's consent is required under this Lease, such consent shall not be unreasonably withheld, conditioned or delayed.

(c) Surrender of Premises. Tenant shall surrender the Premises at the end of the Term in good condition, ordinary and reasonable wear and tear and damage from casualty or condemnation excepted.

(d) Title to Improvements. Tenant from time to time may construct, repair, remodel, remove or replace the Tenant Improvements on the Premises in accordance with applicable laws. Title to the Tenant Improvements and any repairs, alterations, additions or improvements to the Tenant Improvements shall be vested in and remain in Tenant at all times during the Term. Tenant alone shall be entitled to claim any and all depreciation in connection with its federal or state income tax returns. Upon the expiration of this Lease, any extensions or renewals hereof, or its termination in any way, title to the Tenant Improvements shall automatically pass to and become vested in Landlord, and Tenant, upon request of Landlord, shall execute such quitclaim deed, bill of sale, or assignment as may be necessary to evidence the transfer of such title to Landlord.

(e) Holding Over. If Tenant remains in possession of the Premises following the expiration of the Term, then Tenant's subsequent holding over, without consent of Landlord, shall result in the creation of a tenancy from month-to-month at a monthly Base Rent equal to 125% of the Base Rent payable immediately prior to the expiration of this Lease, and such rent shall be payable on the first day of each month during the month-to-month tenancy. All other terms and conditions of this Lease shall remain in full force during any month-to-month tenancy hereunder.

(f) Non-Merger. During the Term, the leasehold estate of Tenant shall not

merge with the fee simple or other estate in the Premises but shall always remain separate and distinct notwithstanding the union of all or any part of said estate either in Landlord or Tenant, or in a third party by purchase or otherwise, unless and until all persons having an interest therein, including a leasehold mortgagee, shall join in a written instrument consenting to or effecting such merger.

(g) Governing Law; Dispute Resolution. Anything to the contrary notwithstanding in this Agreement, any dispute arising out of this Lease will be governed by the laws of the State of Tennessee and shall be decided in the Chancery Court of Putnam County, Tennessee, as the sole and exclusive venue and jurisdiction for the resolution of any said claims. The parties may voluntarily agree to a non-binding mediation in Cookeville, Putnam County, Tennessee, to resolve any dispute prior to litigation, but are not obligated to do so. Each party shall be responsible for its own attorneys' fees and costs of litigation. CRMCA is a hospital established and operating as a Private Act Hospital Authority Act and any statutory provisions for private act hospitals supersede any provision to the contrary in this Lease.

(h) Exhibits. All Exhibits attached hereto are incorporated herein by reference.

(i) Headings. This Lease's section headings are for quick reference and convenience only and do not alter, amend, define, limit, describe, or otherwise affect the terms, conditions, and agreements set forth herein.

(j) Waiver. No waiver by either of the parties hereto of any provision or breach hereof, shall be deemed a waiver of any other provision or of any subsequent breach by Tenant or Landlord of the same or any other provisions. Landlord's or Tenant's consent to or approval of any act shall not be deemed to render unnecessary the obtaining of Landlord's or Tenant's consent to or approval of any subsequent act. No remedy or election hereunder shall be deemed exclusive, but shall, whenever possible, be cumulative with all other remedies at law or in equity.

(k) Severability. If any provision of this Lease is found by a court of competent jurisdiction to be illegal, invalid, or unenforceable, the remainder of this Lease will not be affected, and in lieu of each provision that is found to be illegal, invalid, or unenforceable, a provision will be added as a part of this Lease that is as similar to the illegal, invalid, or unenforceable provision as may be possible and is legal, valid, and enforceable. In addition to the foregoing, CRMCA is a private act hospital and any statutory provisions for private act hospitals shall supersede any provision to the contrary in this Lease to the extent such provision is applicable to CRMCA.

(l) No Construction Against Preparer of Lease. This Lease has been jointly prepared and negotiated by Tenant and Landlord. Tenant and Landlord believe that this Lease is the product of their efforts, that it expresses their agreement, and that it should not be interpreted in favor of either Tenant or Landlord or against either Tenant or Landlord merely because of their efforts in preparing it.

(m) When Lease Becomes Binding. The submission of this document for examination and negotiation does not constitute an offer to lease, or a reservation of, or option for

the Premises; and this Lease shall become binding only upon the execution and delivery hereof by both Landlord and Tenant.

(n) Entire Agreement. All negotiations, considerations, representations, and understandings between Landlord and Tenant are incorporated herein.

(o) Modifications. This Lease may be modified or altered only by agreement in writing by both Landlord and Tenant.

(p) Successors and Assignees. Subject to the terms and conditions of Section 18, this Lease and the terms, conditions and covenants hereof shall be binding upon and shall inure to the benefit of each of the parties hereto, their successors or assigns, and shall run with the land. All terms and words used in this Lease, regardless of the number and gender in which they are used, shall be deemed and construed to include any other number, singular or plural, and any other gender, masculine, feminine or neuter, as the context or sense of this Lease or any Section or clause herein may require, the same as if such words had been fully and properly written in the required number and gender.

(q) Business Days. In the event any period of time provided for in this Lease ends on a day other than a business day on which banks are generally open for a full day for business, such ending date shall automatically be extended to the next business day.

(r) Force Majeure. In the event Landlord or Tenant shall be delayed or hindered or prevented from the performance of any obligation required under this Lease by reason of strikes, lockouts, inability to procure labor or materials, failure of power, fire or other casualty, pandemics, acts of God, restrictive governmental laws or regulations, riots, insurrection, war or any other reason not within the reasonable control of Landlord or Tenant, as the case may be, then the performance of such obligation shall be excused for the period of such delay and the period for the performance of any such act shall be extended for a period equivalent to the period of such delay.

(s) Representations and Warranties of Landlord and Tenant. The parties to this Lease intend to comply with and have therefore structured this Lease so as to comply with the Anti-Kickback statute ("Anti-Kickback"), 42 U.S.C. Section 1320a-7b(b), the Safe Harbor Regulations, 42 C.F.R. Part 1001, thereunder promulgated. It is not a purpose of this Lease to induce the referral of patients. The parties acknowledge that there is no requirement or payment under this Lease or any agreement between the parties that requires either party to refer, recommend or arrange for any items or services paid for by a Federal health care program. Either party may refer patients to any hospital or other provider that furnishes services needed by a patient, and will make such referrals, if any, consistent with professional medical judgment and the wishes of the patient.

(t) Counterparts; Electronic Signatures. This Lease may be executed in two or more separate counterparts, each of which, when so executed and delivered, shall constitute an original, and all such counterparts shall together constitute one and the same instrument, and any

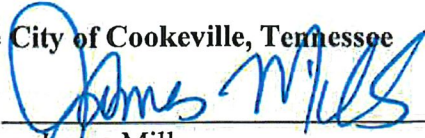
party may execute this Lease by executing any one or more of such counterparts. Signatures delivered electronically shall be as binding as original signatures.

[signatures on following page]

IN WITNESS WHEREOF, the parties have caused this Lease to be executed under seal by their respective duly authorized representatives as of the date first above written.

LANDLORD:


The City of Cookeville, Tennessee

By: 
Name: James Mills
Title: City Manager

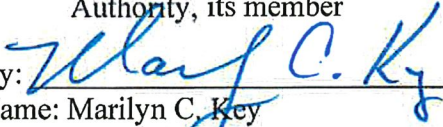
TENANT:

Rehabilitation Hospital of Cookeville, LLC

By: Encompass Health Cookeville Holdings, LLC, its member

By: 
Name: Edmund Ball
Title: Vice President

By: Cookeville Regional Medical Center Authority, its member

By: 
Name: Marilyn C. Key
Title: Chief Executive Officer

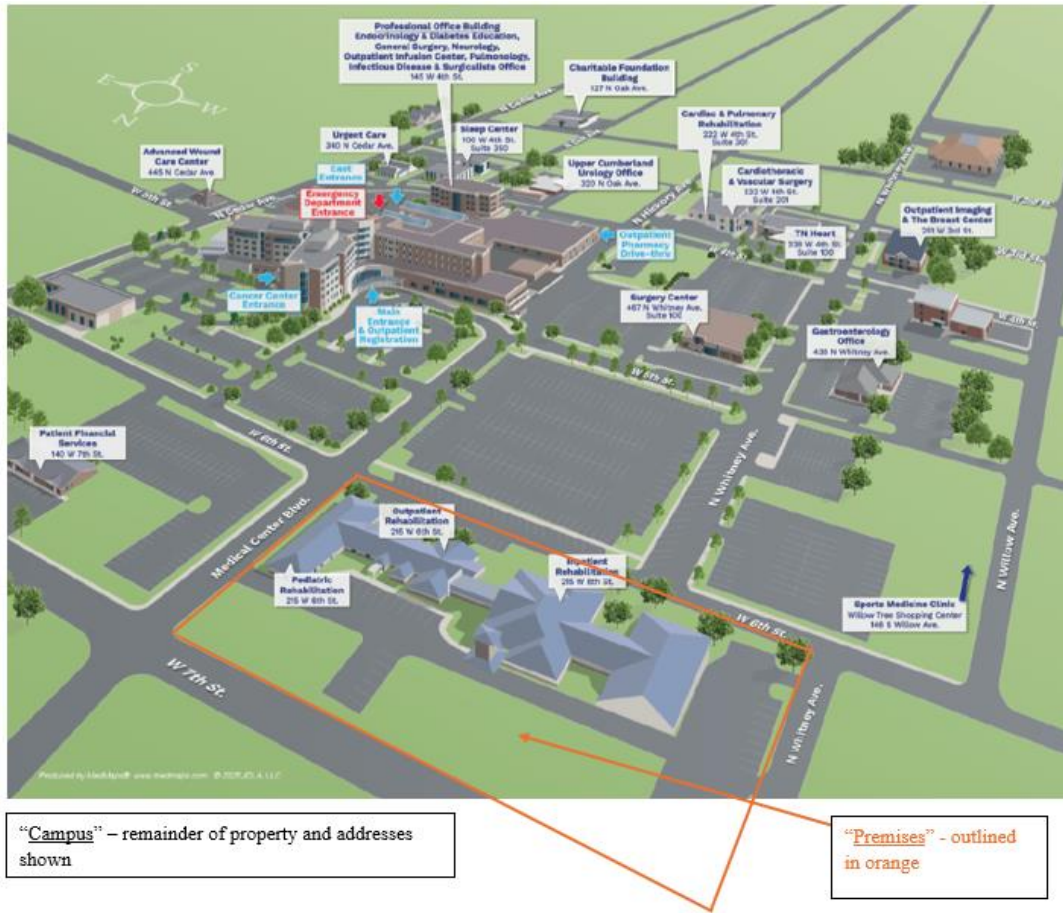
Acknowledged and agreed to with respect to the limited obligations specified herein:

Cookeville Regional Medical Center Authority

By: 
Name: Marilyn C. Key
Title: Chief Executive Officer

EXHIBIT A

DEPICTION OR DESCRIPTION OF PREMISES AND CAMPUS



Legal Description of Premises:

A TRACT OF LAND LYING IN THE FIRST DISTRICT IN PUTNAM COUNTY TENNESSEE BOUNDED ON THE NORTH BY W 7TH STREET ON THE EAST BY MEDICAL CENTER BLVD ON THE SOUTH BY W 6TH STREET AND ON THE WEST BY N WHITNEY AVE AND MORE BEING PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A IRON PIN WITH CAP STAMPED KIMLEY HORN ASSOCIATES "KHA" SAID PIN BEING AT THE INTERSECTION OF W 6TH STREET AND N WHITNEY AVE; **THENCE** WITH THE EASTERLY RIGHT OF WAY OF N WHITNEY STREET **N 04 59'04"** E A DISTANCE OF **294.37 FEET** TO A NAIL WITH WASHER STAMPED "KHA" IN THE SOUTHERLY RIGHT OF WAY OF W 7TH STREET; **THENCE** WITH THE RIGHT OF WAY OF W 7TH STREET **S 84 46'39"** E A DISTANCE OF **473.32 FEET** TO A NAIL WITH A WASHER STAMPED "KHA" IN THE WESTERLY RIGHT OF WAY OF MEDICAL CENTER BLVD; **THENCE** WITH THE WITH THE WESTERLY RIGHT OF WAY OF MEDICAL

CENTER BLVD S **5 29'38" W** A DISTANCE OF **281.25 FEET** TO A NAIL WITH WASHER STAMPED "KHA" IN THE NORTHERLY RIGHT OF WAY OF W 6TH STREET; **THENCE** WITH THE NORTHERLY RIGHT OF WAY OF W 6TH STREET N **86 22'26 W** A DISTANCE OF **470.95 FEET** TO THE POINT OF BEGINNING CONTAINING 135,858 SQ. FT OR 3.11 ACRES. Parcel ID: 0400 D 021.00

EXHIBIT B

LEASE COMMENCEMENT AGREEMENT

This Lease Commencement Agreement is a supplement to that certain Ground Lease Agreement (the "Lease") dated the _____ day of _____, 2027, between **The City of Cookeville, Tennessee**, a Tennessee municipality ("Landlord"), and **Rehabilitation Hospital of Cookeville, LLC**, a Delaware limited liability company ("Tenant"), demising the premises more particularly described therein. Pursuant to the provisions of the Lease, Landlord and Tenant intending to be legally bound hereby agree to the following:

1. The Initial Term of the Lease commenced on and the Rent Commencement Date is _____, 2027;
2. The Initial Term of the Lease shall end on _____, 20____, unless sooner terminated or otherwise extended as therein provided.

IN WITNESS WHEREOF, the parties have caused this Lease Commencement Agreement to be executed by their respective duly authorized representatives as of the _____ day of _____, 20__.

LANDLORD:

The City of Cookeville, Tennessee

By: _____
Name: _____
Title: _____

TENANT:

Rehabilitation Hospital of Cookeville, LLC

By: Encompass Health Cookeville Holdings,
LLC, its member

By: _____
Name: _____
Title: _____

By: Cookeville Regional Medical Center
Authority, its member

By: _____
Name: _____
Title: _____

EXHIBIT C

FORM OF MEMORANDUM OF GROUND LEASE

MEMORANDUM OF GROUND LEASE

This Memorandum of Ground Lease (this "Memorandum") is made and entered into effective the ____ day of _____, 2027, by and between **The City of Cookeville, Tennessee**, a Tennessee municipality ("Landlord"), whose address for purposes hereof is 45 East Broad Street, Cookeville, Tennessee 38501, and **Rehabilitation Hospital of Cookeville, LLC**, a Delaware limited liability company ("Tenant"), whose address for purposes hereof is 9001 Liberty Parkway, Birmingham, Alabama 35242, Attention: Real Estate Department.

Recitals

A. Landlord has leased certain real property located in Cookeville, Putnam County, Tennessee, as further described on Exhibit A attached hereto and made a part hereof (the "Premises"), to Tenant pursuant to a Ground Lease Agreement dated as of February 24, 2026, which is incorporated herein by reference as if appearing in full (the "Lease"). Unless otherwise defined herein, capitalized terms shall have the meaning assigned to them in the Lease.

B. The parties wish to provide record notice of certain of the terms and conditions of the Lease.

Agreement

NOW, THEREFORE, Landlord and Tenant do hereby state the following:

1. Lease of the Premises. Landlord has leased the Premises to Tenant, and Tenant has leased the Premises from Landlord, upon the terms and conditions stipulated in the Lease.

2. Term. The initial term of this Lease commences on the date on which Tenant receives a certificate of occupancy which grants Tenant the right to occupy the Tenant's improvements at the Premises (together with any other improvements constructed on the Premises by Tenant from time to time), and continues for a period of fifty (50) years.

3. Option to Extend. The terms of the Lease provide Tenant with four (4) options to renew the term of the Lease for twelve (12) years each.

4. Common Area Easements and Maintenance at the Campus. In Section 22(a) of the Lease, Landlord agrees that Tenant, its employees, customers and invitees shall have the nonexclusive rights of ingress and egress in, on and over all of the streets, roads and ways within the Campus (as described on Exhibit B attached hereto and made a part hereof) to and from all streets, alleys and ways adjacent to the Campus. Further, in Section 22(f) of the Lease, Landlord grants to Tenant, subtenants and concessionaires of Tenant, employees, agents, contractors and customers of Tenant, and employees, agents, contractors and customers of subtenants and concessionaires of Tenant, the right to use, in common with and with due regard for the rights of others entitled to use the same, the Common Areas (excluding any parking areas). In Section 22(f)

of the Lease, Landlord further covenants and agrees to keep and maintain (or cause to be kept and maintained) the Common Areas in good order, condition, replacement and repair, as more fully described therein.

5. Use Restriction. Section 25 of the Lease provides that no portion of the Campus (other than the Premises) shall be occupied or used as (a) an inpatient rehabilitation hospital, or (b) a skilled nursing facility (collectively, the "Prohibited Uses"). Further, for a period of ten (10) years from February 24, 2026, no property within five (5) miles of the Premises owned, leased or controlled by the City of Cookeville or any affiliate of the City of Cookeville shall be sold to another entity to be used as a Prohibited Use.

6. Conflict. In the event of a conflict between the terms and provisions of this Memorandum and the Lease, the Lease shall govern and control. Copies of the Lease are held by both Landlord and Tenant at the respective addresses first set forth above.

IN WITNESS WHEREOF, Landlord and Tenant have caused this Memorandum to be executed by their duly authorized representatives as of the date and year first above written.

LANDLORD:

LANDLORD:

The City of Cookeville, Tennessee

By: _____
Name: _____
Title: _____

TENANT:

Rehabilitation Hospital of Cookeville, LLC

By: Encompass Health Cookeville Holdings,
LLC, its member

By: _____
Name: _____
Title: _____

By: Cookeville Regional Medical Center
Authority, its member

By: _____
Name: _____
Title: _____

[ADD NOTARY ACKNOWLEDGMENTS]

Exhibit "A"
To the Memorandum of Ground Lease

[Description of Premises]

Exhibit "B"

To the Memorandum of Ground Lease

[Description of Campus]

EXHIBIT D
RENT SCHEDULE

During the Initial Term, Base Rent shall be equal to the following:

Year	Annual Base Rent		Year	Annual Base Rent		Year	Annual Base Rent
1	\$ 98,000.00		18	\$ 137,223.66		35	\$ 192,146.25
2	\$ 99,960.00		19	\$ 139,968.13		36	\$ 195,989.18
3	\$ 101,959.20		20	\$ 142,767.49		37	\$ 199,908.96
4	\$ 103,998.38		21	\$ 145,622.84		38	\$ 203,907.14
5	\$ 106,078.35		22	\$ 148,535.30		39	\$ 207,985.28
6	\$ 108,199.92		23	\$ 151,506.01		40	\$ 212,144.99
7	\$ 110,363.92		24	\$ 154,536.13		41	\$ 216,387.89
8	\$ 112,571.20		25	\$ 157,626.85		42	\$ 220,715.64
9	\$ 114,822.62		26	\$ 160,779.39		43	\$ 225,129.96
10	\$ 117,119.07		27	\$ 163,994.98		44	\$ 229,632.56
11	\$ 119,461.45		28	\$ 167,274.87		45	\$ 234,225.21
12	\$ 121,850.68		29	\$ 170,620.37		46	\$ 238,909.71
13	\$ 124,287.70		30	\$ 174,032.78		47	\$ 243,687.91
14	\$ 126,773.45		31	\$ 177,513.44		48	\$ 248,561.66
15	\$ 129,308.92		32	\$ 181,063.70		49	\$ 253,532.90
16	\$ 131,895.10		33	\$ 184,684.98		50	\$ 258,603.56
17	\$ 134,533.00		34	\$ 188,378.68		Total	\$ 8,288,781.34

APPENDIX 2

PROOF OF DELIVERY OF NOTIFICATION REQUIREMENT



March 5, 2026

Dear Susan Lyerly:

The following is in response to your request for proof of delivery on your item with the tracking number:
9414 8098 9864 3578 3444 80.

Item Details

Status:	Delivered, Left with Individual
Status Date / Time:	February 27, 2026, 10:15 am
Location:	COOKEVILLE, TN 38501
Postal Product:	First-Class Mail®
Extra Services:	Certified Mail™ Return Receipt Electronic
Recipient Name:	Ms Laurin Wheaton Mayor

Shipment Details

Weight:	0.4oz
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Destination Delivery Address

Street Address:	45 E BROAD ST
City, State ZIP Code:	COOKEVILLE, TN 38501-3209

Recipient Signature

Signature of Recipient:

45 E BROAD ST, COOKEVILLE,
TN 38501

Address of Recipient:

Note: Scanned image may reflect a different destination address due to Intended Recipient's delivery instructions on file.

Thank you for selecting the United States Postal Service® for your mailing needs. If you require additional assistance, please contact your local Post Office™ or a Postal representative at 1-800-222-1811.

Sincerely,
United States Postal Service®
475 L'Enfant Plaza SW
Washington, D.C. 20260-0004

APPENDIX 3

REVISED PROJECT COSTS
(REFLECTING LAND LEASE COSTS OF 50-YEAR LEASE)

4E. PROJECT COST CHART

A.	Construction and equipment acquired by purchase:	
1.	Architectural and Engineering Fees	\$ 2,150,000
2.	Legal, Administrative (Excluding CON Filing Fee), Consultant Fees	\$ 250,000
3.	Acquisition of Site	
4.	Preparation of Site	\$ 4,145,000
5.	Total Construction Costs	\$ 37,827,041
6.	Contingency Fund	\$ 2,500,000
7.	Fixed Equipment (Not included in Construction Contract)	
8.	Moveable Equipment (List all equipment over \$50,000 as separate attachments)	\$ 6,245,000
9.	Other (Specify) <u>Pre-opening Expenses; ACE-IT Installation</u>	\$ 1,741,000
B.	Acquisition by gift, donation, or lease:	
1.	Facility (inclusive of building and land)	
2.	Building only	
3.	Land only	\$ 8,288,781
4.	Equipment (Specify) _____	
5.	Other: <u>Contributed Rehab Assets</u>	\$ 5,300,000
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)	<u>\$ 68,446,822</u>
E.	CON Filing Fee	<u>\$ 45,000</u>
F.	Total Estimated Project Cost (D+E)	<u>\$ 68,491,822</u>
	TOTAL	<u>\$ 68,491,822</u>

APPENDIX 4

ENCOMPASS HEALTH TENNESSEE HOSPITALS' CLINICAL AFFILIATIONS

Encompass Health Rehabilitation Hospital of Chattanooga

Augusta University

- Nursing
- Other Clinical Care Rotation
- Therapy

Bellarmino University

- Nursing
- Other Clinical Care Rotation
- Pharmacy
- Therapy

Belmont University

- Therapy

Brenau University

- Therapy

Cabarrus College of Health Sciences

- Therapy

Chattahoochee Technical College

- Therapy

Chattanooga College MDTC

- Nursing

Creighton University

- Therapy

Dalton State College

- Medical Student
- Nursing
- Other Clinical Care Rotation
- Pharmacy
- Therapy

Eastern Kentucky University

- Therapy

Emerson College

- Therapy

Emory and Henry College

- Therapy

Faulkner University

- Other Clinical Care Rotation
- Therapy

Florida Agricultural and Mechanical University

- Therapy

Florida Gulf Coast University

- Nursing
- Other Clinical Care Rotation
- Pharmacy
- Therapy

Georgia State University

- Therapy

Husson University

- Therapy

Indiana State University

- Therapy

James Madison University

- Therapy

Kent State University

- Nursing

Encompass Health Tennessee Hospitals' Clinical Affiliations

Other Clinical Care Rotation

Therapy

Lake Erie College of Osteopathic Medicine

Pharmacy

Lee University

Nursing

Lincoln Memorial University

Therapy

Loma Linda University

Therapy

Midwestern University

Therapy

Nova Southeastern University

Nursing

Pharmacy

Therapy

Pinnacle School of Nursing

Nursing

Roane State Community College

Therapy

South College of Tennessee

Other Clinical Care Rotation

Therapy

Southern Adventist University

Therapy

St. Ambrose University

Therapy

Tennessee State University

Nursing

Other Clinical Care Rotation

Therapy

Tennessee Wesleyan University

Nursing

Therapy

The University of Tennessee

Nursing

Therapy

The University of Texas at El Paso

Therapy

University of Alabama at Birmingham

Nursing

Other Clinical Care Rotation

Pharmacy

Therapy

University of Indianapolis, College of Health Sciences

Nursing

Other Clinical Care Rotation

Pharmacy

Therapy

University of Montevallo

Nursing

Other Clinical Care Rotation

Therapy

University of South Alabama

Encompass Health Tennessee Hospitals' Clinical Affiliations

Therapy

University of South Carolina

Therapy

University of Southern California

Nursing

Other Clinical Care Rotation

Pharmacy

Therapy

University of St Augustine for Health Sciences

Nursing

Therapy

University of Tennessee Chattanooga

Nursing

Therapy

University of Utah

Therapy

Valdosta State University

Nursing

Other Clinical Care Rotation

Pharmacy

Therapy

Washington University

Therapy

Chattanooga State Community College

Nursing

Therapy

Encompass Health Rehabilitation Hospital of Franklin

Appalachian State University

Therapy

Belmont University

Therapy

Columbia State Community College

Nursing

East Tennessee State University

Therapy

Emory and Henry College

Therapy

Harding University

Therapy

Lincoln Memorial University

(blank)

Lipscomb University

Pharmacy

Saint Louis University

Therapy

Spalding University Clinical Affiliation

Therapy

Tennessee State University

Therapy

Univ of Alabama at Birmingham

Therapy

University of Saint Augustine

Therapy

University of South Carolina

Encompass Health Tennessee Hospitals' Clinical Affiliations

Nursing
Other Clinical Care Rotation
Pharmacy
Therapy

University of Tennessee

Therapy

University of Tennessee at Chattanooga

Therapy

Vanderbilt University

Therapy

Xavier University

Therapy

Encompass Health Rehabilitation Hospital of Memphis, a partner of Methodist Healthcare

Alabama State University

Therapy

Arizona College of Nursing

(blank)

Arkansas State University

(blank)

Augusta University

Other Clinical Care Rotation

Therapy

Bellarmino University

Nursing

Therapy

Belmont University

Therapy

Brenau University

Therapy

Calvin College

Nursing

Other Clinical Care Rotation

Therapy

Clarkson University

Therapy

Comprehensive Health Academy of Tennessee

Nursing

Other Clinical Care Rotation

Pharmacy

Therapy

Concorde Career Colleges, Inc.

Therapy

Cox College

(blank)

Florida A and M University

(blank)

Florida State University

Nursing

Therapy

Freed Hardeman University

Nursing

Other Clinical Care Rotation

Therapy

Graceland University

Encompass Health Tennessee Hospitals' Clinical Affiliations

Therapy

Harding University

Nursing

Other Clinical Care Rotation

Pharmacy

Therapy

Hawai'i Pacific University

Therapy

Misericordia University

Nursing

Pharmacy

Therapy

Mississippi University for Women

Therapy

Northwest Mississippi Community College

Therapy

Nova Southeastern University

Nursing

Other Clinical Care Rotation

Pharmacy

Therapy

Oklahoma Baptist University

Nursing

Therapy

Saint Louis University

Nursing

Other Clinical Care Rotation

Pharmacy

Therapy

(blank)

South College of Tennessee

Therapy

Southwest Tennessee Community College

Therapy

Tennessee State University

Nursing

Other Clinical Care Rotation

Therapy

Tennessee Wesleyan University

Therapy

Union University

Other Clinical Care Rotation

University of Alabama

Nursing

Other Clinical Care Rotation

Pharmacy

Therapy

University of Alabama at Birmingham

Nursing

Therapy

University of Arkansas

Nursing

Therapy

University of Central Arkansas

Encompass Health Tennessee Hospitals' Clinical Affiliations

(blank)

University of Florida

(blank)

University of Louisiana at Monroe

Nursing

Pharmacy

Therapy

University of Memphis

Nursing

Other Clinical Care Rotation

Pharmacy

Therapy

University of Mississippi

Nursing

Other Clinical Care Rotation

Therapy

University of Mississippi Medical Center

Nursing

Therapy

University of Montevallo

Nursing

Therapy

University of South Carolina

Nursing

Therapy

University of St. Augustine for Health Sciences

Nursing

Therapy

University of Tennessee

(blank)

University of Tennessee Health Science Center

Other Clinical Care Rotation

Therapy

University of Wisconsin-Eau Claire

Nursing

Therapy

Vanderbilt University

Nursing

Therapy

Walden University

Other Clinical Care Rotation

Washington University

Therapy

Western Governors University

Nursing

Other Clinical Care Rotation

Pharmacy

Therapy

Western Kentucky University

Therapy

University of Arkansas for Medical Sciences

Therapy

Encompass Health Rehabilitation Hospital of North Memphis, a partner of Methodist Healthcare

Bellarmino University

Encompass Health Tennessee Hospitals' Clinical Affiliations

Therapy

Belmont University

Nursing

Therapy

Concorde Career Colleges

Therapy

Emory and Henry College

Nursing

Therapy

Harding University

Nursing

Other Clinical Care Rotation

Therapy

New York University

Nursing

Therapy

Tennessee State University

Nursing

Other Clinical Care Rotation

Therapy

University of Evansville

Nursing

Therapy

University of Memphis

Therapy

University of South Alabama

Nursing

Pharmacy

Therapy

University of Tennessee

Nursing

Pharmacy

Therapy

University of Tennessee at Chattanooga

Therapy

Patricia Neal Rehabilitation Hospital

Austin Peay State University

Nursing

Other Clinical Care Rotation

Pharmacy

Therapy

Belmont University

Therapy

East Tennessee State University

Other Clinical Care Rotation

Therapy

Emerson College

Therapy

Excel Academy

Nursing

Lincoln Memorial University

Therapy

Milligan University

Nursing

Encompass Health Tennessee Hospitals' Clinical Affiliations

Therapy

Roane State Community College

Nursing

Therapy

Samford University

Nursing

Other Clinical Care Rotation

Pharmacy

Therapy

South College of Tennessee

Therapy

Tennessee Wesleyan University

Nursing

Other Clinical Care Rotation

Therapy

The University of Tennessee Health Science Center

Nursing

Other Clinical Care Rotation

Pharmacy

Therapy

University of Lynchburg

Therapy

University of St. Augustine for Health Sciences

Nursing

Other Clinical Care Rotation

Pharmacy

Therapy

University of Tennessee

Other Clinical Care Rotation

University of Tennessee Chattanooga

Therapy

Walden University

Nursing

Walters State Community College

Nursing

Therapy

Western Kentucky University

Nursing

Other Clinical Care Rotation

Therapy

Quillen Rehabilitation Hospital, a joint venture of Ballad Health and Encompass Health

Belmont University

Therapy

East Tennessee State University

Nursing

Other Clinical Care Rotation

Pharmacy

Therapy

Emory and Henry College

Therapy

King University

Nursing

Lenoir Rhyne University

Nursing

Encompass Health Tennessee Hospitals' Clinical Affiliations

Other Clinical Care Rotation
Therapy

Lincoln Memorial University

Therapy

Marhsall University

Therapy

Milligan College

Nursing

Other Clinical Care Rotation

Therapy

Mountain Empire Community College

Nursing

Other Clinical Care Rotation

Pharmacy

Therapy

South College Asheville

Therapy

South College Knoxville

Therapy

Southwest Virginia Community College

Nursing

Therapy

Tennessee Wesleyan University

Therapy

Vanderbilt University

Nursing

Walters State Community College

Nursing

Therapy

Western Governors University

Nursing

Other Clinical Care Rotation

Pharmacy

Therapy

Rehabilitation Hospital of Kingsport, a joint venture of Ballad Health and Encompass Health

Augusta University

Therapy

Bluefield College

Nursing

Concordia University Wisconsin

Nursing

Other Clinical Care Rotation

Pharmacy

Therapy

D'Youville College

Nursing

Therapy

East Tennessee State University

Nursing

Pharmacy

Therapy

Eastern Kentucky University

Nursing

Pharmacy

Encompass Health Tennessee Hospitals' Clinical Affiliations

Therapy

Emory and Henry College

Nursing

Pharmacy

Therapy

Husson University

Nursing

Pharmacy

Therapy

King University

Nursing

Lenoir Rhyne University

Nursing

Therapy

LMU DeBusk College of Osteopathic Medicine

(blank)

Mary Baldwin College

Nursing

Therapy

Methodist University

Therapy

Midwestern University

Nursing

Therapy

Milligan College Clinical Affiliation

Nursing

Therapy

Northeast State Community College

Nursing

Radford University

Nursing

Therapy

Shenandoah University

Nursing

Therapy

South College of Tennessee

Nursing

Other Clinical Care Rotation

Southwest Virginia Community College

Nursing

Therapy

Tennessee Wesleyan University

Nursing

Therapy

University of Evansville

Nursing

Therapy

University of Lynchburg

Nursing

Therapy

University of St. Augustine for Health Sciences

Nursing

Therapy

University of Tennessee Health Science Center

Encompass Health Tennessee Hospitals' Clinical Affiliations

Nursing
Therapy

Walden University

Nursing
Other Clinical Care Rotation

Walters State Community College

Nursing
Therapy

Western Carolina University

Nursing
Therapy

Wytheville Community College

(blank)

Slippery Rock University

Nursing
Other Clinical Care Rotation
Pharmacy
Therapy

Vanderbilt Stallworth Rehabilitation Hospital

University of Pittsburgh

Medical Student

Alabama State University

Nursing
Other Clinical Care Rotation
Therapy

Arizona College

Medical Student
Nursing

Aspen University

Nursing
Other Clinical Care Rotation
Therapy

BAYLOR UNIVERSITY

Nursing
Other Clinical Care Rotation
Pharmacy
Therapy

Bellarmino University

Nursing
Other Clinical Care Rotation
Therapy

Belmont University

(blank)

Boston University

Therapy

Capella University

Nursing
Other Clinical Care Rotation
Therapy

Charleston Southern University

Nursing
Therapy

Columbia University

Therapy

Encompass Health Tennessee Hospitals' Clinical Affiliations

Concordia University

Therapy

Drexel University

Nursing

Therapy

Duke University

Medical Student

D'Youville College

(blank)

East Carolina University

Medical Student

East Tennessee State University

Therapy

Elon University

Medical Student

Faulkner University

Other Clinical Care Rotation

Florida State University

Medical Student

Georgia State University

Medical Student

Therapy

Hanover College

Nursing

Other Clinical Care Rotation

Therapy

Herzing University

Nursing

Therapy

Lipscomb Affiliation Agreement

Other Clinical Care Rotation

Louisiana State University Health Sciences Center

Medical Student

Therapy

Midwestern University

Medical Student

New York University

Medical Student

Therapy

Northern Illinois University

Therapy

Nova University

Therapy

Sacred Heart University

Medical Student

Samford University

Medical Student

South College of Tennessee, LLC

Nursing

Other Clinical Care Rotation

Therapy

Southern Illinois University

Medical Student

Therapy

Encompass Health Tennessee Hospitals' Clinical Affiliations

St. Louis University

Nursing
Other Clinical Care Rotation
Therapy

Temple University

Medical Student
Therapy

Tennessee State University

Therapy

Tennessee Wesleyan University

Therapy

Texas Woman's University

Therapy

Tufts University

Therapy

UAB

Nursing
Other Clinical Care Rotation
Therapy

University at Buffalo, The State University of New York

Medical Student

University of Central Arkansas

Medical Student

University of Evansville

Medical Student
Therapy

University of Indianapolis

Nursing
Other Clinical Care Rotation
Therapy

University of Iowa

Medical Student

University of Kentucky

Medical Student
Nursing
Other Clinical Care Rotation
Therapy

University of Mississippi

Therapy

University of Missouri

Therapy

University of Nevada Las Vegas

Nursing
Therapy

University of New England

Nursing
Other Clinical Care Rotation
Therapy

University of South Alabama

Medical Student

University of South Dakota

Medical Student

University of Tennessee

Nursing

Encompass Health Tennessee Hospitals' Clinical Affiliations

Other Clinical Care Rotation

Pharmacy

Therapy

University of Tennessee Health Science

Medical Student

Therapy

University of Tennessee-Chattanooga

Medical Student

Utica University

Nursing

Therapy

Valdosta State University

Therapy

Vanderbilt University

Therapy

(blank)

Washington University

Medical Student

Therapy

Western Kentucky University

Medical Student

Winston Salem State University

Medical Student

Therapy

University of Arkansas for Medical Sciences

Therapy

West Tennessee Healthcare Rehabilitation Hospital Cane Creek, a partnership with Encompass Health

Arkansas State University

Therapy

Bethel University

Nursing

Concorde Career Colleges

Therapy

Daymar College

Therapy

Des Moines University

Therapy

Freed Hardeman University

Therapy

High Point University

Therapy

Jackson State Community College

Nursing

Other Clinical Care Rotation

Pharmacy

Therapy

Murray State University

Nursing

Other Clinical Care Rotation

Therapy

Nashville State Community College

Therapy

Ross Education

Therapy

Encompass Health Tennessee Hospitals' Clinical Affiliations

South College of Tennessee

Nursing
Pharmacy
Therapy

Southwest Baptist University

Therapy

Tennessee State University

Therapy

The University of Tennessee - Chattanooga

Therapy

The University of Texas El Paso

Therapy

Union University

Other Clinical Care Rotation

University of St. Augustine for Health Sciences

Therapy

University of Tennessee

Nursing

University of Tennessee Health Science Center

Therapy

West Kentucky Community and Technical College

Nursing
Therapy

West Tennessee Healthcare Rehabilitation Hospital Jackson, a partnership with Encompass Health

Arkansas State University

Therapy

BAYLOR UNIVERSITY

(blank)

Belmont University

Other Clinical Care Rotation
Pharmacy
Therapy

Bowling Green State University

Nursing
Other Clinical Care Rotation
Therapy

Concorde Career Colleges

Therapy

East Tennessee State University

Nursing
Other Clinical Care Rotation
Pharmacy
Therapy

Eastern Kentucky University

Therapy

Freed-Hardeman University

Nursing
Other Clinical Care Rotation
Pharmacy
Therapy

Jackson State Community College

Nursing
Other Clinical Care Rotation
Therapy

Encompass Health Tennessee Hospitals' Clinical Affiliations

Murray State University

Nursing
Therapy

South College

Therapy

Tennessee State University

Nursing
Other Clinical Care Rotation
Therapy

The University of Alabama

Nursing
Therapy

The University of Mississippi Medical Center

Therapy

The University of Tennessee

Therapy

The University of Tennessee at Chattanooga

Therapy

Union University

Other Clinical Care Rotation

Union University School of Pharmacy

Pharmacy

University of Memphis

Nursing
Other Clinical Care Rotation

University of Memphis School of Communication Sciences and Disorders

Other Clinical Care Rotation
Therapy

University of Mississippi

Therapy

University of St. Augustine for Health Sciences

Therapy

Western Governors University

Nursing

Western Kentucky University

Therapy

APPENDIX 5
EXECUTED AFFIDAVIT

AFFIDAVIT

STATE OF ALABAMA

COUNTY OF JEFFERSON

NAME OF FACILITY: REHABILITATION HOSPITAL OF COOKEVILLE, LLC

I, Carey B. McRae, after first being duly sworn, state under oath that I am the applicant named in this Certificate of Need application or the lawful agent thereof, that I have reviewed all of the supplemental information submitted herewith, and that it is true, accurate, and complete.

Carey B. McRae
Authorized Representative
Rehabilitation Hospital of Cookeville, LLC

Sworn to and subscribed before me, a Notary Public, this the 9th day of March, 2026, witness my hand at office in the County of Jefferson, State of Alabama.

NOTARY PUBLIC

My commission expires 2/28, 2029.

HF-0043
Revised 7/02

