Original Application

NHC Healthcare, Johnson City LLC

CN1711-033

NHC
NATIONAL HEALTHCARE CORPORATION

NOV 14 '17 AM 10:59

November 13, 2017

VIA: Overnight Mail

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

RE: Seven (7) bed addition to NHC HealthCare, Johnson City, an existing licensed 160 bed nursing home located in Washington County and owned by NHC HealthCare/Johnson City, LLC.

Dear Ms. Hill:

Enclosed please find the required check of $15,000 made payable to the Health Services and Development Agency, to cover the filing fee for the referenced request. The fee has been calculated based on the total project cost of $459,000/1,000 times $5.75 which equals $2,639.25, but in no case shall the fee be less than $15,000.00 or more than $95,000.00.

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

Sincerely,

NATIONAL HEALTHCARE CORPORATION

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

Enclosure

NOV 14 '17 AM 10:59

CERTIFICATE OF NEED APPLICATION

APPLICANT: **NHC HEALTHCARE/JOHNSON CITY, LLC**

AUTHORIZED REPRESENTATIVE:

BRUCE K. DUNCAN
NATIONAL HEALTHCARE CORPORATION
100 VINE STREET, 12TH FLOOR
MURFREESBORO, TN 37130
615-890-2020

PROJECT: The Addition of 7 SNF Medicare Beds to the Existing 160 bed Nursing Home called, NHC HealthCare, Johnson City, located in Washington County, Tennessee.

Submitted to
the State of Tennessee
Health Services & Development Agency
500 James Robertson Parkway
Suite 760
Nashville, TN 37219

November 14, 2017

RDA 1651

HF-0004 Revised 12/2016 All forms prior to this time are obsolete.

State of Tennessee
Health Services and Development Agency
Andrew Jackson Building, 9th Floor, 502 Deaderick Street, Nashville, TN 37243
www.tn.gov/hsda Phone: 615-741-2364 Fax: 615-741-9884

NOV 17 AM 10:59

CERTIFICATE OF NEED APPLICATION

SECTION A: APPLICANT PROFILE

1. *Name of Facility, Agency, or Institution*

NHC HealthCare, Johnson City
Name

3209 Bristol Highway — Washington County
Street or Route

Johnson City — TN — 37601
City — State — Zip Code

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.*

2. *Contact Person Available for Responses to Questions*

Bruce K. Duncan — Assistant Vice President
Name — Title

National HealthCare Corporation — bduncan@nhccare.com
Company Name — Email address

100 Vine St, 12th Floor — Murfreesboro — TN — 37130
Street or Route — City — State — Zip Code

Employee — 615-890-2020 — 615-890-0123
Association with Owner — Phone Number — Fax Number

NOTE: ***Section A*** is intended to give the applicant an opportunity to describe the project. ***Section B*** addresses how the project relates to the criteria for a Certificate of Need by addressing: Need, Economic Feasibility, and the Contribution to the Orderly Development of Health Care.

Please answer all questions on ***8½" X 11" white paper, clearly typed and spaced, single or double-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 A.1, A.2, etc. The last page of the application should be a completed signed and notarized affidavit.***

3. SECTION A: EXECUTIVE SUMMARY

A. Overview

Please provide an overview not to exceed three pages in total explaining each numbered point.

1) Description – Address the establishment of a health care institution, initiation of health services, bed complement changes, and/or how this project relates to any other outstanding but unimplemented certificates of need held by the applicant; **The proposed project is for the addition of 7 new Medicare certified nursing home beds to the existing 160 bed nursing home called NHC HealthCare, Johnson City, located at 3209 Bristol Highway, Johnson City (Washington Co.) TN 37601. NHC HealthCare, Johnson City is located approximately five miles from Mountain States Health Alliance's (MSHA) Johnson City Medical Center, MSHA flagship facility, a 445-bed regional tertiary referral center and Level 1 trauma center, one of six in the State of Tennessee.**

2) Ownership structure; **NHC HealthCare/Johnson City, LLC has one (1) member, NHC/OP, L.P. NHC/OP, L.P. owns 100% of NHC HealthCare/Johnson City, LLC. NHC/OP, L.P. also owns 100% in other nursing facilities in various states.**

3) Service area; **Washington County**

4) Existing similar service providers; **While its true there are other nursing homes in Washington County, NHC HealthCare, Johnson City is the only CMS Five Star rated facility in the county, and the preferred provider with area referral sources and patients. Furthermore, due to patient arrangements with area providers, other similar services providers are not available to be used for patient placement in all cases. These arrangements are based heavily on quality standards for which NHC HealthCare, Johnson City is the market leader.**

5) Project cost; **The total project cost is $474,000, which is comprised of the renovation of 2,100 sq. ft. of existing office and storage space, along with moveable and fixed equipment cost and other CON related expenses such as filing fees.**

6) Funding; **The project will be funded through cash reserves which have been appropriately documentation from Chief Financial Officer of the organization;**

7) Financial Feasibility including when the proposal will realize a positive financial margin; As **indicated on the Projected Data Chart, NHC HealthCare, Johnson City's proposed 7 bed addition will be financially feasible both in the short term and is projected to remain financially feasible in the future. Furthermore, the overall financial performance of the center will also be improved with the proposed 7 bed addition.**

8) Staffing; **The staffing increase projected to year one for licensed staff is minimal due to the small number of beds being requested. Specifically, one (1) RN and five (5) certified nurse aides are being projected.**

B. 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, can be economically accomplished and maintained, will provide health care that meets appropriate quality standards, and will contribute to the orderly development of adequate and effective health care in the service area. This section should provide rationale for each criterion using the data and information points provided in Section B. of this application. Please summarize in one page or less each of the criteria:

1) Need; **Based on the Skilled Bed Need methodology found in the Certificate of Need Standards and Criteria, Nursing Home Services, there is a need for an additional 351 skilled nursing home beds in Washington County projected for 2019. Seven (7) new beds are being requested as part of this CON, which represents 1.9 percent of the total beds projected to be needed in the Certificate of Need Standards and Criteria, Nursing Home Services for 2019. The 125-bed pool, which is effective from July 1, 2017 through June 30, 2018, will be affected. There are currently 125 beds left in the pool as of this filing, with 32 beds pending at the December 2017 HSDA meeting.**

2) Economic Feasibility; **The Projected Data Chart demonstrates the project is financially feasible in year one with positive net operating income less capital expenditures.**

3) Appropriate Quality Standards; **NHC HealthCare, Johnson City is a CMS Five Star Center, and currently the only CMS Five Star Center in Washington County.**

4) Orderly Development to adequate and effective health care.

In addition to the first three standards, which we believe are met, the project also meets the fourth criteria for approval for the following reasons:

NHC HealthCare, Johnson City:
Is the only Five (5) Star CMS rated facility in Washington County

Is the selected preferred provider in MSHA Post Acute Care Network

Is the only selected SNF partner to participate by MSHA to participate in transitions pilot with the Tennessee Hospital Association and Blue Cross Blue Shield.

Is the only facility partnered with Appalachian Orthopedics to have Orthopedic surgeon establish protocols for patients post-op and conduct follow up visits in facility. NHC Johnson City is the only facility in Johnson City to have this partnership.

Is currently working with Qualuable ACO, and their primary practice group State of Franklin HealthCare Associates, in transitions initiative. The initiative is working to establish successful discharge plans with case managers from SOFHA and timely follow up from Primary Care Physician to prevent readmissions.

C. Consent Calendar Justification

Not Applicable

If Consent Calendar is requested, please provide the rationale for an expedited review.

A request for Consent Calendar must be in the form of a written communication to the Agency's Executive Director at the time the application is filed.

4. SECTION A: PROJECT DETAILS

A. *Owner of the Facility, Agency or Institution*

NHC HealthCare/Johnson City, LLC.
Name

615-890-2020
Phone Number

100 Vine St., Suite 1400
Street or Route

Rutherford
County

Murfreesboro
City

Tennessee
State

37130
Zip Code

B. *Type of Ownership of Control (Check One)*

A.	Sole Proprietorship		F.	Government (State of TN or Political Subdivision)	
B.	Partnership		G.	Joint Venture	
C.	Limited Partnership		H.	Limited Liability Company	X
D.	Corporation (For Profit)		I.	Other (Specify)	
E.	Corporation (Not-for-Profit)				

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 web-site at https://tnbear.tn.gov/ECommerce/FilingSearch.aspx. **Attachment Section A-4A. Please see Attachment Section A-4A.**

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.*

NHC HealthCare/Johnson City, LLC has one (1) member, NHC/OP, L.P. NHC/OP, L.P. owns 100% of NHC HealthCare/Johnson City, LLC. NHC/OP, L.P. also owns 100% in other nursing facilities in various states. Please see Attachment Section A-4A for a copy of the Articles of Organization, Certificate of Existence, Organization Chart and Listing of Other Nursing Facilities owned by NHC/OP, L.P.

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

Not Applicable
Name

County
Street or Route

State
Zip Code
City

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 methodology and schedule. For facilities with existing management agreements, attach a copy of the fully executed final contract.* **Attachment Section A-5.**

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

A. Ownership _____
B. Option to Purchase _____
C. Lease of 30 Years X
D. Option to Lease _____
E. Other (Specify) _____ _____

Check appropriate line above: *For applicants or applicant's parent company/owner that currently own the building/land for the project location, attach a copy of the title/deed. For applicants or applicant's parent company/owner that currently lease the building/land for the project location, attach a copy of the fully executed lease agreement. For projects where the location of the project has not been secured, attach a fully executed document including Option to Purchase Agreement, Option to Lease Agreement, or other appropriate documentation. Option to Purchase Agreements* ***must include*** *anticipated purchase price. Lease/Option to Lease Agreements* ***must include*** *the actual/anticipated term of the agreement* ***and*** *actual/anticipated lease expense. The legal interests described herein* ***must be valid*** on the date of the Agency's consideration of the certificate of need application.

Please see Attachment Section A-6A for a copy of the lease. Please note the center lease began on 10/17/91 and runs until 12/31/2021.

6B. Attach **a copy of the site's plot plan, floor plan, and if applicable, public transportation route to and from the site** on an 8 1/2" x 11" sheet of white paper, single or double-sided. ***DO NOT SUBMIT BLUEPRINTS***. Simple line drawings should be submitted and need not be drawn to scale.

1) Plot Plan **must include**:

a. Size of site (***in acres***);

b. Location of structure on the site;

c. Location of the proposed construction/renovation; and

d. Names of streets, roads or highway that cross or border the site.

Please see Attachment Section A 6B-1

2) Attach a floor plan drawing for the facility which includes legible labeling of patient care rooms (noting private or semi-private), ancillary areas, equipment areas, etc. On an 8 ½ by 11 sheet of paper or as many as necessary to illustrate the floor plan.

Please see Attachment Section A 6B-2

3) 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.

Johnson City Transit operates throughout Johnson City. NHC, Johnson City is located on the Silver bus line, stop #25, which is a designated stop for NHC. Mass Transit operates fixed-route and demand services, which include paratransit services for ADA certified individuals with disabilities, Job Access, and various demand response call in services. JCT provides approximately 2,000 passengers trips per day.

Please see Attachment Section A 6B-3

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

A. Hospital (Specify)_____ _____
B. Ambulatory Surgical Treatment Center (ASTC), Multi-Specialty _____
C. ASTC, Single Specialty _____
D. Home Health Agency _____
E. Hospice _____
F. Mental Health Hospital _____
G. Intellectual Disability Institutional Habilitation Facility ICF/IID _____
H Nursing Home X____
I. Outpatient Diagnostic Center _____
J. Rehabilitation Facility _____
K. Residential Hospice _____
L. Nonresidential Substitution-Based Treatment Center for Opiate Addiction _____
M. Other (Specify)_____ _____

Check appropriate lines(s).

8. **Purpose of Review** ***(Check appropriate lines(s) – more than one response may apply)***

A. New Institution _____
B. Modifying an ASTC with limitation still required per CON _____
C. Addition of MRI Unit _____
D. Pediatric MRI _____
E. Initiation of Health Care Service as defined in T.C.A. §68-11-1607(4) (Specify)_____ _____
F. Change in Bed Complement X____
[*Please note the type of change by underlining the appropriate response: Increase, Decrease, Designation, Distribution, Conversion, Relocation*]
G. Satellite Emergency Dept. _____
H. Change of Location _____
I. Other (Specify)_____ _____

9. **Medicaid/TennCare, Medicare Participation**

MCO Contracts [Check all that apply]

_X_AmeriGroup ___X_United Healthcare Community Plan _X_BlueCare _X_TennCare Select

Medicare Provider Number 44-5024

Medicaid Provider Number 744-0039/0445024

Certification Type **N/A**

If a new facility, will certification be sought for Medicare and/or Medicaid/TennCare?

Not Applicable

Medicare __Yes __No __ Medicaid/TennCare __Yes __No __

10. Bed Complement Data

A. Please indicate current and proposed distribution and certification of facility beds.

	Current Licensed	Beds Staffed	Beds Proposed	*Beds Approved	**Beds Exempted	TOTAL Beds at Completion
1) Medical						
2) Surgical						
3) ICU/CCU						
4) Obstetrical						
5) NICU						
6) Pediatric						
7) Adult Psychiatric						
8) Geriatric Psychiatric						
9) Child/Adolescent Psychiatric						
10) Rehabilitation						
11) Adult Chemical Dependency						
12) Child/Adolescent Chemical Dependency						
13) Long-Term Care Hospital						
14) Swing Beds						
15) Nursing Home – SNF (Medicare only)						
16) Nursing Home – NF (Medicaid only)						
(17) Nursing Home – SNF/NF (dually certified Medicare/Medicaid)	160	160	7			167
18) Nursing Home – Licensed (non-certified)						
19) ICF/IID						
20) Residential Hospice						
TOTAL	160	160	7			167

*Beds approved but not yet in service

**Beds exempted under 10% per 3 year provision

Describe the reasons for change in bed allocations and describe the impact the bed change will have on the applicant facility's existing services.

The proposed project is for the addition of seven (7) SNF beds to an existing 160 bed nursing home known as NHC HealthCare, Johnson Ciry. NHC HealthCare, Johnson City will promote the orderly development of the health care system in that it is utilizing existing health care bed space and adds needed SNF beds in Washington County where there is a projected need for an additional 351 nursing home beds in 2019 planning horizon.

B. Please identify all the applicant's outstanding Certificate of Need projects that have a licensed bed change component. If applicable, complete chart below. Please note the applicant has no outstanding CON's.

CON Number(s)	CON Expiration Date	Total Licensed Beds Approved

11. **Home Health Care Organizations** – Home Health Agency, Hospice Agency (excluding Residential Hospice), identify the following by checking all that apply: **Not Applicable**

	Existing Licensed County	Parent Office County	Proposed Licensed County		Existing Licensed County	Parent Office County	Proposed Licensed County
Anderson	☐	☐	☐	Lauderdale	☐	☐	☐
Bedford	☐	☐	☐	Lawrence	☐	☐	☐
Benton	☐	☐	☐	Lewis	☐	☐	☐
Bledsoe	☐	☐	☐	Lincoln	☐	☐	☐
Blount	☐	☐	☐	Loudon	☐	☐	☐
Bradley	☐	☐	☐	McMinn	☐	☐	☐
Campbell	☐	☐	☐	McNairy	☐	☐	☐
Cannon	☐	☐	☐	Macon	☐	☐	☐
Carroll	☐	☐	☐	Madison	☐	☐	☐
Carter	☐	☐	☐	Marion	☐	☐	☐
Cheatham	☐	☐	☐	Marshall	☐	☐	☐
Chester	☐	☐	☐	Maury	☐	☐	☐
Claiborne	☐	☐	☐	Meigs	☐	☐	☐
Clay	☐	☐	☐	Monroe	☐	☐	☐
Cocke	☐	☐	☐	Montgomery	☐	☐	☐
Coffee	☐	☐	☐	Moore	☐	☐	☐
Crockett	☐	☐	☐	Morgan	☐	☐	☐
Cumberland	☐	☐	☐	Obion	☐	☐	☐
Davidson	☐	☐	☐	Overton	☐	☐	☐
Decatur	☐	☐	☐	Perry	☐	☐	☐
DeKalb	☐	☐	☐	Pickett	☐	☐	☐
Dickson	☐	☐	☐	Polk	☐	☐	☐
Dyer	☐	☐	☐	Putnam	☐	☐	☐
Fayette	☐	☐	☐	Rhea	☐	☐	☐
Fentress	☐	☐	☐	Roane	☐	☐	☐
Franklin	☐	☐	☐	Robertson	☐	☐	☐
Gibson	☐	☐	☐	Rutherford	☐	☐	☐
Giles	☐	☐	☐	Scott	☐	☐	☐
Grainger	☐	☐	☐	Sequatchie	☐	☐	☐
Greene	☐	☐	☐	Sevier	☐	☐	☐
Grundy	☐	☐	☐	Shelby	☐	☐	☐
Hamblen	☐	☐	☐	Smith	☐	☐	☐
Hamilton	☐	☐	☐	Stewart	☐	☐	☐
Hancock	☐	☐	☐	Sullivan	☐	☐	☐
Hardeman	☐	☐	☐	Sumner	☐	☐	☐
Hardin	☐	☐	☐	Tipton	☐	☐	☐
Hawkins	☐	☐	☐	Trousdale	☐	☐	☐
Haywood	☐	☐	☐	Unicoi	☐	☐	☐
Henderson	☐	☐	☐	Union	☐	☐	☐
Henry	☐	☐	☐	Van Buren	☐	☐	☐
Hickman	☐	☐	☐	Warren	☐	☐	☐
Houston	☐	☐	☐	Washington	☐	☐	☐
Humphreys	☐	☐	☐	Wayne	☐	☐	☐
Jackson	☐	☐	☐	Weakley	☐	☐	☐
Jefferson	☐	☐	☐	White	☐	☐	☐
Johnson	☐	☐	☐	Williamson	☐	☐	☐
Knox	☐	☐	☐	Wilson	☐	☐	☐
Lake	☐	☐	☐				

12. Square Footage and Cost Per Square Footage Chart

Unit/Department	Existing Location	Existing SF	Temporary Location	Proposed Final Location	Proposed Final Square Footage		
					Renovated	New	Total
Patient Rooms	Ofc/Storage	2,100		2,100	2,100		2,100
Unit/Department GSF Sub-Total		2,100		2,100	2,100		2,100
Other GSF Total							
Total GSF		2,100		2,100	2,100		2,100
*Total Cost					$310,000		$310,000
**Cost Per Square Foot					$147.62		147.62
Cost per Square Foot Is Within Which Range *(For quartile ranges, please refer to the Applicant's Toolbox on www.tn.gov/hsda)*					☐ Below 1st Quartile ☐ Between 1st and 2nd Quartile ☐ Between 2nd and 3rd Quartile ■ Above 3rd Quartile	☐ Below 1st Quartile ☐ Between 1st and 2nd Quartile ☐ Between 2nd and 3rd Quartile ☐ Above 3rd Quartile	☐ Below 1st Quartile ■ Between 1st and 2nd Quartile ☐ Between 2nd and 3rd Quartile ☐ Above 3rd Quartile

* The Total Construction Cost should equal the Construction Cost reported on line A5 of the Project Cost Chart.

** Cost per Square Foot is the construction cost divided by the square feet. Please do not include contingency costs.

13. MRI, PET, and/or Linear Accelerator Not Applicable

1. Describe the acquisition of any Magnetic Resonance Imaging (MRI) scanner that is adding a MRI scanner in counties with population less than 250,000 or initiation of pediatric MRI in counties with population greater than 250,000 and/or
2. Describe the acquisition of any Positron Emission Tomographer (PET) or Linear Accelerator if initiating the service by responding to the following:

A. Complete the chart below for acquired equipment.

☐ Linear Accelerator	Mev _____ Types:	☐ SRS ☐ IMRT ☐ IGRT ☐ Other _____	
	Total Cost*: _____ ☐ New ☐ Refurbished	☐ By Purchase ☐ By Lease ☐ If not new, how old? (yrs) ____	Expected Useful Life (yrs) ___
☐ MRI	Tesla: ___ Magnet:	☐ Breast ☐ Extremity ☐ Open ☐ Short Bore ☐ Other _____	
	Total Cost*: _____ ☐ New ☐ Refurbished	☐ By Purchase ☐ By Lease ☐ If not new, how old? (yrs) ____	Expected Useful Life (yrs) ___
☐ PET	☐ PET only ☐ PET/CT ☐ PET/MRI		
	Total Cost*: _____ ☐ New ☐ Refurbished	☐ By Purchase ☐ By Lease ☐ If not new, how old? (yrs) ____	Expected Useful Life (yrs) ___

* As defined by Agency Rule 0720-9-.01(13)

B. In the case of equipment purchase, include a quote and/or proposal from an equipment vendor. In the case of equipment lease, provide a draft lease or contract that at least includes the term of the lease and the anticipated lease payments along with the fair market value of the equipment.

C. Compare lease cost of the equipment to its fair market value. Note: Per Agency Rule, the higher cost must be identified in the project cost chart.

D. Schedule of Operations:

Location	Days of Operation *(Sunday through Saturday)*	Hours of Operation *(example: 8 am – 3 pm)*

Fixed Site *(Applicant)*	_____	_____
Mobile Locations *(Applicant)*	_____	_____
(Name of Other Location)	_____	_____
(Name of Other Location)		

E. Identify the clinical applications to be provided that apply to the project.

F. If the equipment has been approved by the FDA within the last five years provide documentation of the same.

SECTION B: GENERAL CRITERIA FOR CERTIFICATE OF NEED

In accordance with T.C.A. § 68-11-1609(b), "no Certificate of Need shall be granted unless the action proposed in the application for such Certificate is necessary to provide needed health care in the area to be served, can be economically accomplished and maintained, will provide health care that meets appropriate quality standards, and will contribute to the orderly development of health care." Further standards for guidance are provided in the State Health Plan developed pursuant to
T.C.A. § 68-11-1625.

The following questions are listed according to the four criteria: (1) Need, (2) Economic Feasibility, (3) Applicable Quality Standards, and (4) Contribution to the Orderly Development of Health Care. Please respond to each question and provide underlying assumptions, data sources, and methodologies when appropriate. *Please type each question and its response on an 8 1/2" x 11" white paper, single-sided or double sided*. All exhibits and tables must be attached to the end of the application in correct sequence identifying the question(s) to which they refer, unless specified otherwise. ***If a question does not apply to your project, indicate "Not Applicable (NA)."***

QUESTIONS

SECTION B: NEED

A. Provide a response to each criterion and standard in Certificate of Need Categories in the State Health Plan that are applicable to the proposed project. Criteria and standards can be obtained from the Tennessee Health Services and Development Agency or found on the Agency's website at http://www.tn.gov/hsda/article/hsda-criteria-and-standards.

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

NURSING HOME SERVICES

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

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

A. **Determination of Need**

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

County bed need = **.0005 x pop. 65 and under, plus**
.0120 x pop. 65 – 74
.0600 x pop. 75 – 84
.1500 x pop 85+

As stated above, Public Chapter No. 1112, Senate Bill No. 2463, amended and changed the code sections establishing the bed need formula that the Health Services and Development Agency must follow when granting certificates of need for nursing home beds in Tennessee. Based on the above referenced bed need methodology and a Nursing Facility Bed Need: Comparison of Tennessee's Health: Guidelines for Growth 2000 vs. Statute, By Total State and County 2000, there is a need in Washington County of nursing home beds projected for 2019, or a need for an additional 351 beds in Washington County. **Please see Nursing Facility Bed Need Report located in Attachment "Section B. General Criteria – B Need: A1".** This information, which is the most current available to the department, was provided and is included here for reference.

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

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

SNF Need Formula
Washington County Bed Need

SNF Need Formula

11/8/17

Washington County

County Bed Need	2019 Population	Rate	Needed Beds By Age
	112,030	0.0005	56
Population 65 & under	15,780	0.012	189
Population 65-74	8,135	0.06	488
Population 75-84	3,215	0.15	482
Population 85+	139,160		1,215

CON	10 *
Existing Beds =	854
Need =	351

Source: Office of Health Statistics, Bureau of Health Informatics, Tennessee Department of Health

Existing beds based on licensed beds, Licensed Health Facilities, TN Department of Health
*CN1609-032 LP Johnson City LLC - Relocation & Replacement of a 47 Bed Nursing Home
34 Beds of which are currently operating as Princeton Transitional Care with 10 beds
held in the referenced CON from Northeast TN Rehab Hospital Sub Acute

So noted by the applicant. The bed need referenced in response to Question 1 is the projected two year to show the 2019 bed need. There is a net need for an additional 351 nursing beds, per this report, well in excess of NHC's requested seven (7) Medicare SNF beds.

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

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

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

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

So noted by the applicant. The following bed inventory was reported to the Department of Health for year ending 12/31/13 through 12/31/15 for Washington County. LP Johnson City, LLC, CN1609-032 has an approved CON to construct a relocation and replacement 47 bed nursing home. Of the 47 beds within the referenced CON, 10 are not currently licensed and operational awaiting replacement.

Washington County Nursing Homes Occupancy

	NURSING HOMES	2017 Licensed Beds	2013 Occupancy	2014 Occupancy	2015 Occupancy
1	Agape Nursing and Rehabilitation Center*	84	78.2%	74.8%	71.7%
2	Cornerstone Village f/ka/ Appalachian Christian Village	103	89.3%	87.0%	86.0%
3	The Waters of Johson City f/k/a Christian Care Center of Johnson City	84	88.0%	88.2%	86.8%
4	Four Oaks Health Care Center	84	92.0%	88.7%	93.3%
5	Family Ministries f/k/a/ John M Reed Health & Rehab*	63	64.9%	80.9%	Did Not Report
6	Lakebridge Health Care Center	109	93.0%	93.4%	93.0%
7	Life Care Center of Gray	133	83.9%	78.9%	71.9%
8	NHC HealthCare, Johnson City	160	85.5%	82.0%	88.2%
9	Princeton Transitional Care	34	72.1%	75.7%	Did Not Report
	Total	854	83.0%	83.3%	84.4%

* Agape Nursing and Rehabilitation f/k/a Asbury Place at Johnson City 2014 occupancy is based on 122 days open.
John M Reed Health and Rehab 63 beds were inactive from May 2016 - September 2017.

Source: 2012-2015 JAR Reports Utilization

As of the last available Joint Annual Report for Nursing Homes in 2015, all nursing homes did not have an annualized occupancy in excess of 90%. One of the licensed centers was hospital based nursing home bed unit, Princeton Transitional Care, which typically do not reach occupancy levels near 90%. In addition, many of the centers with a lower occupancy rate have below average CMS Star ratings, which often reflects on occupancy rates. NHC HealthCare, Johnson City is the only CMS Five Star center in the county, and also the preferred provider by the hospital system.

Please see Nursing Facility Bed Need Report located in Attachment "Section B. General Criteria - B Need A. 4 Need for the licensed facilities in Washington County, occupancy rate table, service Area JAR reports, and numerous tables reflecting facility data compiled from the JARS.

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

   There are no outstanding CON projects in the proposed service area resulting in a net increase in beds to Washington County; CN1609-032 is for the replacement and relocation of existing beds.

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

   So noted by the applicant.

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

   Not Applicable, the proposed project is for the addition of 7 beds to an existing licensed 160 bed licensed nursing home facility.

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

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

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

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

NHC HealthCare, Johnson City is currently fully staffed and requires only a minimal staffing addition of one (1) RN and five (5) nursing aides year one. In addition, the center uses no agency/contracted staff and has demonstrated its ability to fully staff the project with more than adequate staffing.

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

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

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

Franklin Woods Community Hospital
Johnson City Medical Center
Bristol Regional Medical Center
Holston Valley Medical Center
Other Area Johnson City, Washington County and surrounding health care providers

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

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

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

Purpose: The purpose of being actively involved in the community continuum of care is to provide the consumer within our market area the opportunity to acquire the most appropriate level and type of services for his/her needs. These needs relate to medical support, personal care, personal maintenance and nutritional guidance. We will focus on coordinating our services with other health care providers through effective communication and teamwork.
Targeted Population: Although the targeted population is diverse due to the multifaceted nature of the continuum of care, two groups dominate NHC's particular services on the continuum.

1. Individuals in other community settings who need services devoted to rehabilitation and short-

term stays in the healthcare center.

2. Persons who can no longer be maintained or cared for in their current setting and need 24-hour care for chronic and/or debilitating conditions of a long-term nature.

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

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

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

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

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

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

Responsible Position: The center's Admissions Director and Social Services Director are responsible for ensuring that potential patients who inquire at the center for admission are referred

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

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

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

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

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

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

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

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

Linkages are developed by the center with other providers in Washington County to provide services not offered by the center. Washington County has over 21 home health agencies, 7 hospice and 7 assisted living providers. Although the residents will have a choice in health care providers, following is a list of some providers the facility will work with to provide services not offered by the center.

Home Health Agencies
Advanced Home Care
Amedisys Home Health
Kindred at Home
Mountain States HomeCare
NHC HomeCare
Smoky Mountain Home Health & Hospice

Hospice
Amedisys Hospice
Avalon Hospice
Caris Hospice
Mountain States Hospice

Meals on Wheels
Area Meals on Wheels

Assisted Living Centers
Broadmore Assisted Living
Brookdale Assisted Living
Cornerstone Assisted and Independent Living
Crown Cypress
Dominion Assisted Living
Governor's Bend Assisted Living
Sycamore Springs
The Courtyard Assisted Living

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

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

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

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

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

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

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

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

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

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

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

Please see Nursing Facility Bed Need Report located in Attachment "Section B. General Criteria - 12. Quality Control and Monitoring.

483.75(o) Quality Assessment and Assurance
(1) A facility must maintain a quality assessment and assurance committee consisting of –
(i) The director of nursing services;
(ii) A physician designated by the facility; and
(iii) At least 3 other members of the facility's staff.
(2) The quality assessment and assurance committee –
(i) Meets at least quarterly to identify issues with respect to which quality assessment and assurance activities are necessary; and
(ii) Develops and implements appropriate plans of action to correct identified quality deficiencies.
(3) State or the Secretary may not require disclosure of the records of such committee except insofar as such disclosure is related to the compliance of such committee with the requirements of this section.
(4) Good faith attempts by the committee to identify and correct quality deficiencies will not be used as a basis for sanctions.

NHC Quality Assurance and Performance Improvement (QAPI)

Purpose Statement:

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

Guiding Principles:

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

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

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

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

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

14. **Additional Occupancy Rate Standards:**

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

Please see Attachment Section B. General Criteria – 14a, for an occupancy summary for the 7-bed addition.

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

Please note that the occupancy rates of existing facilities with 50 or more beds have not achieved an average annual occupancy rate of 90 percent in the applicant's service area, Washington County. However, a review of CMS Star Ratings in the United States reveals ratings for most centers of average to below average range. Specifically, of the nine nursing homes located in Washington County, based on the most recent CMS 5 Star Ratings, only one center, NHC HealthCare, Johnson City has a CMS Five Star rating. Two centers have no Star rating, one (1) center is a four Star, two (2) centers are 3 Star, and three (3) centers are two Star rated. In summary, of the rated centers, only two center have a better than average rating.

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

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

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

- **Health Inspections** – The health inspection rating contains information from the last 3 years of onsite inspections, including both standard surveys and any complaint surveys. This information is gathered by trained, objective inspectors who go onsite to the nursing home and follow a specific process to determine the extent to which a nursing home has met Medicaid and Medicare's minimum quality requirements. The most recent survey findings are weighted more than the prior two years. More than 180,000 onsite reviews are used in the health inspection scoring nationally.
- **Staffing** – The staffing rating has information about the number of hours of care provided on average to each resident each day by nursing staff. This rating considers differences in the levels of residents' care need in each nursing home. For example, a nursing home with residents who had more severe needs would be expected to have more nursing staff than a nursing home where the resident needs were not as high.
- **Quality Measures (QMs)** – The quality measure rating has information on 11 different physical and clinical measures for nursing home residents. The rating now includes information about nursing homes' use of antipsychotic medications in both long-stay and short-stay residents. This information is collected by the nursing home for all residents. The QMs offer information about how well nursing homes are caring for their residents' physical and clinical needs. More than 12 million assessments of the conditions of nursing home residents are used in the Five-Star rating system."

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

1. Health Inspection Domain

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

Facility ratings are determined using these criteria:

- **The best 10 percent in each State receive a five-star rating.**

- **The middle 70 percent of facilities receive a rating of two, three, or four stars, with an equal number (approximately 23.33 percent) in each rating category.**

- **The worst 20 percent receive a one-star rating.**

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

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

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

NHC HealthCare, Johnson City has increased patient turnover due to short-stay patients. The following table reflects admissions by month for the center.

2017 Admissions by Month, Year to Date
NHC HealthCare, Johnson City

January	71
February	74
March	73
April	82
May	85
June	81
July	50
August	66
September	54
October	48
Total	684

Average Admissions for NHC HealthCare, Johnson City per month in calendar 2016, were 75.6 patients. Also, for calendar year 2016, the center experienced an average length of stay of 55.9 days for all of its patients, or 21.4 days for Medicare/Managed Care.

Please see Nursing Facility Bed Need Report located in Attachment "Section B. General Criteria – 14(c). Additional Occupancy Rate Standards.

B. Describe the relationship of this project to the applicant facility's long-range development plans, if any, and how it relates to related previously approved projects of the applicant.

At NHC, our company motto is Care is Our Business. NHC's long-range development plans for Washington County is quite simple, to provide quality long-term care services to meet the needs of the citizens of Washington County. Our goal is to expand into the Johnson City area and provide the needed long-term services we have provided since 1971 or for over the last 46 years to the residents of Washington County.

c. Identify the proposed service area and justify the reasonableness of that proposed area. Submit a county level map for the Tennessee portion of the service area using the map on the following page, clearly marked 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 – Section – Need-C.**

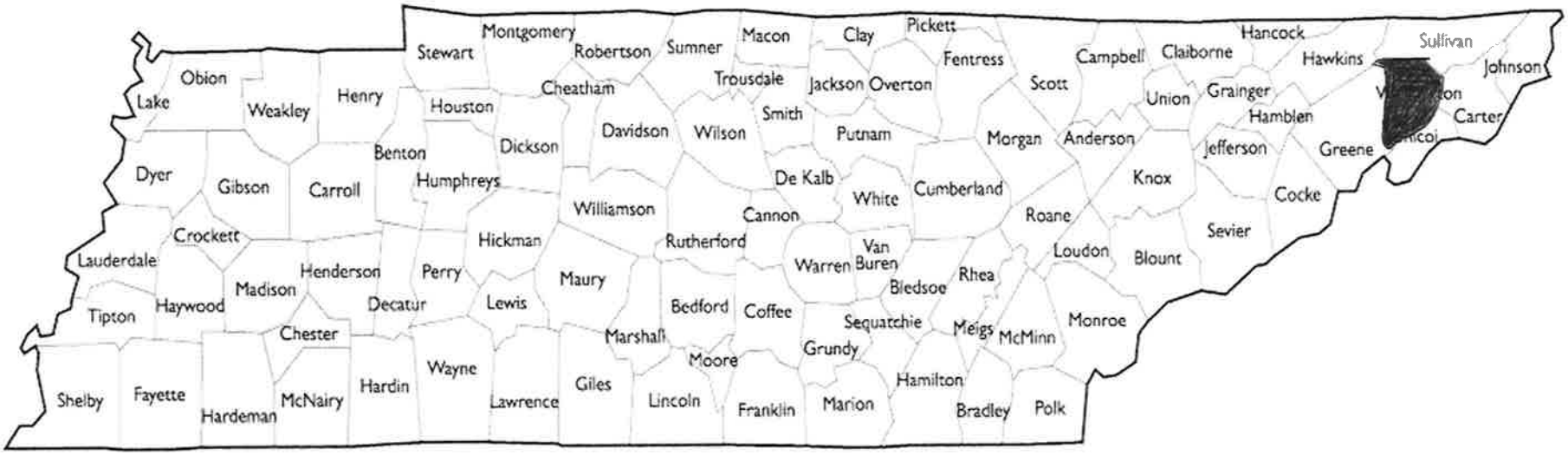
Please complete the following tables, if applicable:

Service Area Counties	Historical Utilization-County Residents	% of total residents
Washington	469	61.0%
Sullivan	149	19.4%
Carter	51	6.6%
Unicoi	45	5.9%
Johnson	14	1.8%
Greene	12	1.6%
Other	29	3.8%
Total	769	100%

Source: 2015 JAR
Schedule F -
Utilization Part 2

Service Area Counties	Projected Utilization-County Residents	% of total residents
Washington	475	61.3%
Sullivan	149	19.2%
Carter	51	6.6%
Unicoi	45	5.8%
Johnson	14	1.8%
Greene	12	1.5%
Other	29	3.7%
Total	775	100%

County Level Map



D. 1) a) Describe the demographics of the population to be served by the proposal.

b) Using current and projected population data from the Department of Health, the most recent enrollee data from the Bureau of TennCare, and demographic information from the US Census Bureau, complete the following table and include data for each county in your proposed service area.

Projected Population Data: http://www.tn.gov/health/article/statistics-population

TennCare Enrollment Data: http://www.tn.gov/tenncare/topic/enrollment-data

Census Bureau Fact Finder: http://factfinder.census.gov/faces/nav/jsf/pages/index.xhtml

Demographic Variable/Geographic Area	Department of Health/Health Statistics							Bureau of the Census				TennCare	
	Total Population-Current Year	Total Population-Projected Year	Total Population-% Change	*Target Population-Current Year	*Target Population-Project Year	*Target Population-% Change	Target Population Projected Year as % of Total	Median Age	Median Household Income	Person Below Poverty Level	Person Below Poverty Level as %	TennCare Enrollees	TennCare Enrollees as % of Total
County A													
County B, etc.													
Service Area Total													
State of TN Total													

** Target Population is population that project will primarily serve. For example, nursing home, home health agency, hospice agency projects typically primarily serve the Age 65+ population; projects for child and adolescent psychiatric services will serve the Population Ages 0-19. Projected Year is defined in select service-specific criteria and standards. If Projected Year is not defined, default should be four years from current year, e.g., if Current Year is 2016, then default Projected Year is 2020.*

	Department of Health/Human Statistics							Bureau of the Census				TennCare	
Demographic Variable/Geographic Area	Total Population - Current Year - 2017	Total Population - Projected Year - 2021	Total Population - % Change	*Target Population - Current Year	*Target Population - Projected Year	*Target Population - % Change	Target Population 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
Washington County	135,611	142,621	5.17%	25,172	29,170	15.88%	20.45%	39.3	$42,817	21,842	16.11%	23,787	17.54%
State of TN Total	6,887,572	7,179,512	4.24%	1,133,025	1,312,118	15.81%	18.28%	38.4	$45,219	1,117,594	16.23%	1,401,418	20.35%

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

The proposed project is accessible to all consumers, including women, racial and ethnic minorities, and low-income groups seeking skilled care. NHC HealthCare/Johnson City, LLC is proposing to add 7 beds to an existing 160 bed nursing home located in Washington County. The services proposed herein address special needs of the population, which this center will serve. The services will be made readily available to each of the following:

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

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

E. 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 doesn't apply to projects that are solely relocating a service.

Washington County Nursing Homes
2013 - 2015 Patient Days

NURSING HOMES	2017 Licensed Beds	CMS Star Rating	2013 Patient Days	2014 Patient Days	2015 Patient Days	'13 - '15 % of Change	2013 % Occ.	2014 % Occ.	2015 % Occ.
Agape Nursing and Rehabilitation Center*	84	2	23,962	7,664	21,998	-8.2%	78.2%	74.8%	71.7%
Cornerstone Village f/ka/ Appalachian Christian Village	103	2	33,568	32,696	32,325	-3.7%	89.3%	87.0%	86.0%
The Waters of Johson City f/k/a Christian Care Center of	84	2	26,992	27,042	26,601	-1.4%	88.0%	88.2%	86.8%
Four Oaks Health Care Center	84	N/A	28,216	27,200	28,610	1.4%	92.0%	88.7%	93.3%
Family Ministries f/k/a/ John M Reed Health & Rehab*	63	N/A	14,934	18,600	Did not report	N/A	64.9%	80.9%	N/A
Lakebridge Health Care Center	109	3	37,019	37,175	Did not report	N/A	93.0%	93.4%	N/A
Life Care Center of Gray	133	4	38,269	36,015	32,798	-14.3%	83.9%	78.9%	67.6%
NHC HealthCare, Johnson City	160	5	49,922	47,867	51,534	3.2%	85.5%	82.0%	88.2%
Princeton Transitional Care	34	3	8,950	8,839	Did not report	N/A	72.1%	75.7%	N/A

* Agape Nursing and Rehabilitation f/k/a Asbury Place at Johnson City 2014 information is based on 122 days open.
John M Reed Health and Rehab 63 beds were inactive from May 2016 - September 2017.

Source: 2013 - 2015 JAR Reports
Medicare.gov

NURSING HOMES	2017 Licensed Beds	Admissions			Average Length of Stay		
		2013	2014	2015	2013	2014	2015
Agape Nursing and Rehabilitation Center*	84	183	152	315	78	87	87
Cornerstone Village f/ka/ Appalachian Christian Village	103	287	266	281	112	129	106
The Waters of Johson City f/k/a Christian Care Center of	84	345	364	317	125	92	104
Four Oaks Health Care Center	84	145	171	167	54	123	62
Family Ministries f/ka/ John M Reed Health & Rehab*	63	34	95	N/A	399	170	N/A
Lakebridge Health Care Center	109	820	611	N/A	80	106	N/A
Life Care Center of Gray	133	273	367	431	129	101	60
NHC HealthCare, Johnson City	160	412	577	769	101	118	95
Princeton Transitional Care	34	706	339	N/A	13	11	N/A

* Agape Nursing and Rehabilitation f/k/a Asbury Place at Johnson City 2014 information is based on 122 days open.
John M Reed Health and Rehab 63 beds were inactive from May 2016 - September 2017.

Source: 2013 - 2015 JAR Reports

Please see additional tables reflecting facility data compiled from the JARs in Attachment Section B. General Criteria – B: Need A.4

F. Provide applicable utilization and/or occupancy statistics for your institution for each of the past three years and the projected 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.

Please see Attachment Section B Economic Feasibility D for the details and methodology used to project utilization.

	2014 Occupancy	2015 Occupancy	2016 Occupancy	2017 YTD 9/30 Occupancy	Projected Year 1	Projected Year 2
NHC HealthCare, Johnson City	82.0%	88.2%	86.9%	91.5%	91.03%	91.32%

Source: 2014-2015 JAR Reports Utilization, 2016-2017 NHC Internal Reports

Total Facility:

Year	Licensed Beds	Medicare Certified	SNF Medicare ADC	Level II Medicaid ADC	SNF All Other Payors ADC	Non-Skilled ADC	Total ADC	Licensed Occupancy
2013	160	76	36	6.79	53	41	137	85.5%
2014	160	76	40	3.69	44	44	131	82.0%
2015	160	76	49	2.47	8	82	141.19	88.2%
2019 (Projected)	167	167	52	2.47	11	82	147.21	91.0%
2020 (Projected)	167	167	55	2.47	14	82	153.74	91.3%

Effective 10/1/2017, NHC HealthCare, Johnson City became 100% Dually Certified

Source: NHC Internal Documents

Project Only:

Year	Licensed Beds	Medicare Certified	SNF Medicare ADC	Level II Medicaid ADC	SNF All Other Payors ADC	Non-Skilled ADC	Total ADC	Licensed Occupancy
2019 (Projected)	7	7	3.0	0	3.1	0	6.0	86.0%
2020 (Projected)	7	7	3.2	0	3.3	0	6.5	93.0%

Effective 10/1/2017, NHC HealthCare, Johnson City became 100% Dually Certified

Source: NHC Internal Documents

SECTION B: ECONOMIC FEASIBILITY

A. Provide the cost of the project by completing the Project Costs Chart on the following page. Justify the cost of the project.

1) All projects should have a project cost of at least $15,000 (the minimum CON Filing Fee). (See Application Instructions for Filing Fee)

The applicant acknowledges the required filing fee will be at least $15,000.

2) The cost of any lease (building, land, and/or equipment) should be based on fair market value or the total amount of the lease payments over the initial term of the lease, whichever is greater. Note: This applies to all equipment leases including by procedure or "per click" arrangements. The methodology used to determine the total lease cost for a "per click" arrangement must include, at a minimum, the projected procedures, the "per click" rate and the term of the lease.

Not Applicable, the applicant does not have any of the referenced leases.

3) The cost for fixed and moveable equipment includes, but is not necessarily limited to, maintenance agreements covering the expected useful life of the equipment; federal, state, and local taxes and other government assessments; and installation charges, excluding capital expenditures for physical plant renovation or in-wall shielding, which should be included under construction costs or incorporated in a facility lease.

Reported equipment costs are consistent with these guidelines.

4) Complete the Square Footage Chart on page 8 and provide the documentation. Please note the Total Construction Cost reported on line 5 of the Project Cost Chart should equal the Total Construction Cost reported on the Square Footage Chart.

Please see the completed Square Footage Chart on page 8. The applicant notes that the Total Construction Cost reported on line 5 of the Project Cost Chart should equal the Total Construction Cost reported on the Square Footage Chart.

5) For projects that include new construction, modification, and/or renovation—**documentation must be** provided from a licensed architect or construction professional that support the estimated construction costs. Provide a letter that includes the following:

a) A general description of the project;

b) An estimate of the cost to construct the project;

c) A description of the status of the site's suitability for the proposed project; and

d) Attesting the physical environment will conform to applicable federal standards, manufacturer's specifications and licensing agencies' requirements including the AIA Guidelines for Design and Construction of Hospital and Health Care Facilities in current use by the licensing authority.

Please see the attached letter from Johnson & Bailey Architects, licensed architects, referencing the requested information found in Attachment Section B Economic Feasibility- A 5.

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PROJECT COST CHART

A. Construction and equipment acquired by purchase:

1.	Architectural and Engineering Fees	$ 15,000
2.	Legal, Administrative (Excluding CON Filing Fee), Consultant Fees	$ 5,000
3.	Acquisition of Site	
4.	Preparation of Site	
5.	Total Construction Costs	$310,000
6.	Contingency Fund	$ 30,000
7.	Fixed Equipment (Not included in Construction Contract)	$ 5,000
8.	Moveable Equipment (List all equipment over $50,000 as separate attachments)	$ 84,000
9.	Other (Specify) Pre-opening cost, Impact Fees	$ 8,000

B. Acquisition by gift, donation, or lease:

1.	Facility (inclusive of building and land)	
2.	Building only	
3.	Land only	
4.	Equipment (Specify)	
5.	Other (Specify)	

C. Financing Costs and Fees:

1.	Interim Financing	
2.	Underwriting Costs	
3.	Reserve for One Year's Debt Service	
4.	Other (Specify) Builders Risk Insurance	$ 1,000

D. Estimated Project Cost (A+B+C) **$ 459,000**

E. CON Filing Fee $ 15,000

F. Total Estimated Project Cost (D+E) **TOTAL** **$ 474,000**

B. Identify the funding sources for this project.

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

__ 1) Commercial loan – Letter from lending institution or guarantor stating favorable initial contact, proposed loan amount, expected interest rates, anticipated term of the loan, and any restrictions or conditions;

__ 2) Tax-exempt bonds – Copy of preliminary resolution or a letter from the issuing authority stating favorable initial contact and a conditional agreement from an underwriter or investment banker to proceed with the issuance;

__ 3) General obligation bonds – Copy of resolution from issuing authority or minutes from the appropriate meeting;

__ 4) Grants – Notification of intent form for grant application or notice of grant award;

X 5) Cash Reserves – Appropriate documentation from Chief Financial Officer of the organization providing the funding for the project and audited financial statements of the organization; and/or

__ 6) Other – Identify and document funding from all other sources.

C. Complete Historical Data Charts on the following two pages—***Do not modify the Charts provided or submit Chart substitutions!***

Historical Data Chart represents revenue and expense information for the last *three (3)* years for which complete data is available. Provide a Chart for the total facility and Chart just for the services being presented in the proposed project, if applicable. **Only complete one chart if it suffices.**

Note that "Management Fees to Affiliates" should include management fees paid by agreement to the parent company, another subsidiary of the parent company, or a third party with common ownership as the applicant entity. "Management Fees to Non-Affiliates" should include any management fees paid by agreement to third party entities not having common ownership with the applicant.

Please see Attachment Section B Economic Feasibility- C for the completed Historical Data Charts.

□ Total Facility
□ Project Only

HISTORICAL DATA CHART

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

	Year_____	Year_____	Year_____
A. Utilization Data (Specify unit of measure, e.g., 1,000 patient days, 500 visits)	_____	_____	_____
B. Revenue from Services to Patients			
1. Inpatient Services	$_____	$_____	$_____
2. Outpatient Services	_____	_____	_____
3. Emergency Services	_____	_____	_____
4. Other Operating Revenue (Specify)_____	_____	_____	_____
Gross Operating Revenue	$_____	$_____	$_____
C. Deductions from Gross Operating Revenue			
1. Contractual Adjustments	$_____	$_____	$_____
2. Provision for Charity Care	_____	_____	_____
3. Provisions for Bad Debt	_____	_____	_____
Total Deductions	$_____	$_____	$_____
NET OPERATING REVENUE	$_____	$_____	$_____
D. Operating Expenses			
1. Salaries and Wages			
a. Direct Patient Care	_____	_____	_____
b. Non-Patient Care	_____	_____	_____
2. Physician's Salaries and Wages	_____	_____	_____
3. Supplies	_____	_____	_____
4. Rent			
a. Paid to Affiliates	_____	_____	_____
b. Paid to Non-Affiliates	_____	_____	_____
5. Management Fees:			
a. Paid to Affiliates	_____	_____	_____
b. Paid to Non-Affiliates	_____	_____	_____
6. Other Operating Expenses	_____	_____	_____
Total Operating Expenses	$_____	$_____	$_____
E. **Earnings Before Interest, Taxes and Depreciation**	$_____	$_____	$_____
F. Non-Operating Expenses			
1. Taxes	$_____	$_____	$_____
2. Depreciation	_____	_____	_____
3. Interest	_____	_____	_____
4. Other Non-Operating Expenses	_____	_____	_____
Total Non-Operating Expenses	$_____	$_____	$_____
NET INCOME (LOSS)	$_____	$_____	$_____

Chart Continues Onto Next Page

NET INCOME (LOSS)	$_____	$_____	$_____
G. Other Deductions			
1. Annual Principal Debt Repayment	$_____	$_____	$_____
2. Annual Capital Expenditure	_____	_____	_____
Total Other Deductions	$_____	$_____	$_____
NET BALANCE	$_____	$_____	$_____
DEPRECIATION	$_____	$_____	$_____
FREE CASH FLOW (Net Balance + Depreciation)	$_____	$_____	$_____

☐ Total Facility

☐ Project Only

HISTORICAL DATA CHART-OTHER EXPENSES

OTHER EXPENSES CATEGORIES	Year____	Year___	*Year*_____
1. Professional Services Contract	$_____	$_____	$_____
2. Contract Labor	_____	_____	_____
3. Imaging Interpretation Fees	_____	_____	_____
4. _____	_____	_____	_____
5. _____	_____	_____	_____
6. _____	_____	_____	_____
7. _____	_____	_____	_____
Total Other Expenses	**$**_____	**$**_____	**$**_____

D. Complete Projected Data Charts on the following two pages – ***Do not modify the Charts provided or submit Chart substitutions!***

The Projected Data Chart requests information for the two years following the completion of the proposed services that apply to the project. Please complete two Projected Data Charts. One Projected Data Chart should reflect revenue and expense projections for the ***Proposal Only*** (*i.e.*, if the application is for additional beds, include anticipated revenue from the proposed beds only, not from all beds in the facility). The second Chart should reflect information for the total facility. **Only complete one chart if it suffices.**

Note that "Management Fees to Affiliates" should include management fees paid by agreement to the parent company, another subsidiary of the parent company, or a third party with common ownership as the applicant entity. "Management Fees to Non-Affiliates" should include any management fees paid by agreement to third party entities not having common ownership with the applicant.

Please see Attachment Section B Economic Feasibility- D for the completed Projected Data Charts.

□ Total Facility
□ Project Only

PROJECTED DATA CHART

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

	Year_____	Year_____
A. Utilization Data (Specify unit of measure, e.g., 1,000 patient days, 500 visits)	_____	_____
B. Revenue from Services to Patients		
1. Inpatient Services	$_____	$_____
2. Outpatient Services	_____	_____
3. Emergency Services	_____	_____
4. Other Operating Revenue (Specify)_____	_____	_____
Gross Operating Revenue	$_____	$_____
C Deductions from Gross Operating Revenue		
1. Contractual Adjustments	$_____	$_____
2. Provision for Charity Care	_____	_____
3. Provisions for Bad Debt	_____	_____
Total Deductions	$_____	$_____
NET OPERATING REVENUE	$_____	$_____
D. Operating Expenses		
1. Salaries and Wages	_____	_____
a. Direct Patient Care	_____	_____
b. Non-Patient Care	_____	_____
2. Physician's Salaries and Wages	_____	_____
3. Supplies	_____	_____
4. Rent		
a. Paid to Affiliates	_____	_____
b. Paid to Non-Affiliates	_____	_____
5. Management Fees:		
a. Paid to Affiliates	_____	_____
b. Paid to Non-Affiliates	_____	_____
6. Other Operating Expenses	_____	_____
Total Operating Expenses	$_____	$_____
E. **Earnings Before Interest, Taxes and Depreciation**	$_____	$_____
F. Non-Operating Expenses		
1. Taxes	$_____	$_____
2. Depreciation	_____	_____
3. Interest	_____	_____
4. Other Non-Operating Expenses	_____	_____
Total Non-Operating Expenses	$_____	$_____
NET INCOME (LOSS)	$_____	$_____

Chart Continues Onto Next Page

NET INCOME (LOSS)	$_____	$_____
G. Other Deductions		
1. Estimated Annual Principal Debt Repayment	$_____	$_____
2. Annual Capital Expenditure	_____	_____
Total Other Deductions	$_____	$_____
NET BALANCE	$_____	$_____
DEPRECIATION	$_____	$_____
FREE CASH FLOW (Net Balance + Depreciation)	$_____	$_____

☐ Total Facility

☐ Project Only

PROJECTED DATA CHART-OTHER EXPENSES

OTHER EXPENSES CATEGORIES	**Year_____**	**Year_____**
1. Professional Services Contract	$_____	$_____
2. Contract Labor	_____	_____
3. Imaging Interpretation Fees	_____	_____
4. _____	_____	_____
5. _____	_____	_____
6. _____	_____	_____
7. _____	_____	_____
Total Other Expenses	**$_____**	**$_____**

E. 1) Please identify the project's average gross charge, average deduction from operating revenue, and average net charge using information from the Projected Data Chart for Year 1 and Year 2 of the proposed project. Please complete the following table.

	Previous Year (2016)	Current Year (9/30/17 YTD)	Year One	Year Two	% Change (Current Year to Year 2)
Gross Charge *(Gross Operating Revenue/Utilization Data)*	439.43	409.05	618.96	643.72	46.49%
Deduction from Revenue *(Total Deductions/Utilization Data)*	(163.49)	(132.30)	(205.14)	(221.62)	35.56%
Average Net Charge *(Net Operating Revenue/Utilization Data)*	275.94	276.75	413.82	422.10	52.97%

2) 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.

Patient Charge/Reimbursement	**Year 1(11/2019) Proposed**	**Year 2(11/2020) Proposed**
Managed Care	**$382.18**	**$389.82**
Medicare	**$445.80**	**$454.71**

The proposed CON project calls for the addition of 7 new SNF beds to the existing 160 bed nursing home called NHC HealthCare, Johnson City. Please note that the existing rates for NHC HealthCare, Johnson City can be found in Section B, Economic Feasibility, C. Consequently, once the Medicare RUG rates were projected, they were inflated 2.0% annually. The anticipated revenue from the proposed project is sufficient to produce positive net operating income in year two of $76,031.

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

Please see Attachment SECTION B: ECONOMIC FEASIBILITY E 3

F. 1) Discuss how projected utilization rates will be sufficient to support the financial performance. Indicate when the project's financial breakeven is expected and demonstrate the availability of sufficient cash flow until financial viability is achieved. Provide copies of the balance sheet and income statement from the most recent reporting period of the institution and the most recent audited financial statements with accompanying notes, if applicable. For all projects, provide financial information for the corporation, partnership, or principal parties that will be a source of funding for the project. Copies must be inserted at the end of the application, in the correct alpha-numeric order and labeled as Attachment C, Economic Feasibility. **NOTE: Publicly held entities only need to reference their SEC filings.**

The projected utilization rates are sufficient to maintain cost-effectiveness. Please see the proforma Projected Data Chart located in Attachment B, Economic Feasibility – D for a two-year projection showing utilization rates sufficient to maintain cost effectiveness.

Please reference NHC's Form 10-Q filed with the SEC on November 9, 2017.

2) Net Operating Margin Ratio – Demonstrates how much revenue is left over after all the variable or operating costs have been paid. The formula for this ratio is: (Earnings before interest, Taxes, and Depreciation/Net Operating Revenue).

Utilizing information from the Historical and Projected Data Charts please report the net operating margin ratio trends in the following table:

Year	2nd Year previous to Current Year (2015)	1st Year previous to Current Year (2016)	Current Year (9/17 YTD)	Projected Year 1	Projected Year 2
Net Operating Margin Ratio	-3.69%	-9.72%	-6.21%	5.19%	9.40%

3) Capitalization Ratio (Long-term debt to capitalization) – Measures the proportion of debt financing in a business's permanent (Long-term) financing mix. This ratio best measures a business's true capital structure because it is not affected by short-term financing decisions. The formula for this ratio is: (Long-term debt/(Long-term debt/Total Equity (Net assets)) x 100).

NHC HealthCare, Johnson City has no long-term debt, thus this ratio is not applicable.

For the entity (applicant and/or parent company) that is funding the proposed project please provide the capitalization ratio using the most recent year available from the funding entity's audited balance sheet, if applicable. The Capitalization Ratios are not expected from outside the company lenders that provide funding.

National HealthCare Corporation's Capitalization Ratio is 15.20%

G. 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. Additionally, report the estimated gross operating revenue dollar amount and percentage of projected gross operating revenue anticipated by payor classification for the first year of the project by completing the table below.

Applicant's Projected Payor Mix, Year 1

Payor Source	Projected Gross Operating Revenue	As a % of total
Medicare/Medicare Managed Care	$1,334,761	98.15%
TennCare/Medicaid		0%
Commercial/Other Managed Care		0%
Self-Pay		0%
Charity Care	25,093	1.85%
Other (Specify)_____		0%
Total	$1,359,854	100.00%

H. Provide the projected 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. Additionally, please identify projected salary amounts by position classifications and compare the clinical staff salaries to prevailing wage patterns in the proposed service area as published by the Department of Labor & Workforce Development and/or other documented sources.

Position Classification	Existing FTEs (2017)	Projected FTEs (2019)	Average Wage (Contractual Rate)	Area Wide/Statewide Average Wage
A. Direct Patient Care Positions				
RN	18	19	32.04	26.20
LPN	27	27	21.92	16.95
Certified NA	57	62	15.11	10.90
Physical Therapy Aide	1	1		
Total Direct Patient Care Positions	103	109		
B. Non-Patient Care Positions				
Laundry	6	6		
Activities	2	2		
Social Services	5	5		
Dietary	15	15		
Plant Operations	2	2		
Housekeeping	11	11		
Medical Records	4	4		
Administrative	6	6		
Total Non-Patient Care Positions	51	51		
Total Employees *(A+B)*	154	160		
C. Contractual Staff				
Therapy	19	21		
Total Staff *(A+B+C)*	173	181		

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

1) Discuss the availability of less costly, more effective and/or more efficient alternative methods of providing the benefits intended by the proposal. If development of such alternatives is not practicable, justify why not, including reasons as to why they were rejected.

2) Document that consideration has been given to alternatives to new construction, e.g., modernization or sharing arrangements. **Not Applicable, the project involves renovation of existing space.**

After compiling all of the facts, it was decided that the best alternative would be to add seven (7) additional beds to the existing 160 bed NHC HealthCare, Johnson City. This proposal will allow NHC HealthCare, Johnson City to meet the long-term care needs of the residents of Washington County and continue to offer the medical community in the Mountain States Health Alliance (MSHA), as well as others, access to a convenient high quality provider that will help to ensure continuity of care for its patients in the coming years.

(a) Do nothing. This option was rejected based on the centers occupancy and growing demand for our services. Our desire is to continue to serve the local hospitals and Washington County residents' health care needs for years to come.

(b) Request more than 7 beds. This proposal was considered but rejected because the proposed seven (7) beds with allow maximum efficiency of operation and design by utilizing existing facility space. The projected need in Washington County is for an additional 351 SNF/Medicare beds in 2019.

(c) Request fewer than 7 beds. This proposal was considered but rejected based on project financial feasibility and our goal to increase operational efficiency. In addition, to accommodate the projected growth and need for skilled beds for the year 2019, additional beds should be added. The bed need projected by the new Nursing Home Services, Certificate of Need Standards and Criteria shows a need for 351 additional skilled beds by year 2019. Our request is for 7 beds to open by November 2019.

(d) Add 7 new Medicare beds to the existing 160 bed center. This proposal was considered and accepted. The proposed project will be able to use existing resources and continue to offer the skilled nursing services. The centers site is within five (5) miles of MSHA's flagship hospital, and offers good access to other areas of Washington County. This proposal is being pursued because it meets the projected needs and orderly development of the health care community in Washington County.

SECTION B: CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTH CARE

A. List all existing health care providers (i.e., hospitals, nursing homes, home care organizations, etc.), managed care organizations, alliances, and/or networks with which the applicant currently has or plans to have contractual and/or working relationships, that may directly or indirectly apply to the project, such as, transfer agreements, contractual agreements for health services.

Hospitals
Franklin Woods Community Hospital
Johnson City Medical Center
Bristol Regional Medical Center
Holston Valley Medical Center
Other Area Johnson City, Washington County and surrounding health care providers

Home Health Agencies
Advanced Home Care
Amedisys Home Health
Kindred at Home
Mountain States HomeCare
NHC HomeCare
Smoky Mountain Home Health & Hospice

Hospice
Amedisys Hospice
Avalon Hospice
Caris Hospice
Mountain States Hospice

Meals on Wheels
Area Meals on Wheels

Assisted Living Centers
Broadmore Assisted Living
Brookdale Assisted Living
Cornerstone Assisted and Independent Living
Crown Cypress
Dominion Assisted Living
Governor's Bend Assisted Living
Sycamore Springs
The Courtyard Assisted Living

NHC HealthCare, Johnson City:
Is the only Five (5) Star CMS rated facility in Washington County

Is the only Five (5) Star CMS rated facility in Washington County

Is the selected preferred provider in MSHA Post Acute Care Network

Is the only selected SNF partner to participate by MSHA to participate in transitions pilot with the Tennessee Hospital Association and Blue Cross Blue Shield.

Is the only facility partnered with Appalachian Orthopedics to have Orthopedic surgeon establish protocols for patients post-op and conduct follow up visits in facility. NHC Johnson City is the only facility in Johnson City to have this partnership.

Is currently working with Qualuable ACO, and their primary practice group State of Franklin HealthCare Associates, in transitions initiative. The initiative is working to establish successful discharge plans with case managers from SOFHA and timely follow up from Primary Care Physician to prevent readmissions.

B. Describe the effects of competition and/or duplication of the proposal on the health care system, including the impact to consumers and existing providers in the service area. Discuss any instances of competition and/or duplication arising from your proposal including a description of the effect the proposal will have on the utilization rates of existing providers in the service area of the project.

1) Positive Effects

NHC HealthCare/Johnson City, LLC is requesting the authority to add 7 new Medicare SNF nursing home beds to an existing 160-bed nursing home center located in a market where NHC closely coordinates with Mountain State Health Alliance's flagship hospital, Johnson City Medical Center. The results are seen to have positive effects for both the long-term care industry and the growing aging population in Washington County.

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

This project will serve as an expansion of needed skilled nursing home beds and services to the residents of Washington County. The proposed project will serve as a referral source for home health agencies, assisted living centers, doctors and area hospitals.

NHC HealthCare, Johnson City:

Is the only Five (5) Star CMS rated facility in Washington County

Was selected as a preferred provider in MSHA Post Acute Care Network

Was selected as the only SNF partner to participate by MSHA to participate in transitions pilot with the Tennessee Hospital Association and Blue Cross Blue Shield.

Is the only facility partnered with Appalachian Orthopedics to have Orthopedic surgeon establish protocols for patients post-op and conduct follow up visits in facility. NHC Johnson City is the only facility in Johnson City to have this partnership.

Is currently working with Qualuable ACO, and their primary practice group State of Franklin HealthCare Associates, in transitions initiative. The initiative is working to establish successful discharge plans with case managers from SOFHA and timely follow up from Primary Care Physician to prevent readmissions.

2) Negative Effects

This project will not have negative effects on the health care system of duplication or competition because the 7 beds represent only a fraction of the 351 beds projected in the State's formula to be needed by 2019 in Washington County. In addition, these beds, which will be located within 5 miles of Johnson City Medical Center, will serve the growing quality care long term care bed needs in the acute care delivery system.

C. 1) 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 and/or requirements of accrediting agencies, such as the Joint Commission and Commission on Accreditation of Rehabilitation Facilities.

Please see Attachment "Section B Economic Feasibility – D for a listing of projected human resources required by the proposal per the licensing requirements of the Department of Health. The proposed project will require a total of 3.5 FTE's of which 0.7 FTE's is an RN and 2.8 FTE's are in nursing (Aides) (Year 2). NHC is approved to provide CNA training programs in-house at many of its centers; that includes NHC HealthCare, Johnson City. Therefore, NHC Johnson City has the ability to staff the projected FTE increase based on its current staff and potential employees on file.

2) Verify that the applicant has reviewed and understands all licensing and/or certification as required by the State of Tennessee and/or accrediting agencies such as the Joint Commission for medical/clinical staff. 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.

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

3) Discuss the applicant's participation in the training of students in the areas of medicine, nursing, social work, etc. (e.g., internships, residencies, etc.).

NHC has been in operation for over 46 years and is currently operating NHC HealthCare, Johnson City an established center in Washington County. NHC HealthCare, Johnson City has generated a lot of interest from professional nursing personnel in the community. NHC recognizes that staffing shortages are an issue across the nation. Nevertheless, NHC has operated in the Washington County since 1971 and based on that experience, does not expect to have a problem staffing the proposed project.

The anticipated medical personnel (FTE's) required for the seven (7) bed addition, at 93.1% occupancy in year two, during the three shifts, is as follows:

Personnel	Total FTE's
Aides	2.8
RN	0.7

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

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

Finally, the Company runs an intensive administrator-in-training program, which takes college graduates and works them through a 24-month training program, learning every aspect of the management and administration of long-term health care centers. More than half of the company's administrators are presently graduates of this program. All in all, the company has the highest commitment to the continuing education of its partners and the recruitment of

qualified outside individuals with intent to assist their educational activities to help meet the continuing health care needs of the aging population of America.

National HealthCare Corporation prides itself and owes much of its success to over 12,000 partners. NHC realizes that staffing of medical facilities across the country is becoming more of a problem. However, NHC has managed to avoid many of the staffing problems experienced by other operators by offering competitive salaries and extended benefits to all levels of personnel. The NHC philosophy is to operate as a team, with every job having equal bearing on our desired goal to provide the best possible long-term health care to the growing elderly population. All company partners are carefully screened for each job to ensure that the best possible placement. The company attitude toward all its partners along with competitive salaries and a friendly, secure, professional work environment has enabled NHC to attract the kind of team that has made it so successful for over forty six (46) years. NHC also has many strict requirements and company training programs (which are nationally recognized) that continue the level of expertise necessary to deliver state of the art nursing care. Consequently, NHC has an outstanding record for low staff turnover in the industry.

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

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

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

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

Methodology: This recruiting plan has been approved by the management of NHC and has been implemented in all 76 facilities owned and/or managed by NHC. NHC HealthCare, Johnson City will use the following methods:

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

1) Each staff member is attuned to the National HealthCare Corporation philosophy of restorative nursing and emphasizing quality of life for our patients; and

2) To the extent possible, each staff member has a record of stable employment and a commitment to both the facility and the elderly. The Administrator is trained in the company Administrator program, and will likely be a member of the National HealthCare Corporation corporate staff for training for approximately two (2) years. NHC currently has (10) ten Administrators in its training program. The Administrator and the corporate staff will tailor our Recruitment Plan to meet the local market. The goal of this plan is to put together a cohesive program of partner

recruitment at the outset, which will enable the facility to select and recruit an initial staff, which will have not less than 40% partner retainage after five years.

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

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

Currently NHC includes the following recruiting incentives in its package:

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

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

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

A. DON will serve with local advisory boards of Vocational Technical Schools. In addition, the facility will provide a classroom for Certified Nursing Assistant, Advanced Certified Nursing Assistant, and Home Health Aide Classes. This will provide NHC with an advantage for staff recruitment. Upon graduation from each step, partners are given a banquet dinner, certificates, and monetary raises.

B. NHC has established relationships with the following educational institutions to aid in recruitment of qualified nursing personnel:

East Tennessee State University
Milligan College
King College
Northeast State Technical Community College
NHC Johnson City CAN Program
Tennessee State Vocational College

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

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

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

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

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

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

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

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

NHC HealthCare, Johnson City has 24-hour RN coverage.

D. Identify the type of licensure and certification requirements applicable and verify the applicant has reviewed and understands them. Discuss any additional requirements, if applicable. Provide the name of the entity from which the applicant has received or will receive licensure, certification, and/or accreditation.

Licensure: **licensed by the State of Tennessee to provide nursing home services**

Certification Type (e.g. Medicare SNF, Medicare LTAC, etc.): **Certified for Medicare and Medicaid**

Accreditation (i.e., Joint Commission, CARF, etc.): **the Center is CMS Five Star Rated; it is not surveyed under Joint Commission, CARF, etc.**

1) If an existing institution, describe the current standing with any licensing, certifying, or accrediting agency. Provide a copy of the current license of the facility and accreditation designation.

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

Please see Attachment "Section B Contribution to The Orderly Development of Health Care D-1 for a copy of the current license and documentation from the most recent license.

2) For existing providers, please provide a copy of the most recent statement of deficiencies/plan of correction and document that all deficiencies/findings have been corrected by providing a letter from the appropriate agency.

Please see Attachment "Section B Contribution to The Orderly Development of Health Care D-2 for a copy of the most recent statement of deficiencies/plan of correction and documentation that all deficiencies/findings have been corrected

3) Document and explain inspections within the last three survey cycles which have resulted in any of the following state, federal, or accrediting body actions: 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.

Not Applicable, None

a) Discuss what measures the applicant has or will put in place to avoid similar findings in the future.

E. Respond to all of the following and for such occurrences, identify, explain and provide documentation: **Not Applicable, None**

1) Has any of the following:

   a) 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);

   b) 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

   c) Any physician or other provider of health care, or administrator employed by any entity in which any person(s) or entity with more than 5% ownership in the applicant (to include any entity in the chain of ownership for applicant) has an ownership interest of more than 5%.

2) Been subjected to any of the following:

   a) Final Order or Judgment in a state licensure action;

   b) Criminal fines in cases involving a Federal or State health care offense;

   c) Civil monetary penalties in cases involving a Federal or State health care offense;

   d) Administrative monetary penalties in cases involving a Federal or State health care offense;

   e) 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; and/or

   f) Suspension or termination of participation in Medicare or Medicaid/TennCare programs.

   g) Is presently subject of/to an investigation, regulatory action, or party in any civil or criminal action of which you are aware.

   h) Is presently subject to a corporate integrity agreement.

F. Outstanding Projects:

1) Complete the following chart by entering information for each applicable outstanding CON by applicant or share common ownership; and

Outstanding Projects					
CON Number	Project Name	Date Approved	*Annual Progress Report(s)		Expiration Date
			Due Date	Date Filed	
CN1604-014A	NHC HealthCare, Cookeville	8/24/16	10/1/17	9/29/17	10/1/18
CN1404-011	The Health Care Center of Hermitage	6/25/14	8/1/17	7/27/17	8/1/19

* Annual Progress Reports – HSDA Rules require that an Annual Progress Report (APR) be submitted each year. The APR is due annually until the Final Project Report (FPR) is submitted (FPR is due within 90 ninety days of the completion and/or implementation of the project). Brief progress status updates are requested as needed. The project remains outstanding until the FPR is received.

2) Provide a brief description of the current progress, and status of each applicable outstanding CON.

Both projects are currently in the development phase.

G. Equipment Registry – For the applicant and all entities in common ownership with the applicant.

Not Applicable

1) Do you own, lease, operate, and/or contract with a mobile vendor for a Computed Tomography scanner (CT), Linear Accelerator, Magnetic Resonance Imaging (MRI), and/or Positron Emission Tomographer (PET)? _____

2) If yes, have you submitted their registration to HSDA? If you have, what was the date of submission?_____

3) If yes, have you submitted your utilization to Health Services and Development Agency? If you have, what was the date of submission? _____

SECTION B: QUALITY MEASURES

Please verify that the applicant will report annually using forms prescribed by the Agency concerning continued need and appropriate quality measures as determined by the Agency pertaining to the certificate of need, if approved.

If approved, the applicant will provide the Tennessee Health Services and Development Agency reports annually using forms prescribed by the Agency concerning continued need and appropriate quality measures as determined by the Agency pertaining to the certificate of need. Furthermore, the applicant files Joint Annual Reports Annually

SECTION C: STATE HEALTH PLAN QUESTIONS

T.C.A. §68-11-1625 requires the Tennessee Department of Health's Division of Health Planning to develop and annually update the State Health Plan (found at http://www.tn.gov/health/topic/health-planning). The State Health Plan guides the State in the development of health care programs and policies and in the allocation of health care resources in the State, including the Certificate of Need program. The 5 Principles for Achieving Better Health are from the State Health Plan's framework and inform the Certificate of Need program and its standards and criteria.

Discuss how the proposed project will relate to the 5 Principles for Achieving Better Health found in the State Health Plan.

A. The purpose of the State Health Plan is to improve the health of the people of Tennessee.

B. People in Tennessee should have access to health care and the conditions to achieve optimal health.

C. Health resources in Tennessee, including health care, should be developed to address the health of people in Tennessee while encouraging economic efficiencies.

D. People in Tennessee should have confidence that the quality of health care is continually monitored and standards are adhered to by providers.

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

Five Principles for Achieving Better Health

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

1. Healthy Lives

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

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

2. Access to Care

Every citizen should have reasonable access to health care.

NHC's healthcare model targets patients that are Medicare qualified beneficiaries seeking skilled nursing and rehabilitation services following a prior hospital stay. The majority of all patients placed in nursing homes from the acute care setting are Medicare beneficiaries. Since Medicare is a federal insurance program covering individuals age 65 and over, as well as disabled individuals below that age, access to long term care Medicare beds is a function of bed availability in the market. In Washington County, the problem exists for the acute care providers and their timely placement of Medicare nursing home patients to a qualified Medicare nursing home bed. The addition of the 7 requested Medicare beds will help to improve access to this level of care. Also, approval of the request will also help to alleviate extra patient days in acute care beds while waiting for a Medicare bed to become available, which is costly to the system and also creates access problems on the acute care side of the continuum as well. In addition, hospitals must consider readmission rates from post-acute care providers that may have negative impact on patient care and financial feasibility of their institutions. Furthermore, accountable care organizations (ACO's) and bundled payment networks

are helping to shape and dictate where patients coming from hospitals are directed to receive their post-acute care services.

3. Economic Efficiencies

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

The proposed project speaks to the very heart of this principle at several levels. NHC works closely with MSHA, to ensure patients have a smooth transition and coordinated care plan when receiving care at NHC HealthCare, Johnson City. As accountable care organizations (ACO) begin to develop, with an eye to economic efficiencies and competitive markets, the State's health care system will begin to reshape itself. Ultimately, the goal of ACO's is to better serve the needs of the patient, which this project is designed to do. By assuring that the appropriate level of care and health care beds are available, when needed, the state's health care system will be able to keep cost to their lowest level possible by making sure patients utilize services at the lowest level and cost possible. NHC's average length of stay for this project is projected to be 21 days, which is consistent with NHC HealthCare, Johnson City's experience in Washington County, Tennessee.

4. Quality of Care

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

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

5. Health Care Workforce

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

NHC is consistent with this principle and has a long outstanding history with developing, recruitment and retention of a quality health care workforce. NHC non-profit, Foundation for Geriatric Education, since its inception in 1982, has funded over $2,955,000 in books and academic programs for a qualified health care workforce through 2016. The company also has a tuition reimbursement program which has funded millions of dollars for direct tuition for students. In addition, the company runs several of its own training programs to educate long term care health care workers such as a two year administrator in training program, a dietetic internship program, certified nursing assistant program, and advanced geriatric therapy program. NHC is also active in the federal workforce development system in locations across our markets and locally in the Middle Tennessee area with the Middle Tennessee Workforce Development Board for over sixteen years.

PROOF OF PUBLICATION

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

NOTIFICATION REQUIREMENTS

(Applies only to Nonresidential Substitution-Based Treatment Centers for Opiate Addiction)

Note that T.C.A. §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 a 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."

Failure to provide the notifications described above within the required statutory timeframe will result in the voiding of the CON application.

Please provide documentation of these notifications.

Please see the Attachment Proof of Publication.

DEVELOPMENT SCHEDULE

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

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

Please see the completed Project Completion Forecast Chart on the following page.

PROJECT COMPLETION FORECAST CHART

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

Phase	Days Required	Anticipated Date [Month/Year]
1. Initial HSDA decision date		02/2018
2. Architectural and engineering contract signed	30	03/2018
3. Construction documents approved by the Tennessee Department of Health	120	06/2018
4. Construction contract signed	30	07/2018
5. Building permit secured	30	07/2018
6. Site preparation completed	N/A	
7. Building construction commenced	30	08/2018
8. Construction 40% complete	15	09/2018
9. Construction 80% complete	15	10/2018
10. Construction 100% complete (approved for occupancy	15	10/2018
11. *Issuance of License	30	11/2018
12. *Issuance of Service	30	12/2018
13. Final Architectural Certification of Payment	30	01/2019
14. Final Project Report Form submitted (Form HR0055)	30	02/2019

***For projects that *DO NOT* involve construction or renovation, complete Items 11 & 12 only.**

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

NOV 14 '17 AM 11:03

AFFIDAVIT

STATE OF South Carolina

COUNTY OF Richland

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

/Assistant Vice President
SIGNATURE/TITLE

Sworn to and subscribed before me this 13th day of November (Month), 2017 (Year) a Notary

Public in and for the County/State of Richland/South Carolina.

Jane M. Heinzelman
NOTARY PUBLIC

My commission expires June 9 (Month/Day), 2025 (Year).

ATTACHMENTS

Section A-4A

Type of Ownership or Control
Articles of Organization, Certificate of Existence, Organizational Chart
&
Listing of Other Nursing Facilities owned by NHC/OP, L.P.

Tre Hargett
Secretary of State

Division of Business Services
Department of State
State of Tennessee
312 Rosa L. Parks AVE, 6th FL
Nashville, TN 37243-1102

Filing Information

Name: **NHC HEALTHCARE/JOHNSON CITY, LLC**

General Information

SOS Control #	**000389846**	Formation Locale:	TENNESSEE
Filing Type:	Limited Liability Company - Domestic	Date Formed:	05/22/2000
	05/22/2000 10:30 AM	Fiscal Year Close	12
Status:	Active	Member Count:	1
Duration Term:	Perpetual		
Managed By:	Manager Managed		

Registered Agent Address
NATIONAL REGISTERED AGENTS, INC.
STE 2021
800 S GAY ST
KNOXVILLE, TN 37929-9710

Principal Address
3209 BRISTOL HWY
JOHNSON CITY, TN 37601-1515

The following document(s) was/were filed in this office on the date(s) indicated below:

Date Filed	Filing Description	Image #
02/16/2017	2016 Annual Report	B0345-4761
02/10/2016	2015 Annual Report	B0196-3802
03/02/2015	2014 Annual Report	B0059-3604
03/06/2014	2013 Annual Report	7296-2224
10/02/2013	Registered Agent Change (by Agent)	A0202-1243
	Registered Agent Physical Address 1 Changed From: 2300 HILLSBORO RD To: 800 S GAY ST	
	Registered Agent Physical Address 2 Changed From: STE 305 To: STE 2021	
	Registered Agent Physical City Changed From: NASHVILLE To: KNOXVILLE	
	Registered Agent Physical County Changed From: DAVIDSON COUNTY To: KNOX COUNTY	
	Registered Agent Physical Postal Code Changed From: 37212-4927 To: 37929-9710	
03/22/2013	2012 Annual Report	7171-1735
	Registered Agent Physical Address 1 Changed From: 800 S GAY ST To: 2300 HILLSBORO RD	
	Registered Agent Physical Address 2 Changed From: STE 2021 To: STE 305	
	Registered Agent Physical City Changed From: KNOXVILLE To: NASHVILLE	
	Registered Agent Physical County Changed From: KNOX COUNTY To: DAVIDSON COUNTY	
	Registered Agent Physical Postal Code Changed From: 37929-9710 To: 37212-4927	

Filing Information

Name: **NHC HEALTHCARE/JOHNSON CITY, LLC**

02/06/2013 Registered Agent Change (by Agent)	7142-1640
Registered Agent Physical Address 1 Changed From: 2300 HILLSBORO RD To: 800 S GAY ST	
Registered Agent Physical Address 2 Changed From: STE 305 To: STE 2021	
Registered Agent Physical City Changed From: NASHVILLE To: KNOXVILLE	
Registered Agent Physical County Changed From: DAVIDSON COUNTY To: KNOX COUNTY	
Registered Agent Physical Postal Code Changed From: 37212-4927 To: 37929-9710	
02/09/2012 2011 Annual Report	6993-3164
Principal Postal Code Changed From: 37601 To: 37601-1515	
Principal County Changed From: No value To: WASHINGTON COUNTY	
04/18/2011 Articles of Amendment	6879-2644
Managed By Changed From: Member Managed To: Manager Managed	
02/15/2011 2010 Annual Report	6831-1908
02/17/2010 2009 Annual Report	6655-1583
03/23/2009 2008 Annual Report	6485-0777
Mail Address Changed	
11/20/2008 Registered Agent Change (by Agent)	6893-2556
Registered Agent Physical Address Changed	
09/02/2008 Articles of Amendment	6371-0741
Principal Address Changed	
Registered Agent Physical Address Changed	
Registered Agent Changed	
Mail Address Changed	
03/06/2008 2007 Annual Report	6238-1129
03/22/2007 2006 Annual Report	5998-1097
03/21/2006 2005 Annual Report	5726-1638
05/12/2005 2004 Annual Report	5456-0164
Registered Agent Changed	
03/08/2004 2003 Annual Report	5059-1498
03/03/2003 2002 Annual Report	4742-2469
02/05/2002 2001 Annual Report	4412-2675
02/23/2001 2000 Annual Report	4131-0366
05/26/2000 Administrative Amendment	3918-0645
Fiscal Year Close Changed	
05/22/2000 Initial Filing	3915-0723

Active Assumed Names (if any)	Date	Expires

Secretary of State
Corporations Section
James K. Polk Building, Suite 1800
Nashville, Tennessee 37243-0306

DATE: 05/23/00
REQUEST NUMBER: 3915-0723
TELEPHONE CONTACT: (615) 741-2286
FILE DATE/TIME: 05/22/00 1030
EFFECTIVE DATE/TIME: 05/22/00 1030
CONTROL NUMBER: 0389846

TO:
NHC
100 VINE ST

MURFREESBORO, TN 37130

RE:
NHC HEALTHCARE/JOHNSON CITY, LLC
ARTICLES OF ORGANIZATION -
LIMITED LIABILITY COMPANY

CONGRATULATIONS UPON THE FORMATION OF THE LIMITED LIABILITY COMPANY IN THE STATE OF TENNESSEE WHICH IS EFFECTIVE AS INDICATED ABOVE.

A LIMITED LIABILITY COMPANY ANNUAL REPORT MUST BE FILED WITH THE SECRETARY OF STATE ON OR BEFORE THE FIRST DAY OF THE FOURTH MONTH FOLLOWING THE CLOSE OF THE LIMITED LIABILITY COMPANY'S FISCAL YEAR. ONCE THE FISCAL YEAR HAS BEEN ESTABLISHED, PLEASE PROVIDE THIS OFFICE WITH WRITTEN NOTIFICATION. THIS OFFICE WILL MAIL THE REPORT DURING THE LAST MONTH OF SAID FISCAL YEAR TO THE LIMITED LIABILITY COMPANY AT THE ADDRESS OF ITS PRINCIPAL OFFICE OR TO A MAILING ADDRESS PROVIDED TO THIS OFFICE IN WRITING. FAILURE TO FILE THIS REPORT OR TO MAINTAIN A REGISTERED AGENT AND OFFICE WILL SUBJECT THE LIMITED LIABILITY COMPANY TO ADMINISTRATIVE DISSOLUTION.

WHEN CORRESPONDING WITH THIS OFFICE OR SUBMITTING DOCUMENTS FOR FILING, PLEASE REFER TO THE LIMITED LIABILITY COMPANY CONTROL NUMBER GIVEN ABOVE. PLEASE BE ADVISED THAT THIS DOCUMENT MUST ALSO BE FILED IN THE OFFICE OF THE REGISTER OF DEEDS IN THE COUNTY WHEREIN A LIMITED LIABILITY COMPANY HAS ITS PRINCIPAL OFFICE IF SUCH PRINCIPAL OFFICE IS IN TENNESSEE.

FOR: ARTICLES OF ORGANIZATION -
LIMITED LIABILITY COMPANY

ON DATE: 05/22/00

FROM:
NATIONAL HEALTHCARE, L.P.
100 VINE STREET
CITY CENTER
MURFREESBORO, TN 37130-0000

	FEES	
RECEIVED:	$300.00	$0.00

TOTAL PAYMENT RECEIVED: $300.00

RECEIPT NUMBER: 00002691347
ACCOUNT NUMBER: 00224400

Riley C. Darnell

RILEY C. DARNELL
SECRETARY OF STATE

FILED

ARTICLES OF ORGANIZATION
OF
NHC HEALTHCARE/JOHNSON CITY, LLC

RILEY DARNELL
SECRETARY OF STATE

The undersigned individual acting as the organizer of a limited liability company under the Tennessee Limited Liability Company Act (the "Act") adopts the following Articles of Organization (the "Articles"):

1. **Name.** The name of the limited liability company is NHC HealthCare/Johnson City, LLC (the "LLC").

2. **Registered Office and Agent.** The street address of the LLC's registered office is 100 Vine Street, 1400 City Center, Murfreesboro, Rutherford County, Tennessee 37130. The name of the LLC's registered agent at said registered office is Richard F. LaRoche, Jr.

3. **Organizer.** The organizer of the LLC is Ernest E. Hyne, II, whose address is 315 Deaderick Street, 1800 AmSouth Center, Nashville, Davidson County, Tennessee 37238.

4. **Management.** The LLC will be member-managed. The business and affairs of the LLC will be conducted under the exclusive management of its members who will have exclusive authority to act for the LLC in all matters and who, pursuant to Section 48-240-101 of the Act, will make all management decisions and take all management actions based on their proportionate membership interests in the LLC.

5. **Number of Members.** At the date of the filing of these Articles, the LLC has one (1) member.

6. **Date of Formation.** The existence of the LLC is to begin upon the filing of these Articles.

7. **Principal Executive Office.** The street address and zip code of the LLC's principal executive office is 2120 Highland Avenue, Knoxville, Knox County, Tennessee 37916.

8. **Perpetual Existence.** The LLC shall continue in perpetuity and none of the events listed in T.C.A. § 48-245-101(a)(5) shall cause the dissolution of the LLC.

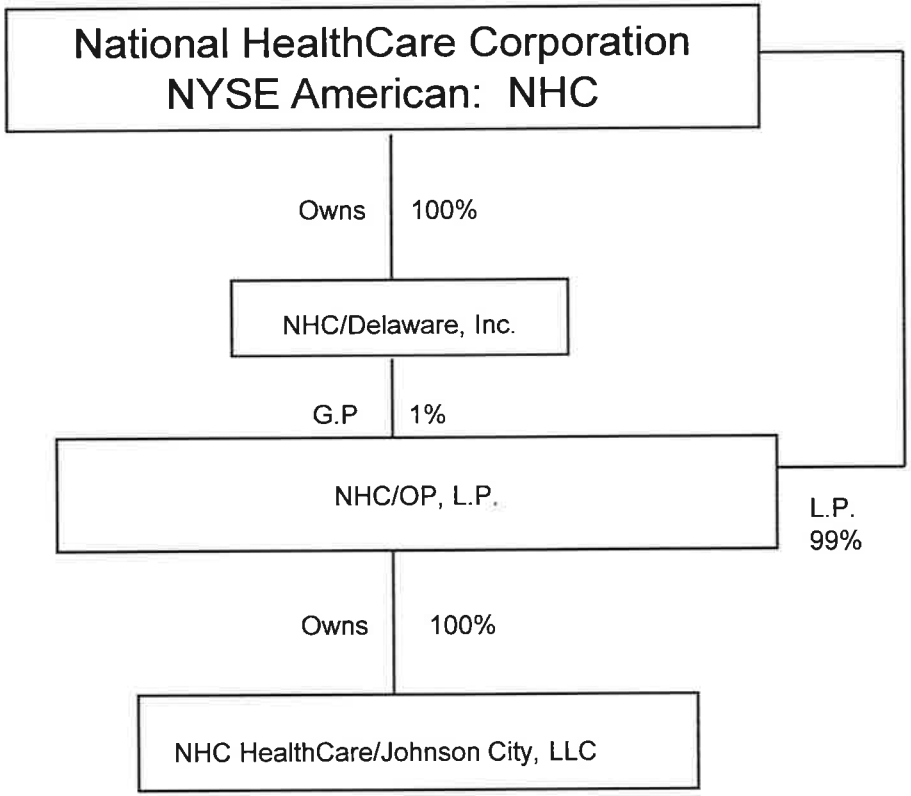
9. **Assignment of Membership Interests**. A member's membership interest, including financial rights and governance rights, in the LLC may not be assigned in whole or in part absent the unanimous written consent of all members.

10. **Indemnification**. In addition to the mandatory indemnification provided in section 48-243-101(c) of the Act, the LLC may, upon determination of the members, indemnify individuals pursuant to Section 48-243-101(b) of the Act and shall, pursuant to Section 48-243-101(d) of the Act, advance and pay for the reasonable expenses incurred by a member or manager who is a party to a proceeding because he is or was a "responsible person" as such person is defined in the Act, provided the requirements of the Act are met.

The undersigned is acting solely in the capacity of organizer for the purpose of forming the LLC and shall have no liability whatsoever for acts done or purportedly done on behalf of the LLC.

May 22, 2000

Ernest E. Hyne, II, Organizer


National HealthCare Corporation
NYSE American: NHC
Owns
100%
NHC/Delaware, Inc.
G.P
1%
NHC/OP, L.P.
L.P.
99%
Owns
100%
NHC HealthCare/Johnson City, LLC

NHC/OP, L.P. owns interest in the following nursing facilities: 6/28/17

Alabama

NHC HealthCare, Anniston
2300 Coleman Road
Anniston, AL 36207

NHC HealthCare, Moulton
300 Hospital Street
Moulton, AL 35650

Georgia

NHC HealthCare, Rossville
1425 McFarland Avenue
Rossville, GA 30741

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

Kentucky

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

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

Massachusetts

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

Holyoke HealthCare Center
282 Cabot Street
Holyoke, MA 01040

John Adams HealthCare Center
211 Franklin Street
Quincy, MA 02169

Longmeadow of Taunton
68 Dean Street
Taunton, MA 02780

Missouri

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

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

NHC HealthCare, Kennett
1120 Falcon Drive
Kennett, MO 63857

Macon Health Care Center
29612 Kellogg Avenue
Macon, MO 63552

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

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

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

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

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

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

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

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

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

New Hampshire

Epsom HealthCare Center
901 Suncook Valley Highway
Epsom, NH 03234

Maple Leaf HealthCare Center
198 Pearl Street
Manchester, NH 03104

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

South Carolina

NHC HealthCare, Anderson
1501 East Greenville
Anderson, SC 29622

NHC HealthCare, Bluffton
3039 Okatie Highway
Bluffton, SC 29910

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

NHC HealthCare, Clinton
304 Jacobs Highway
Clinton, SC 29325

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

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

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

NHC HealthCare, Laurens
301 Pinehaven Ext
Laurens, SC 29360

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

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

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

NHC HealthCare, Parklane
7601 Parklane Road
Columbia, SC 29223

Tennessee

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

NHC HealthCare, Athens
1204 Frye Street
Athens, TN 37303

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

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

NHC HealthCare, Columbia
101 Walnut Lane
Columbia, TN 38401

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

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

NHC HealthCare, Franklin
216 Fairground St
Franklin, TN 37064

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

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

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

NHC HealthCare, Kingsport
2300 Pavilion Drive
Kingsport, TN 37660

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

NHC HealthCare, Lewisburg
1653 Mooresville Highway
Lewisburg, TN 37091

NHC-Maury Regional TCC
5010 Trotwood Ave.
Columbia, TN 38401

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

NHC HealthCare, Milan
8017 Dogwood Lane
Milan, TN 38358

NHC HealthCare, Oakwood
244 Oakwood Drive
Lewisburg, TN 37091

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

NHC HealthCare, Scott
2380 Buffalo Road
Lawrenceburg, TN 38464

NHC HealthCare, Sequatchie
405 Dell Trail
Dunlap, TN 37327

NHC HealthCare, Somerville
308 Lake Drive
Somerville, TN 38068

NHC HealthCare, Smithville
825 Fisher Avenue
Smithville, TN 37166

NHC HealthCare, Sparta
34 Gracey Street
Sparta, TN 38583

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

NHC Place, Sumner
140 Thorne Boulevard
Gallatin, TN 37066

NHC Place at The Trace
8353 Highway 100
Nashville, TN 37221

NHC HealthCare, Tullahoma
1321 Cedar Lane
Tullahoma, TN 37388

Virginia

NHC HealthCare, Bristol
245 North Street
Bristol, VA 24201

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

Georgia

Caris Healthcare
127 Battlefield Crossing Ct., Suite 127
Ringgold, GA 30736

Missouri

Caris Healthcare
13995 Clayton Rd
Town and Country MO 63017

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

South Carolina

Caris Healthcare, LLC
208 Adley Way
Greenville, SC 29607

Tennessee

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

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

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

Caris Healthcare, Springfield
2308 A Memorial Boulevard
Springfield TN 37172

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

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

Caris Healthcare, Somerville
17410 Highway 64
Somerville TN 38068

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

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

Assisted Living Facility:

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

South Carolina

The Palmettos of Charleston
1900 Ashley Crossing Drive
Charleston, SC 29414

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

The Palmettos of Garden City
9415 Highway 17 Bypass
Murrells Inlet, SC 29576

The Palmettos of Parklane
7811 Parklane Road
Columbia, SC 29223

The Palmettos of Bluffton
3035 Okatie Highway
Bluffton, SC 29910

Tennessee

AdamsPlace
1927 Memorial Blvd.
Murfreesboro, TN 37129

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

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

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

NHC HealthCare, Somerville
308 Lake Drive
Somerville, TN 38068

NHC Place, Sumner
140 Thorne Boulevard
Gallatin, TN 37066

Home for the Aged

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

NHC HealthCare, Smithville
825 Fisher Avenue
Smithville, TN 37166

NHC Place at The Trace
8353 Highway 100
Nashville, TN 37221

Home Health Agencies

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

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

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

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

NHC HomeCare-Beaufort
22 Plantation Park Dr., Ste 105B
Bluffton, SC 29910

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

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

Home Health Agencies Tennessee

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

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

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

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

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

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

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

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

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

NHC HomeCare, Lawrenceburg
399 Tripp Road
Lawrenceburg, TN 38464

NHC HomeCare, Lewisburg
493 Cornersville Road
Lewisburg, TN 37091

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

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

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

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

NHC HomeCare, Somerville
17985 Highway 64
Somerville, TN 38068

NHC HomeCare, Sparta
456 Vista Drive
Sparta, TN 38583

NHC HomeCare, Springfield
506 Northcrest Drive
Springfield, TN 37172

South Carolina

NHC HomeCare, Aiken
690 Medical Park Drive, Suite 200
Aiken, SC 29801

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

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

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

Florida

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

NHC HomeCare, Chipley
1513 Hwy 90
Chipley, FL 32428

NHC HomeCare, Crawfordville
3034 Coastal Hwy
Crawfordville, FL 32327

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

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

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

NHC HomeCare, Quincy
860 Strong Rd
Quincy, FL 32351

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

Section A. - 6 A

Lease Agreement

State of Tennessee, County of WASHINGTON
Received for record the 24 day of
OCTOBER 2003 at 1:55 PM. (REC# 337464)
Recorded in official records
film Roll 361 Image 2357-2366
State Tax $ .00 Clerks Fee $ .00,
Recording $ 52.00, Total $ 52.00,
Register of Deeds GINGER B. JILTON
Deputy Register TERESA BOWMAN

ROLL 361 IMAGE 235

THIS INSTRUMENT PREPARED BY:
RICHARD F. LaROCHE, JR.
100 VINE STREET
MURFREESBORO, TN 37130

LEASE ASSIGNMENT

This LEASE ASSIGNMENT is effective as of July 1, 2000, among **National Health Investors, Inc.** a Maryland Corporation ("Landlord"), **National HealthCare Corporation**, successor by merger to National HealthCare L.P. and its affiliate **NHC/OP, L.P.** a wholly owned subsidiary, (hereinafter collectively "Tenant"), and **NHC HealthCare/Johnson City, LLC** a Tennessee limited liability company (hereinafter "Assignee").

RECITALS

WHEREAS, Landlord and Tenant have heretofore entered into a Master Operating Lease (the "Master Operating Lease"), which sets forth certain agreements of the parties with respect to the lease of various properties, including the property that is the subject of this document (NHC HealthCare, Johnson City) and

WHEREAS, the property specifically subject to this Lease Assignment is described in a Lease Agreement (the "Lease Agreement") identified as Exhibit A attached hereto and incorporated herein; and

WHEREAS, Tenant is desirous of assigning its obligations and rights pursuant to the Lease Agreement to NHC HealthCare/Johnson City, LLC, which assignment is acceptable to Landlord;

NOW, THEREFORE, IN CONSIDERATION OF THE PREMISES and of the respective agreements and undertakings within the Master Operating Lease and the particular Lease Agreement as specifically assigned herein to Assignee, the parties hereto agree as follows:

1. Assignment: Tenant hereby assigns to Assignee and Assignee hereby accepts all of Tenants obligations to the Landlord as contained in the Lease Agreement.

2. Approval of Assignment: By its signature hereon, Landlord does hereby accept this assignment with the specific understanding that the acceptance of said assignment does not relieve Tenant from its obligations under the Lease but merely assigns said obligations to its wholly owned subsidiary.

3. Ratification: The parties hereby ratify and affirm all of the terms and conditions of the Lease Agreement and the Master Operating Lease as same exist between Landlord and Tenant, and Assignee hereby covenants, promises, and agrees to abide by all the terms and conditions thereof as if it were the original tenant.

IN WITNESS WHEREOF, Landlord, Tenant, and Assignee have executed this assignment to be effective July 1, 2000.

LANDLORD: National Health Investors, Inc..

By: W. Andrew Adams
W. Andrew Adams, President

TENANT: NATIONAL HEALTHCARE CORPORATION
successor to National HealthCare L.P.

By: Richard F. LaRoche, Jr.
Richard F. LaRoche, Jr., Senior Vice President

NHC/OP, L.P.

By: NHC/Delaware, Inc., General Partner

By: Richard F. LaRoche, Jr.
Richard F. LaRoche, Jr., Senior Vice President

ASSIGNEE: NHC HealthCare/Johnson City, LLC

By: Ray Blevins
Ray Blevins, Manager

STATE OF TENNESSEE
COUNTY OF RUTHERFORD

Personally appeared before me, the undersigned, a Notary Public in and for said County and State, W. Andrew Adams, with whom I am personally acquainted, who is known to me to be the President of National Health Investors, Inc., and who acknowledged under oath that he executed the foregoing instrument on behalf of said entity by signing his name thereto in his capacity as said officer.

Witness my signature this 6th day of _____, 2000.

Barbara Harris
Barbara Harris, Notary Public, State of Tennessee
My Commission Expires

STATE OF TENNESSEE
COUNTY OF RUTHERFORD

Personally appeared before me, the undersigned, a Notary Public in and for said County and State, RICHARD F. LaROCHE, JR., with whom I am personally acquainted, who is known to me to be the Senior Vice President of NATIONAL HEALTHCARE CORPORATION, and who acknowledged under oath that he executed the foregoing instrument on behalf of said entity by signing his name thereto in his capacity as said officer.

Witness my signature this 6th day of July, 2000.

Barbara Harris
Barbara Harris, Notary Public, State of Tennessee
My comm. expires: 8-18-03

STATE OF TENNESSEE
COUNTY OF RUTHERFORD

Personally appeared before me, the undersigned, a Notary Public in and for said County and State, RICHARD F. LaROCHE, JR., with whom I am personally acquainted, who is known to me to be the Senior Vice President of NHC/Delaware, Inc., General Partner of NHC/OP, L.P. and who acknowledged under oath that he executed the foregoing instrument on behalf of said entity by signing his name thereto in his capacity as said officer.

Witness my signature this 6th day of July, 2000.

Barbara Harris
Barbara Harris, Notary Public, State of Tennessee
My comm. expires: 8-18-03

STATE OF TENNESSEE
COUNTY OF ~~RUTHERFORD~~ Knox

Personally appeared before me, the undersigned, a Notary Public in and for said County and State, Ray Blevins, with whom I am personally acquainted, who is known to me to be the Manager of NHC HealthCare/Johnson City, LLC and who acknowledged under oath that he executed the foregoing instrument on behalf of said entity by signing his name thereto in his capacity as said officer.

Witness my signature this 5th day of July, 2000.

Tyra W. Lochamy
Notary Public, State of Tennessee
My comm. expires: 4-17-01

TYRA W. LOCHAMY NOTARY PUBLIC AT LARGE ROANE COUNTY, TN

John M. Brittingham
Harwell Howard Hyne Gabbert & Manner, P.C.
333 Commerce Street, Suite 1500
Nashville, TN 37201

AMENDMENT NO. 7 TO MASTER AGREEMENT TO LEASE

This Amendment No. 7 to Master Agreement to Lease (hereinafter "7th Amendment") is made to that certain Master Agreement to Lease between National Health Investors, Inc., a Maryland corporation ("Landlord") and NHC/OP, L.P., a Delaware limited partnership ("Tenant") dated October 17, 1991, as amended by that certain Amendment No. 1 to Master Agreement of Lease, effective June 2, 1993, as further amended by that Amendment No. 2 to Master Agreement of Lease, effective January 15, 1996, as further amended by that certain Amendment No. 3 to Master Agreement of Lease, effective July 22, 1997, as further amended by that certain Amendment No. 4 to Master Agreement, effective December 31, 1997, as further amended by that certain Amendment No. 5 to Master Agreement of Lease, effective January 1, 2007, as further amended by Amendment No. 6 to Master Agreement to Lease dated December 26, 2012, as further amended by Amended and Restated Amendment No. 6 to Master Agreement to Lease dated as of December 26, 2012 (collectively the "Master Lease") and is entered into on this the 28th day of August, 2013.

WHEREAS, pursuant to the Assignment of Master Agreement to Lease, effective December 31, 1997, National HealthCare Corporation, successor by merger to National HealthCare L.P. formerly National HealthCorp L.P., assigned its obligations and rights of the Master Lease to NHC/OP, L.P. ("Assignment"); and

WHEREAS, in Amendment No. 5 to the Master Agreement of Lease, Amendment No. 6 to the Master Agreement to Lease and, Amended and Restated Amendment No. 6 to the Master Agreement to Lease, (collectively the "Amendments") the Tenant was erroneously identified; and

WHEREAS, the intent of this 7th Amendment is to correct the name of the Tenant to NHC/OP, L.P in the Amendments.

NOW THEREFORE, IN CONSIDERATION OF THE PREMISES the parties do hereby amend the Master Lease as follows:

1. The Amendments are hereby amended to change the name of the Tenant from National HealthCare Corporation to NHC/OP, L.P.

2. In all other respects the terms and conditions of the Master Lease and Assignment remain in full force and effect.

3. Capitalized terms not otherwise defined in this Amendment shall have the meanings set forth in the Master Lease.

(Remainder of page intentionally left blank.)

IN WITNESS WHEREOF, the parties have executed this 7th Amendment as of the date set forth above.

LANDLORD:

NATIONAL HEALTH INVESTORS, INC.,
a Maryland corporation

By: /s/ J. Justin Hutchens
J. Justin Hutchens, President and CEO

TENANT:

NHC/OP, L.P.,
a Delaware limited liability company

By: NHC Delaware, Inc.,
a Delaware corporation
Its: General Partner

By: /s/ Stephen F. Flatt
Title: VP
Name: Steve Flatt

AMENDED AND RESTATED
AMENDMENT NO. 6 TO MASTER AGREEMENT TO LEASE

This Amended and Restated Amendment No. 6 to Master Agreement to Lease is entered into as of December 26, 2012 to reflect a change in the date on which National Health Investors, Inc. is conveying the Sale Facilities as defined below to their respective Grantees and shall replace the original Amendment No. 6 to Master Agreement to Lease.

This Amendment No. 6 (hereinafter "6th Amendment") is made to that certain Master Agreement To Lease between NATIONAL HEALTH INVESTORS, INC. ("Landlord" or "NHI") and NATIONAL HEALTHCARE CORPORATION ("Tenant" or "NHC") dated October 17, 1991 (hereinafter, as amended, the "Master Lease") and is entered into as of the 26th day of December 2012.

PRELIMINARY STATEMENTS

A. WHEREAS, pursuant to the terms of the Master Lease, NHC has leased certain licensed nursing centers, assisted living or retirement facilities in forty-one (41) geographical locations (hereinafter "Leased Properties" or "Leased Property") as identified on Exhibit A to said Master Lease; and

B. WHEREAS, the Master Lease has been previously amended by amendments, including Amendment No. 5 To Master Agreement To Lease dated December 27, 2005 (the "5th Amendment"); and

C. WHEREAS, the 5th Amendment extended the term of the Master Lease through December 31, 2021 and grants to NHC the right to elect to further extend the term of the Master Lease for three (3) successive five (5) year renewal terms referred to respectively as the Third Renewal Term, the Fourth Renewal Term and the Fifth Renewal Term; and

D. WHEREAS, NHI and NHC have agreed that NHI shall sell to NHC and NHC or its designated affiliate shall purchase from NHI the centers identified as:

(i) NHC HealthCare, Columbia
101 Walnut Lane
Columbia, Tennessee 38401

(ii) NHC HealthCare, Hillview
2710 Trotwood Avenue
Columbia, Tennessee 38401

(iii) NHC HealthCare, Knoxville
809 Emerald Avenue, N.E.
Knoxville, Tennessee 37917

(iv) NHC HealthCare, Springfield
608 Eighth Avenue East
Springfield, Tennessee 37172

(v) NHC HealthCare, Madisonville
419 N. Seminary Street
Madisonville, Kentucky 42431

(vi) NHC HealthCare, Rossville
1425 McFarland Avenue
Rossville, Georgia 30741

(The above six (6) facilities are referred to collectively as the "Sale Facilities"); and have entered into a Purchase and Sale Agreement dated December 26, 2012 to set forth the terms of such purchase and sale; and

E. Landlord and Tenant desire to extend the Term of the Lease and modify the rent provisions of the Master Lease effective upon the closing of the sale of all of the Sale Facilities (but not less than all of the Sale Facilities) to NHC or its affiliates; and

F. Landlord and Tenant desire to make other modifications to the Master Lease as set forth in this 6th Amendment.

NOW, THEREFORE, IN CONSIDERATION OF THE PREMISES, the parties do hereby amend the Master Lease as follows:

1. **Effective Date of Certain Provisions.** This 6th Amendment becomes a part of the Master Lease as of December 26, 2012. The modifications to the Master Lease made in Sections 2, 4, 5, and 6 below shall take effect on the date (herein the "Effective Date") which is the date on which NHC through its designated affiliates closes the purchase of the Sale Facilities.

2. **Modification of "Leased Property"**. As of the date the sale of the Sale Facilities closes, the phrase "Leased Property," as found and used in the Master Lease, shall no longer include any of the Sale Facilities, except as expressly provided in this 6th Amendment. Exhibit A to the Master Lease and Schedule A-1 to the 5th Amendment shall be replaced with a revised list of the remaining Leased Property to be attached hereto as Schedule A-1. As of the Effective Date, each Short Form Operating Lease between Landlord and Tenant for any of the Sale Facilities shall terminate. As of the Effective Date, the defined terms "Land," "Improvements," "Appurtenances," and "Fixtures" shall not include any property interests which is a part of any of the Sale Facilities. Upon the conveyance of the Sale Facilities to Tenant, Landlord shall have no continuing obligations to Tenant under the Master Lease with respect to any of the Sale Facilities.

3. **Term**. Section 1.03 of the Master Lease is hereby amended to acknowledge that Tenant hereby, and as of the date of this 6th Amendment, elects to extend the Term through the

Third Renewal Term (as allowed by the 5th Amendment) at the same Base Rent as determined under the provisions of Paragraph 4 below. The Third Renewal Term extends the Term of the Master Lease through December 31, 2026. As provided in the 5th Amendment, Tenant may elect hereafter to further extend the Term of the Master Lease for the Fourth Renewal Term and the Fifth Renewal Term. The election to extend the Term of the Master Lease through the Third Renewal Term may not be rescinded hereafter by Tenant for any reason other than Landlord's default in failing to convey the Sales Facilities. If due to Landlord's default in failing to convey the Sales Facilities, the election to extend the Master Lease is rescinded, Tenant shall have the option to extend the term of the Master Lease for the Third Renewal Term as provided in the Fifth Amendment.

4. **Base Rent**. Section 2.01.01 of the Master Lease is hereby amended to acknowledge that, as provided in the 5th Amendment, Base Rent due under the Master Lease is currently in the annual amount of Thirty-Three Million Seven Hundred Thousand and No/100 Dollars ($33,700,000.00). Upon the sale of all of the Sale Facilities to Tenant and not less than all of the Sale Facilities, and effective on the Effective Date, Base Rent shall be reduced to equal Thirty Million Seven Hundred Fifty Thousand and No/100 Dollars ($30,750,000.00) per year through the Lease Year ending December 31, 3026. Base Rent shall be paid in equal monthly installments. Base Rent for the Fourth Renewal Term and the Fifth Renewal Term, if applicable, shall be the fair market value base rent as negotiated in the future by Landlord and Tenant. If the Effective Date is later than January 1, 2014, annual Base Rent for the 2014 Lease Year shall remain at $33,700,000.00 through the day preceding the Effective Date, and shall be paid monthly in advance and prorated for any period shorter than a full calendar month. The Base Rent after the sale of the Sale Facilities shall be allocated as set out on Schedule A-2 attached hereto.

5. **Percentage Rent**. In addition to Base Rent, Tenant shall continue to pay Percentage Rent under Section 2.06 of the Master Lease as amended by the 5th Amendment and as further amended hereby.

(a) With respect to the Sale Facilities only, Percentage Rent for the 2013 Lease Year shall be due and calculated based upon the Gross Revenue of each of the Sale Facilities for the eight (8) month period beginning January 1, 2013 and ending August 31, 2013. For each of the Sales Facilities that Gross Revenue amount shall be compared to 8/12 of the 2007 Gross Revenue for the respective Sale Facility set forth on Schedule A-3. Tenant shall pay to Landlord on or before September 30, 2013, any Percentage Rent due for 2013 on the Sales Facilities, after Landlord's giving credit for any estimated 2013 payments received by Landlord. For the other Lease Property, Percentage Rent for the 2013 Lease Year shall be paid as required by the Master Lease. Percentage Rent due with respect to the Lease Year ending December 31, 2013 shall be paid in estimated monthly installments during 2013 as provided in Section 2.06.03 of the Master Lease with all Gross Revenues (for both the Sale Facilities and for the remaining Leased Property) to be certified by Tenant and payment adjustment made, if required, in accordance with Sections 2.06.02 and 2.06.03 of the Master Lease.

(b) With respect to Percentage Rent to be paid for the full Lease Year commencing January 1, 2014 and all subsequent Lease Years, the calculation of Gross Revenues shall not

include, for both the year in question and the January 1, 2007 through December 31, 2007 base year, any revenues of the Sale Facilities. The Gross Revenue for each Leased Property for the Lease Year ending December 31, 2007 is set out on Schedule A-3, attached hereto.

6. **Continuing Master Lease Provisions and the Sale Facilities**

(a) Notwithstanding the fact that the Sale Facilities are not included within the meaning of the term "Leased Property" after the date of conveyance of the Sale Facilities, Tenant shall remain liable for performing and meeting all obligations under the Master Lease with respect to the Sale Facilities accruing for any period prior to August 29, 2013. Tenant hereby agrees to defend, indemnify and to hold Landlord harmless from and against any loss, liability, claim, damages (including consequential damages), and cost and expense (including attorney's fees) arising from Tenant's not having observed or performed any provision of the Master Lease with respect to any of the Sale Facilities.

(b) All indemnity provisions contained in the Master Lease in favor of Landlord, including, but not limited to, the indemnity provisions of Sections 5.01 and 7.02 thereof, shall continue in effect and shall protect Landlord from any matter relating to any of the Sale Facilities, regardless of the time such matter or claim was first asserted against Landlord or became known to Tenant.

(c) Until all applicable statute of limitation periods have passed, Tenant shall continue to include Landlord as an insured with respect to all insurance coverage for any of the Sale Facilities in accordance with the provisions of Section 4.02 of the Master Lease if such insurance coverage is provided on a claims made basis.

7. **Non-Compete Provisions**. Tenant acknowledges that if Tenant does not elect to exercise its options to extend the Term of the Master Lease for the Fourth Renewal Term or the Fifth Renewal Term, Landlord will need to sell the Leased Properties or find a new operator to lease the Leased Properties. The then market value of the Leased Properties may be influenced by the existence of competing senior housing facilities, as defined herein, located in the proximity of the Leased Facilities. In consideration of Landlord's lease of the Leased Properties to Tenant, Tenant agrees to the following non-compete provisions:

(a) Except as specifically permitted below, Tenant agrees that during the last five (5) years of the Term of the Master Lease, neither Tenant nor any subsidiary or other affiliated entity of Tenant or any company under common ownership, management or control with Tenant, shall own, acquire, build, construct, lease, manage or operate a Competing Facility, as defined herein, located within the same county as any of the Leased Properties. This non-compete provision shall not apply if either (i) the Competing Facility was in operation or under actual construction by December 31, 2021 or any later date which is five (5) years and one day prior to the end of the Term if the Term has been extended beyond December 31, 2026 (such date is referred to as the "Allowed Pre-existing Facility Determination Date"); or (ii) any Competing Facility located in a county in which as of the Allowed Pre-existing Facility Determination Date, Tenant owns a nursing home, assisted living or senior living center in addition to the center operated by Tenant on the Leased Property in such county; or (iii) regarding an intended project, one for which on

the Allowed Pre-existing Facility Determination Date a Certificate of Need has been issued, if required, for such intended project.

(b) As used herein, Competing Facility means any licensed skilled nursing center or licensed skilled and licensed intermediate care nursing center.

(c) In the event Tenant should breach these non-compete provisions, Tenant may be permanently enjoined from doing so. In the event of any suit to enforce the non-compete provisions, if Landlord is granted any relief against Tenant, Tenant shall be liable to Landlord for all of Landlord's court costs, expenses and legal fees incurred in seeking to enforce the provisions of this non-compete provision.

8. Section 18.01 of the Master Lease as previously amended by the 5th Amendment is hereby modified to reflect the address of Landlord as:

222 Robert Rose Drive
Murfreesboro, Tennessee 37129

9. Sections 2, 4, and 5 of this 6th Amendment shall be of no effect if Tenant should fail or refuse to purchase all of the Sale Facilities in accordance with the terms and provisions of the Purchase and Sale Agreement of even date herewith.

IN WITNESS WHEREOF, the parties have executed this 6th Amendment on the date shown below.

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SIGNATURE PAGE FOLLOWS

SIGNATURE PAGE TO AMENDED AND RESTATED
AMENDMENT NO. 6 TO MASTER AGREEMENT TO LEASE

TENANT:

NATIONAL HEALTHCARE CORPORATION,
a Delaware corporation

By: /s/ Stephen F. Flatt
Stephen F. Flatt, President

Date: August 27, 2013

LANDLORD:

NATIONAL HEALTH INVESTORS, INC., a
Maryland corporation

By: /s/ J. Hutchens
J. Justin Hutchens, President

Date: August 27, 2013

SCHEDULE A-1

LEASED PROPERTIES

Tennessee:
Athens Health Care Center
P.O. Box 766
1204 Frye Street
Athens, TN 37303

Colonial Hill Health Care Center
P.O. Box 3218 CRS
3209 Bristol Highway
Johnson city, TN 37602

Franklin Health Care Center
P.O. Box 683
216 Fairground Street
Franklin, TN 37064

Green Valley Health Care Center P.O. Box 585
812 Charlotte Street
Dickson, TN 37055

Lawrenceburg Health Care Center
P.O. Box 767
324 Kennedy Street
Lawrenceburg, TN 38464

McMinnville Health Care Center
P.O. Box 528
Old Smithville Highway
McMinnville, TN 37110

Merihil Health Care Center
P.O. Box 2307
1653 Mooresville Highway
Lewisburg, TN 37091

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

Oakwood Health Care Center
P.O. Box 1667
244 Oakwood Drive
Lewisburg, TN 37091

Parkwood Health Care Center
2700 Parkwood Avenue
Chattanooga, TN 37404

Pulaski Health Care Center
P.O. Box 638
993 E. College S.
Pulaski, TN 38478

Ridgewood Health Care Center
P.O. Box A
Dogwood Lane
Milan, TN 38358

Sequatchie Health Care Center
P.O. Box 685
Dell Trail
Dunlap, TN 37327

Somerville Health Care Center
P.O. Box 229
308 Lake Drive
Somerville, TN 38068

Sparta Health Care Center
P.O. Box 298
108 Gracey Street
Sparta, TN 38583

Sunny Point Health Care Center
P.O. Box 549
825 College Heights
Smithville, TN 37166

Missouri:
Desloge Health Care Center
P.O. Box AA
801 Brim Street
Desloge, MO 63601

Joplin Health Care Center
2700 East 34th street
P.O. Box 2877
Joplin, MO 64803

Kennett Health Care Center
P.O. Box 696
Route 1, South Bypass

Kennett, MO 63857

NHC of Maryland Heights
P.O. Box 2244
2920 Fee Fee Road
Maryland Heights, MO 63043

St. Charles Health Care Center
P.O. Box 1230
35 Sugar Maple Lane
St. Charles, MO 63302

Florida:
NHC of Hudson
P.O. Box 5487
7210 Beacon Woods Drive
Hudson, FL 34667

NHC of Merritt Island
500 Crockett Road
Merritt Island, FL 32953

NHC of Stuart
800 S.E. Central Parkway
Stuart, FL 34994

Plant City Health Care Center
701 North Wilder Road
P.O. Box 2568
Plant City, FL 33566

Kentucky:
Homewood Health Care Center
P.O. Box 297
Homewood Boulevard
Glasgow, KY 42142

South Carolina:
Anderson Health Care Center
P.O. Box 1327
1501 East Greenville
Anderson, SC 29622

Greenwood Health Care Center
P.O. Box 3109
437 East Cambridge Avenue
Greenwood, SC 29646

Laurens Health Care Center
P.O. Box 1197
301 Pinehaven St. Extension
Laurens, SC 29360

Alabama:
Golden Springs Health Care Center
P.O. Box 1790
Coleman Road
Anniston, AL 36201

Moulton Health Care Center
P.O. Box 336
300 Hospital Street
Moulton, AL 35650

Virginia:
Bristol Health Care Center
P.O. Box 1166
245 North Street
Bristol, VA 24201

Retirement Centers:
Parkwood Retirement center
2700 Parkwood Avenue
Chattanooga, TN 37404-1747

Colonial Hill Retirement Center
P.O. Box 467 CRS
Johnson City, TN 37602

Lake St. Charles Retirement Center
45 Honey Locust Lane
St. Charles, MO 63303-5711

AMENDMENT NO. 5 TO MASTER AGREEMENT TO LEASE

This Amendment No. 5 (hereinafter "5th Amendment") is made to that certain Master Agreement to Lease between National Health Investors, Inc. ("Landlord" or "NHI") and National HealthCare Corporation ("Tenant" or "NHC") dated October 17, 1991 (hereinafter "Master Lease") and is entered into on this the 27th day of December, 2005, to be effective January 1, 2007.

PRELIMINARY STATEMENTS:

A. WHEREAS, pursuant to the terms of the Master Lease, National HealthCare Corporation ("NHC") has leased certain licensed nursing centers, assisted living or retirement facilities in forty-one geographical locations (hereinafter "Leased Property" or "Leased Properties") as identified on Exhibit A to said Master Lease; and

B. WHEREAS, the Master Lease contains a provision for a five year "Second Renewal Term" which shall commence on January 1, 2007; and

C. WHEREAS, the parties, by Independent Directors Committees, have entered into negotiations and now finalized the terms and conditions of the Second Renewal Term; and

D. WHEREAS, the parties have heretofore deleted from the terms of the Master Lease two (2) Leased Properties, namely NHC HealthCare, Nashville and NHC HealthCare, Dawson Springs;

NOW, THEREFORE, IN CONSIDERATION OF THE PREMISES the parties do hereby amend the Master Lease as follows:

1. Section 1.03 is amended as follows:

1.03 Term. "Second Renewal Term" shall mean a fifteen year term commencing on January 1, 2007, which Second Renewal Term is hereby exercised by Tenant and accepted by Landlord. Additionally, Tenant shall have the option to renew the Master Lease for three (3) further five-year terms commencing January 1, 2022 (the "Third Renewal Term"), January 1, 2027 (the "Fourth Renewal Term"), and January 1, 2032 (the "Fifth Renewal Term") for the Base Rent as described in Section 2.01.01(b). Finally, six months written notice in advance must be given by NHC to NHI to exercise the Third, Fourth and Fifth Renewal Terms as described above, prior to the expiration of the then term; Tenant may not renew any successive renewal term if it is in default under the Master Lease or any amendments thereto.

2. Section 2.01.01 shall be deleted in its entirety with the following to be substituted in lieu thereof:

2.01.01(a) Base Rent During Second Renewal Term. The total Base Rent for all Leased Properties during the Second Renewal Term shall aggregate $33,700,000 as allocated among the various Leased Properties by a schedule attached to this 5th Amendment as Schedule A-2.

2.01.01(b) Base Rent During Third, Fourth and Fifth Renewal Terms. The Base Rent for

each Leased Property during the Third, Fourth and Fifth Renewal Terms shall be the then Fair Rental Value of such Leased Property as negotiated between the parties, and determined without including any value attributable to any improvements to the Leased Property, voluntarily made by Tenant at its expense.

3. Article 2 specifically and the Master Lease in general is hereby amended by deleting all references to the term "Assumed Mortgage Debt Service Rent."

4. Section 2.06 is deleted in its entirety with the following being substituted in lieu thereof:

2.06 Percentage Rent. In addition to the Base Rent with respect to each Lease Year after 2007, Tenant shall pay Landlord Percentage Rent ("Percentage Rent") in accordance with this Section 2.06 equal to 4% of the amount by which the Gross Revenues (as defined in Article 2.06.01) of each Leased Property in the applicable Lease Year exceeds the Gross Revenues of such Leased Property during 2007.

5. Article 6 is hereby amended by the addition of the following Section 6.05:

6.05 Hiring Each Other's Employees. Landlord and its affiliates agree that they will not induce by personal contact or personally initiated third party contact with any employee of NHC (other than Andrew Adams) or its affiliates to leave the employment of NHC or affiliates, without the express written consent of NHC or its affiliates.

6. Section 9.02 is hereby amended by the deletion of reference to "Assumed Mortgage Debt" and additionally in subparagraph (a) the deletion of a reference to "3% per annum" and the deletion of the year "1992", with the substitution therein of "4% per annum" and the year of "2007," respectively.

7. Article 13 is hereby amended by adding the following as 13.01.01:

13.01.01 Management Contracts. Landlord agrees to offer Tenant a Right of First Refusal on any properties on which it intends to retain a third party manager in any county where Landlord leases projects to Tenant. This offer may be made no more than sixty (60) days in advance of potential management changeover. Tenant has ten (10) business days to accept or reject the offer. If rejected and if Landlord has received a management contract offer from a third party with any different economic terms, NHI will give NHC five (5) days from receipt of written notification sent by certified mail to accept same on identical terms and conditions. Failure by Tenant to respond will be deemed a denial by Tenant.

8. Article 13 is hereby amended by adding the following as Section 13.02:

13.02 Right of First Refusal on NHI Development Projects. Landlord and Tenant do hereby agree that NHI will extend to NHC a Right of First Refusal on NHI Development Projects in any county in which NHC now operates or manages a NHC Health Care Center, in accordance with the definitions and terms of this Right of First Refusal Procedure as hereinafter set forth.

WSA

A. **Right of First Refusal Procedures** shall mean the following:

(i) Upon NHI delivering a Written Offer to NHC on a NHI Development Project, NHC shall have ten (10) business days from receipt of a certified mailing to accept or reject the Written Offer by written instrument. The failure of NHC to accept or reject the Written Offer by the normal close of business on the tenth (10) business day from the date of receipt shall be deemed a rejection thereof.

(ii) Subsequently if NHI has a third party offer, which it is willing to accept and which changes in any economic manner the terms of the original Written Offer, then NHI must re-offer the Written Offer on the changed terms and conditions to NHC, which shall have five business days from the receipt by Tenant of the certified mailing to accept or reject in writing the changed terms. A failure to accept or reject in writing by the close of business on the fifth business day from the date of receipt shall be deemed a rejection.

B. **Definitions.**

(i) "**NHI Development Project(s)**" shall mean the development of skilled or intermediate nursing centers, assisted living facilities and/or independent living projects on which NHI or its affiliates have purchased or contracted for property, architectural plans and/or a finalized construction contract, which NHI then offers to sell to or finance for a third party operator.

(ii) "**NHC Health Care Center(s)**" means any licensed skilled or intermediate nursing center, assisted living facility or independent living units free-standing or attached to either an assisted living, skilled, or intermediate nursing facility owned or managed by NHC.

(iii) "**Written Offer**" means a written transmittal, sent by certified mail by NHI to NHC, which states the definitive terms upon which NHI would engage in a sale-leaseback or mortgage financing of a NHI Development Project, which definitive offer must include at the very least a) the total purchase price or amount financed, b) the rate of interest or lease payment amount, c) a term of years for the lease and/or mortgage, and d) a description of the NHI Development Project, including square footage, number of beds, apartments or units and, to the extent that it is then known by NHI, a physical address.

C. **Penalty.**

Should either party breach this Right of First Refusal then it agrees to reimburse the other party reasonable attorneys' fees, costs and expenses incurred by it in a successful enforcement action brought by one party against the other.

9. Section 18.01 is hereby amended by deleting the notice names and addresses and

WAA

substituting the following in lieu thereof:

If to Tenant: National HealthCare Corporation
100 Vine Street, Suite 1400
Murfreesboro, TN 37130

With a copy to: Office of General Counsel
National HealthCare Corporation
100 Vine Street, Suite 1400
Murfreesboro, TN 37130

If to Landlord: National Health Investors, Inc.
750 South Church Street, Suite B
Murfreesboro, TN 37130

10. Section 18.17 (Guarantee Fee Credit) is hereby deleted in its entirety.

11. Section 18.25 is hereby added as follows:

18.25 Amendments to Master Lease Agreement Incorporated. The amendments to the provisions of the Master Lease Agreement provided for herein are hereby incorporated in and made a part of each short-form Lease Agreement of the Leased Property.

12. Schedule A is amended by deletion of the original Schedule A and the substitution of the attached Schedule A-1 in lieu thereof:

IN WITNESS WHEREOF, the parties have executed this 5th Amendment as of the date set forth above.

NATIONAL HEALTH INVESTORS, INC.

By: W. Andrew Adams 12/27/05
W. Andrew Adams, President

NATIONAL HEALTHCARE CORPORATION

By: R. Michael Ussery 12/27/05
R. Michael Ussery, Sr. V.P., Operations

Witnessed By:
Barbara Harris
Barbara Harris

Schedule A-1

Tennessee Centers:

NHC HealthCare, Athens
1204 Frye Street
Athens, TN 37303

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

NHC HealthCare, Columbia
101 Walnut Lane
Columbia, TN 38401

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

NHC HealthCare, Franklin
216 Fairground Street
Franklin, TN 37064

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

NHC HealthCare, Hillview
2710 Trotwood Avenue
Columbia, TN 38401

NHC HealthCare, Johnson City
3209 Bristol Hwy.
Johnson City, TN 37601

NHC HealthCare, Knoxville
809 E. Emerald Avenue
Knoxville, TN 37917

NHC HealthCare, Lewisburg
1653 Mooresville Hwy.
Lewisburg, TN 37091

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

NHC HealthCare, Milan
8017 Dogwood Lane
Milan, TN 38358

NHC HealthCare, Oakwood
244 Oakwood Drive
Lewisburg, TN 37091

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

NHC HealthCare, Scott
2380 Buffalo Road
Lawrenceburg, TN 38464

NHC HealthCare, Sequatchie
405 Dell Trail
Dunlap, TN 37327

NHC HealthCare, Smithville
825 Fisher Avenue
Smithville, TN 38068

NHC HealthCare, Somerville
308 Lake Drive
Somerville, TN 38068

NHC HealthCare, Sparta
34 Gracey Street
Sparta, TN 38583

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

Missouri Centers:

NHC HealthCare, Desloge
801 Brim Street
Desloge, MO 63601

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

NHC HealthCare, Kennett
1120 Falcon Drive

Kennett, MO 63857-0696
NHC HealthCare, Maryland Heights
2920 Fee Fee Road
Maryland Heights, MO 63043

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

Florida Centers:

NHC HealthCare, Hudson
7210 Beacon Woods Drive
Hudson, FL 34667

NHC HealthCare, Merritt Island
500 Crockett Blvd.
Merritt Island, FL 32953

NHC HealthCare, Plant City
701 North Wilder Road
Plant City, FL 33566

NHC HealthCare, Stuart
800 SE Central Pkwy.
Stuart, FL 34994

Kentucky Centers:

NHC HealthCare, Glasgow
Homewood Blvd.
Glasgow, KY 42141

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

South Carolina Centers:

NHC HealthCare, Anderson
1501 East Greenville Street
Anderson, SC 29621

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

NHC HealthCare, Laurens
379 Pinehaven Street Ext.
Laurens, SC 29360-1259

Alabama Centers:

NHC HealthCare, Anniston
2300 Coleman Road
Anniston, AL 36207

NHC HealthCare, Moulton
300 Hospital Street
Moulton, AL 35650

Georgia Center:

NHC HealthCare, Rossville
1425 McFarland Avenue
Rossville, GA 30741

Virginia Center:

NHC HealthCare Bristol
245 North Street
Bristol, VA 24201

Retirement Centers:

Colonial Hill Retirement Center
3207 Bristol Hwy.
Johnson City, TN 37601

Lake St. Charles Retirement Center
45 Honey Locust Lane
St. Charles, MO 63303

Parkwood Retirement Apartments
2700 A Parkwood Avenue
Chattanooga, TN 37404

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EXHIBIT 10.22

AMENDMENT NO. 4 TO MASTER AGREEMENT TO LEASE

This Amendment No. 4 (hereinafter "Amendment 4") is made to that certain Master Agreement to Lease between National Health Investors, Inc. ("Landlord") and National HealthCare L.P. ("Tenant") dated October 17, 1991, (hereinafter "Master Lease"), and is entered into effective the 31st day of December, 1997.

WHEREAS, pursuant to the terms of the Master Lease, National HealthCare L.P. ("NHC") has heretofore agreed to lease certain licensed nursing homes or retirement centers in 43 locations as identified on Exhibit A to said Master Lease; and

WHEREAS, NHC has obtained a Certificate of Need to expand the number of licensed beds and ancillary space in the project located in Hendersonville, TN; and

WHEREAS, pursuant to resolution, the Board of National Health Investors, Inc. ("NHI") has agreed to finance said expansions and NHC has agreed to pay an increased lease rate thereon, all on the following terms and conditions; and

NOW, THEREFORE, IN CONSIDERATION OF THE PREMISES, the parties do hereby amend the Master Lease by the addition of the following as paragraph 2.07:

2.07: Expanded Project. Landlord and Tenant hereby agree that Tenant is granted the right to increase the licensed bed capacity and/or create revenue producing ancillary space at the Leased Property located in Hendersonville, TN, so long as the expansion is authorized with a certificate of need from the appropriate governmental authority and is constructed in a substantially similar manner as the existing Leased Property. Landlord agrees, at the request of Tenant from time to time, to reimburse Tenant for such hard costs, including land, construction, landscaping, fixtures or appurtenances, and capitalized interest incurred during construction as Tenant may have incurred in the expansion of the Project. At such time as this reimbursement is sought by Tenant, Tenant agrees to amend the individual lease for that Leased Property, and to increase the base rent thereon by an annual factor equal to 9.5% times the cost and expense reimbursed by Landlord.

The parties further agree that the Additional Rent provided for in paragraph 2.02 above shall commence on that part of the Leased Property expanded pursuant to the terms of this paragraph 2.07 effective the first day of January of 1999, with 1998 as the Base Year.

All the rest and residue of the Master Lease and the individual lease on the Leased Property located in Hendersonville, TN, is hereby ratified and affirmed. Executed effective this the 31st day of December, 1997.

LANDLORD: NATIONAL HEALTH INVESTORS, INC.

/s/ Richard F. LaRoche, Jr.
Richard F. LaRoche, Jr., Vice President

TENANT: NATIONAL HEALTHCARE L.P.

/s/ Robert G. Adams
Robert G. Adams, Senior Vice President

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EXHIBIT 10.21

AMENDMENT NO. 3 TO MASTER AGREEMENT TO LEASE

This Amendment No. 3 (hereinafter "Amendment 3") is made to that certain Master Agreement to Lease between National Health Investors, Inc. ("Landlord") and National HealthCare L.P. ("Tenant") dated October 17, 1991, (hereinafter "Master Lease"), and is entered into effective this 22nd day of July, 1997.

WHEREAS, pursuant to the terms of the Master Lease, National HealthCare L.P. ("NHC") has heretofore agreed to lease certain licensed nursing homes or retirement centers in 43 locations as identified on Exhibit A to said Master Lease; and

WHEREAS, NHC has obtained a Certificate of Need to expand the number of licensed beds or has constructed ancillary space in fourteen of said projects, namely eight licensed nursing homes in Tennessee -- Athens, Scott, Colonial Hill Retirement, Milan, Nashville, Pulaski, Sequatchie, Smithville, two in Missouri -- Joplin and St. Charles, two in South Carolina -- Laurens and Anderson, Merritt Island in Florida and Glasgow in Kentucky; and

WHEREAS, pursuant to Board resolution of today's date, the Board of National Health Investors, Inc. ("NHI") has agreed to finance said expansions and NHC has agreed to pay an increased lease rate thereon, all on the following terms and conditions; and

NOW, THEREFORE, IN CONSIDERATION OF THE PREMISES, the parties do hereby amend the Master Lease by the addition of the following as paragraph 2.07:

2.07: Expanded Projects. Landlord and Tenant hereby agree that Tenant is granted the right to increase the licensed bed capacity and/or create revenue producing ancillary space at the Leased Property located in Athens, NHC/Scott in Lawrenceburg, Colonial Hill Retirement in Chattanooga, Milan, Nashville, Pulaski, Sequatchie, and Smithville, Tennessee; Glasgow, Kentucky; Joplin and St. Charles, Missouri, Laurens and Anderson, South Carolina; and Merritt Island, Florida, so long as its expansions are either exempt from or authorized with a certificate of need from the appropriate governmental authority and are constructed in a substantially similar manner as the existing Leased Property. Landlord agrees at the request of Tenant from time to time to reimburse Tenant for such hard costs, including land, construction, landscaping, fixtures or appurtenances, as Tenant may have incurred in the expansion of the Project. At such time as this reimbursement is sought by Tenant, Tenant agrees to amend the individual lease for that Leased Property, and to increase the base rent thereon by an annual factor equal to 9.5% times the expenses reimbursed by Landlord.

The parties further agree that the Additional Rent provided for in paragraph 2.02 above shall commence on that part of the Leased Property expanded pursuant to the terms of this paragraph 2.07 effective the first day of January of 1999, with 1998 as the Base Year.

All the rest and residue of the Master Lease and the individual lease on the Leased Properties located in Athens, NHC/Scott in Lawrenceburg, Colonial Hill Retirement in Chattanooga, Milan, Nashville, Pulaski, Sequatchie, and Smithville, Tennessee; Glasgow, Kentucky; Joplin and St. Charles, Missouri, Laurens and Anderson, South Carolina; and Merritt Island, Florida, are hereby ratified and affirmed. Executed effective this 22nd day of July, 1997.

NATIONAL HEALTH INVESTORS, INC.

/s/ Richard F. LaRoche, Jr.
Richard F. LaRoche, Jr., Vice President

NATIONAL HEALTHCARE L.P.

/s/ Robert G. Adams
Robert G. Adams, Senior Vice President

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EXHIBIT 10.20

AMENDMENT NO. 2 TO MASTER AGREEMENT TO LEASE

This Amendment No. 2 (hereinafter "Amendment 2") is made to that certain Master Agreement to Lease between National Health Investors, Inc. ("Landlord") and National HealthCare L.P. (formerly National HealthCorp L.P., now known as "Tenant") dated October 17, 1991, (hereinafter "Master Lease"), and is entered into effective this 15th day of January, 1996.

PRELIMINARY STATEMENTS:

WHEREAS, pursuant to the terms of the Master Lease, National HealthCare L.P. ("NHC") has heretofore agreed to lease certain licensed nursing homes or retirement centers in 40 geographical locations as identified on Exhibit A to said Master Lease; and

WHEREAS, NHC has agreed to pay as additional rent for these facilities certain "Assumed Mortgage Debt,"; and

WHEREAS, certain of the Mortgage Debt has, as of today, been repaid, defeased, refunded or otherwise changed; and

WHEREAS, the parties agree to amend the Master Lease to reflect how NHC's obligations pursuant to the Master Lease are to be handled hereinafter;

NOW, THEREFORE, IN CONSIDERATION OF THE PREMISES, the parties do hereby amend the Master Lease by deleting the last sentence of Section 2.02.01 and substituting in lieu thereof the following:

In the event that Landlord shall for any reason itself discharge (including by prepayment) any Assumed Mortgage Debt, Tenant shall thereafter pay the relevant Assumed Mortgage Debt Service Rent as follows:

a) If the parties cannot otherwise reach agreement, Tenant shall thereafter pay the relevant Assumed Mortgage Debt Service Rent directly to Landlord in accordance with the original payment terms of the Assumed Mortgage Debt so discharged, or by agreement only

b) At that interest rate as paid by Landlord on any secured or unsecured indebtedness, excluding the Line of Credit Note with Bank of Tokyo, issued in a transaction occurring within 30 days or more before or after the date of Landlord's prepayment with the principal of the Assumed Mortgage Debt to be paid as directed by Landlord to Tenant from time to time; provided further that in no event shall the principal payments on the Assumed Mortgage Debt be greater than the principal payments that were assumed at the time of the execution of the original Master Lease. To the extent that any prepayment by Landlord has the effect of prepaying debt owed by Tenant outside of its Assumed Mortgage Debt obligations under this Master Lease, then Tenant agrees to repay NHI said amount by its promissory note with a rate of interest as calculated in 2.02.01(b), with

interest to only accrue during the calendar year in which the prepayment occurred and thereafter with principal and interest to be made in 180 equal monthly payments of principal and interest with said note to balloon on December 31, 2006, unless the Master lease is renewed in whole or part, in which case said note shall not balloon until December 31, 2011.

The parties agree to amend the individual leases for the various Lease Properties from time to time in order to reflect Landlord's designated payment of the principal and rent component pursuant to this Section 2.02.01(b).

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All the rest and residue of the Master Lease is hereby ratified and affirmed this the 15th day of January, 1996.

NATIONAL HEALTH INVESTORS, INC.

/s/ Richard F. LaRoche, Jr.
Richard F. LaRoche, Jr., Vice President

NATIONAL HEALTHCARE L.P.

/s/ W. Andrew Adams
W. Andrew Adams, President

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EXHIBIT 10.19

AMENDMENT NO. 1 TO MASTER AGREEMENT TO LEASE

This Amendment No. 1 (hereinafter "Amendment") is made to that certain Master Agreement to Lease between National Health Investors, Inc. (Landlord) and National HealthCorp L.P. ("Tenant") dated October 17, 1991, (hereinafter "Master Lease"), and is entered into effective this 2nd day of June, 1993.

WHEREAS, pursuant to the terms of the Master Lease, National HealthCorp L.P. ("NHC") has heretofore agreed to lease certain licensed nursing homes or retirement centers in 40 geographical locations as identified on Exhibit A to said Master Lease; and

WHEREAS, NHC has obtained Certificates of Need to expand the number of licensed beds in three of said projects, namely the licensed nursing homes in Hudson and Plant City, Florida, and in Anniston, Alabama; and

WHEREAS, pursuant to Board resolution of today's date, the Board of National Health Investors, Inc. ("NHI") has agreed to finance said expansions and NHC has agreed to pay an increased lease rate thereon, all on the following terms and conditions; and

NOW, THEREFORE, IN CONSIDERATION OF THE PREMISES, the parties do hereby amend the Master Lease by the addition of the following as paragraph 2.07:

2.07: Expanded Projects. Landlord and Tenant hereby agree that Tenant is granted the right to increase the licensed bed capacity at the Leased Property located in Hudson and Plant City, Florida, and Anniston, Alabama, so long as its expansions are authorized with a certificate of need from the appropriate governmental authority and are constructed in a substantially similar manner as the existing Leased Property. Landlord agrees (at the request of Tenant, and after the issuance of a certificate of occupancy on the Expanded Project) to reimburse Tenant for such hard costs, including land, construction, landscaping, fixtures or appurtenances, as Tenant may have incurred in the expansion of the project. At such time as this reimbursement is sought by Tenant, Tenant agrees to amend the individual lease for that Leased Property, and to increase the base rent thereon by an annual factor equal to 10% times the expenses reimbursed by Landlord.

The parties further agree that the Additional Rent provided for in paragraph 2.02 above shall commence on that part of the Leased Property expanded pursuant to the terms of this paragraph 2.07 effective the first day of January of the calendar year commencing no sooner than six months after the date of the commencement of Tenant's lease obligation on the expanded property.

All the rest and residue of the Master Lease and the individual leases on the Leased Properties located in Hudson and Plant City, Florida, and Anniston, Alabama, are hereby ratified and affirmed. Executed this the 2nd day of June,

1993.

NATIONAL HEALTH INVESTORS, INC.

/s/ Richard F. LaRoche, Jr.
Richard F. LaRoche, Jr., Vice President

NATIONAL HEALTHCORP L.P.

/s/ Robert G. Adams
Robert G. Adams, Senior Vice President

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MASTER AGREEMENT TO LEASE

between

NATIONAL HEALTH INVESTORS, INC., Landlord

and

NATIONAL HEALTHCORP L.P., Tenant

Dated: October 17, 1991

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MASTER AGREEMENT TO LEASE

AGREEMENT dated as of the 17 day of October, 1991 by and between NATIONAL HEALTH INVESTORS, INC., a Maryland corporation, ("Landlord") and NATIONAL HEALTHCORP L.P., a Delaware limited partnership ("Tenant").

RECITALS

WHEREAS, Tenant has concurrently conveyed to Landlord various properties upon which Tenant engages in the business of operating nursing homes and healthcare facilities, which properties are listed on Schedule A attached hereto (the "Real Estate Conveyance"), and Landlord and Tenant desire to provide for the lease by Landlord back to the Tenant of such properties; and

WHEREAS, Landlord may from time to time lease additional properties that Landlord may acquire to Tenant; and

WHEREAS, Landlord and Tenant desire that each of the properties listed on Schedule A and each additional property that Landlord may lease to Tenant shall be the subject of a separate and individual Lease Agreement describing said property, the rent and various other terms of said lease (each such Lease Agreement referred to individually as a "Lease" and the property that is the subject of an individual Lease being referred to as "Leased Property"); and

WHEREAS, Landlord and Tenant desire to set forth in this Agreement certain terms and conditions applicable to all Leases of all Leased Properties, except as any individual Lease with respect to a particular Leased Property may otherwise provide;

NOW, THEREFORE, in consideration of the premises and of their respective agreements and undertakings herein and in each Lease, Landlord and Tenant agree as follows:

ARTICLE I: SEPARATE LEASE AGREEMENTS; PREMISES AND TERM

1.01 Separate Lease Agreements. Landlord and Tenant are concurrently entering into a separate Lease for each of the Leased Properties referred to in Schedule A hereto, and may in the future enter into one or more additional separate Leases for one or more additional Leased Properties. Except as specifically set forth in a separate Lease, or any amendment, supplement, schedule or exhibit thereto, all of the provisions of this Agreement shall be deemed to be incorporated into and made a part of each such separate Lease made between the Landlord as landlord (or lessor) and the Tenant as tenant (or Lessee) during the Term of such separate Lease.

1.02 Leased Property. Except as set forth in an individual Lease (including any schedule or exhibit thereto), the property that is the subject of each Lease and that shall be considered as leased by the Landlord to the Tenant thereunder shall consist of:

(a) The land described in the Lease ("Land");

(b) All buildings, structures, and other improvements, including without limitation sidewalks, alleys, utility pipes, conduits, and lines, parking areas, and roadways, now or hereafter situated upon the Land ("Improvements");

(c) All easements, rights and other appurtenances relating to the Land and Improvements ("Appurtenances");

(d) All permanently affixed equipment, machinery, fixtures, and other items of real property, including all components thereof, located in, or used in connection with, and permanently affixed to or incorporated into the Improvements, including without limitation, all furnaces, boilers, heaters, electrical equipment, heating, plumbing, lighting, ventilating, refrigerating (but not movable refrigerators), incineration, air and water pollution control, waste disposal air-cooling and air-conditioning systems and apparatus, sprinkler systems and fire and theft protection equipment, and built-in oxygen and vacuum systems, all of which, to the greatest extent permitted by law, are hereby deemed by the parties hereto to constitute real estate, together with all replacements, modifications, alterations and additions thereto, but specifically excluding items within the category of "Tenant's Property" defined in Section 12.01 hereof (collectively the "Fixtures").

The Land, Improvements, Appurtenances and Fixtures are hereinafter referred to as the "Leased Property".

SUBJECT, HOWEVER, to the easements, liens, encumbrances, restrictions, agreements, and other title matters listed or specifically referred to in any individual Lease ("Permitted Exceptions").

1.03 Term. To have and to hold, unless otherwise provided in an individual Lease, the initial term (the "Initial Term") of each Lease is ten (10) years and three (3) months commencing on October 1, 1991, (the "Commencement Date") and expiring on December 31, 2001. Provided that no Event of Default has occurred and that Tenant gives Landlord notice on or before December 31, 2000, Tenant shall have the option to renew all (but except as Landlord shall otherwise specifically agree in writing not less than all) Leases for one (1) additional five (5) year term commencing January 1, 2002 (the "First Renewal Term") on the same terms (other than with respect to renewal) as the Initial Term; and provided that no Event

of Default has occurred and that Tenant gives Landlord notice on or before December 31, 2005, Tenant shall have the option to renew all (but except as Landlord shall otherwise specifically agree in writing not less than all) Leases for one (1) further five (5) year term commencing January 1, 2007 (the "Second Renewal Term") on the same terms (other than with respect to renewal and except that Base Rent shall be determined in accordance with Section 2.01.01). The term "Term" means the Initial Term and each Renewal Term as appropriate. The term "Lease Year" means each twelve (12) month period during the Term commencing on January 1 and ending on December 31, except the first Lease Year shall be the period from the Commencement Date through the following December 31, and the last Lease Year shall end on the date of termination of the Lease if a day other than December 31.

1.05 Holding Over. Should Tenant, without the express consent of Landlord, continue to hold and occupy the Leased Property after the expiration of the Term, such holding over beyond the Term and the acceptance or collection of Rent by the Landlord shall operate and be construed as creating a tenancy from month-to-month and not for any other term whatsoever. During any such holdover period Tenant shall pay to Landlord for each month Tenant remains in the Leased Property one hundred fifty (150%) percent of the Base Rent in effect on the expiration date. Said month-to-month tenancy may be terminated by Landlord by giving Tenant ten (10) days written notice, and at any time thereafter Landlord may re-enter and take possession of the Leased Property.

1.06 Surrender. Except for (i) Permitted Alterations; (ii) normal and reasonable wear and tear (subject to the obligation of Tenant to maintain the Leased Property in good order and repair during the Term); and (iii) casualty, taking or other damage and destruction not required to be repaired by Tenant, Tenant shall surrender and deliver up the Leased Property at the expiration or termination of the Term broom clean, free of all Tenant's equipment and personal property, and in as good order and condition as of the Commencement Date.

ARTICLE II: RENT

2.01 Base Rent. Unless otherwise provided in an individual Lease and subject to the provisions of Section 2.01.01 with respect to Base Rent in the Second Renewal Term (if any), Tenant shall pay Landlord base rent for each Property that is the subject of a Lease in the amount specified therein (the "Base Rent") for the Term in consecutive monthly installments payable in advance on the Commencement Date of each Lease and thereafter on the first day of each month during the Term, in accordance with the Base Rent Schedule set forth in or attached to each individual Lease.

2.01.01 Base Rent During Second Renewal Term. The Base Rent for each Leased Property during the Second Renewal Term shall be

the then fair rental value of such Leased Property as negotiated between the parties and determined without including any value attributable to improvements to the Leased Property voluntarily made by Tenant at its expense.

2.02 Additional Rent. The Tenant shall pay Additional Rent consisting of the Assumed Mortgage Debt Service Rent and Other Additional Debt described in this Section 2.02.

2.02.01 Assumed Mortgage Debt Service Rent. Landlord and Tenant acknowledge that, in connection with the Real Estate Conveyance, Landlord has purchased the Leased Property subject to all existing mortgages, deeds of trust and other debt instruments which were incurred by Tenant or on behalf of Tenant on or prior to the closing of the Real Estate Conveyance (or through any refinancing of the same) as more specifically described in the Permitted Exceptions (hereinafter collectively referred to as "Assumed Mortgage Debt"). In connection with the Assumed Mortgage Debt, arrangements have been made with the various holders of the Assumed Mortgage Debt with respect to the continuing payment of the same directly by Tenant, and the amount so payable from time to time is herein called "Assumed Mortgage Debt Service Rent." "Assumed Mortgage Debt" also includes the amount of any Assumed Mortgage Debt secured by a Leased Property that is refinanced because such Assumed Mortgage Debt matures or the maker of such Debt is required to pay it in its entirety during the Term of a Lease. In the event that Landlord shall for any reason itself discharge (including by prepayment) any Assumed Mortgage Debt, Tenant shall thereafter pay the relevant Assumed Mortgage Debt Service Rent directly to Landlord in accordance with the original payment terms of the Assumed Mortgage Debt so discharged.

2.02.02 Other Additional Rent. In addition to Base Rent, Assumed Mortgage Service Debt Rent and Percentage Rent (as hereinafter defined in Section 2.06), Tenant shall pay all other amounts, liabilities, obligations and Impositions (as hereinafter defined) which Tenant assumes or agrees to pay under this Agreement or any Lease and any fine, penalty, interest, charge and cost which may be added for nonpayment or late payment of such items (collectively the "Other Additional Rent").

2.03 Place(s) of Payment of Rent; Direct Payment of Additional Rent. The Base Rent, Percentage Rent, and Additional Rent are hereinafter referred to as "Rent". Landlord shall have all legal, equitable and contractual rights, powers and remedies provided either in this Agreement, in any Lease or by statute or otherwise in the case of nonpayment of the Rent. Tenant shall make all payments of Base Rent and of Percentage Rent at Landlord's principal place of business or as Landlord may otherwise from time to time direct in writing, and all payments of Assumed Mortgage Debt Service Rent and of Other Additional Rent directly to the person or persons to whom such amount is owing at the time and

times when such payments are due, and shall give to Landlord such evidence of such direct payments as Landlord shall reasonably request.

2.04 Net Lease. This Lease shall be deemed and construed to be an "absolute net lease" or "triple net lease", and Tenant shall pay all Rent and other charges and expenses in connection with the Leased Property throughout the Term, without abatement, deduction or set-off.

2.05 No Termination, Abatement, Etc. Except as otherwise specifically provided in this Agreement or a particular Lease, Tenant shall remain bound by this Agreement or such Lease in accordance with its terms. Except as otherwise specifically provided in the Agreement or a particular Lease, Tenant shall not, without the prior written consent of Landlord modify, surrender or terminate the Agreement or such Lease, nor seek nor be entitled to any abatement, deduction, deferment or reduction of Rent, or set-off against the Rent. Except as specifically provided in this Agreement or a particular Lease, the obligations of Landlord and Tenant shall not be affected by reason of [i] the lawful or unlawful prohibition of, or restriction upon, Tenant's use of the Leased Property, or any part thereof, the interference with such use by any person, corporation, partnership or other entity, or by reason of eviction by paramount title; [ii] any claim which Tenant has or might have against Landlord or by reason of any default or breach of any warranty by Landlord under this Agreement or a particular Lease or any other agreement between Landlord and Tenant, or to which Landlord and Tenant are parties; [iii] any bankruptcy, insolvency, reorganization, composition, readjustment, liquidation, dissolution, winding up or other proceeding affecting Landlord or any assignee or transferee of Landlord; or [iv] any other cause, whether similar or dissimilar to any of the foregoing, other than a discharge of Tenant from any such obligations as a matter of law. Except as otherwise specifically provided in this Agreement or a particular Lease, and to the maximum extent permitted by law, Tenant hereby specifically waives all rights, including but not limited to any rights under any statute relating to rights of tenants in any state in which any Leased Property is located, arising from any occurrence whatsoever, which may now or hereafter be conferred upon it by law [a] to modify, surrender or terminate this Lease or quit or surrender the Leased Property or any portion thereof; or [b] entitling Tenant to any abatement, reduction, suspension or deferment of the Rent or other sums payable by Tenant hereunder. The obligations of Landlord and Tenant hereunder shall be separate and independent covenants and agreements and the Rent and all other sums payable by Tenant hereunder shall continue to be payable in all events unless the obligations to pay the same shall be terminated pursuant to the express provisions of this Agreement or a particular Lease or by termination of this Agreement or a particular Lease other than by reason of an Event of Default.

2.06 Percentage Rent. In addition to the Base Rent, with respect to each Lease Year after 1992 Tenant shall pay Landlord percentage rent ("Percentage Rent") in accordance with this Section 2.06 equal to three percent (3%) of the amount by which the Gross Revenues (as defined in Section 2.06.01) of each Leased Property in the applicable Lease Year exceed the Gross Revenues of each Leased Property during 1992.

2.06.01 "Gross Revenues" means all revenues received or receivable by the Tenant from or by reason of the operation of the Leased Property, or any other use of the Leased Property, as calculated in accordance with generally accepted accounting principles and as adjusted as set forth in this Section 2.06.01. Gross Revenues shall not include non-operating revenues such as interest income or income from the sale of assets other than in the ordinary course of business. Gross Revenues shall be adjusted by the following items: [i] contractual allowances (difference between customary charges and amounts receivable based on contract) relating to any period during the Term of the Lease; [ii] all proper patient billing credits and adjustments (including adjustments for bad debts) according to generally accepted accounting principles relating to health care accounting; and [iii] federal, state or local excise taxes and any tax based upon or measured by said revenues which is added to or made a part of the amount billed to the patient or other recipient of such services or goods, whether included in the billing or stated separately. To the extent that the Leased Property is subleased by Tenant, Gross Revenues shall be calculated for purposes of the Lease by including the rent received or receivable by the Tenant if the space rental does not replace an operating bed and is for not more than 10% of the square footage of the Leased Property. Otherwise, Gross Revenues shall be calculated by including the Gross Revenues of such sub-lessees with respect to the subleased property, i.e., the Gross Revenues generated from the operations conducted on such subleased portion of the Leased Property shall be included directly in the Gross Revenues for the purpose of determining percentage rent payable under this Lease and the rent received or receivable by Tenant under such subleases shall be excluded from Gross Revenues for such purpose.

2.06.02 On or before March 31, 1993 with respect to the year ended December 31, 1992 and on or before each following March 31 with respect to each Lease Year thereafter, Tenant shall deliver to Landlord a notarized, sworn statement (the "Tenant's Certification") setting forth the Gross Revenues for the prior year. Annually a certificate from a nationally reputable accounting firm satisfactory to Landlord shall be delivered to Landlord which certificate shall state that, in the course of the regular audit of Tenant's financial statements, such firm has reviewed Tenant's calculations of the amount of Gross Revenues for each of the Leased Properties as set forth in Tenant's

Certification and that nothing has come to its attention to make such firm believe the Tenant's Certification is incorrect in any material respect (and/or stating, if applicable, any proposed audit adjustments with respect to Gross Revenue which Tenant elected not to record and set forth in Tenant's Certification). In addition to the Tenant's Certification and upon the request of Landlord, Tenant shall deliver the following: [i] any reports sent to any reimbursement agency, including, but not limited to Medicaid Cost Reports; [ii] copies of Medicare Cost Reports; [iii] copies of interim or final cost settlements with Medicare authorities concerning Medicare receivables with a debit or credit balance; [iv] patient census data by type of patient on a quarterly basis within thirty (30) days after the end of each calendar quarter beginning January 31, 1991; [v] copies of changes in rates for Medicare, Medicaid, private payor or any other provider paying for patients in the Leased Property; and [vi] Tenant's calculation supporting any estimated contractual allowances in the Financial Statements.

2.06.03 In each Lease Year commencing 1994, Tenant shall for such Lease Year make anticipated payments of Percentage Rent monthly at the time of paying installments of Base Rent, which payments shall be equal to one-twelfth (1/12th) of the Percentage Rent determined for the preceding Lease Year, subject to final determination and adjustment in payment by March 31 of the following year.

2.06.04 Landlord or its duly authorized representatives may, upon reasonable notice and on any business day and during reasonable office hours, inspect Tenant's records of Gross Revenues, either at the Leased Property or elsewhere as reasonably designated by Tenant, provided such inspection is made within twelve months after a Tenant's Certification is furnished to Landlord by Tenant. Any claim by Landlord for a revision of any Tenant's Certification must be made in writing to Tenant within twelve (12) months after the date such Tenant's Certification is furnished to Landlord; otherwise it shall be deemed waived by Landlord. If Landlord inspects Tenant's records and such inspection shows an error(s) in the Tenant's Certification which results in an understatement of Gross Revenues of five percent (5%) or more for any Leased Property, then in addition to paying the additional Percentage Rent on demand, Tenant shall pay Landlord, on demand, the reasonable cost of such inspection as Additional Rent.

ARTICLE III: IMPOSITIONS AND UTILITIES

3.01 Payment of Impositions. Subject to the adjustments set forth herein, Tenant shall pay, as Additional Rent, all Impositions (as hereinafter defined) that may be levied or become a lien on the Leased Property or any part thereof at any time (whether prior to or during the Term), without regard to prior ownership of said

Leased Property, before any fine, penalty, interest, or cost is incurred. Tenant shall, upon request from Landlord, promptly furnish to Landlord copies of official receipts or other satisfactory proof evidencing such payments. Tenant's obligation to pay such Impositions shall be deemed absolutely fixed upon the date such Impositions become a lien upon the Leased Property or any part thereof. Tenant, at its expense, shall prepare and file all tax returns and reports in respect of any Imposition as may be required by governmental authorities. Tenant shall be entitled to any refund due from any taxing authority if no Event of Default (as hereinafter defined) shall have occurred hereunder and be continuing. Landlord shall be entitled to any refund from any taxing authority if an Event of Default has occurred and is continuing. Any refunds retained by Landlord due to an Event of Default shall be applied as provided in Section 9.08. Landlord and Tenant shall, upon request of the other, provide such data as is maintained by the party to whom the request is made with respect to the Leased Property as may be necessary to prepare any required returns and reports. In the event governmental authorities classify any property covered by this Lease as personal property, Tenant shall file all personal property tax returns in such jurisdictions where it may legally so file. Landlord, to the extent it possesses the same, and Tenant, to the extent it possesses the same, will provide the other party, upon request, with cost and depreciation records necessary for filing returns for any property so classified as personal property. Where Landlord is legally required to file personal property tax returns, Tenant will be provided with copies of assessment notices indicating a value in excess of the reported value in sufficient time for Tenant to file a protest. Tenant may, upon notice to Landlord, at Tenant's option and at Tenant's sole cost and expense, protest, appeal, or institute such other proceedings as Tenant may deem appropriate to effect a reduction of real estate or personal property assessments and Landlord, at Tenant's expense as aforesaid, shall fully cooperate with Tenant in such protest, appeal, or other action. Tenant shall promptly reimburse Landlord for all personal property taxes paid by Landlord upon receipt of billings accompanied by copies of a bill therefor and payments thereof which identify the personal property with respect to which such payments are made. Impositions imposed in respect to the tax-fiscal period during which the Term commences and terminates shall be adjusted and prorated between Landlord and Tenant on a per diem basis, with Tenant being obligated to pay its pro rata share from and including the Commencement Date to and including the expiration or termination date of the Term, whether or not such Imposition is imposed before or after such commencement or termination, and Tenant's obligation to pay its prorated share thereof shall survive such termination. Tenant shall also pay to Landlord a sum equal to the amount which Landlord may be caused to pay of any privilege tax, sales tax, gross receipts tax, rent tax, occupancy tax or like tax (excluding any tax based on net income), hereinafter levied, assessed, or imposed by any federal, state,

county or municipal governmental authority, or any subdivision thereof, upon or measured by or rent or other consideration required to be paid by Tenant under this Lease.

3.02 Definition of Impositions. "Impositions" means, collectively, [i] taxes (including without limitation, all real estate and personal property ad valorem (whether assessed as part of the real estate or separately assessed as unsecured personal property, sales and use, business or occupation, single business, gross receipts, transaction privilege, rent or similar taxes, but not including income or franchise or excise taxes payable with respect to Landlord's receipt of Rent); [ii] assessments (including without limitation, all assessments for public improvements or benefits, whether or not commenced or completed prior to the date hereof and whether or not to be completed with the Term); [iii] ground rents, water, sewer or other rents and charges, excises, tax levies, and fees (including without limitation, license, permit, inspection, authorization and similar fees); [iv] to the extent they may become a lien on the Leased Property all taxes imposed on Tenant's operations of the Leased Property including without limitation, employee withholding taxes, income taxes and intangible taxes; and [v] all other governmental charges, in each case whether general or special, ordinary or extraordinary, or foreseen or unforeseen, of every character in respect of the Leased Property or any part thereof and/or the Rent (including all interest and penalties thereon due to any failure in payment by Tenant), which at any time prior to, during or in respect of the Term hereof may be assessed or imposed on or in respect of or be a lien upon [a] Landlord or Landlord's interest in the Leased Property or any part thereof; [b] the Leased Property or any part thereof or any rent therefrom or any estate, right, title or interest therein; or [c] any occupancy, operation, use or possession of, or sales from, or activity conducted on, or in connection with the Leased Property or the leasing or use of the Leased Property or any part thereof. Tenant shall not, however, be required to pay [i] any tax based on net income (whether denominated as a franchise or capital stock or other tax) imposed on Landlord; or [ii] except as provided in Section 13.01, any tax imposed with respect to the sale, exchange or other disposition by Landlord of any Leased Property or the proceeds thereof; provided, however, that if any tax, assessment, tax levy or charge which Tenant is obligated to pay pursuant to the first sentence of this definition and which is in effect at any time during the Term hereof is totally or partially repealed, and a tax, assessment, tax levy or charge set forth in clause [i] or [ii] immediately above is levied, assessed or imposed expressly in lieu thereof Tenant shall then pay such tax, levy, or charge set forth in said clause [i] or [ii].

3.03 Escrow of Impositions. If Landlord's lender requires Landlord to escrow real property taxes or other Impositions on a periodic basis during the Term, Tenant, on notice from Landlord indicating this requirement, shall pay a sum of money toward its

liability under this Article to lender on a periodic basis in accordance with the lender's requirements. Landlord shall escrow the payments received from Tenant in accordance with the requirements of its lender, and shall furnish Tenant with a copy of the lender's requirements for escrow. Further, if an Event of Default occurs hereunder which is not cured within any applicable grace period, Tenant shall thereafter, at Landlord's election, deposit with Landlord on the first day of each month during the remaining Term hereof and any extended Term, a sum equal to one-twelfth (1/12th) of the Impositions assessed against the Leased Property for the preceding tax year, which sums shall be used by Landlord toward payment of such Impositions. If, at the end of any applicable tax year, any such funds held by Landlord are insufficient to make full payment of taxes or other Impositions for which such funds are held, Tenant, on demand, shall pay to Landlord any additional funds necessary to pay and discharge the obligations of Tenant pursuant to the provisions of this section. If, however, at the end of any applicable tax year, such funds held by Landlord are in excess of the total payment required to satisfy taxes or other Impositions for which such funds are held, Landlord shall apply such excess amounts to Tenant's tax and Imposition escrow fund for the next tax year. If any such excess of funds occurs at the end of the final Lease Year, and subject to Section 9.08 below, Landlord shall promptly refund such excess amounts to Tenant. The receipt by Landlord of the payment of such Impositions by and from Tenant shall only be as an accommodation to Tenant, the mortgagees, and the taxing authorities, and shall not be construed as rent or income to Landlord, Landlord serving, if at all, only as a conduit for delivery purposes.

3.04 Utilities. Tenant shall pay, as Additional Rent all taxes, assessments, charges/deposits, and bills for utilities, including without limitation charges for water, gas, oil, sanitary and storm sewer, electricity, telephone service, and trash collection, which may be charged against the occupant of the Improvements during the Term. If an Event of Default occurs hereunder and is not cured within any applicable grace period, Tenant shall thereafter, at Landlord's election, deposit with Landlord on the first day of each month during the remaining Term, a sum equal to one-twelfth (1/12th) of the amount of the annual utility expenses for the preceding Lease Year, which sums shall be used by Landlord to pay such utilities. If, at any time during the Lease Year, such funds held by Landlord are insufficient to cover monthly, annual, or other periodic charges for utilities, Tenant shall, on demand pay to Landlord any additional amount needed to pay such utilities. Landlord's receipt of such payments shall only be an accommodation to Tenant and the utility companies and shall not constitute rent or income to Landlord. If, at any time during the Lease Year, such funds held by Landlord are in excess of the total monthly, annual or other periodic payment necessary to satisfy utility costs, such excess amounts shall be applied to Tenant's escrow fund for the next payment of such utilities. If

any such excess exists following the expiration or [illegible] termination of the Lease and after all utility bills and [illegible] have been settled, Landlord shall, subject to Section 9.08 [illegible] promptly refund such amounts to Tenant. Tenant shall at all [illegible] maintain that amount of heat necessary to ensure again[illegible] freezing of water lines. Tenant hereby agrees to indemn[illegible] hold Landlord harmless from and against any liability or [illegible] to the utility systems and the Leased Property that may resu[illegible] Tenant's failure to maintain sufficient heat in the Improve[illegible]

3.05 Discontinuance of Utilities. Landlord will [illegible] liable for damages to person or property or for injury [illegible] interruption of, business for any discontinuance of utilit[illegible] will such discontinuance in any way be construed as an evic[illegible] Tenant or cause an abatement of Rent or operate to release [illegible] from any of Tenant's obligations under this Lease.

ARTICLE IV: INSURANCE

4.01 Property Insurance. Tenant shall, at Tenant's e[illegible] keep the Improvements, Fixtures, and other components of the [illegible] Property insured against the following risks:

(a) Loss or damage by fire, vandalism and ma[illegible] mischief, sprinkler leakage and all other physical los[illegible] commonly covered by "All Risk" insurance in an amount [illegible] than one hundred percent (100%) of the then full repl[illegible] cost thereof (as hereinafter defined). Such polic[illegible] include an agreed amount endorsement if availabl[illegible] reasonable cost. Such policy shall also include endor[illegible] for contingent liability for operation of buildin[illegible] demolition costs, and increased cost of construction

(b) Loss or damage by explosion of steam [illegible] pressure vessels, or similar apparatus, now or he[illegible] installed on the Leased Property, in commercially rea[illegible] amounts acceptable to Landlord.

(c) Loss of rent under a rental value insurance [illegible] covering risk of loss during the first nine (9) mo[illegible] reconstruction necessitated by the occurrence of any [illegible] described in Sections 4.01(a) or 4.01(b) above, in a[illegible] sufficient to prevent Landlord or Tenant from bec[illegible] co-insurer, containing endorsements for extended pe[illegible] indemnity and premium adjustment, and written with a[illegible] amount clause, if the insurance provided for in thi[illegible] (c) is available at a reasonable cost.

(d) If the Land is located in whole or in par[illegible] a designated flood plain area, loss or damage caused [illegible] in commercially reasonable amounts acceptable to Lan[illegible].

(e) Loss or damage commonly covered by blanket crime insurance including employee dishonesty, loss of money orders or paper currency, depositor's forgery, and loss of property of patients accepted by Tenant for safekeeping, in commercially reasonable amounts acceptable to the Landlord.

4.02 Liability Insurance. Tenant shall, at Tenant's expense, maintain liability insurance against the following:

(a) Claims for personal injury or property damage commonly covered by comprehensive general liability insurance with endorsements for nursing home or comparable professional malpractice, blanket contractual, personal injury, owner's protective liability, real property fire damage legal liability, voluntary medical payments, products and completed operations, broad form property damage, and extended bodily injury, with commercially reasonable amounts for bodily injury, property damage, and voluntary medical payments acceptable to Landlord, but with a combined single limit of not less than One Million Dollars ($1,000,000.00) per occurrence, One Million Dollars ($1,000,000.00) per location. If malpractice insurance coverage is unavailable generally or is unreasonably expensive, Landlord and Tenant will consult in good faith regarding an alternative.

(b) Claims for personal injury and property damage commonly covered by comprehensive automobile liability insurance, covering all owned and nonowned automobiles, with commercially reasonable amounts for bodily injury, property damage, and for automobile medical payments acceptable to Landlord, but with a combined single limit of not less than One Million Dollars ($1,000,000.00) per occurrence, Three Million Dollars ($3,000,000.00) aggregate.

(c) Claims commonly covered by worker's compensation insurance for all persons employed by Tenant on the Leased Property. Such worker's compensation insurance shall be in accordance with the requirements of all applicable local, state, and federal law.

4.03 Insurance Requirements. The following provisions shall apply to all insurance coverages required hereunder:

(a) The form and substance of all policies shall be subject to the approval of Landlord, which approval will not be unreasonably withheld.

(b) The carriers of all policies shall have a Best's Rating of "A-" or better and a Best's Financial Category of XII or larger and shall be authorized to do insurance business in the state in which the Leased Property is located.

(c) Tenant shall be the "named insured" and Landlord shall be an "additional named insured" on each policy.

(d) Tenant shall deliver to Landlord certificates or policies showing the required coverages and endorsements. The policies of insurance shall provide that the policy may not be cancelled or not renewed, and no material change or reduction in coverage may be made, without at least thirty (30) days' prior written notice to Landlord.

(e) The policies shall contain a severability of interest and/or cross-liability endorsement, provide that the acts or omissions of Tenant will not invalidate the Landlord's coverage, and provide that Landlord shall not be responsible for payment of premiums.

(f) All loss adjustment shall require the written consent of Landlord and Tenant, as their interests may appear.

(g) At least thirty (30) days prior to the expiration of each policy, Tenant shall deliver to Landlord a certificate showing renewal of such policy and payment of the annual premium therefor.

4.04 Replacement Cost. The term "full replacement cost" means the actual replacement cost thereof from time to time including increased cost of construction, with no reductions or deductions. Tenant shall, not later than thirty (30) days after the anniversary of each Lease Year of the Term, increase the amount of the replacement cost endorsement for the Improvements. If Tenant makes any Permitted Alterations (as hereinafter defined) to the Leased Property, Landlord may have such full replacement cost redetermined at any time after such Permitted Alterations are made, regardless of when the full replacement cost was last determined.

4.05 Blanket Policy. Tenant may carry the insurance required by this Article under a blanket policy of insurance, provided that the coverage afforded Tenant will not be reduced or diminished or otherwise be different from that which would exist under a separate policy meeting all of the requirements of this Agreement.

4.06 No Separate Insurance. Tenant shall not take out separate insurance concurrent in form or contributing in the event of loss with that required in this Article, or increase the amounts of any then existing insurance by securing an additional policy or additional policies, unless all parties having an insurable interest in the subject matter of the insurance, including Landlord and any mortgagees, are included therein as additional named insureds or loss payees, the loss is payable under said insurance in the same manner as losses are payable under this Agreement, and such additional insurance is not prohibited by the existing policies of insurance. Tenant shall immediately notify Landlord

of the taking out of such separate insurance or the increasing of any of the amounts of the existing insurance by securing an additional policy or additional policies. The term "mortgages" as used in this Agreement includes Deeds of Trust and the term "mortgagees" includes trustees and beneficiaries under a Deed of Trust.

4.07 Waiver of Subrogation. Each party hereto hereby waives any and every claim which arises or may arise in its favor and against the other party hereto during the Term or any extension or renewal thereof, for any and all loss of, or damage to, any of its property located within or upon, or constituting a part of, the Leased Property, which loss or damage is covered by valid and collectible insurance policies, to the extent that such loss or damage is recoverable under such policies. Said mutual waiver shall be in addition to, and not in limitation or derogation of, any other waiver or release contained in this Lease with respect to any loss or damage to property of the parties hereto. Inasmuch as the said waivers will preclude the assignment of any aforesaid claim by way of subrogation (or otherwise) to an insurance company (or any other person), each party hereto agrees immediately to give each insurance company which has issued to it policies of insurance, written notice of the terms of said mutual waivers, and to have such insurance policies properly endorsed, if necessary, to prevent the invalidation of said insurance coverage by reason of said waivers, so long as such endorsement is available at a reasonable cost.

4.08 Mortgages. The following provisions shall apply if Landlord now or hereafter places a mortgage on the Leased Property or any part thereof: [i] Tenant shall obtain a standard form of mortgage clause insuring the interest of the mortgagee; [ii] Tenant shall deliver evidence of insurance to such mortgagee; [iii] loss adjustment shall require the consent of the mortgagee; and [iv] Tenant shall obtain such other coverages and provide such other information and documents as may be reasonably required by the mortgagee.

4.09 Escrows. If Landlord's lender requires the Landlord to escrow insurance premiums on a periodic basis, or if an Event of Default occurs hereunder, Tenant, after notice from Landlord, shall make such periodic payments in accordance with the lender's or Landlord's requirements.

ARTICLE V: INDEMNITY; HAZARDOUS SUBSTANCES

5.01 Tenant's Indemnification. Subject to Section 4.07, Tenant hereby agrees to indemnify and hold harmless Landlord, its agents, and employees from and against any and all demands, claims, causes of action, fines, penalties, damages (including consequential damages), losses, liabilities (including strict liability), judgments, and expenses (including, without limitation,

attorneys' fees, court costs, and the costs set forth in Section 9.07) incurred in connection with or arising from: [i] the use or occupancy of each Leased Property by Tenant or any persons claiming under Tenant; [ii] any activity, work, or thing done, or permitted or suffered by Tenant in or about the Leased Property; [iii] any acts, omissions, or negligence of Tenant or any person claiming under Tenant, or the contractors, agents, employees, invitees, or visitors of Tenant or any such person; [iv] any breach, violation, or nonperformance by Tenant or any person claiming under Tenant or the employees, agents, contractors, invitees, or visitors of Tenant or of any such person, of any term, covenant, or provision of this Agreement or any Lease or any law, ordinance, or governmental requirement of any kind; and [v] any injury or damage to the person, property or business of Tenant, its employees, agents, contractors, invitees, visitors, or any other person entering upon the Leased Property under the express or implied invitation of Tenant. If any action or proceeding is brought against Landlord, its employees, or agents by reason of any such claim, Tenant, upon notice from Landlord, will defend the claim at Tenant's expense with counsel reasonably satisfactory to Landlord.

5.02 Hazardous Substances or Materials. Tenant shall not, either with or without negligence, injure, overload, deface, damage or otherwise harm any Leased Property or any part or component thereof; commit any nuisance; permit the emission of any hazardous agents or substances; allow the release or other escape of any biologically or chemically active or other hazardous substances or materials so as to impregnate, impair or in any manner affect, even temporarily, any element or part of any Leased Property, or allow the storage or use of such substances or materials in any manner not sanctioned by law or by the highest standards prevailing in the industry for the storage and use of such substances or materials; nor shall Tenant bring onto any Leased Property any such materials or substances; permit the occurrence of objectionable noise or odors; or make, allow or suffer any waste whatsoever to any Leased Property. Landlord may inspect the Leased Property from time to time, and Tenant will cooperate with such inspections. Without limitation, "hazardous substances" for the purposes of this Section 5.02 shall include such substances described in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 U.S.C. 9601 et seq. and the regulations adopted thereunder, and hazardous materials shall include such materials as are described in the Resource Conservation and Recovery Act, as amended, 42 U.S.C. 6901 et seq.; and hazardous substances or hazardous materials shall also include any substance or material described in any applicable statute of any state in which Leased Properties are located, and in any regulations adopted under any of these acts. Upon request by Landlord, Tenant shall submit to Landlord quarterly reports regarding Tenant's use, storage, and disposal of any of the foregoing materials, said reports to include information regarding continued hazardous materials inspections, personal interviews, and federal, state and local agency listings.

In addition, Tenant shall execute affidavits, representations and the like from time to time at Landlord's request concerning Tenant's best knowledge and belief regarding the presence or absence of hazardous materials on the Leased Property. In all events, Tenant shall indemnify Landlord and all mortgagees of any Leased Property from any release of hazardous materials on the Leased Property occurring while Tenant is in possession, all costs and expenses and claims arising from the release of, or discovery of the existence of, or need to clean up or remove, or arising from any prior release or removal of any hazardous substances or materials on or from any Leased Property, whether such release, discovery or removal occurs during the Term or occurred prior to the commencement of the Term. (At the request of Landlord, Tenant will from time to time confirm such indemnity to mortgagees directly with such mortgagees.)

5.03 Limitation of Landlord's Liability. Landlord, its agents, and employees, will not be liable for any loss, injury, death, or damage (including consequential damages) to persons, property, or Tenant's business occasioned by theft, act of God, public enemy, injunction, riot, strike, insurrection, war, court order, requisition, order of governmental body or authority, fire, explosion, falling objects, steam, water, rain or snow, leak or flow of water (including water from the elevator system), rain or snow from any Leased Property or into the Leased Property or from the roof, street, subsurface or from any other place, or by dampness or from the breakage, leakage, obstruction, or other defects of the pipes, sprinklers, wires, appliances, plumbing, air conditioning, or lighting fixtures of the Leased Property, or from construction, repair, or alteration of the Leased Property or from any acts or omissions of any other occupant or visitor of the Leased Property, or from the presence or release of any hazardous substance or material on or from the Leased Property or from any other cause beyond Landlord's control.

ARTICLE VI: USE AND ACCEPTANCE OF PREMISES

6.01 Use of Leased Property. Tenant shall use and occupy each Leased Property exclusively as a nursing home, healthcare facility or other purpose for which the Leased Property is being used at the Commencement Date of the Term, and for no other purpose without the prior written consent of the Landlord, which consent will not be unreasonably withheld. Tenant shall obtain and maintain all approvals, licenses, and consents needed to use and operate each Leased Property for such purposes. Tenant shall promptly deliver to Landlord complete copies of surveys, examinations, certification and licensure inspections, compliance certificates, and other similar reports issued to Tenant by any governmental agency.

6.02 Acceptance of Leased Property. Except as otherwise specifically provided in this Agreement or in any individual Lease,

Tenant acknowledges that [i] Tenant and its agents have had an opportunity to inspect the Leased Property; [ii] Tenant has found the Leased Property fit for Tenant's use; [iii] delivery of the Leased Property to Tenant is in "as-is" condition; [iv] Landlord is not obligated to make any improvements or repairs to the Leased Property; and [v] the roof, walls, foundation, heating, ventilating, air conditioning, telephone, sewer, electrical, mechanical, utility, plumbing, and other portions of the Leased Property are in good working order. Tenant waives any claim or action against Landlord with respect to the condition of the Leased Property. LANDLORD MAKES NO WARRANTY OR REPRESENTATION, EXPRESS OR IMPLIED, IN RESPECT OF THE LEASED PROPERTY OR ANY PART THEREOF, EITHER AS TO ITS FITNESS FOR USE, DESIGN OR CONDITION FOR ANY PARTICULAR USE OR PURPOSE OR OTHERWISE, AS TO QUALITY OF THE MATERIAL OR WORKMANSHIP THEREIN, LATENT OR PATENT, IT BEING AGREED THAT ALL SUCH RISKS ARE TO BE BORNE BY TENANT.

6.03 Conditions of Use and Occupancy. Tenant agrees that during the Term it shall use and keep the Leased Property in a careful, safe and proper manner; not commit or suffer waste thereon; not use or occupy the Leased Property for any unlawful purposes; not use or occupy the Leased Property or permit the same to be used or occupied, for any purpose or business deemed extra hazardous on account of fire or otherwise; keep the Leased Property in such repair and condition as may be required by the local board of health, or other city, state or federal authorities, free of all cost to Landlord; not permit any acts to be done which will cause the cancellation, invalidation, or suspension of any insurance policy; and permit Landlord and its agents to enter upon the Leased Property at all reasonable times after notice to Tenant to examine the condition thereof.

6.04 Financial Statements. Within one hundred twenty (120) days after the end of each fiscal year, Tenant shall deliver to Landlord audited consolidated financial statements of Tenant, certified by a nationally recognized accounting firm. The financial statements shall include a complete schedule of contingent liabilities and transactions with affiliates. Within forty-five (45) days after the end of each calendar quarter, Tenant shall deliver to Landlord unaudited profit and loss statements.

ARTICLE VII: REPAIRS, COMPLIANCE WITH LAWS, AND MECHANICS' LIENS

7.01 Maintenance. Tenant shall maintain, repair, and replace each Leased Property, including without limitation, all structural and nonstructural repairs and replacements to the roof, foundations, exterior walls, building systems, HVAC systems, parking areas, sidewalks, water, sewer, and gas connections, pipes, and mains. Tenant shall pay as Additional Rent, the full cost of maintenance, repairs, and replacements. Tenant shall maintain all drives, sidewalks, parking areas, and lawns on or about the Leased

Property in a clean and orderly condition, free of accumulations of dirt, rubbish, snow and ice. Tenant shall permit Landlord to inspect the Leased Property at all reasonable times, and shall implement all reasonable suggestions of the Landlord as to the maintenance and replacement of the Leased Property.

7.02 Compliance With Laws. Tenant shall comply with all laws, ordinances, orders, rules, regulations, and other governmental requirements relating to the use, condition, or occupancy of each Leased Property, including without limitation, [i] licensure requirements for operation as a nursing home or medical facility, [ii] certification requirements needed to obtain reimbursement under the Medicare and state Medicaid programs unless Tenant, after notice to Landlord, determines to discontinue participation in such programs; [iii] requirements of the board of fire insurance underwriters or insurance service office or any other similar body having jurisdiction over the Leased Property, and [iv] all zoning and building codes and Environmental Laws. At Landlord's request, from time to time, Tenant shall deliver to Landlord copies of certificates or permits evidencing compliance with such laws, including without limitation, copies of the nursing home or health care facility license, provider agreements, certificates of occupancy and building permits. Tenant hereby agrees to defend, indemnify and hold Landlord harmless from and against any loss, liability (including strict liability), claim, damage (including consequential damages), cost and expense (including attorneys' fees) resulting from any failure by Tenant to comply with any laws, ordinances, rules, regulations, and other governmental requirements.

7.03 Required Alterations. Tenant shall, at Tenant's sole cost and expense, make any additions, changes, improvements or alterations to each Leased Property, including structural alterations, which may be required by any governmental authorities, including those required to continue certification under the Medicare and Medicaid programs (unless Tenant has elected not to participate in such programs), whether such changes are required by Tenant's use, changes in the law, ordinances, or governmental regulations, defects existing as of the date of this Lease, or any other cause whatever. All such additions, changes, improvements or alterations shall be deemed to be Permitted Alterations and shall comply with all laws requiring such alterations and with the provisions of Section 8.02.

7.04 Mechanic's Liens. Tenant shall have no authority to permit or create a lien against Landlord's interest in the Leased Property, and Tenant shall post notices or file such documents as may be required to protect Landlord's interest in the Leased Property against liens. Tenant hereby agrees to defend, indemnify, and hold Landlord harmless from and against any mechanic's liens against the Leased Property by reason of work, labor services or materials supplied or claimed to have been supplied on or to the

Leased Property. Tenant shall immediately remove, bond-off, or otherwise obtain the release of any mechanic's lien filed against the Leased Property. Tenant shall pay all expenses in connection therewith, including without limitation, damages, interest, court costs and reasonable attorneys' fees.

7.05 Replacements of Fixtures. Tenant shall not remove Fixtures from any Leased Property except to replace the Fixtures by other similar items of equal quality and value. Items being replaced by Tenant may be removed and shall become the property of Tenant and items replacing the same shall be and remain the property of Landlord. Tenant shall execute, upon written request from Landlord, any and all documents necessary to evidence Landlord's ownership of the Fixtures and replacements therefor. Tenant may finance replacements for the Fixtures by equipment lease or by a security agreement and financing statement; provided, however, that for any item of Fixtures or Personal Property having a cost greater than or equal to Ten Thousand Dollars ($10,000.00), Tenant may not finance replacements by security agreement or equipment lease unless [i] Landlord has consented to the terms and conditions of the equipment lease or security agreement; [ii] the equipment lessor or lender has entered into a nondisturbance agreement with Landlord upon terms and conditions acceptable to Landlord, including without limitation, the following: [a] Landlord shall have the right (but not the obligation) to assume such security agreement or equipment lease upon the occurrence of an Event of Default by Tenant under this Lease; [b] the equipment lessor or lender shall notify Landlord of any default by Tenant under the equipment lease or security agreement and give Landlord a reasonable opportunity to cure such default; and [c] Landlord shall have the right to assign its rights under the equipment lease, security agreement, or nondisturbance agreement; and [iii] Tenant shall, within thirty (30) days after receipt of an invoice from Landlord, reimburse Landlord for all costs and expenses incurred in reviewing and approving the equipment lease, security agreement, and nondisturbance agreement, including without limitation, reasonable attorneys' fees and costs.

ARTICLE VIII: ALTERATIONS AND SIGNS

8.01 Prohibition on Alterations and Improvements. Except for [i] alterations required by Section 7.03; [ii] replacements of Fixtures provided for in Section 7.05; and [iii] alterations at any Leased Property having an aggregate cost of less than One hundred fifty thousand dollars ($150,000.00) in any Lease Year, Tenant shall not make any structural or nonstructural changes, alterations, additions and/or improvements (hereinafter collectively referred to as "Alterations") to the Leased Property without the prior written consent of Landlord which consent will not be unreasonably withheld. If Tenant desires to perform any Alterations, Tenant shall deliver to Landlord plans, specifications, drawings, and such other information as may be

reasonably requested by Landlord (collectively the "Plans and Specifications") showing the Alterations that Tenant desires to perform. Landlord agrees not to unreasonably delay its review of the Plans and Specifications. Tenant shall comply with the requirements of Section 8.02 in making any Alterations approved by Landlord (the "Permitted Alterations").

8.02 Requirements for Permitted Alterations. Tenant shall comply with all of the following requirements in connection with any Permitted Alterations:

(a) The Permitted Alterations shall be made in accordance with the approved Plans and Specifications.

(b) The Permitted Alterations and the installation thereof shall comply with all applicable legal requirements and insurance requirements.

(c) The Permitted Alterations shall be done in a good and workmanlike manner, shall not impair the value or the structural integrity of the Leased Property, and shall be free and clear of all mechanic's liens.

(d) Tenant shall deliver to Landlord a payment and performance bond, with a surety acceptable to Landlord, in an amount equal to the estimated cost of the Permitted Alterations, guaranteeing the completion of the work free and clear of liens and in accordance with the approved Plans and Specifications, and naming Landlord and any mortgagee of Landlord as joint obligees on such bond.

(e) Tenant shall, at Tenant's expense, obtain a builder's completed value risk policy of insurance insuring against all risks of physical loss, including collapse and transit coverage, in a nonreporting form, covering the total value of the work performed, and equipment, supplies, and materials, and insuring initial occupancy. Landlord and any mortgagee of Landlord shall be additional named insureds of such policy. Landlord shall have the right to approve the form and substance of such policy, which approval shall not be unreasonably withheld or delayed.

(f) Tenant shall pay the premiums required to increase the amount of the insurance coverages required by Article IV to reflect the increased value of the Improvements resulting from installation of the Permitted Alterations, and shall deliver to Landlord a certificate evidencing the increase in coverage.

(g) If the alterations are structural or additions, Tenant shall, not later than sixty (60) days after completion of the Permitted Alterations, deliver to Landlord a

certificate of substantial completion, certified by Tenant's architect or engineer, in the form of AIA-G704, or in any other form reasonably satisfactory to Landlord.

(h) Tenant shall not later than thirty (30) days after completion of the Permitted Alterations, reimburse Landlord for any costs and expenses, including attorneys' fees and architects' and engineers' fees, reasonably incurred in connection with reviewing and approving the Permitted Alterations and ensuring Tenant's compliance with the requirements of this Section.

8.03 Ownership and Removal of Permitted Alterations. The Permitted Alterations shall become a part of the Leased Property, owned by Landlord, and leased to Tenant subject to the terms and conditions of this Agreement and the Lease. Tenant shall not be required or permitted to remove any Permitted Alterations.

8.04 Signs. Tenant may, at its own expense, erect and maintain identification signs at the Leased Property, provided such signs comply with all laws, ordinances, and regulations. Upon the occurrence of an Event of Default or the termination or expiration of this Lease, Tenant shall, within thirty (30) days after notice from Landlord, remove the signs and restore the Leased Property to its original condition.

ARTICLE IX: DEFAULTS AND REMEDIES

9.01 Events of Default. The occurrence of any one or more of the following shall be an an event of default ("Event of Default") hereunder:

(a) Tenant fails to pay in full any installment of Rent, or any other monetary obligation payable by Tenant to Landlord (or to the holder of any Assumed Mortgage Debt Service, as applicable) under this Lease, within ten (10) business days after notice of nonpayment from Landlord.

(b) Landlord gives three (3) or more notices of nonpayment of Rent to Tenant in any Lease Year; provided, however, that such shall not be an Event of Default if Landlord fails to exercise its remedies under Section 9.02 within sixty (60) days after the last of such notices. Notice of the same default with respect to more than one Lease or Leased Property shall constitute only one notice for purposes of this Section 9.01(b).

(c) Tenant fails to observe and perform any other covenant, condition or agreement under this Agreement or the Lease to be performed by Tenant (except those described in Section 9.01(a) and 9.01(b) of this Agreement) and [i] such failure continues for a period of thirty (30) days after

written notice thereof is given to Tenant by Landlord; or [ii] if, by reason of the nature of such default, the same cannot be remedied within said thirty (30) days, Tenant fails to proceed with reasonable diligence (satisfactory to Landlord) after receipt of the notice to cure the same.

(d) Tenant ceases operations at any Leased Property for a period in excess of one-hundred eighty (180) days during the Term except pursuant to damage described in Section 10.05 or condemnation pursuant to Article XI (other than Section 11.02) of this Agreement.

(e) [i] The filing by Tenant of a petition under 11 U.S.C. or the commencement of a bankruptcy or similar proceeding by Tenant; [ii] the failure by Tenant within ninety (90) days to dismiss an involuntary bankruptcy petition or other commencement of a bankruptcy, reorganization or similar proceeding against Tenant, or to lift or stay any execution, garnishment or attachment of such consequence as will impair its ability to carry on its operation at the Leased Property; [iii] the entry of an order for relief under 11 U.S.C. in respect of Tenant; [iv] any assignment by Tenant for the benefit of its creditors; [v] the entry by Tenant into an agreement of composition with its creditors; [vi] the approval by a court of competent jurisdiction of a petition applicable to Tenant in any proceeding for its reorganization instituted under the provisions of any state or federal bankruptcy, insolvency, or similar laws; [vii] appointment by final order, judgement, or decree of a court of competent jurisdiction of a receiver of a whole or any substantial part of the properties of Tenant (provided such receiver shall not have been removed or discharged within sixty (60) days of the date of his qualification).

(f) [i] any administrator, custodian, trustee or other legally authorized person takes possession or control of any Leased Property or part thereof and continues in possession for ninety (90) days; [ii] any writ against any of the Leased Property is not released or bonded off within ninety (90) days; [iii] any judgment is rendered or proceedings are instituted against any Leased Property or Tenant which affect any Leased Property or any part thereof (other than a condemnation proceeding) which is not dismissed for ninety (90) days (except as otherwise provided in this Section); [iv] all or a substantial part of the assets of Tenant are attached, seized, subjected to a writ or distress warrant, or are levied upon, or come into the possession of any receiver, trustee, custodian, or assignee for the benefit of creditors and is not dismissed within sixty (60) days; [v] Tenant is enjoined, restrained, or in any way prevented by court order, or any proceeding is filed or commenced seeking to enjoin, restrain or in any way prevent Tenant from conducting all or

a substantial part of its business or affairs and is not dismissed within sixty (60) days; or [vi] except as permitted by Section 18.18, a notice of lien, levy or assessment is filed of record with respect to all or any part of the property of Tenant and is not dismissed or bonded off within sixty (60) days.

(g) Tenant or any Affiliate defaults on any material obligation to Landlord, Tenant defaults on any material obligation under any debt associated with the Leased Properties or any debt co-guaranteed by Landlord and Tenant. As used herein, "Affiliate" means any person, corporation, partnership, trust, or other legal entity that, directly or indirectly, controls or is controlled by, or is under common control with, Tenant. "Control" (and the correlative meanings of the terms "controlled by" and "under common control with") means the possession, directly or indirectly, of the power to direct or cause a direction of the management and policies of such entity.

9.02 Remedies. Landlord may exercise any one or more of the following remedies upon the occurrence of an Event of Default:

(a) Landlord may terminate the applicable Lease, exclude Tenant from possession of the Leased Property and use reasonable efforts to lease the Leased Property to others. If any Lease is terminated pursuant to the provisions of this subparagraph (a), Tenant will remain liable to Landlord for damages in an amount equal to the Rent and other sums which would have been owing by Tenant under the Lease for the balance of the Term if the Lease had not been terminated, less the net proceeds, if any, of any re-letting of the Leased Property by Landlord subsequent to such termination, after deducting all Landlord's expenses in connection with such reletting, including without limitation, the expenses set forth in Section 9.02(b)(2) below. Landlord will be entitled to collect such damages from Tenant monthly on the days on which the Rent and other amounts would have been payable under the Lease if the Lease had not been terminated and Landlord will be entitled to receive such damages from Tenant on each such day. Alternatively, at the option of Landlord, if the Lease is terminated, Landlord will be entitled to recover from Tenant (A) the worth at the time of award of the unpaid Rent which had been earned at the time of termination; (B) the worth at the time of award of the amount by which the unpaid Rent which would have been earned after termination until the time of awards exceeds the amount of such Rent loss that Tenant proves could reasonably have been avoided; (C) the worth at the time of award of the amount by which the unpaid Rent for the balance of the Term of the Lease after the time of award exceeds the amount of such Rent loss that Tenant proves could reasonably be avoided; and (D) any other amount

necessary to compensate Landlord for all the detriment proximately caused by Tenant's failure to perform its obligations under the Lease or which in the ordinary course of things would be likely to result from such failure. The "worth at the time of award" of the amount referred to in clauses (A) and (B) is computed at "present value" using New York Prime Rate. For purposes of this Agreement, "New York Prime Rate" shall mean that rate of interest identified as prime or national prime by the Wall Street Journal, or if not published or found, then the rate of interest charged by the American bank with the greatest number of assets on ninety (90) day unsecured notes to its preferred customers. The worth at the time of award of the amount referred to in clause (C) is computed by discounting such amount at the discount rate of the Federal Reserve Bank of New York at the time of award. For the purpose of determining unpaid Rent under clause (C), the Rent reserved in the Lease will be deemed to be the sum of the following: [i] the Base Rent computed pursuant to Section 2.01; [ii] the then outstanding full balance of the Assumed Mortgage Debt; [iii] the Other Additional Rent pursuant to Section 2.02.02 based upon the amount of such Other Additional Rent for the month preceding the date of termination; and [iv] the Percentage Rent pursuant to Section 2.06 based upon the amount of the annualized Gross Revenues for the then Lease Year increased by three percent (3%) per annum, to the date on which the Lease would have expired if Landlord had not terminated the Lease, but not to exceed the product of one (1%) percent of the initial Base Rent multiplied by the number of years since 1992.

(b) (1) Without demand or notice, Landlord may re-enter and take possession of the Leased Property or any part of the Leased Property; and repossess the Leased Property as of the Landlord's former estate; and expel the Tenant and those claiming through or under Tenant from the Leased Property; and, remove the effects of both or either, without being deemed guilty of any manner of trespass and without prejudice to any remedies for arrears of Rent or preceding breach of covenants or conditions. If Landlord elects to re-enter, as provided in this paragraph (b) or if Landlord takes possession of the Leased Property pursuant to legal proceedings or pursuant to any notice provided by law, Landlord may, from time to time, without terminating this Lease, re-let the Leased Property or any part of the Leased Property, either alone or in conjunction with other portions of the Improvements of which the Leased Property are a part, in Landlord's name but for the account of Tenant, for such term or terms (which may be greater or less than the period which would otherwise have constituted the balance of the Term of this Lease) and on such terms and conditions (which may include concessions of free rent, and the alteration and repair of the Leased Property) as Landlord, in its

uncontrolled discretion, may determine. Landlord may collect and receive the Rents for the Leased Property. Landlord will not be responsible or liable for any failure to re-let the Leased Property, or any part of the Leased Property, or for any failure to collect any Rent due upon such re-letting. No such re-entry or taking Possession of the Leased Property by Landlord will be construed as an election on Landlord's part to terminate this Lease unless a written notice of such intention is given to Tenant. No notice from Landlord under this Lease or under a forcible entry and detainer statute or similar law will constitute an election by Landlord to terminate this Lease unless such notice specifically says so. Landlord reserves the right following any such re-entry or re-letting, or both, to exercise its right to terminate this Lease by giving Tenant such written notice, and, in that event the Lease will terminate as specified in such notice.

(b) (2) If Landlord elects to take possession of the Leased Property according to this subparagraph (b) without terminating the Lease, Tenant will pay Landlord (i) the Rent and other sums which would be payable under the Lease if such repossession had not occurred, less (ii) the net proceeds, if any, of any re-letting of the Leased Property after deducting all of Landlord's expenses incurred in connection with such re-letting, including without limitation, all repossession costs, brokerage commissions, legal expenses, attorneys' fees, expenses of employees, alteration, remodeling, repair costs, and expenses of preparation for such re-letting. If, in connection with any reletting, the new Lease term extends beyond the existing Term or the Leased Property covered by such re-letting include areas which are not part of the Lease Property, a fair apportionment of the Rent received from such re-letting and the expenses incurred in connection with such re-letting will be made in determining the net proceeds received from such re-letting. In addition, in determining the net proceeds from such re-letting, any rent concessions will be apportioned over the term of the new Lease. Tenant will pay such amounts to Landlord monthly on the days on which the Rent and all other amounts owing under this Agreement or the Lease would have been payable if possession had not been retaken, and Landlord will be entitled to receive the rent and other amounts from Tenant on each such day.

(c) Landlord may re-enter the Leased Property and have, repossess and enjoy the Leased Property as if the Lease had not been made, and in such event, Tenant and its successors and assigns shall remain liable for any contingent or unliquidated obligations or sums owing at the time of such repossession.

(d) Landlord may have access to and inspect, examine and make copies of the books and records and any and all

accounts, data and income tax and other returns of Tenant insofar as they pertain to the Leased Property.

(e) Landlord may take whatever action at law or in equity as may appear necessary or desirable to collect the Rent and other amounts payable under the Lease then due and thereafter to become due, or to enforce performance and observance of any obligations, agreements or covenants of Tenant under this Lease.

9.03 Right of Set-Off. Landlord may, and is hereby authorized by Tenant, at any time and from time to time, after advance notice to Tenant, to set-off and apply any and all sums held by Landlord, any indebtedness of Landlord to Tenant, and any claims by Tenant against Landlord, against any obligations of Tenant under this Agreement or any Lease and against any claims by Landlord against Tenant, whether or not Landlord has exercised any other remedies hereunder. The rights of Landlord under this Section are in addition to any other rights and remedies Landlord may have against Tenant.

9.04 Performance of Tenant's Covenants. Landlord may perform any obligation of Tenant which Tenant has failed to perform within two (2) days after Landlord has sent a written notice to Tenant informing it of its specific failure. Tenant shall reimburse Landlord on demand, as Additional Rent, for any expenditures thus incurred by Landlord and shall pay interest thereon at the overdue Rate (as hereinafter defined).

9.05 Late Charge. Any payment not made by Tenant for more than ten (10) days after the due date shall be subject to a late charge payable by tenant as Rent of three percent (3%) of the amount of such overdue payment.

9.06 Litigation; Attorneys' Fees. Within ten (10) days after Tenant has knowledge of any litigation or other proceeding that may be instituted against Tenant, against the Leased Property to secure or recover possession thereof, or that may affect the title to or the interest of Landlord in the Leased Property, Tenant shall give written notice thereof to Landlord. Tenant shall pay all reasonable costs and expenses incurred by Landlord in enforcing or preserving Landlord's rights under this Agreement and each Lease, whether or not an Event of Default has actually occurred or has been declared and thereafter cured, including without limitation, [i] the fees, expenses, and costs of any litigation, receivership, administrative, bankruptcy, insolvency or other similar proceeding; [ii] reasonable attorney, paralegal, consulting and witness fees and disbursements; and [iii] the expenses, including without limitation, lodging, meals, and transportation, of Landlord and its employees, agents. attorneys, and witnesses in preparing for litigation, administrative, bankruptcy, insolvency or other similar proceedings and attendance at hearings, depositions, and trials in

connection therewith. All such costs, charges and fees as incurred shall be deemed to be Additional Rent under this Lease.

9.07 Remedies Cumulative. The remedies of Landlord herein are cumulative to and not in lieu of any other remedies available to Landlord at law or in equity. The use of any one remedy shall not be taken to exclude or waive the right to use any other remedy.

9.08 Escrows and Application of Payments. As security for the performance of its obligations hereunder Tenant hereby assigns to Landlord all its right, title, and interest in and to all monies escrowed with Landlord under this Agreement or under any Lease and all deposits with utility companies, taxing authorities, and insurance companies; provided, however, that Landlord shall not exercise its rights hereunder until an Event of Default has occurred. Any payments received by Landlord under any provisions of this Agreement or under any Lease during the existence, or continuance of an Event of Default shall be applied to Tenant's obligations in the order which Landlord may determine.

9.09 Power of Attorney. Tenant hereby irrevocably and unconditionally appoints Landlord, or Landlord's authorized officer, agent, employee or designee, as Tenant's true and lawful attorney-in-fact, to act, after an Event of Default, for Tenant in Tenant's name, place, and stead, and for Tenant's and Landlord's use and benefit, to execute, deliver and file all applications and any and all other necessary documents or things, to effect a transfer, reinstatement, renewal and/or extension of any and all licenses and other governmental authorizations issued to Tenant in connection with Tenant's operation of the Leased Property, and to do any and all other acts incidental to any of the foregoing. Tenant irrevocably and unconditionally grants to Landlord as its attorney-in-fact full power and authority to do and perform every act necessary and proper to be done in the exercise of any of the foregoing powers as fully as Tenant might or could do if personally present or acting, with full power of substitution, hereby ratifying and confirming all that said attorney shall lawfully do or cause to be done by virtue hereof. This power of attorney is coupled with an interest and is irrevocable prior to the full performance of the Tenant's obligations under this Agreement and each Lease.

ARTICLE X: DAMAGE AND DESTRUCTION

10.01 General. Tenant shall notify Landlord if any of the Leased Property is damaged or destroyed by reason of fire or any other cause. Tenant shall promptly repair, rebuild, or restore the Leased Property, at Tenant's expense, so as to make the Leased Property at least equal in value to the Leased Property existing immediately prior to such occurrence and as nearly similar to it in character as is practicable and reasonable. Before beginning such repairs or rebuilding, or letting any contracts in connection

with such repairs or rebuilding, Tenant will submit for Landlord's approval, which approval Landlord will not unreasonably withhold or delay, complete and detailed plans and specifications for such repairs or rebuilding. Promptly after receiving Landlord's approval of the plans and specifications, Tenant will begin such repairs or rebuilding and will prosecute the repairs and rebuilding to completion with diligence, subject, however, to strikes, lockouts, acts of God, embargoes, governmental restrictions, and other causes beyond Tenant's reasonable control. Landlord will make available to Tenant the net proceeds of any fire or other casualty insurance paid to Landlord for such repair or rebuilding as the same progresses, after deduction of any costs of collection, including attorneys' fees. Payments will be made against properly certified vouchers of a competent architect in charge of the work and approved by Landlord. Prior to commencing the repairing or rebuilding, Tenant shall deliver to Landlord for Landlord's approval a schedule setting forth the estimated monthly draws for such work. Landlord will contribute to such payments out of the insurance proceeds an amount equal to the proportion that the total net amount received by Landlord from insurers bears to the total estimated cost of the rebuilding or repairing, multiplied by the payment by Tenant on account of such work. Landlord may, however, withhold ten percent (10%) from each payment until the work of repairing or rebuilding is completed and proof has been furnished to Landlord that no lien or liability has attached or will attach to the Leased Property or to Landlord in connection with such repairing or rebuilding. Upon the completion of rebuilding and the furnishing of such proof, the balance of the net proceeds of such insurance payable to Tenant on account of such repairing or rebuilding will be paid to Tenant. Tenant will obtain and deliver to Landlord a temporary or final certificate of occupancy before the Leased Property is reoccupied for any purpose. Tenant shall complete such repairs or rebuilding free and clear of mechanic's or other liens, and in accordance with the building codes and all applicable laws, ordinances, regulations, or orders of any state, municipal, or other public authority affecting the repairs or rebuilding, and also in accordance with all requirements of the insurance rating organization, or similar body. Any remaining proceeds of insurance after such restoration will be Tenant's property.

10.02 Landlord's Inspection. During the progress of such repairs or rebuilding, Landlord and its architects and engineers may, from time to time, inspect the Leased Property and will be furnished, if required by them, with copies of all plans, shop drawings, and specifications relating to such repairs or rebuilding. Tenant will keep all plans, shop drawings, and specifications at the building, and Landlord and its architects and engineers may examine them at all reasonable times. If, during such repairs or rebuilding, Landlord and its architects and engineers determine that the repairs or rebuilding are not being done in accordance with the approved plans and specifications,

Landlord will give prompt notice in writing to Tenant, specifying in detail the particular deficiency, omission, or other respect in which Landlord claims such repairs or rebuilding do not accord with the approved plans and specifications. Upon the receipt of any such notice, Tenant will cause corrections to be made to any deficiencies, omissions, or such other respect. Tenant's obligations to supply insurance, according to Article IV, will be applicable to any repairs or rebuilding under this Section.

10.03 Landlord's Costs. Tenant shall, within thirty (30) days after receipt of an invoice from Landlord, pay the reasonable costs, expenses, and fees of any architect or engineer employed by Landlord to review any plans and specifications and to supervise and approve any construction, or for any services rendered by such architect or engineer to Landlord as contemplated by any of the provisions of this Lease, or for any services performed by Landlord's attorneys in connection therewith; provided, however, that Landlord will consult with Tenant and notify Tenant of the estimated amount of such expenses.

10.04 Rent Abatement. In the event that the provisions of Section 10.01 above shall become applicable, the Base Rent, real estate taxes and other Impositions shall be abated or reduced proportionately during any period in which, by reason of such damage or destruction, there is substantial interference with the operation of the business of Tenant in the Leased Property, having regard to the extent to which Tenant may be required to discontinue its business in the Leased Property, and such abatement or reduction shall continue for the period commencing with such destruction or damage and ending with the substantial completion (defined below) by Tenant of such work or repair and/or reconstruction. Nothing in this section shall be construed to abate or reduce Percentage Rent. In the event that only a portion of the Leased Property is rendered untenantable or incapable of such use, the Base Rent and all real estate taxes and other Impositions payable hereunder shall be reduced on a pro rata basis for the number of licensed nursing home beds which were rendered incapable of occupancy because of such damage or destruction in proportion to the total amount of licensed nursing home beds available for occupancy in the Leased Property prior to such damage or destruction. For purposes of this paragraph, substantial completion shall occur upon the earlier of (i) nine (9) months from the date of the first disbursement of insurance proceeds, or (ii) the issuance of a certificate of occupancy for the Leased Property.

10.05 Substantial Damage During Lease Term. Provided Tenant has fully complied with Section 4.01 hereof (including actually maintaining in effect rental value insurance provided for in clause (c) thereof), if, at any time during the Term of the Lease, the Leased Property is so damaged by fire or otherwise that more than fifty (50%) percent of the licensed nursing home beds at the Leased

Property are rendered unusable, Tenant may, within thirty (30) days after such damage, give notice of its election to terminate the Lease subject to the particular Leased Property and, subject to the further provisions of this Section, such Lease will cease on the tenth (10th) day after the delivery of such notice. If the Lease is so terminated, Tenant will have no obligation to repair, rebuild or replace the Leased Property, and the entire insurance proceeds will belong to Landlord. If the Lease is not so terminated, Tenant shall rebuild the Leased Property in accordance with Section 10.01.

ARTICLE XI: CONDEMNATION

11.01 Total Taking. If, by exercise of the right of eminent domain or by conveyance made in response to the threat of the exercise of such right ("Taking"), the entire Leased Property that is the subject of any Lease is taken, or so much of the Leased Property is taken that the Leased Property cannot be used by Tenant for the purposes for which it was used immediately before the Taking, then the Lease will terminate on the earlier of the vesting of title to the Leased Property in the condemning authority or the taking of possession of the Leased Property by the condemning authority. All damages awarded for such Taking under the power of eminent domain shall be the property of the Landlord, except for damages awarded as compensation for diminution in value of the leasehold in contrast to diminution in the value of the fee of the Leased Property. Tenant shall also be entitled to any specific award made for loss of business or the relocation thereof.

11.02 Partial Taking. If, after a Taking, so much of the Leased Property that is the subject of any Lease remains that the Leased Property can be used for substantially the same purposes for which it was used immediately before the Taking, then [i] the Lease will end as to the part taken on the earlier of the vesting of title to the Leased Property in the condemning authority or the taking of possession of the Leased Property by the condemning authority; [ii] Base Rent for so much of the Leased Property as remains will be reduced on a pro rata basis by an amount equal to the difference between the number of available nursing beds remaining after the Taking and the number of available nursing beds before the Taking; [iii] at its cost, Tenant shall restore so much of the Leased Property as remains to a sound architectural unit substantially suitable for the purposes for which it was used immediately before the Taking, using good workmanship and new, first-class materials; [iv] upon completion of the restoration, or upon Tenant's request at intervals during the restoration process, in accordance with the procedure set forth in Section 10.01, Landlord will pay Tenant the lesser of the net award made to Landlord on the account of the Taking (after deducting from the total award, attorneys', appraisers', and other fees and costs incurred in connection with the obtaining of the award and amounts paid to the holders of mortgages secured by the Leased Property), or Tenant's actual out-of-pocket costs of restoring the Leased

Property; and [v] Landlord shall be entitled to the balance of the net award.

ARTICLE XII: TENANT'S PROPERTY

12.01 Tenant's Property. Tenant shall install, place, and use on the Leased Property such fixtures, furniture, equipment, inventory and other personal property in addition to the Fixtures as may be required or as Tenant may, from time to time, deem necessary or useful to operate the Leased Property as a nursing home or medical care facility. All fixtures, furniture, equipment, inventory, and other personal property installed, placed, or used on the Leased Property which is owned by Tenant or leased by Tenant from third parties is hereinafter referred to as "Tenant's Property".

12.02 Requirements for Tenant's Property. Tenant shall comply with all of the following requirements in connection with Tenant's Property:

(a) Tenant shall notify Landlord within one hundred twenty (120) days after each anniversary of any Lease of any additions, substitutions, or replacements of any item of Tenant's Property which individually has a cost of more than $10,000.00 and shall furnish Landlord with such other information as Landlord may reasonably request from time to time.

(b) Tenant's Property shall be installed in a good and workmanlike manner, in compliance with all governmental laws, ordinances, rules, and regulations and all insurance requirements, and be installed free and clear of any mechanic's liens.

(c) Tenant shall, at Tenant's sole cost and expense, maintain, repair, and replace Tenant's Property.

(d) Tenant shall, at Tenant's sole cost and expense, keep Tenant's Property insured against loss or damage by fire, vandalism and malicious mischief, sprinkler leakage, and other physical loss perils commonly covered by fire and extended coverage, boiler and machinery, and difference in conditions insurance in an amount not less than ninety percent (90%) of the then full replacement cost thereof. Tenant shall use the proceeds from any such policy for the repair and replacement of Tenant's Property. The insurance shall meet the requirements of Section 4.03.

(e) Tenant shall pay all taxes applicable to Tenant's Property.

(f) If Tenant's Property is damaged or destroyed by fire or any other cause, Tenant shall promptly repair or replace Tenant's Property unless Tenant is entitled to and elects to terminate the Lease pursuant to Section 10.05.

(g) Unless an Event of Default (or any event which, with the giving of notice or lapse of time, or both, would constitute an Event of Default) has occurred and remains uncured beyond any applicable grace period, Tenant may remove Tenant's property from the Leased Property from time to time provided that [i] the items removed are not required to operate the Leased Property as a licensed nursing home facility (unless such items are being replaced by Tenant); and [ii) Tenant repairs any damage to the Leased Property resulting from the removal of Tenant's Property.

(h) Tenant shall remove Tenant's Property upon the termination or expiration of the Lease and shall repair any damage to the Leased Property resulting from the removal of Tenant's Property. If Tenant fails to remove Tenant's Property within ninety (90) days after the termination or expiration of the Lease, then Tenant shall be deemed to have abandoned Tenant's Property, Tenant's Property shall become the property of Landlord, and Landlord may remove, store and dispose of Tenant's Property. In such event, Tenant shall have no claim or right against Landlord for such property or the value thereof regardless of the disposition thereof by Landlord. Tenant shall pay Landlord, upon demand, all expenses incurred by Landlord in removing, storing, and disposing of Tenant's Property and repairing any damage caused by such removal. Tenant's obligations hereunder shall survive the termination or expiration of the Lease.

(i) Tenant shall perform its obligations under any equipment lease or security agreement for Tenant's Property.

ARTICLE XIII: TENANT'S RIGHTS OF FIRST REFUSAL

13.01 Rights of First Refusal.

(a) Subject to the terms and conditions set forth in this Section 13.01, Tenant shall have a right of first refusal to purchase any Leased Property (the "Purchase Refusal Right"). If during the Term or for a period of six (6) months following termination of the Lease, Landlord receives a bona fide third party offer to purchase any Leased Property, Landlord shall, prior to accepting such third party offer, send written notice thereof to Tenant ("Landlord's Notice") along with a copy of such offer, and further setting forth in detail all of the terms and conditions of such third party offer, including the price, time for closing, and any contingencies. Tenant shall have fifteen (15) days after

receipt of Landlord's Notice to exercise Tenant's Purchase Refusal Right, by giving Landlord written notice thereof. Failure of Tenant to exercise the Purchase Refusal Right within such time period set forth above shall be deemed to extinguish the Purchase Refusal Right. Thereafter, Landlord may sell such Leased Property to such third party on the same terms and conditions as set forth in the Landlord's Notice. Tenant's Purchase Refusal Right shall revive in the event that Landlord fails to close such third party offer. In the event that Tenant elects to exercise the Purchase Refusal Right and to purchase the Leased Property thereby, (a) Tenant shall purchase such Leased Property on the same terms and conditions and subject to all time periods and other limitations as provided in Landlord's Notice, and (b) concurrently with such purchase, the Lease of such Leased Property shall terminate (but Tenant shall remain liable to pay any unpaid Rent with respect to such Leased Property and all indemnifications and other provisions that survive the expiration of any Lease or of this Agreement shall continue in effect), and this Agreement shall be appropriately amended to reflect the termination of such Lease.

(b) Subject to the terms and conditions set forth in this Section 13.01, Tenant shall have a right of first refusal to lease any Leased Property (the "Lease Refusal Right"). If during the Term or within six (6) months thereafter Landlord receives a bona fide third party offer to lease any Leased Property after expiration of the Lease to Tenant, Landlord shall, prior to accepting such third party offer, send written notice thereof to Tenant ("Landlord's Notice") along with a copy of such offer, and further setting forth in detail all of the terms and conditions of such third party offer, including the rent. Tenant shall thereafter have thirty (30) days after the date of Landlord's Notice to exercise Tenant's Lease Refusal Right, by giving Landlord written notice thereof. Failure of Tenant to exercise the Lease Refusal Right within such time period set forth above shall be deemed to extinguish the Lease Refusal Right. Thereafter, Landlord may lease such Leased Property to such third party on the same terms and conditions as set forth in the Landlord's Notice. Tenant's Lease Refusal Right shall revive in the event that Landlord fails to close such third party offer. In the event that Tenant elects to exercise the Lease Refusal Right and to lease the Leased Property thereby, Tenant shall lease such Leased Property on the same terms and conditions and subject to all time periods and other limitations as provided in Landlord's Notice.

ARTICLE XIV: ASSIGNMENT AND SUBLETTING; ATTORNMENT

14.01 Subletting and Assignment; Attornment. Subject to the provisions of Section 14.03 below and any other express conditions or limitations set forth herein, Tenant may, without the consent of Landlord, (i) assign this Agreement or any Lease or sublet all or any part of the Leased Property to any Affiliate of Tenant, or (ii) sublet all or any part of the Leased Property (a) in the normal course of the conduct of Tenant's business on the Leased Property (such as but not limited to leasing of space for major moveable equipment or functional departments such as pathology, pharmacy and radiology), or (b) as to less than an aggregate of 20% of the rentable square footage of the buildings on any Leased Property, to concessionaires or other third party users or operators of portions of the Leased Property which are reasonably related to the health-care industry or which provide direct services for patients or employees of the Leased Property. Landlord shall not unreasonably withhold its consent to any other or further subletting or assignment, provided that (a) in the case of a subletting, the sublessee shall comply with the provisions of Section 14.02, (b) in the case of an assignment, the assignee shall assume in writing and agree to keep and perform all of the terms of this Lease on the part of Tenant to be kept and performed and shall be, and become, jointly and severally liable with Tenant for the performance thereof, (c) an original counterpart of each such sublease and assignment and assumption, duly executed by Tenant and such sublessee or assignee, as the case may be, in form and substance satisfactory to the Landlord, shall be delivered promptly to Landlord, and (d) in case of either an assignment or subletting, Tenant shall remain primarily liable, as principal rather than as surety, for the prompt payment of the Rent and for the performance and observance of all of the covenants and conditions to be performed by Tenant hereunder.

14.02 Attornment. Tenant shall insert in each sublease permitted under Section 14.01 provisions to the effect that (a) such sublease is subject and subordinate to all of the terms and provisions of the Lease (including this Agreement) and to the rights of Landlord hereunder, (b) in the event the Lease shall terminate before the expiration of such sublease, the sublessee thereunder will, at Landlord's option, attorn to Landlord and waive any right the sublessee may have to terminate the sublease or to surrender possession thereunder, as a result of the termination of the Lease, and (c) in the event the sublessee receives a written notice from Landlord or Landlord's assignees, if any, stating that Tenant is in Default under the Lease, the sublessee shall thereafter be obligated to pay all rentals accruing under said sublease directly to the party giving such notice, or as such party may direct. All rentals received from the sublessee by Landlord or Landlord's assignees, if any, as the case may be, shall be credited against the amounts owing by Tenant under the Lease.

14.03 Sublease Limitation. Anything contained in this Agreement or any Lease to the contrary notwithstanding, Tenant shall not sublet the Leased Property on any basis such that the rental to be paid by the sublessee thereunder would be based, in whole or in part, on either (i) the income or profits derived by the business activities of the sublessee, or (ii) any other manner such that any portion of the sublease rental received by Landlord would fail to qualify as "rents from real property" within the meaning of Section 856(d) of the Internal Revenue Code of 1986 as amended (the "Code"), or any similar or successor provisions thereto.

ARTICLE XV: LIMITED RIGHT OF SUBSTITUTION

15.01 Substitution Upon Condemnation. With respect to any Leased Property or Leased Properties whose Base Rent does not exceed in the aggregate five percent (5%) of the Base Rent for all Leased Properties listed on Schedule A hereto that, following notice received from any governmental authority not later than December 31, 1994, is taken in its entirety by eminent domain or conveyed in its entirety to such governmental authority in response to the threat of the exercise of such governmental authority's right of eminent domain ("Condemned Property"), Tenant shall have an option to acquire such Leased Property in exchange for a reasonably satisfactory new Leased Property ("Substituted Property") on terms reasonably acceptable to Landlord. Such terms with respect to the Substituted Property shall include comparable fair rental value, a tax-free exchange opinion and an opinion that the transaction will not disqualify Landlord as a real estate investment trust for tax purposes.

ARTICLE XVI: ARBITRATION

16.01 Arbitration. Except with respect to the payment of Base Rent hereunder, in case any controversy shall arise between the parties hereto as to any of the requirements of this Lease or the performance thereof, which the parties shall be unable to settle by agreement or as otherwise provided herein, such controversy shall be determined by arbitration to be initiated and conducted as provisions of this Article XVI.

16.02 Appointment of Arbitrators. The party or parties requesting arbitration shall serve upon the other a demand therefor, in writing, specifying the matter to be submitted to arbitration, and nominating some competent disinterested person to act as an arbitrator; within twenty (20) days after receipt of such written demand and notification, the other party shall, in writing, nominate a competent disinterested person and the two (2) arbitrators so designated shall, within ten (10) days thereafter, select a third arbitrator and give immediate written notice of such

selection to the parties and shall fix in said notice a time and place for the first meeting of the arbitrators, which meeting shall be held as soon as conveniently possible after the selection of all arbitrators at which time and place the parties to the controversy may appear and be heard.

16.03 Third Arbitrator. In case the notified party or parties shall fail to make a selection upon notice, as aforesaid, or in case the first two (2) arbitrators selected shall fail to agree upon a third arbitrator within ten (10) days after their selection, then such arbitrator or arbitrators, may, upon application made by either of the parties to the controversy, after twenty (20) days' written notice thereof to the other party or parties, be appointed by the Senior Judge of the United States District Court having jurisdiction of controversies litigated in Nashville Tennessee.

16.04 Arbitration Procedure. Said arbitrators shall give each of the parties not less than ten (10) days' written notice of the time and place of each meeting at which the parties or any of them may appear and be heard and after hearing the parties in regard to the matter in dispute and taking such other testimony and making such other examinations and investigations as justice shall require and as the arbitrators may deem necessary, they shall decide the question submitted to them; and the decision of said arbitrators in writing signed by a majority of them shall be final and binding upon the parties to such controversy. In rendering such decision and award, the arbitrators shall not add to, subtract from or otherwise modify the provisions of this Agreement or of any applicable Lease.

16.05 Expenses. The expenses of such arbitration shall be divided between Landlord and Tenant unless otherwise specified in award. Each party in interest shall pay the fees and expenses of its own counsel.

ARTICLE XVII: QUIET ENJOYMENT, SUBORDINATION, ATTORNMENT, BOND FINANCING AND ESTOPPEL CERTIFICATES

17.01 Quiet Enjoyment. So long as Tenant performs all of its obligations under this Agreement and each Lease, Tenant's possession of the Leased Property will not be disturbed by or through Landlord.

17.02 Subordination. This Agreement and each Lease and Tenant's rights under this Agreement and each Lease are subordinate to any ground lease or underlying lease, first mortgage, first deed of trust, or other first lien against the Leased Property, together with any renewal, consolidation, extension, modification or replacement thereof, which now or at any subsequent time affects the Leased Property or any interest of Landlord in the Leased Property, except to the extent that any such instrument expressly provides that this Agreement and each Lease is superior. This

provision will be self-operative, and no further instrument or subordination will be required in order to effect it. However, Tenant shall execute, acknowledge and deliver to Landlord, at any time and from time to time upon demand by Landlord, such documents as may be requested by Landlord or any mortgagee or any holder of any mortgage or other instrument described in this Section, to confirm or effect any such subordination. If Tenant fails or refuses to execute, acknowledge, and deliver any such document within twenty (20) days after written demand, Landlord may execute, acknowledge and deliver any such document on behalf of Tenant as Tenant's attorney-in-fact. Tenant hereby constitutes and irrevocably appoints Landlord, its successors and assigns, as Tenant's attorney-in-fact to execute, acknowledge, and deliver on behalf of Tenant any documents described in this Section. This power of attorney is coupled with an interest and is irrevocable.

17.03 Attornment; Non-Disturbance. If any holder of any mortgage, indenture, deed of trust, or other similar instrument described in Section 17.02 succeeds to Landlord's interest in the Leased Property, Tenant will pay to such holder all Rent subsequently payable under this Lease. Tenant shall, upon request of anyone succeeding to the interest of Landlord, automatically become the tenant of, and attorn to, such successor in interest without changing this Lease. The successor in interest will not be bound by [i] any payment of Rent for more than one (1) month in advance; [ii] any amendment or modification of this Lease made without its written consent; [iii] any claim against Landlord arising prior to the date on which the successor succeeded to Landlord's interest; or [iv] any claim or offset of Rent against the Landlord. Upon request by Landlord or such successor in interest and without cost to Landlord or such successor in interest, Tenant will execute, acknowledge and deliver an instrument or instruments confirming the attornment. If Tenant fails or refuses to execute, acknowledge, and deliver any such instrument within twenty (20) days after written demand, then Landlord or such successor in interest will be entitled to execute, acknowledge, and deliver any document on behalf of Tenant as Tenant's attorney-in-fact. Tenant hereby constitutes and irrevocably appoints Landlord, its successors and assigns, as Tenant's attorney-in-fact to execute, acknowledge, and deliver on behalf of Tenant any such document. This power of attorney is coupled with an interest and is irrevocable.

Landlord shall use reasonable efforts to obtain a non-disturbance agreement from any such party referred to above which provides that in the event such party succeeds to Landlord's interest under the Lease and provided that no Event of Default by Tenant exists, such party will not disturb Tenant's possession, use or occupancy of the Leased Property.

17.04 Estoppel Certificates. At the request of Landlord or any mortgagee or purchaser of the Leased Property, Tenant shall

execute, acknowledge, and deliver an estoppel certificate, in recordable form, in favor of Landlord or any mortgagee or purchaser of the Leased Property certifying the following: [i] that the Lease is unmodified and in full force and effect, or if there have been modifications that the same is in full force and effect as modified and stating the modifications; [ii] the date to which Rent and other charges have been paid; [iii] that neither Tenant nor Landlord is in default nor is there any fact or condition which, with notice or lapse of time, or both, would constitute a default, if that be the case, or specifying any existing default; [iv] that Tenant has accepted and occupies the Leased Property; [v] that Tenant has no defenses, set-offs, deductions, credits, or counterclaims against Landlord, if that be the case, or specifying such that exist; [vi] that the Landlord has no outstanding construction or repair obligations; and [vii] such other information as may reasonably be requested by Landlord or any mortgagee or purchaser. Any purchaser or mortgagee may rely on this estoppel certificate. If Tenant fails to deliver the estoppel certificates to Landlord within ten (10) days after the request of the Landlord, then Tenant shall be deemed to have certified that [a] the Lease is in full force and effect and has not been modified, or that the Lease has been modified as set forth in the certificate delivered to Tenant; [b] Tenant has not prepaid any Rent or other charges except for the current month; [c] Tenant has accepted and occupies the Leased Property; [d] neither Tenant nor Landlord is in default nor is there any fact or condition which, with notice or lapse of time, or both, would constitute a default; [e] Landlord has no outstanding construction or repair obligation, and [f] Tenant has no defenses, set-offs, deductions, credits, or counterclaims against Landlord. Tenant hereby irrevocably appoints Landlord as Tenant's attorney-in-fact to execute, acknowledge and deliver on Tenant's behalf any estoppel certificate which Tenant does not object to within twenty (20) days after Landlord sends the certificate to Tenant. This power of attorney is coupled with an interest and is irrevocable.

ARTICLE XVIII: MISCELLANEOUS

18.01 Notices. Landlord and Tenant hereby agree that all notices, demands, requests, and consents (hereinafter "notices") required to be given pursuant to the terms of this Lease shall be in writing shall be addressed as follows:

If to Tenant: National HealthCorp L.P.
100 Vine Street
Suite 1400, City Center
Murfreesboro, Tennessee 37130

With a copy to:	Richard F. LaRoche, Jr. Senior Vice President and Secretary National HealthCorp L.P. 100 Vine Street Suite 1400, City Center Murfreesboro, Tennessee 37130
If to Landlord:	National Health Investors, Inc. 100 Vine Street Suite 1400, City Center Murfreesboro, Tennessee 37130
With a copy to:	Ernest E. Hyne, II, Esq. Harwell Martin & Stegall, P.C. P.O. Box 2960 Nashville, Tennessee 37219;

and shall be served by [i] personal delivery, [ii] certified mail, return receipt requested, postage prepaid, or [iii] nationally recognized overnight courier. All notices shall be deemed to be given upon the earlier of actual receipt or three (3) days after mailing, or one (1) business day after deposit with the overnight courier. Any notices meeting the requirements of this Section shall be effective, regardless of whether or not actually received. Landlord or Tenant may change its notice address at any time by giving the other party notice of such change.

18.02 Advertisement of Leased Property. In the event the parties hereto have not executed a renewal lease of any Leased Property within ninety (90) days prior to the expiration of the Term, then Landlord or its agent shall have the right to enter such Leased Property at all reasonable times for the purpose of exhibiting the Leased Property to others and to place upon the Leased Property for and during the period commencing one hundred eighty (180) days prior to the expiration of the Term "for sale" or "for rent" notices or signs.

18.03 Entire Agreement. This Agreement and the individual Leases contain the entire agreement between Landlord and Tenant with respect to the subject matter hereof and thereof. No representations, warranties, and agreements have been made by Landlord except as set forth in this Lease.

18.04 Severability. If any term or provision of this Agreement or any Lease is held or deemed by Landlord to be invalid or unenforceable, such holding shall not affect the remainder of this Agreement or any Lease and the same shall remain in full force and effect, unless such holding substantially deprives Tenant of the use of the Leased Property or Landlord of the Rents therefor, in which event the Lease for such Leased Property shall forthwith terminate as if by expiration of the Term.

18.05 Captions and Headings. The captions and headings are inserted only as a matter of convenience and for reference and in no way define, limit or describe the scope of this Agreement or the intent of any provision hereof.

18.06 Governing Law. This Lease shall be construed under the laws of the State of Tennessee.

18.07 Recording of Lease. Tenant shall not record this Agreement. Tenant may, however, record the Lease approved by Landlord with respect to each Leased Property; provided, however, such lease shall not disclose the Base Rent of other economic terms of the Lease.

18.08 Waiver. No waiver by Landlord of any condition or covenant herein contained, or of any breach of any such condition or covenant, shall be held or taken to be a waiver of any subsequent breach of such covenant or condition, or to permit or excuse its continuance or any future breach thereof or of any condition or covenant, nor shall the acceptance of Rent by Landlord at any time when Tenant is in default in the performance or observance of any condition or covenant herein be construed as a waiver of such default, or of Landlord's right to terminate this Agreement or any Lease or exercise any other remedy granted herein on account of such existing default.

18.09 Binding Effect. This Agreement and each Lease will be binding upon and inure to the benefit of the heirs, successors, personal representatives, and permitted assigns of Landlord and Tenant.

18.10 Authority. The persons executing this Agreement or any Lease on behalf of Tenant warrant that [i] Tenant has the power and authority to enter into this Agreement or such Lease; [ii] Tenant is qualified to do business in the state in which the Leased Property is located; and [iii] they are authorized to execute this Lease on behalf of Tenant. Tenant shall, at the request of Landlord, provide evidence satisfactory to Landlord confirming these representations.

18.11 Transfer of Permits, Etc. Upon the expiration or earlier termination of the Term of any Lease (whether pursuant to the provisions of this Agreement of such Lease), Tenant shall to transfer and relinquish to Landlord or Landlord's nominee and to cooperate with Landlord or Landlord's nominee in connection with the processing by Landlord or such nominee of all licenses, operating permits, certificates of need and other governmental authorization and all contracts, including without limitation, a Certificate of Need, the nursing home and/or health care facility license, and any other contracts with governmental or quasi-governmental entities which may be necessary or appropriate for the operation by Landlord or such nominee of the Leased

Property for the purposes of operating a nursing home and health care facility; provided that the costs and expenses of any such transfer or the processing of any such application shall be paid by Landlord or Landlord's nominee. Any such permits, licenses, certificates and contracts which are held in Landlord's name now or at the termination of the Lease shall remain the property of Landlord. To the extent permitted by law, Tenant hereby irrevocably appoints Landlord, its successors and assigns and any nominee or nominees specifically designated by Landlord or any successor or assign as Tenant's attorney-in-fact to execute, acknowledge, deliver and file all documents appropriate to such transfer or processing of any such application on behalf of Tenant; this power of attorney is coupled with an interest and is irrevocable.

18.12 Modification. This Agreement and any Lease may only be modified by a writing signed by both Landlord and Tenant.

18.13 Incorporation by Reference. All schedules and exhibits referred to in this Agreement are incorporated into this Agreement, and all schedules and exhibits referred to in any Lease (as well as the provisions of this Agreement, except to the extent specifically excluded from or inconsistent with the terms of such Lease) are incorporated into such Lease.

18.14 No Merger. The surrender of this Agreement or of any Lease by Tenant or the cancellation of this Agreement or of any Lease by agreement of Tenant and Landlord or the termination of this Agreement or of any Lease on account of Tenant's default will not work a merger, and will, at Landlord's option, terminate any subleases or operate as an assignment to Landlord of any subleases. Landlord's option under this paragraph will be exercised by notice to Tenant and all known subtenants of any applicable Leased Property.

18.15 Laches. No delay or omission by either party hereto to exercise any right or power accruing upon any noncompliance or default by the other party with respect to any of the terms hereof shall impair any such right or power or be construed to be a waiver thereof.

18.16 Waiver of Jury Trial. To the extent that there is any claim by one party against the other that is not to be settled by arbitration as provided in Article XVI hereof, Landlord and Tenant waive trial by jury in any action, proceeding or counterclaim brought by either of them against the other on all matters arising out of this Lease or the use and occupancy of the Leased Property (except claims for personal injury or property damage). If Landlord commences any summary proceeding for nonpayment of Rent, Tenant will not interpose, and waives the right to interpose, any counterclaim in any such proceeding.

18.17 Guarantee Fee Credit. Provided that no claim has been made against Landlord under its subordinated guarantee of any letter of credit outstanding as of the date of this Agreement (together with any renewal or replacement of such letter of credit, "LOC") guaranteed primarily by Tenant, which LOC was issued to secure indebtedness in connection with healthcare facilities managed by Tenant and not constituting any of the Leased Properties, and which guarantee by Landlord ("Managed Facility LOC Guarantee") is issued concurrently with and as provided in the Contribution and Assumption Agreement of even date between Tenant and Landlord (which provides among other things for the Real Estate Conveyance), Tenant shall be entitled to a credit against the aggregate Base Rent payable pursuant to Section 2.01 of this Agreement in an amount equal to the full amount of any fees actually received by Landlord in consideration of Landlord's Managed Facility LOC Guarantees. However, no portion of credit provided for in this Section 18.17 shall be considered as a set-off or credit against any rent payable under any individual Lease of any Leased Property, and this Section 18.17 shall not be incorporated into or deemed to be a part of any such Lease.

18.18 Permitted Contests. Tenant, on its own or on Landlord's behalf (or in Landlord's name), but at Tenant's expense, may contest, by appropriate legal proceedings conducted in good faith and with due diligence, the amount or validity or application, in whole or in part, of any Imposition or any legal requirement or insurance requirement or any lien, attachment, levy, encumbrance, charge or claim provided that [i] in the case of an unpaid Imposition, lien, attachment, levy, encumbrance, charge or claim, the commencement and continuation of such proceedings shall suspend the collection thereof from Landlord and from the Leased Property; [ii] neither the Leased Property nor any Rent therefrom nor any part thereof or interest therein would be in any immediate danger of being sold, forfeited, attached or lost; [iii] in the case of a legal requirement, Landlord would not be in any immediate danger of civil or criminal liability for failure to comply therewith pending the outcome of such Proceedings; [iv] in the event that any such contest shall involve a sum of money or potential loss in excess of Fifty Thousand Dollars ($50,000.00), Tenant shall deliver to Landlord and its counsel an opinion of Tenant's counsel to the effect set forth in clauses [i], [ii] and [iii], to the extent applicable; [v] in the case of a legal requirement and/or an Imposition, lien, encumbrance, or charge, Tenant shall give such reasonable security as may be demanded by Landlord to insure ultimate payment of the same and to prevent any sale or forfeiture of the affected Leased Property or the Rent by reason of such nonpayment or noncompliance; provided, however, the provisions of this Section shall not be construed to permit Tenant to contest the payment of Rent (except as to contests concerning the method of computation or the basis of levy of any Imposition or the basis for the assertion of any other claim) or any other sums payable by Tenant to Landlord hereunder; [vi] in the case of an insurance

requirement, the coverage required by Article IV shall be maintained: and [vii] if such contest be finally resolved against Landlord or Tenant, Tenant shall, as Additional Rent due hereunder, promptly pay the amount required to be paid, together with all interest and penalties accrued thereon, or comply with the applicable legal requirement or insurance requirement. Landlord, at Tenant's expense, shall execute and deliver to Tenant such authorizations and other documents as may be reasonably required in any such contest, and, if reasonably requested by Tenant or if Landlord so desires, Landlord shall join as a party therein. Tenant hereby agrees to indemnify and save Landlord harmless from and against any liability, cost or expense of any kind that may be imposed upon Landlord in connection with any such contest and any loss resulting therefrom.

18.19 Construction of Lease. This Agreement and each of the Leases for Leased Properties described on Schedule A hereto have been prepared by Landlord and its professional advisors and reviewed by Tenant and its professional advisors. Landlord, Tenant, and their advisors believe that this Agreement and such Leases are the product of all their efforts, that they express their agreement, and agree that they shall not be interpreted in favor of either Landlord or Tenant or against either Landlord or Tenant merely because of their efforts in preparing such documents.

18.20 Counterparts. This Agreement and each Lease may be executed in duplicate counterparts, each of which shall be deemed an original hereof or thereof.

18.21 Relationship of Landlord and Tenant. The relationship of Landlord and Tenant is the relationship of lessor and lessee. Landlord and Tenant are not partners, joint venturers, or associates.

18.22 Custody of Escrow Funds. Any funds paid to Landlord in escrow hereunder may be held by Landlord or, at Landlord's election, by a financial institution, the deposits or accounts of which are insured or guaranteed by a federal or state agency. The funds shall not be deemed to be held in trust, may be commingled with the general funds of Landlord or such other institution, and shall not bear interest.

18.23 Landlord's Status as a REIT. Tenant acknowledges that Landlord intends to elect to be taxed as a real estate investment trust ("REIT") under the Code. Tenant shall not do anything which would adversely affect Landlord's status as a REIT. Tenant hereby agrees to modifications of this Lease which do not materially adversely affect Tenant's rights and liabilities if such modifications are required to retain or clarify Landlord's status as a REIT.

18.24 Sale of Real Estate Assets. Notwithstanding any other provision of this Agreement or of any Lease, Landlord shall not be required to sell or transfer Leased Property, or any portion thereof, which is a real estate asset as defined in Section 856(c)(6) of the Code, to Tenant if Landlord's counsel advises Landlord that such sale or transfer may not be a sale of property described in Section 857(b)(6)(C) of the Code. If Landlord determines not to sell such property pursuant to the above sentence, Tenant's right, if any, to purchase the Leased Property shall continue and be exercisable at such time as the transaction, upon the advice of Landlord's counsel, would be a sale of property described in Section 857(b)(6)(C) of the Code.

18.25 Use of Tenant's Name. Following the expiration or earlier termination of this Agreement and of all of the Leases, Landlord shall use its best efforts, if requested by Tenant within 12 months of such expiration or termination, to cause its name to be changed to a name that does not include the word "National" or any variation thereof.

IN WITNESS WHEREOF, the parties hereto have executed this Lease or caused the same to be executed by their respective duly authorized officers as of the date first set forth above.

NATIONAL HEALTH INVESTORS, INC.

By: Richard F A Roe

Title: Secretary

NATIONAL HEALTHCORP L.P.
By its Managing General Partner,
NHC, Inc.

By: W. Andrew Adams

Title: Pres.

WEM/e7

SCHEDULE A
MASTER AGREEMENT TO LEASE

Tennessee:

Athens Health Care Center
P.O. Box 766
1204 Frye Street
Athens, TN 37303

Colonial Hill Health Care Center
P.O. Box 3218 CRS
3209 Bristol Highway
Johnson City, TN 37602

Columbia Health Care Center
P.O. Box 799
101 Walnut Lane
Columbia, TN 38401

Franklin Health Care Center
P.O. Box 683
216 Fairground Street
Franklin, TN 37064

Green Valley Health Care Center
P.O. Box 585
812 Charlotte Street
Dickson, TN 37055

Hillview Health Care Center
P.O. Box 395
2710 Trotwood Avenue
Columbia, TN 38401

Knoxville Convalescent Center
P.O. Box 3695
809 Emerald Avenue, N.E.
Knoxville, TN 37917

Lawrenceburg Health Care Center
P.O. Box 767
324 Kennedy Street
Lawrenceburg, TN 38464

McMinnville Health Care Center
P.O. Box 528
Old Smithville Highway
McMinnville, TN 37110

Merihil Health Care Center
P.O. Box 2307
1653 Mooresville Highway
Lewisburg, TN 37091

Nashville Health Care Center
2215 Patterson Street
P.O. Box 24327
Nashville, TN 37203

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

Oakwood Health Care Center
P.O. Box 1667
244 Oakwood Drive
Lewisburg, TN 37091

Parkwood Health Care Center
2700 Parkwood Avenue
Chattanooga, TN 37404

Pulaski Health Care Center
P.O. Box 638
993 E. College St.
Pulaski, TN 38478

Ridgewood Health Care Center
P.O. Box A
Dogwood Lane
Milan, TN 38358

Sequatchie Health Care Center
P.O. Box 685
Dell Trail
Dunlap, TN 37327

Somerville Health Care Center
P.O. Box 229
308 Lake Drive
Somerville, TN 38068

Sparta Health Care Center
P.O. Box 298
108 Gracey Street
Sparta, TN 38583

Springfield Health Care Center
P.O. Box 486
608 Eighth Avenue East
Springfield, TN 37172

Sunny Point Health Care Center
P.O. Box 549
825 College Heights
Smithville, TN 37166

Missouri:

Desloge Health Care Center
P.O. Box AA
801 Brim Street
Desloge, MO 63601

Joplin Health Care Center
2700 East 34th Street
P.O. Box 2877
Joplin, MO 64803

Kennett Health Care Center
P.O. Box 696
Route 1, South Bypass
Kennett, MO 63857

NHC of Maryland Heights
P.O. Box 2244
2920 Fee Fee Road
Maryland Heights, MO 63043

St. Charles Health Care Center
P.O. Box 1230
35 Sugar Maple Lane
St. Charles, MO 63302

Florida:

NHC of Hudson
P.O. Box 5487
7210 Beacon Woods Drive
Hudson, FL 34667

NHC of Merritt Island
500 Crockett Road
Merritt Island, FL 32953

NHC of Stuart
800 S.E. Central Parkway
Stuart, FL 34994

Plant City Health Care Center
701 North Wilder Road
P.O. Box 2568
Plant City, FL 33566

Kentucky:

Dawson Springs Health Center
P.O. Box 338
100 West Ramsey Street
Dawson Springs, KY 42408

Homewood Health Care Center
P.O. Box 297
Homewood Boulevard
Glasgow, KY 42142

Kentucky Rest Haven
P.O. Box 751
419 N. Seminary Street
Madisonville, KY 42431

South Carolina:

Anderson Health Care Center
P.O. Box 1327
1501 East Greenville
Anderson, SC 29622

Greenwood Health Care Center
P.O. Box 3109
437 East Cambridge Avenue
Greenwood, SC 29646

Laurens Health Care Center
P.O. Box 1197
301 Pinehaven St. Extension
Laurens, SC 29360

Alabama:

Golden Springs Health Care Center
P.O. Box 1790
Coleman Road
Anniston, AL 36201

Moulton Health Care Center
P.O. Box 336
300 Hospital Street
Moulton, AL 35650

Georgia:

Rossville Convalescent Center
P.O. Box 756
1425 McFarland Avenue
Rossville, GA 30741

Virginia:

Bristol Health Care Center
P.O. Box 1166
245 North Street
Bristol, VA 24201

Retirement Centers:

Parkwood Retirement Center
2700 Parkwood Avenue
Chattanooga,TN 37404-1747

Colonial Hill Retirement Center
P.O. Box 467 CRS
Johnson City, TN 37602

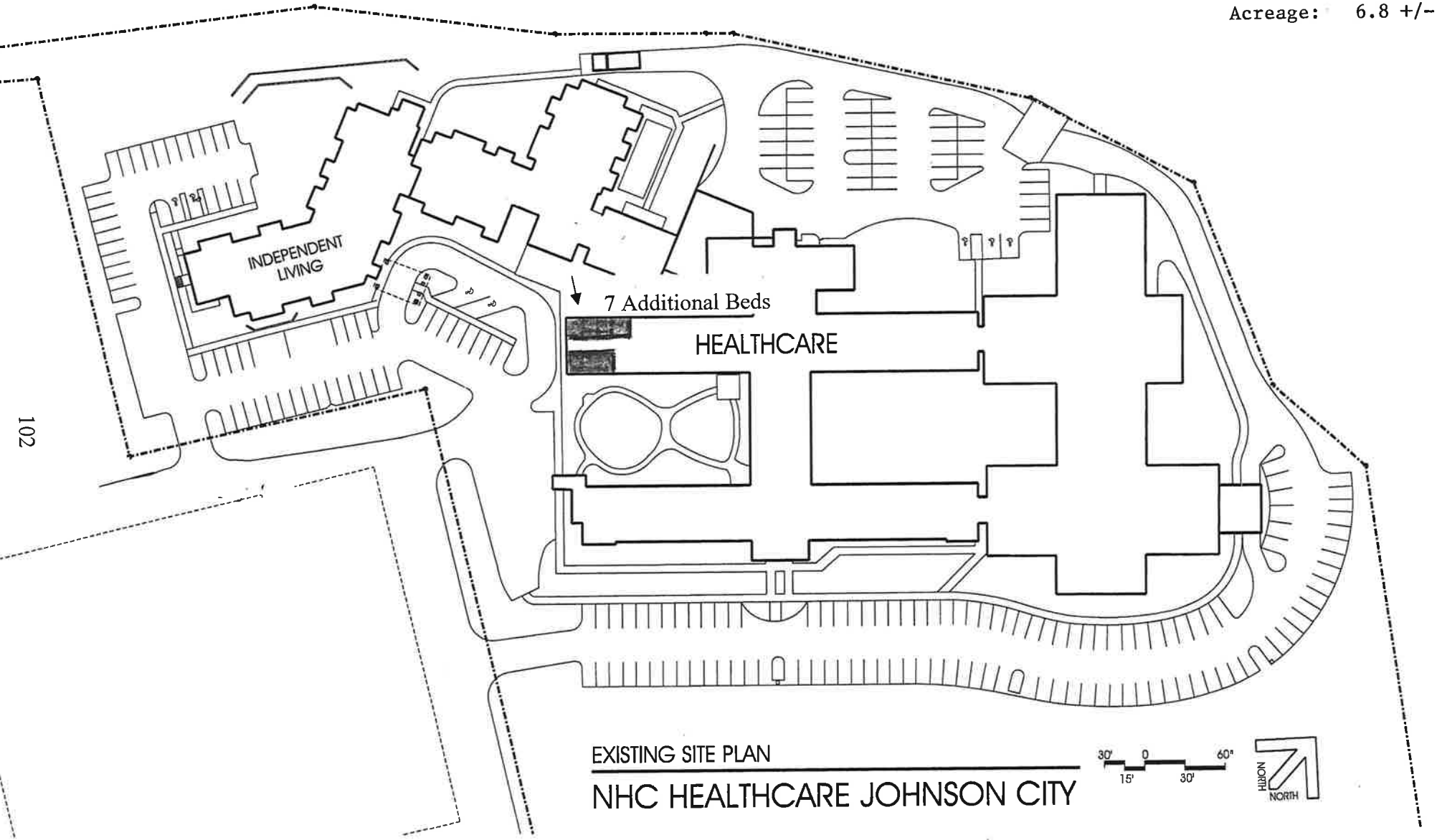
Lake St. Charles Retirement Center
45 Honey Locust Lane
St. Charles, MO 63303-5711

PMO/e10
NHC-FAC.LST

Section A – 6B-1 a-d

Plot Plan

Acreage: 6.8 +/-



Bristol Highway

Section A – 6B-2

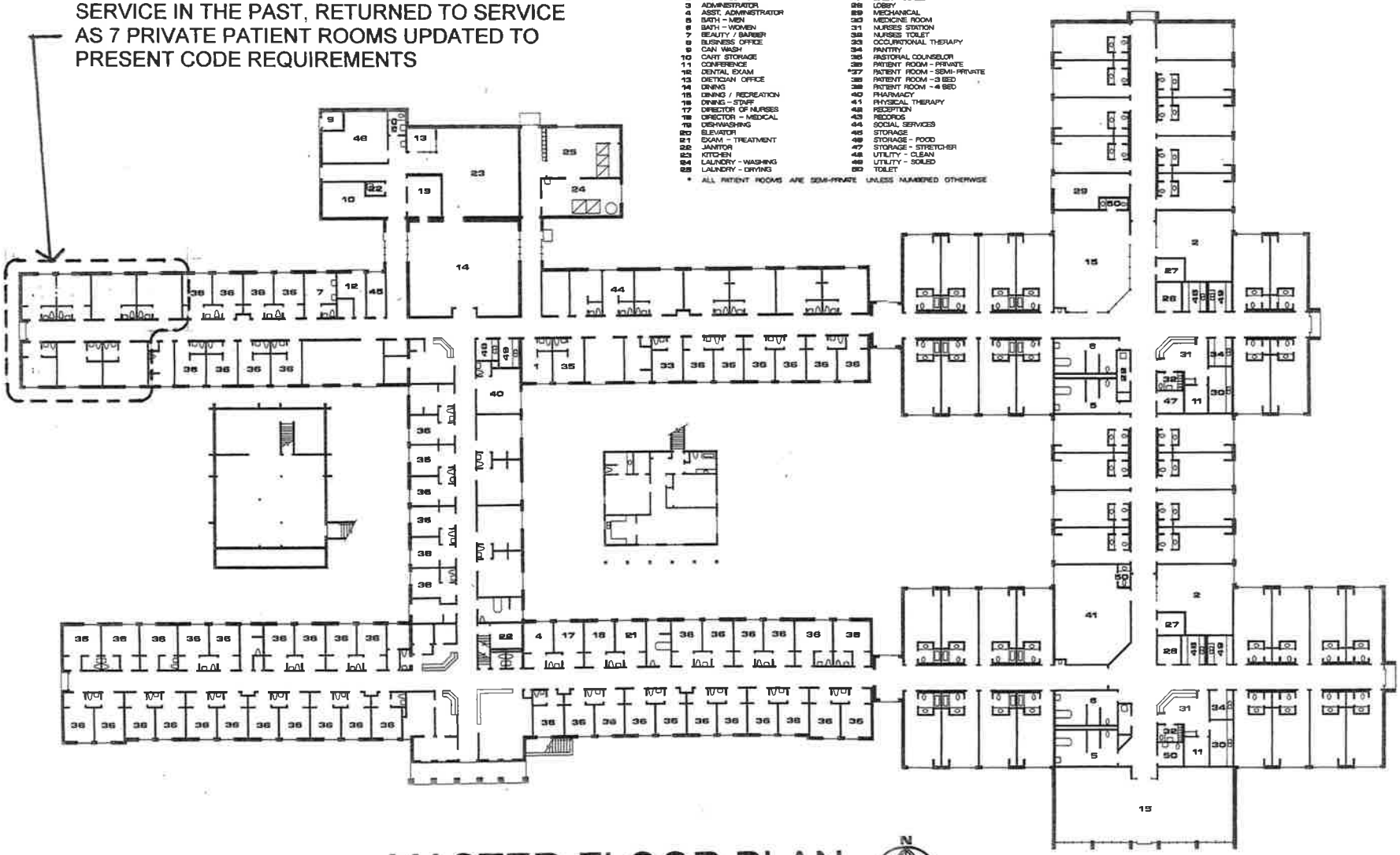
Floor Plan

7 ORIGINAL PATIENT ROOMS TAKEN OUT OF SERVICE IN THE PAST, RETURNED TO SERVICE AS 7 PRIVATE PATIENT ROOMS UPDATED TO PRESENT CODE REQUIREMENTS

legend

1 ACTIVITIES DIRECTOR
2 ACTIVITIES ROOM
3 ADMINISTRATOR
4 ASST. ADMINISTRATOR
5 BATH – MEN
6 BATH – WOMEN
7 BEAUTY / BARBER
8 BUSINESS OFFICE
9 CAN WASH
10 CART STORAGE
11 CONFERENCE
12 DENTAL EXAM
13 DIETICIAN OFFICE
14 DINING
15 DINING / RECREATION
16 DINING – STAFF
17 DIRECTOR OF NURSES
18 DIRECTOR – MEDICAL
19 DISHWASHING
20 ELEVATOR
21 EXAM – TREATMENT
22 JANITOR
23 KITCHEN
24 LAUNDRY – WASHING
25 LAUNDRY – DRYING
26 LINEN – CLEAN
27 LINEN – SOILED
28 LOBBY
29 MECHANICAL
30 MEDICINE ROOM
31 NURSES STATION
32 NURSES TOILET
33 OCCUPATIONAL THERAPY
34 PANTRY
35 PASTORAL COUNSELOR
36 PATIENT ROOM – PRIVATE
*37 PATIENT ROOM – SEMI-PRIVATE
38 PATIENT ROOM – 3 BED
39 PATIENT ROOM – 4 BED
40 PHARMACY
41 PHYSICAL THERAPY
42 RECEPTION
43 RECORDS
44 SOCIAL SERVICES
45 STORAGE
46 STORAGE – FOOD
47 STORAGE – STRETCHER
48 UTILITY – CLEAN
49 UTILITY – SOILED
50 TOILET

* ALL PATIENT ROOMS ARE SEMI-PRIVATE UNLESS NUMBERED OTHERWISE



MASTER FLOOR PLAN

NHC HEALTHCARE JOHNSON CITY

Section A – 6B-3

Public Transportation

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HOME GENERAL INFO SERVICES DEMAND RESPONSE NEWS DOCUMENTS CONTACT

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- Route/Stop Texting
- JCT MyRide
- Route Maps

Information

- Calendar
- News
- Documents
- Sign up for Text Alerts

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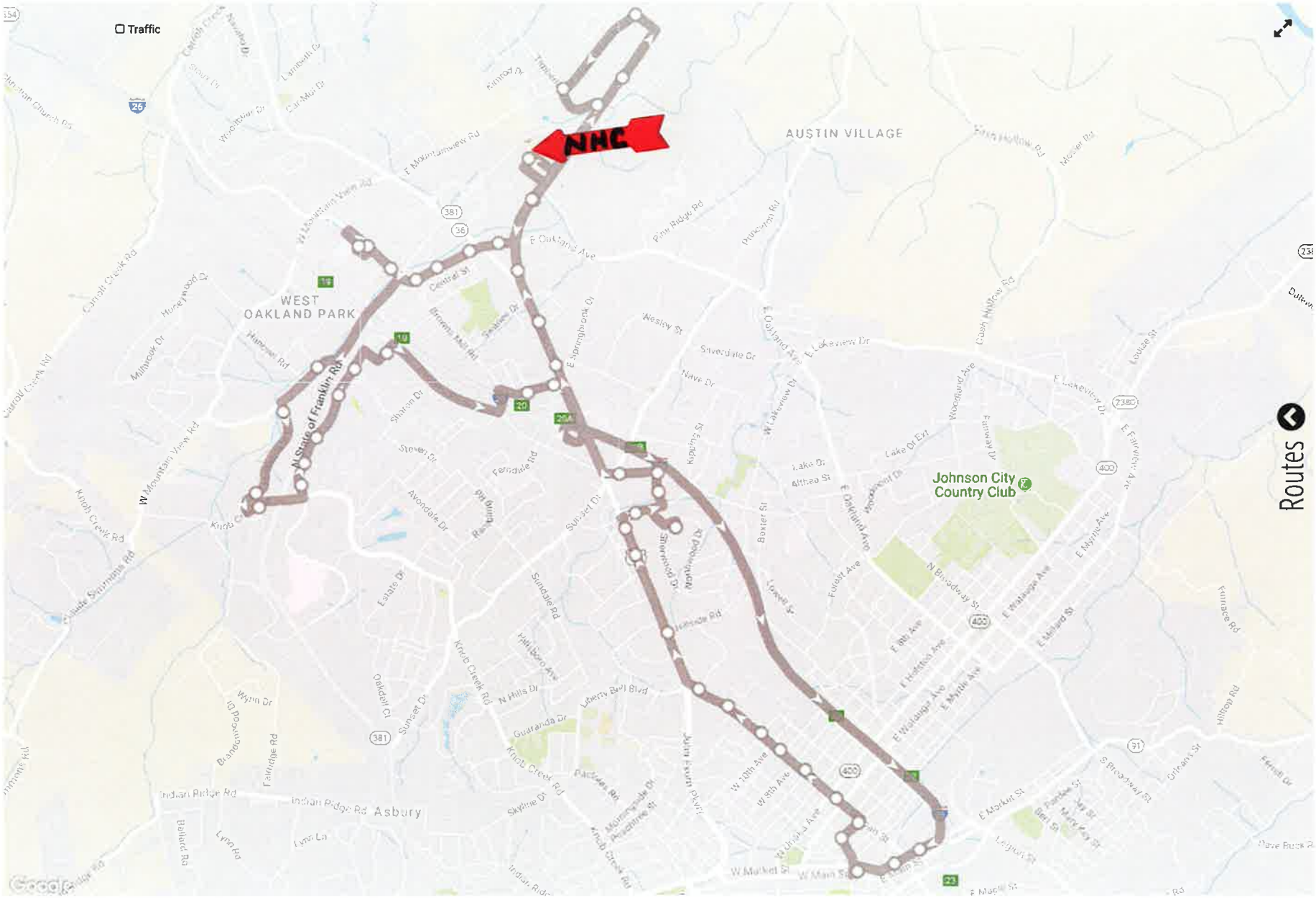
Silver Route - N. Johnson City - 15 Minutes After Each Hour			
Stop No.	**My Ride Text Code**	**Time**	**Stop Name**
1	jcts si 1001	:16	N. Boone & W. Fairview
2	jcts si 1002	:16	N. Boone & W. Watauga
3	jcts si 1003	:17	N. Roan - Btwn Watauga & Unaka
4	jcts si 1004	:17	N. Roan & E. Chilhowie - N. Side School
5	jcts si 1005	:18	N. Roan - Btwn 9th & 10th
6	jcts si 1006	:18	N. Roan & E. 11th
7	jcts si 1007	:18	N. Roan & Belmeade
8	jcts si 1008	:19	N. Roan & Ridgemont
9	jcts si 1009	:19	N. Roan & Hillside
10	jcts si 1010	:20	N. Roan - Clifton
11	jcts si 1011	:21	N. Roan - Parkway Ctr
12	jcts si 1301	:21	E. Mountcastle - Sherwin Williams
13	jcts si 1302	:22	Appalachian Christian Vlg **- 30 Min Advance Notice**
14	jcts si 1303	:23	Target Ctr 4-Way Stop
15	jcts si 1304	:24	Target Ctr & Broyles - Red Roof Inn
16	jcts si 1013	:25	Broyles & Princeton
17	jcts si 9001	:27	N. Roan - Popeyes
18	jcts si 9002	:29	N. Roan - Hardees
19	jcts si 1305	:29	Bristol Hwy & High Point
20	jcts si 1306	:30	Bristol Hwy - Food Lion Ctr
21	jcts si 1307	:31	Bristol Hwy - Big Valley Park
22	jcts si 1308	:32	Ed Baxter & E. Mtn View
23	jcts si 1309	:33	E. Mtn View & Timberlake
24	jcts si 1310	:33	Timberlake & Bristol Hwy
25	jcts si 1311	:35	Lyndal & Mulberry - NHC **- 30 Min Advance Notice**
26	jcts si 1312	:36	Bristol Hwy - Papa John's
27	jcts si 1313	:37	W. Oakland - Big Lots
28	jcts si 1314	:38	W. Oakland - Goodwill
29	jcts si 1315	:38	W. Oakland & Vernon
30	jcts si 1316	:38	W. Oakland - Classic Carwash
31	jcts si 1317	:39	Browns Mill - Comfort Suites
32	jcts si 1318	:40	Walmart - Garden Ctr
33	jcts si 1319	:42	Browns Mill - Shoppes At Franklin
34	jcts si 1320	:45	W. Oakland - Cheddars/Sam's/B&N
35	jcts si 1321	:47	Marketplace - 1st Assist
36	jcts si 1322	:47	Marketplace - Lowes/Kohls
37	jcts si 1323	:48	Knob Crk - Fuddruckers
38	jcts si 9027	:51	Med Tech - JC Eye Clinic **- 7:15 & 4:15 pm Run Only**
39	jcts si 9028	:51	Med Tech - Wellness Ctr **- 7:15 & 4:15 pm Run Only**
40	jcts si 9029	:51	Med Tech - SOF Healthcare **- 7:15 & 4:15 pm Run**
41	jcts si 9030	:51	Franklin Woods Hosp ER **- 7:15 & 4:15 pm Run Only**
42	jcts si 1324	:51	Peoples - Natural Foods / Old Navy
43	jcts si 1325	:51	Peoples - Bed, Bath & Beyond
44	jcts si 1326	:51	Peoples - Michael's / Home Depot
45	jcts si 1327	:52	Peoples - Wendy's
46	jcts si 1328	:54	Peoples & Greenline
47	jcts si 1329	:55	K-Mart - Left Entr
48	jcts si 1330	:58	Springbrook - Holiday Inn
49	jcts si 1331	:58	Springbrook & N. Roan
50	jcts si 1076	:04	E. Mkt & Colonial Way
51	jcts si 1077	:05	E. Mkt - Downtown Ctr
52	jcts si 1045	:06	Transit Ctr

7:15 a.m. & 4:15 p.m. route deviation to Franklin Woods Hospital - Pickup time 7:51 a.m. & 4:51 p.m.

This route operates 7:15 a.m.-4:15 p.m. Monday-Friday / Saturday hours - 8:15 a.m.-4:15 p.m.

Last Silver Route is 4:15 p.m.



(https://maps.google.com/maps?ll=36.346182,-82.3558&z=14&hl=en-US&gl=US&mapclient=apiv3)

500 m Map data ©2017 Google

Section B General Criteria – B Need – A1

Nursing Facility Bed Need

SNF Need Formula

Sumner County

County Bed Need	2013 Population	Rate	Needed Beds By Age
Population 65 & under	148,031	0.0005	74
Population 65-74	12,989	0.012	156
Population 75-84	6,149	0.06	369
Population 85+	2,594	0.15	389
	164,575		988
	CON		92
	Existing Beds =		665
	Need =		231

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

General Bed Need Formula

Sumner County

County Bed Need	2013 Population	Rate	Needed Beds By Age
Population 65 & under	148,031	0.0004	59
Population 65-74	12,989	0.01	130
Population 75-84	6,149	0.04	246
Population 85+	2,594	0.15	389
	164,575		824
	CON		92
	Existing Beds =		665
	Need =		67

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

NURSING HOME BED NEED BASED UPON THE OLD RATIO STANDARDS METHODOLOGY USED FOR MEDICARE BEDS NEED CALCULATIONS, BY COUNTY AND STATE TOTAL, 2019 (Based on 2017 UTCBER Projection Series*)

COUNTY	TOTAL POP	BED NEED
STATE	7,037,025	53,353
ANDERSON	78,731	815
BEDFORD	51,420	359
BENTON	16,727	185
BLEDSOE	13,437	119
BLOUNT	138,116	1,290
BRADLEY	108,679	881
CAMPBELL	41,721	394
CANNON	14,740	139
CARROLL	28,777	292
CARTER	60,449	596
CHEATHAM	41,481	266
CHESTER	18,811	163
CLAIBORNE	34,496	310
CLAY	7,879	91
COCKE	37,510	354
COFFEE	57,398	510
CROCKETT	15,038	144
CUMBERLAN	64,687	974
DAVIDSON	706,549	3,863
DECATUR	12,059	150
DEKALB	20,074	180
DICKSON	55,589	419
DYER	39,736	325
FAYETTE	47,573	403
FENTRESS	19,192	182
FRANKLIN	42,543	427
GIBSON	52,184	486
GILES	30,597	294
GRAINGER	24,407	219
GREENE	74,149	734
GRUNDY	14,068	144
HAMBLEN	66,616	607
HAMILTON	365,577	3,122
HANCOCK	6,996	66
HARDEMAN	27,279	217
HARDIN	26,743	287
HAWKINS	59,553	568
HAYWOOD	18,198	147
HENDERSON	30,072	246
HENRY	33,922	373
HICKMAN	27,123	214
HOUSTON	9,085	90
HUMPHREYS	19,136	186
JACKSON	12,320	124
JEFFERSON	57,733	530
JOHNSON	19,032	184
KNOX	483,425	3,554
LAKE	8,513	62
LAUDERDALE	29,055	192
LAWRENCE	43,689	409
LEWIS	13,002	132
LINCOLN	35,286	327
LOUDON	57,017	722
MCMINN	55,411	545
MCNAIRY	27,625	264
MACON	24,023	192
MADISON	105,581	827
MARION	29,974	274
MARSHALL	34,274	257
MAURY	91,811	705
MEIGS	12,408	115
MONROE	49,559	471
MONTGOMERY	216,612	920
MOORE	6,994	74
MORGAN	24,071	184
OBION	31,600	307
OVERTON	24,090	223
PERRY	8,414	89
PICKETT	5,251	71
POLK	17,726	167
PUTNAM	83,063	695
RHEA	34,903	314
ROANE	56,152	612
ROBERTSON	77,441	513
RUTHERFORD	341,421	1,593
SCOTT	23,145	181
SEQUATCHIE	16,667	146
SEVIER	106,657	923
SHELBY	975,626	5,596
SMITH	20,685	157
STEWART	14,313	133
SULLIVAN	159,584	1,743
SUMNER	187,398	1,349
TIPTON	70,220	428
TROUSDALE	8,651	63
UNICOI	19,082	223
UNION	20,228	156
VAN BUREN	5,684	54
WARREN	41,304	360
WASHINGTON	139,160	1,216
WAYNE	17,598	160
WEAKLEY	36,355	326
WHITE	28,278	293
WILLIAMSON	233,580	1,411
WILSON	136,217	956

PREPARED BY: TENNESSEE DEPARTMENT OF HEALTH, DIVISION OF POLICY, PLANNING AND ASSESSMENT Nov 2017

*Projections Data Source: The University of Tennessee Center for Business and Economic Research Population Projection Data Files, Reassembled by the Tennessee Department of Health, Division of Policy, Planning and Assessment.
Note: These data will not match the University of Tennessee Data exactly due to rounding.

Section B. General Criteria - B Need A. 4

Inventory, Utilization and Service Area JAR Report

Home
Go to TN.gov

Department of
Health

Last Updated: 11/11/2017

For more information, please contact
Health Care Facilites
(615)741-7221 or 800-310-4650

Health Care Facilities

Licensed Facilities

Current Listings

Type = Nursing Home
County = WASHINGTON
Results = 9
Total Beds = 854

Click here to return to the search page

1	Agape Nursing and Rehabilitation Center, LLC 505 North Roan Street Johnson City, TN 37604 Attn: Mandy Tallent Rocker 423-975-2000	Administrator: Mandy Tallent Rocker Owner Information: AGAPE NURSING & REHABILITATION CENTER 505 North Roan Street SUITE 2D Johnson City, TN 37601 423-975-2000	Facility License Number: 00000290 Status: Licensed Number of Beds: 0084 Date of Last Survey: 03/22/2017 Accreditation Expires: 06/30/2019 Date of Original Licensure: 07/01/1992 Date of Expiration: 09/13/2018 *This Facility is Managed By: CARE CENTERS MANAGEMENT CONSULTING Johnson City TN* **No Disciplinary Actions**
2	Cornerstone Village 2012 Sherwood Drive Johnson City, TN 37601 Attn: Kathy L. Green 423-232-8200	Administrator: Kathy L. Green Owner Information: CHRISTIAN HOME FOR THE AGED,INC 309 PRINCETON ROAD Johnson City, TN 37601	Facility License Number: 00000289 Status: Licensed Number of Beds: 0103

		423-610-8500	Date of Last Survey: 05/17/2017 Date of Original Licensure: 07/01/1992 Date of Expiration: 06/03/2018 **No Disciplinary Actions**
3	Family Ministries John M. Reed Center, LLC 124 JOHN M REED HOME ROAD Limestone, TN 37681 Attn: Johnnie Lyons 423-607-3145	Administrator: Johnnie Lyons Owner Information: Family Ministries John M. Reed Center, L 124 John Reed Nursing Home Road Limestone, TN 37681 423-607-3145	Facility License Number: 00000293 Status: Licensed Number of Beds: 0063 Date of Last Survey: 11/05/2015 Date of Original Licensure: 07/01/1992 Date of Expiration: 08/21/2018 **No Disciplinary Actions**
4	Four Oaks Health Care Center 1101 Persimmon Ridge Road Jonesborough, TN 37659 Attn: Brian S Woods 423-753-8711	Administrator: Brian S Woods Owner Information: FOUR OAKS OPERATING GROUP LLC 544 PARK AVENUE SUITE B04 Brooklyn, NY 11205 718-513-4558	Facility License Number: 00000292 Status: Licensed Number of Beds: 0084 Date of Last Survey: 10/04/2017 Date of Original Licensure: 07/01/1992 Date of Expiration: 07/20/2018 **No Disciplinary Actions**
5	Lakebridge, A Waters Community 115 Woodlawn Drive Johnson City, TN 37604 Attn: Nyda Bays 423-975-0095	Administrator: Nyda Bays Owner Information: Lakebridge. A Waters Community, LLC 115 Woodlawn Drive Johnson City, TN 37604 423-975-0095	Facility License Number: 00000340 Status: Licensed Number of Beds: 0109 Date of Last Survey: 10/25/2017 Accreditation Expires: 01/28/2019 Date of Original Licensure: 09/01/1995 Date of Expiration: 06/27/2018 **No Disciplinary Actions**
6	LIFE CARE CENTER OF GRAY 791 OLD GRAY STATION RD Gray, TN 37615 Attn: Ashley Lee 423-477-7146	Administrator: Ashley Lee Owner Information: GRAY MEDICAL INVESTORS, LLC 3570 KEITH STREET NW Cleveland, TN 37312 423-473-5867	Facility License Number: 00000288 Status: Licensed Number of Beds: 0133 Date of Last Survey: 10/18/2017 Date of Original Licensure: 07/01/1992 Date of Expiration: 03/06/2018

			This Facility is Managed By: *LIFE CARE CENTERS OF AMERICA, INC.* *Cleveland TN* **No Disciplinary Actions**
7	NHC HEALTHCARE, JOHNSON CITY 3209 BRISTOL HIGHWAY Johnson City, TN 37601 Attn: Tyler R. Williams 423-282-3311	Administrator: Tyler R. Williams Owner Information: NHC HEALTHCARE/JOHNSON CITY, LLC 3209 BRISTOL HIGHWAY Johnson City, TN 37601 423-282-3311	Facility License Number: 00000291 Status: Licensed Number of Beds: 0160 Date of Last Survey: 05/24/2017 Date of Original Licensure: 07/01/1992 Date of Expiration: 06/16/2018 **No Disciplinary Actions**
8	PRINCETON TRANSITIONAL CARE 400 NORTH STATE OF FRANKLIN ROAD Johnson City, TN 37601 Attn: Pamela Ditto 423-431-6932	Administrator: Pamela Ditto Owner Information: MOUNTAIN STATES HEALTH ALLIANCE,INC. 303 MED TECH PARKWAY SUITE 300 Johnson City, TN 37604 423-431-6111	Facility License Number: 00000337 Status: Licensed Number of Beds: 0034 Date of Last Survey: 08/18/2017 Date of Original Licensure: 07/28/1995 Date of Expiration: 09/29/2018 *This Facility is Managed By:* *SIGNATURE HEALTHCARE LLC* *Louisville KY* **No Disciplinary Actions**
9	The Waters of Johnson City 140 Technology Lane Johnson City, TN 37604 Attn: Roy C. Arnold 423-434-2016	Administrator: Roy C. Arnold Owner Information: The Waters of Johnson City, LLC 140 Technology Lane Johnson City, TN 37604 423-434-2016	Facility License Number: 00000388 Status: Licensed Number of Beds: 0084 Date of Last Survey: 05/11/2017 Accreditation Expires: 01/24/2020 Date of Original Licensure: 08/29/2007 Date of Expiration: 05/16/2018 **No Disciplinary Actions**

Washington County Nursing Homes Occupancy

	NURSING HOMES	2017 Licensed Beds	2013 Occupancy	2014 Occupancy	2015 Occupancy
1	Agape Nursing and Rehabilitation Center*	84	78.2%	74.8%	71.7%
2	Cornerstone Village f/ka/ Appalachian Christian Village	103	89.3%	87.0%	86.0%
3	The Waters of Johson City f/k/a Christian Care Center of Johnson City	84	88.0%	88.2%	86.8%
4	Four Oaks Health Care Center	84	92.0%	88.7%	93.3%
5	Family Ministries f/k/a/ John M Reed Health & Rehab*	63	64.9%	80.9%	Did Not Report
6	Lakebridge Health Care Center	109	93.0%	93.4%	93.0%
7	Life Care Center of Gray	133	83.9%	78.9%	71.9%
8	NHC HealthCare, Johnson City	160	85.5%	82.0%	88.2%
9	Princeton Transitional Care	34	72.1%	75.7%	Did Not Report
	Total	854	83.0%	83.3%	84.4%

* Agape Nursing and Rehabilitation f/k/a Asbury Place at Johnson City 2014 occupancy is based on 122 days open.
John M Reed Health and Rehab 63 beds were inactive from May 2016 - September 2017.

Source: 2012-2015 JAR Reports Utilization

Washington County
Private and Semi-private Rooms

	Nursing Homes	Licensed Beds	# of Beds in Pvt Rooms	# of Beds in Semi-Pvt Rooms	# of Beds In Ward
1	Agape Nursing and Rehabilitation Center	84	-	84	-
2	Cornerstone Village (f/k/a) Appalachian Christian	103	41	62	-
3	Christian Care Center of Johnson City	84	12	72	-
4	Four Oaks Health Care Center	84	1	78	3
5	John M Reed Health & Rehab*	63	-	-	-
6	Lakebridge Health Care Center*	109	-	-	-
7	Life Care Center of Gray	133	10	106	9
8	NHC HealthCare, Johnson City	160	60	100	-
9	Princeton Transitional Care*	34	-	-	-
	Total	854	124	502	12

*John M. Reed Health & Rehab, Lakebridge Health Care Center and Princeton Transitional Care did not submit a 2015 JAR.

Source: 2015 TN JAR Summary Reports Schedule E - Beds

Washington County Nursing Homes
2013 - 2015 Patient Days

	NURSING HOMES	2017 Licensed Beds	CMS Star Rating	2013 Patient Days	2014 Patient Days	2015 Patient Days	'13 - '15 % of Change	2013 % Occ.	2014 % Occ.	2015 % Occ.
1	Agape Nursing and Rehabilitation Center*	84	2	23,962	7,664	21,998	-8.2%	78.2%	74.8%	71.7%
2	Cornerstone Village f/ka/ Appalachian Christian Village	103	2	33,568	32,696	32,325	-3.7%	89.3%	87.0%	86.0%
3	The Waters of Johson City f/k/a Christian Care Center	84	2	26,992	27,042	26,601	-1.4%	88.0%	88.2%	86.8%
4	Four Oaks Health Care Center	84	N/A	28,216	27,200	28,610	1.4%	92.0%	88.7%	93.3%
5	Family Ministries f/k/a/ John M Reed Health & Rehab*	63	N/A	14,934	18,600	Did not report	N/A	64.9%	80.9%	N/A
6	Lakebridge Health Care Center	109	3	37,019	37,175	Did not report	N/A	93.0%	93.4%	N/A
7	Life Care Center of Gray	133	4	38,269	36,015	32,798	-14.3%	83.9%	78.9%	67.6%
8	NHC HealthCare, Johnson City	160	5	49,922	47,867	51,534	3.2%	85.5%	82.0%	88.2%
9	Princeton Transitional Care	34	3	8,950	8,839	Did not report	N/A	72.1%	75.7%	N/A

* Agape Nursing and Rehabilitation f/k/a Asbury Place at Johnson City 2014 information is based on 122 days open.
John M Reed Health and Rehab 63 beds were inactive from May 2016 - September 2017.

Source: 2013 - 2015 JAR Reports
Medicare.gov

Washington County Nursing Homes
2013 - 2015 Admissions & Average Length of Stay

	NURSING HOMES	2017 Licensed Beds	Admissions			Average Length of Stay		
			2013	2014	2015	2013	2014	2015
1	Agape Nursing and Rehabilitation Center*	84	183	152	315	78	87	87
2	Cornerstone Village f/ka/ Appalachian Christian Village	103	287	266	281	112	129	106
3	The Waters of Johson City f/k/a Christian Care Center	84	345	364	317	125	92	104
4	Four Oaks Health Care Center	84	145	171	167	54	123	62
5	Family Ministries f/ka/ John M Reed Health & Rehab*	63	34	95	N/A	399	170	N/A
6	Lakebridge Health Care Center	109	820	611	N/A	80	106	N/A
7	Life Care Center of Gray	133	273	367	431	129	101	60
8	NHC HealthCare, Johnson City	160	412	577	769	101	118	95
9	Princeton Transitional Care	34	706	339	N/A	13	11	N/A

* Agape Nursing and Rehabilitation f/k/a Asbury Place at Johnson City 2014 information is based on 122 days open.
John M Reed Health and Rehab 63 beds were inactive from May 2016 - September 2017.

Source: 2013 - 2015 JAR Reports

Washington County Nursing Homes
2015

	NURSING HOMES	2015 Licensed Beds	Beds Medicare Only	Beds Dually Certified	Beds Level I Medicaid	Licensed Only Non-Certified	SNF Medicare/ ADC	Level 2 Medicaid ADC	skilled All Other Payors ADC	Non skilled ADC	Total ADC
1	Agape Nursing and Rehabilitation Center	84	0	84	0	0	13	1.4	0	45	60.27
2	Appalachian Christian Village	103	0	103	0	0	21	0.00	0	68	88.56
3	Christian Care Center of Johnson City	84	0	84	0	0	11	0	0	62	72.88
4	Four Oaks Health Care Center	84	0	84	0	0	16	0	0	62	78.38
5	John M Reed Health & Rehab	63	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
6	Lakebridge Health Care Center	109	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
7	Life Care Center of Gray	125	0	125	0	0	21	0	0	69	89.86
8	NHC HealthCare, Johnson City	160	0	76	84	0	49	2.47	8	82	141.19
9	Princeton Transitional Care	32	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

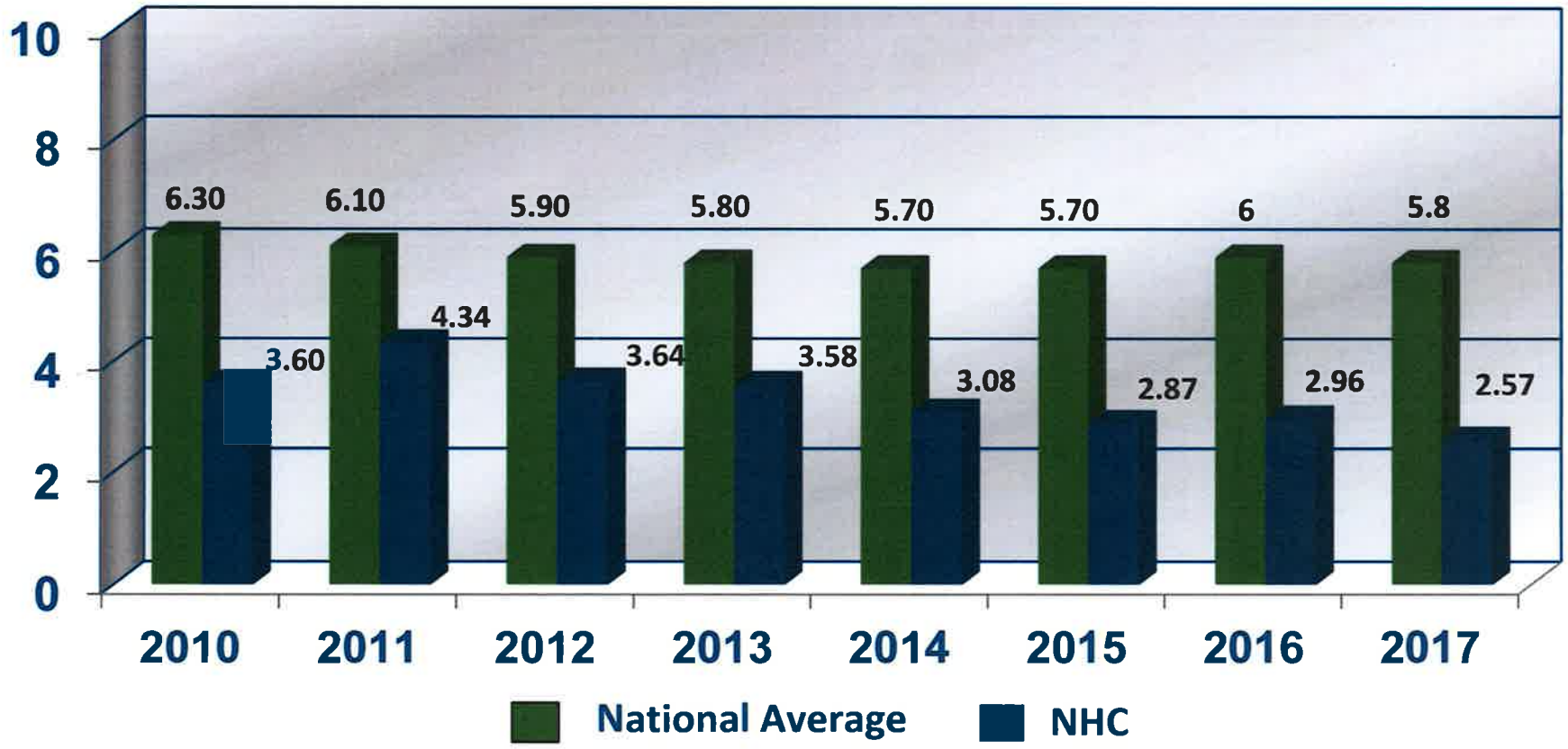
*John M. Reed Health & Rehab, Lakebridge Health Care Center and Princeton Transitional Care did not submit a 2015 JAR.

Section B. General Criteria - B Need A. 12

Quality Control and Monitoring

NHC
NATIONAL HEALTHCARE CORPORATION

Deficiencies per Survey
NHC vs. National Average 2010-2017

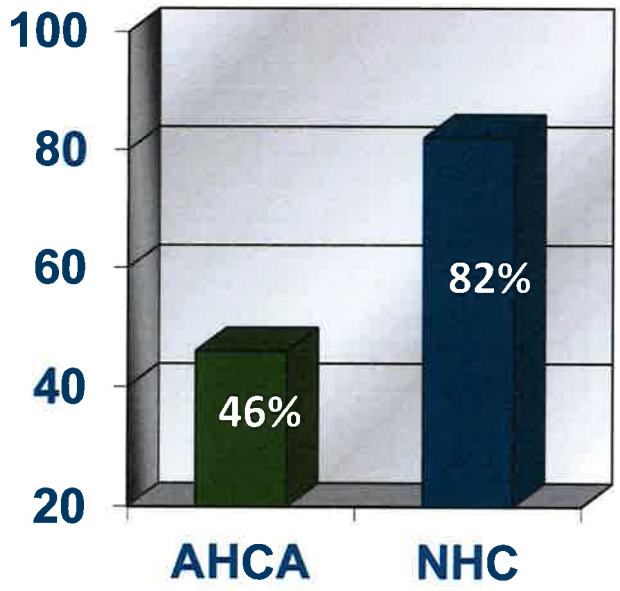


NHC
National HealthCare Corporation

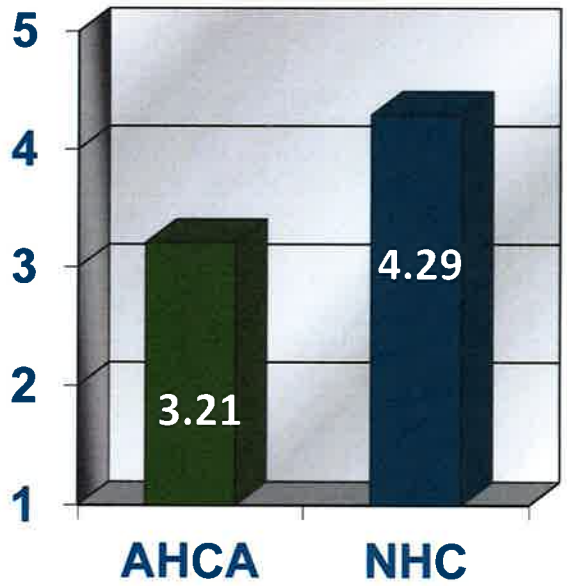
CMS Five-Star Ratings

Operational Excellence – YTD 2017

Four and Five-Star Ratings %
AHCA vs. NHC



Average Overall Scores
AHCA vs. NHC



Section B. General Criteria – B Need A. 14a
Occupancy summary for the 7-bed addition

OCCUPANCY SUMMARY
FILL RATE = 4 NET PATIENTS PER MONTH

MONTH	CENSUS AT BEGINNING OF MONTH	NET INCREASE IN PATIENTS	CENSUS AT END OF MONTH	AVERAGE CENSUS FOR MONTH	DAYS IN MONTH	PATIENT DAYS	PATIENT DAYS AVAILABLE	% OCCUPANCY
Dec-18	0.00	4.00	4.00	2.00	31	62	217	28.57%
Jan-19	4.00	2.50	6.50	5.25	31	163	217	75.12%
Feb-19	6.50	0.00	6.50	6.50	28	182	196	92.86%
Mar-19	6.50	0.00	6.50	6.50	31	202	217	93.09%
Apr-19	6.50	0.00	6.50	6.50	30	195	210	92.86%
May-19	6.50	0.00	6.50	6.50	31	202	217	93.09%
Jun-19	6.50	0.00	6.50	6.50	30	195	210	92.86%
Jul-19	6.50	0.00	6.50	6.50	31	202	217	93.09%
Aug-19	6.50	0.00	6.50	6.50	31	202	217	93.09%
Sep-19	6.50	0.00	6.50	6.50	30	195	210	92.86%
Oct-19	6.50	0.00	6.50	6.50	31	202	217	93.09%
Nov-19	6.50	0.00	6.50	6.50	30	195	210	92.86%
YEAR 1	0.00	6.50	6.50		365	2,197	2,555	85.99%
Dec-19	6.50	0.00	6.50	6.50	31	202	217	93.09%
Jan-20	6.50	0.00	6.50	6.50	31	202	217	93.09%
Feb-20	6.50	0.00	6.50	6.50	29	189	203	93.10%
Mar-20	6.50	0.00	6.50	6.50	31	202	217	93.09%
Apr-20	6.50	0.00	6.50	6.50	30	195	210	92.86%
May-20	6.50	0.00	6.50	6.50	31	202	217	93.09%
Jun-20	6.50	0.00	6.50	6.50	30	195	210	92.86%
Jul-20	6.50	0.00	6.50	6.50	31	202	217	93.09%
Aug-20	6.50	0.00	6.50	6.50	31	202	217	93.09%
Sep-20	6.50	0.00	6.50	6.50	30	195	210	92.86%
Oct-20	6.50	0.00	6.50	6.50	31	202	217	93.09%
Nov-20	6.50	0.00	6.50	6.50	30	195	210	92.86%
YEAR 2	6.50	0.00	6.50		366	2,383	2,562	93.01%

Section B. General Criteria - B Need 14c

Additional Occupancy Rate Standards

Washington County Nursing Facilities State Survey Results by Number of Deficiencies

11/9/2017

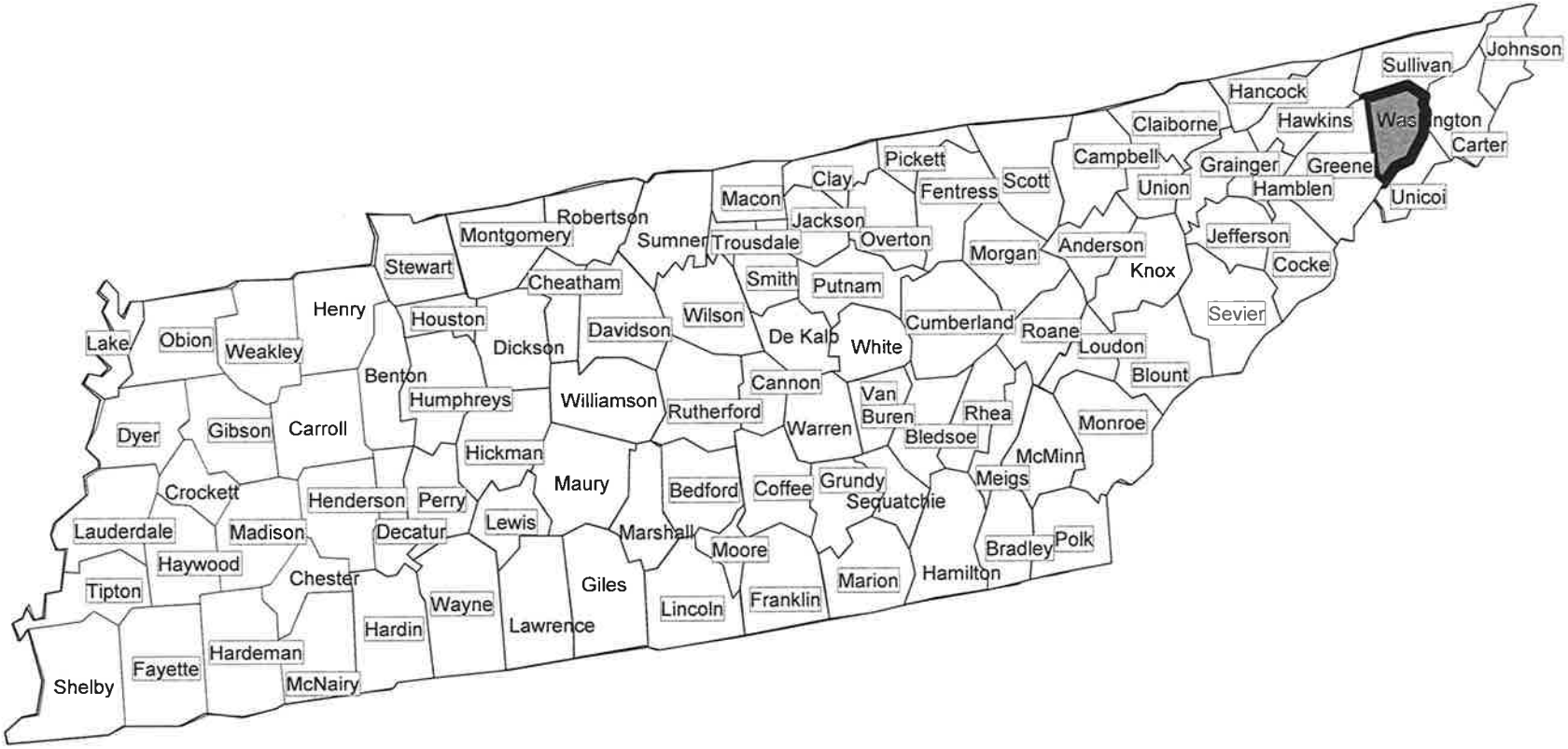
Facility	CMS Star Rating	Survey Date	Number of Health Deficiencies	Average Number of Hlth Deficiences in TN	Difference in Avg Number of Hlth Deficiences in TN	Average Number of Hlth Deficiences in US	Difference in Avg Number of Hlth Deficiences in US
Agape Nursing & Rehabilitation Center	2	3/22/2017 2/10/2016 1/14/2015	2 0 5	5.2 4.9 5.2	(3.2) (4.9) (0.2)	7.2 7.4 7.1	(5.2) (7.4) (2.1)
Cornerstone Village	2	5/17/2017 5/18/2016 8/19/2015	17 1 4	5.2 4.9 5.2	11.8 (3.9) (1.2)	7.2 7.4 7.1	9.8 (6.4) (3.1)
Four Oaks Health Care Center	N/A*	10/12/2016 10/14/2015 7/15/2014	0 7 3	5.2 4.9 5.2	(5.2) 2.1 (2.2)	7.2 7.4 7.1	(7.2) (0.4) (4.1)
Lakebridge	3	10/19/2016 10/14/2015 7/30/2014	2 3 4	5.2 4.9 5.2	(3.2) (1.9) (1.2)	7.2 7.4 7.1	(5.2) (4.4) (3.1)
Life Care Center of Gray	4	11/2/2016 11/18/2015 9/10/2014	1 6 1	5.2 4.9 5.2	(4.2) 1.1 (4.2)	7.2 7.4 7.1	(6.2) (1.4) (6.1)
NHC HealthCare, Johnson City	5	5/24/2017 6/2/2016 6/24/2015	2 1 4	5.2 4.9 5.2	(3.2) (3.9) (1.2)	7.2 7.4 7.1	(5.2) (6.4) (3.1)
Princeton Trans Care	3	8/16/2017 8/31/2016 8/13/2015	3 0 11	5.2 4.9 5.2	(2.2) (4.9) 5.8	7.2 7.4 7.1	(4.2) (7.4) 3.9
The Waters of Johnson City	2	5/11/2017 5/18/2016 5/28/2015	6 4 4	5.2 4.9 5.2	0.8 (0.9) (1.2)	7.2 7.4 7.1	(1.2) (3.4) (3.1)

* The facility has not submitted complete staffing data for the current reporting period; therefore, the overrall star rating was not be displayed.

Source: Medicare.gov Nursing Home Compare

Section B – Need - C

Service Area Map


Johnson
Sullivan
Hancock
Claiborne
Hawkins
Washington
Carter
Campbell
Grainger
Greene
Pickett
Scott
Fentress
Union
Hamblen
Unicoi
Clay
Macon
Jackson
Robertson
Montgomery
Sumner
Trousdale
Overton
Morgan
Anderson
Jefferson
Knox
Cocke
Stewart
Cheatham
Smith
Putnam
Henry
Houston
Wilson
Davidson
De Kalb
White
Cumberland
Roane
Sevier
Loudon
Lake
Obion
Weakley
Dickson
Benton
Cannon
Blount
Humphreys
Williamson
Rutherford
Van Buren
Rhea
Monroe
Dyer
Gibson
Carroll
Warren
Bledsoe
Hickman
McMinn
Maury
Bedford
Coffee
Grundy
Meigs
Crockett
Henderson
Perry
Sequatchie
Lauderdale
Madison
Decatur
Lewis
Marshall
Moore
Bradley
Polk
Haywood
Chester
Giles
Marion
Hamilton
Tipton
Wayne
Lincoln
Franklin
Hardin
Lawrence
Hardeman
Fayette
McNairy
Shelby

Section B - Economic Feasibility – A 5

Letter from Architect

Johnson + Bailey Architects P.C.

November 8, 2017

Mr. Andy Clark
National Healthcare Corporation
100 East Vine Street
Murfreesboro, TN 37130

Re: 7 Bed Addition/Conversion CON
NHC HealthCare
Johnson City, TN

Dear Mr. Clark:

Some time in the past seven (7) existing patient rooms were de-licensed and converted to seven (7) general use spaces such as offices and equipment storage rooms. This CON is to re-license those same seven (7) original patient rooms and remodel them to provide seven (7) private patient rooms. Due to the age of the facility, and the changes completed when these rooms were de-licensed, these rooms will be essentially gutted from the interior face of the corridor demising walls to the interior face of the existing exterior wall. All architectural finishes and building components (such as doors, toilet accessories, acoustic tile ceilings, wall coverings, floor finishes), will be removed and replaced. All existing Mechanical, Plumbing and Electrical components will also be removed and replaced with new, up-to-date Code compliant components. The existing nurse call system was replaced in the past and is capable of supporting the addition of the seven (7) remodeled patient rooms.

Based on a renovated gross building area of 2,100 sq. ft., it is my opinion, based upon recently completed similar projects, that total renovation costs for the referenced project should be approximately $147.62 per sq. ft., or a total of $310,000.00. This cost is exclusive of all soft costs (A/E fees, etc.), movable equipment, and furnishings.

Since the original site design included and accommodated the original seven (7) patient rooms, no changes to the site will be necessary to accommodate the seven (7) beds that will be re-licensed.

The physical environment of the remodeled seven (7) patient rooms will conform to applicable construction and life safety Codes adopted by the State of Tennessee Department of Health, and will conform to the requirements of the 2010 Guidelines for the Design and Construction of Health Care Facilities.

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

Sincerely,

JOHNSON + BAILEY ARCHITECTS P.C.

James H. Bailey, III AIA

City Center • Suite 700
100 East Vine Street
Murfreesboro, Tennessee 37130
615 890 4560 • FAX 615 890 4564

Section B - Economic Feasibility – B 5

Project Funding

NHC
NATIONAL HEALTHCARE CORPORATION

November 13, 2017

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

RE: NHC HealthCare/Johnson City , LLC d/b/a NHC HealthCare, Johnson City (Washington County), 7 Bed Addition $474,000

Dear Ms. Hill:

National HealthCare Corporation, a NYSE American publicly traded company with over $69,000,000 of cash and cash equivalents, as stated in the October 31, 2017 10-Q, will make available all the necessary funds for the operation and working capital for the above referenced project. These funds are available on immediate notice.

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

Sincerely,

NATIONAL HEALTHCARE CORPORATION

Brian F. Kidd
Senior Vice President, Controller and Principal Accounting Officer

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

FORM 10-Q

☒ QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended September 30, 2017
OR
☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____

Commission file number 001–13489

(Exact name of registrant as specified in its Charter)

Delaware	52–2057472
(State or other jurisdiction of incorporation or organization	(I.R.S. Employer Identification No.)

100 E. Vine Street
Murfreesboro, TN
37130
(Address of principal executive offices)
(Zip Code)

(615) 890–2020
Registrant's telephone number, including area code

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non–accelerated filer, smaller reporting company or an emerging growth company. See the definitions of "large accelerated file," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b–2 of the Exchange Act.

Large Accelerated filer [ ]	Accelerated filer [x]
Non–accelerated filer (Do not check if a smaller reporting company) [ ]	Smaller reporting company [ ]
	Emerging growth company [ ]

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. [ ]

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

15,196,855 shares of common stock of the registrant were outstanding as of November 7, 2017.

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements.

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

	Three Months Ended September 30		Nine Months Ended September 30	
	2017	2016	2017	2016
Revenues:				
Net patient revenues	$ 230,048	$ 218,647	$ 685,854	$ 653,240
Other revenues	11,937	12,634	34,831	35,397
Net operating revenues	241,985	231,281	720,685	688,637
Cost and Expenses:				
Salaries, wages and benefits	145,900	140,403	426,639	405,491
Other operating	64,039	58,956	190,778	177,571
Facility rent	10,106	10,314	30,273	30,960
Depreciation and amortization	10,833	9,998	31,609	28,847
Interest	1,322	1,020	3,599	2,913
Total costs and expenses	232,200	220,691	682,898	645,782
Income Before Non–Operating Income	9,785	10,590	37,787	42,855
Non–Operating Income	6,090	5,091	16,047	14,789
Income Before Income Taxes	15,875	15,681	53,834	57,644
Income Tax Provision	(4,691)	(4,571)	(19,448)	(20,969)
Net Income	11,184	11,110	34,386	36,675
Loss Attributable To Noncontrolling Interest	168	-	349	-
Net Income Attributable to National HealthCare Corporation	$ 11,352	$ 11,110	$ 34,735	$ 36,675
Earnings Per Share Attributable to National HealthCare Corporation Stockholders:				
Basic	$ 0.75	$ 0.73	$ 2.29	$ 2.42
Diluted	$ 0.75	$ 0.73	$ 2.28	$ 2.41
Weighted Average Common Shares Outstanding:				
Basic	15,195,394	15,198,696	15,186,315	15,128,728
Diluted	15,220,567	15,222,648	15,217,797	15,216,838
Dividends Declared Per Common Share	$ 0.48	$ 0.45	$ 1.41	$ 1.30

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

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

	Three Months Ended September 30		Nine Months Ended September 30	
	2017	2016	2017	2016
Net Income	$ 11,184	$ 11,110	$ 34,386	$ 36,675
Other Comprehensive Income (Loss):				
Unrealized gains (loss) on investments in marketable securities	(3,976)	5,458	8,380	36,085
Reclassification adjustment for realized gains on sale of securities	(17)	(264)	(255)	(804)
Income tax (expense) benefit related to items of other comprehensive income	1,572	(2,028)	(3,074)	(13,582)
Other Comprehensive Income (Loss), net of tax	(2,421)	3,166	5,051	21,699
Loss Attributable to Noncontrolling Interest	168	-	349	-
Comprehensive Income Attributable to National HealthCare Corporation	$ 8,931	$ 14,276	$ 39,786	$ 58,374

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

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

	September 30, 2017 *unaudited*	December 31, 2016
Assets		
Current Assets:		
Cash and cash equivalents	$ 69,790	$ 26,335
Restricted cash and cash equivalents	9,783	3,125
Marketable securities	143,763	138,013
Restricted marketable securities	15,627	22,773
Accounts receivable, less allowance for doubtful accounts of $7,999 and $5,743, respectively	80,258	82,531
Inventories	7,113	7,508
Prepaid expenses and other assets	2,582	2,648
Notes receivable, current portion	1,267	3,259
Federal income tax receivable	5,913	4,665
Total current assets	336,096	290,857
Property and Equipment:		
Property and equipment, at cost	954,739	933,140
Accumulated depreciation and amortization	(402,396)	(373,516)
Net property and equipment	552,343	559,624
Other Assets:		
Restricted cash and cash equivalents	2,167	2,129
Restricted marketable securities	148,983	160,931
Deposits and other assets	6,228	5,244
Goodwill	17,600	17,600
Notes receivable, less current portion	11,989	13,820
Investments in limited liability companies	35,431	37,242
Total other assets	222,398	236,966
Total assets	$ 1,110,837	$ 1,087,447

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

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

	September 30, 2017 *unaudited*	December 31, 2016
Liabilities and Stockholders' Equity		
Current Liabilities:		
Trade accounts payable	$ 14,736	$ 18,593
Capital lease obligations, current portion	3,641	3,481
Accrued payroll	55,586	65,912
Amounts due to third party payors	20,649	17,019
Accrued risk reserves, current portion	25,410	25,898
Other current liabilities	20,293	13,207
Dividends payable	7,294	6,818
Total current liabilities	147,609	150,928
Long–term debt	120,000	120,000
Capital lease obligations, less current portion	23,997	26,748
Accrued risk reserves, less current portion	70,103	65,264
Refundable entrance fees	8,827	9,924
Obligation to provide future services	3,236	3,236
Deferred income taxes	26,027	22,072
Other noncurrent liabilities	15,542	16,302
Deferred revenue	4,007	3,362
Total liabilities	419,348	417,836
Stockholders' Equity:		
Common stock, $.01 par value; 45,000,000 shares authorized; 15,196,855 and 15,162,938 shares, respectively, issued and outstanding	152	152
Capital in excess of par value	214,347	211,457
Retained earnings	405,250	391,934
Accumulated other comprehensive income	71,119	66,068
Total National HealthCare Corporation stockholders' equity	690,868	669,611
Noncontrolling interest	621	-
Total stockholders' equity	691,489	669,611
Total liabilities and stockholders' equity	$ 1,110,837	$ 1,087,447

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

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

	Nine Months Ended September 30	
	2017	2016 *(as adjusted)*
Cash Flows From Operating Activities:		
Net income	$ 34,386	$ 36,675
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	31,609	28,847
Provision for doubtful accounts receivable	5,612	5,774
Equity in earnings of unconsolidated investments	(5,908)	(4,926)
Distributions from unconsolidated investments	7,748	7,163
Gains on sale of restricted marketable securities	(255)	(804)
Deferred income taxes	881	909
Stock–based compensation	1,263	502
Changes in operating assets and liabilities, net of the effect of acquisitions:		
Accounts receivable	(3,339)	1,667
Income tax receivable	(1,248)	(1,003)
Inventories	395	122
Prepaid expenses and other assets	(942)	(704)
Trade accounts payable	(3,857)	(2,769)
Accrued payroll	(10,326)	(14,759)
Amounts due to third party payors	3,630	2,353
Accrued risk reserves	4,375	(899)
Other current liabilities	7,086	5,880
Other noncurrent liabilities	(760)	(84)
Deferred revenue	645	837
Net cash provided by operating activities	70,995	64,781
Cash Flows From Investing Activities:		
Additions to property and equipment	(24,328)	(50,466)
Investments in unconsolidated companies	(176)	(1,282)
Investments in notes receivable	–	(2,419)
Collections of notes receivable	3,970	845
Purchases of restricted marketable securities	(24,874)	(34,747)
Sales of restricted marketable securities	46,598	30,963
Net cash provided by (used in) investing activities	1,190	(57,106)
Cash Flows From Financing Activities:		
Tax expense from stock–based compensation	–	(1,134)
Principal payments under capital lease obligations	(2,591)	(2,440)
Dividends paid to common stockholders	(20,943)	(18,977)
Issuance of common shares	1,627	10,070
Repurchase of common shares	–	(8,195)
Equity attributable to noncontrolling interest	970	–
Entrance fee refunds	(1,097)	(196)
Change in deposits	–	253
Net cash used in financing activities	(22,034)	(20,619)
Net Increase (Decrease) in Cash, Cash Equivalents, Restricted Cash, and Restricted Cash Equivalents	50,151	(12,944)
Cash, Cash Equivalents, Restricted Cash, and Restricted Cash Equivalents, Beginning of Period	31,589	49,314
Cash, Cash Equivalents, Restricted Cash, and Restricted Cash Equivalents, End of Period	$ 81,740	$ 36,370
Balance Sheet Classifications:		
Cash and cash equivalents	$ 69,790	$ 19,212
Restricted cash and cash equivalents	11,950	17,158
Total Cash, Cash Equivalents, Restricted Cash, and Restricted Cash Equivalents	$ 81,740	$ 36,370

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

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

	Common Stock Shares	Common Stock Amount	Capital in Excess of Par Value	Retained Earnings	Accumulated Other Comprehensive Income	Non-controlling Interest	Total Stockholders' Equity
Balance at January 1, 2016	15,000,616	$ 150	$ 209,469	$ 368,013	$ 53,364	$ –	$ 630,996
Net income attributable to National HealthCare Corporation	–	–	–	36,675	–	–	36,675
Other comprehensive income	–	–	–	–	21,699	–	21,699
Stock–based compensation	–	–	502	–	–	–	502
Tax expense from exercise of stock options	–	–	(1,134)	–	–	–	(1,134)
Shares sold – options exercised	278,623	3	10,067	–	–	–	10,070
Repurchase of common stock	(130,000)	(1)	(8,194)	–	–	–	(8,195)
Dividends declared to common stockholders ($1.30 per share)	–	–	–	(19,798)	–	–	(19,798)
Balance at September 30, 2016	15,149,239	$ 152	$ 210,710	$ 384,890	$ 75,063	$ –	$ 670,815
Balance at January 1, 2017	15,162,938	$ 152	$ 211,457	$ 391,934	$ 66,068	$ –	$ 669,611
Net income attributable to National HealthCare Corporation	–	–	–	34,735	–	–	34,735
Net loss attributable to noncontrolling interest	–	–	–	–	–	(349)	(349)
Equity contributed by noncontrolling interest	–	–	–	–	–	970	970
Other comprehensive income	–	–	–	–	5,051	–	5,051
Stock–based compensation	–	–	1,263	–	–	–	1,263
Shares sold – options exercised	33,917	–	1,627	–	–	–	1,627
Dividends declared to common stockholders ($1.41 per share)	–	–	–	(21,419)	–	–	(21,419)
Balance at September 30, 2017	15,196,855	$ 152	$ 214,347	$ 405,250	$ 71,119	$ 621	$ 691,489

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

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

FORM 10–K

(Mark One)

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES AND EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2016

OR

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

For the transition period from _____ to _____

Commission File No. 001–13489

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

Delaware	**52–2057472**
(State of Incorporation)	(I.R.S. Employer I.D. No.)

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

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

Title of Each Class	Name of Each Exchange on which Registered
Shares of Common Stock	**NYSE MKT**

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

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

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

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

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

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

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

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

The aggregate market value of Common Stock held by non–affiliates on June 30, 2016 (based on the closing price of such shares on the NYSE MKT) was approximately $505 million. For purposes of the foregoing calculation only, all directors, named executive officers and persons known to the Registrant to be holders of 5% or more of the Registrant's Common Stock have been deemed affiliates of the Registrant.
The number of shares of Common Stock outstanding as of February 9, 2017 was 15,177,938.

Documents Incorporated by Reference

The following documents are incorporated by reference into Part III, Items 10, 11, 12, 13 and 14 of this Form 10–K:
The Registrant's definitive proxy statement for its 2017 shareholder's meeting.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Stockholders
National HealthCare Corporation

We have audited the accompanying consolidated balance sheets of National HealthCare Corporation as of December 31, 2016 and 2015 and the related consolidated statements of income, comprehensive income, stockholders' equity and cash flows for each of the three years in the period ended December 31, 2016. Our audits also included the financial statement schedule listed in the Index at Item 15(a). These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of National HealthCare Corporation at December 31, 2016 and 2015 and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2016, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

As discussed in Note 1 to the consolidated financial statements, the Company changed its presentation of restricted cash in the statements of cash flows as a result of the adoption of the amendments to the FASB Accounting Standards Codification resulting from Accounting Standards Update No. 2016–18, *Statement of Cash Flows (Topic 230)—Restricted Cash—a consensus of the FASB Emerging Issues Task Force.*

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), National HealthCare Corporation's internal control over financial reporting as of December 31, 2016, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 Framework) and our report dated February 15, 2017, expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Nashville, Tennessee
February 15, 2017

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

	Year Ended December 31,		
	2016	2015	2014
Revenues:			
Net patient revenues	$ 880,724	$ 864,846	$ 829,287
Other revenues	45,914	41,776	42,396
Net operating revenues	926,638	906,622	871,683
Costs and Expenses:			
Salaries, wages and benefits	548,007	532,735	510,249
Other operating	233,833	227,072	217,143
Facility rent	41,292	39,967	39,731
Depreciation and amortization	39,023	37,114	34,384
Interest	3,941	2,608	2,165
Total costs and expenses	866,096	839,496	803,672
Income Before Non–Operating Income	60,542	67,126	68,011
Non–Operating Income	19,665	18,148	17,182
Income Before Income Taxes	80,207	85,274	85,193
Income Tax Provision	(29,669)	(32,131)	(31,824)
Net Income	50,538	53,143	53,369
Dividends to Preferred Stockholders	–	(6,819)	(8,670)
Net Income Available to Common Stockholders	$ 50,538	$ 46,324	$ 44,699
Earnings Per Common Share:			
Basic	$ 3.34	$ 3.34	$ 3.24
Diluted	$ 3.32	$ 3.20	$ 3.14
Weighted Average Common Shares Outstanding:			
Basic	15,134,518	13,889,134	13,816,095
Diluted	15,206,997	14,491,433	14,222,133
Dividends Declared Per Common Share	$ 1.75	$ 1.54	$ 1.34

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

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

	Year Ended December 31,		
	2016	2015	2014
Net Income	$ 50,538	$ 53,143	$ 53,369
Other Comprehensive Income (Loss):			
Unrealized gains (losses) on investments in marketable securities	21,705	(17,740)	30,416
Reclassification adjustment for realized gains on sale of securities	(816)	(566)	(379)
Income tax (expense) benefit related to items of other comprehensive income (loss)	(8,185)	7,062	(11,614)
Other comprehensive income (loss), net of tax	12,704	(11,244)	18,423
Comprehensive Income	$ 63,242	$ 41,899	$ 71,792

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

NATIONAL HEALTHCARE CORPORATION
Consolidated Balance Sheets
(in thousands)

	December 31, 2016	December 31, 2015
Assets		
Current Assets:		
Cash and cash equivalents	$ 26,335	$ 38,208
Restricted cash and cash equivalents	3,125	8,793
Marketable securities	138,013	116,168
Restricted marketable securities	22,773	18,276
Accounts receivable, less allowance for doubtful accounts of $5,743 and $5,583, respectively	82,531	84,095
Inventories	7,508	7,568
Prepaid expenses and other assets	2,648	2,171
Notes receivable, current portion	3,259	460
Federal income tax receivable	4,665	3,203
Total current assets	290,857	278,942
Property and Equipment:		
Property and equipment, at cost	933,140	875,287
Accumulated depreciation and amortization	(373,516)	(339,241)
Net property and equipment	559,624	536,046
Other Assets:		
Restricted cash and cash equivalents	2,129	2,313
Restricted marketable securities	160,931	151,590
Deposits and other assets	5,244	8,451
Goodwill	17,600	17,600
Notes receivable, less current portion	13,820	12,704
Investments in limited liability companies	37,242	37,683
Total other assets	236,966	230,341
Total assets	$ 1,087,447	$ 1,045,329

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

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

	December 31, 2016	December 31, 2015
Liabilities and Stockholders' Equity		
Current Liabilities:		
Trade accounts payable	$ 18,593	$ 20,128
Capital lease obligations, current portion	3,481	3,279
Accrued payroll	65,912	65,338
Amounts due to third party payors	17,019	16,654
Accrued risk reserves, current portion	25,898	27,069
Other current liabilities	13,207	12,192
Dividends payable	6,818	5,996
Total current liabilities	150,928	150,656
Long–term debt	120,000	120,000
Capital lease obligations, less current portion	26,748	30,228
Accrued risk reserves, less current portion	65,264	71,439
Refundable entrance fees	9,924	9,865
Obligation to provide future services	3,236	3,440
Deferred income taxes	22,072	9,096
Other noncurrent liabilities	16,302	16,294
Deferred revenue	3,362	3,315
Stockholders' Equity:		
Common stock, $.01 par value; 30,000,000 shares authorized; 15,162,938 and 15,000,616 shares, respectively, issued and outstanding	152	150
Capital in excess of par value	211,457	209,469
Retained earnings	391,934	368,013
Accumulated other comprehensive income	66,068	53,364
Total stockholders' equity	669,611	630,996
Total liabilities and stockholders' equity	$ 1,087,447	$ 1,045,329

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

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

	Year Ended December 31,		
	2016	2015	2014
		(as adjusted)	*(as adjusted)*
Cash Flows From Operating Activities:			
Net income	$ 50,538	$ 53,143	$ 53,369
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	39,023	37,114	34,384
Provision for doubtful accounts	5,967	6,583	6,228
Equity in earnings of unconsolidated investments	(6,636)	(5,845)	(6,675)
Distributions from unconsolidated investments	8,059	6,505	10,288
Gains on sale of marketable securities	(816)	(566)	(379)
Deferred income taxes	4,791	(648)	(1,434)
Stock–based compensation	509	1,982	2,021
Changes in operating assets and liabilities, net of the effect of acquisitions:			
Accounts receivable	(4,403)	(11,835)	(5,215)
Income tax receivable	(1,462)	1,524	(4,727)
Inventories	60	(441)	19
Prepaid expenses and other assets	(477)	89	(2,587)
Trade accounts payable	(1,535)	4,251	2,827
Accrued payroll	574	5,479	(3,603)
Amounts due to third party payors	365	(6,277)	1,312
Other current liabilities and accrued risk reserves	(3,526)	(7,455)	(5,652)
Obligation to provide future services	(204)	(487)	238
Other noncurrent liabilities	8	283	1,486
Deferred revenue	47	(44)	39
Net cash provided by operating activities	90,882	83,355	81,939
Cash Flows From Investing Activities:			
Additions to property and equipment	(62,601)	(58,416)	(53,298)
Investments in unconsolidated companies	(1,282)	(674)	(1,975)
Acquisition of non–controlling interest	–	–	(768)
Investments in notes receivable	(5,251)	(5,676)	(767)
Collections of notes receivable	1,636	4,948	3,156
Purchases of marketable securities	(48,620)	(60,540)	(62,165)
Sale of marketable securities	34,642	47,574	48,786
Net cash used in investing activities	(81,476)	(72,784)	(67,031)
Cash Flows From Financing Activities:			
Borrowings under credit facility	–	110,000	–
Redemption of preferred shareholders	–	(130,538)	–
Principal payments under capital lease obligations	(3,278)	(3,089)	(2,436)
Dividends paid to preferred stockholders	–	(8,986)	(8,670)
Dividends paid to common stockholders	(25,795)	(21,089)	(18,704)
Issuance of common shares	10,772	10,634	7,429
Repurchase of common shares	(8,195)	–	(6,995)
Tax (expense) benefit from exercise of stock options	(1,096)	1,942	201
Debt issuance costs	–	(601)	–
Entrance fee deposits (refunds)	59	(354)	(501)
Change in deposits	402	406	(448)
Net cash used in financing activities	(27,131)	(41,675)	(30,124)
Net Decrease in Cash, Cash Equivalents, Restricted Cash, and Restricted Cash Equivalents	(17,725)	(31,104)	(15,216)
Cash, Cash Equivalents, Restricted Cash, and Restricted Cash Equivalents, Beginning of Period	49,314	80,418	95,634
Cash, Cash Equivalents, Restricted Cash, and Restricted Cash Equivalents, End of Period	$ 31,589	$ 49,314	$ 80,418
Balance Sheet Classifications:			
Cash and cash equivalents	$ 26,335	$ 38,208	$ 69,767
Restricted cash and cash equivalents	5,254	11,106	10,651
Total Cash, Cash Equivalents, Restricted Cash, and Restricted Cash Equivalents	$ 31,589	$ 49,314	$ 80,418

NATIONAL HEALTHCARE CORPORATION
Consolidated Statements of Cash Flows
(continued)

(in thousands)	Year Ended December 31, 2016	2015	2014
Supplemental Information:			
Cash payments for interest	$ 4,528	$ 2,965	$ 2,242
Cash payments for income taxes	27,668	29,183	36,642
Non–cash financing and investing activities include:			
Buildings, personal property, and obligations recorded under capital lease agreements	–	–	39,032

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

Section B Economic Feasibility – C

Historical & Data Charts w/Assumptions

HISTORICAL DATA CHART

[X] Total Facility
[ ] Project Only

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

	Year 2014	Year 2015	Year 2016
A. Utilization Data (Specify unit of measure) Patient Days	47,867	51,534	50,744
% Occupancy (160 Licensed Beds)	81.96%	88.24%	86.65%
B. Revenue from Services to Patients			
1. Inpatient Services	$ 18,644,827	$ 22,082,342	$ 22,283,213
2. Outpatient Services			
3. Emergency Services			
4. Other Operating Revenue (Specify) Cafateria Sales, interest, etc.	5,187	24,200	15,283
Gross Operating Revenue	**$ 18,650,014**	**$ 22,106,542**	**$ 22,298,496**
C. Deductions from Gross Operating Revenue			
1. Contractual Adjustments	$ (6,167,359)	$ (7,534,217)	$ (7,588,273)
2. Provision for Charity Care	(555,466)	(658,701)	(597,965)
3. Provisions for Bad Debt	(107,246)	(92,308)	(109,777)
Total Deductions	**$ (6,830,071)**	**$ (8,285,226)**	**$ (8,296,015)**
NET OPERATING REVENUE	**$ 11,819,943**	**$ 13,821,316**	**$ 14,002,481**
D. Operating Expenses			
1. Salaries and Wages			
a. Direct Patient Care	$ 3,287,904	$ 3,750,048	$ 3,957,252
b. Non-Patient Care	1,553,939	$ 1,576,584	$ 1,631,885
2. Physician's Salaries and Wages (Medical Services)	80,732	81,793	87,539
3. Supplies	219,140	256,334	239,781
4. Rent			
a. Paid to Affiliates			
b. Paid to Non-Affiliates	780,927	785,546	906,448
5. Management Fees:			
a. Fees to Affiliates	354,598	414,639	420,074
a. Fees to Non-Affiliates			
6. Other Expenses (Specify)	6,221,465	7,466,131	8,119,901
Total Operating Expenses	$ 12,498,705	$ 14,331,075	$ 15,362,880
E. Earnings Before Interest, Taxes and Depreciation	$ (678,762)	$ (509,759)	$ (1,360,399)
F. Non-Operating Expenses			
1. Taxes	$ 133,131	$ 141,536	$ 155,829
2. Depreciation	353,328	351,516	379,174
3. Interest	110	32	3,943
6. Other Non-Operating Expenses			
Total Non-Operating Expenses	**$ 486,569**	**$ 493,084**	**$ 538,946**
NET INCOME (LOSS)	**$ (1,165,331)**	**$ (1,002,843)**	**$ (1,899,345)**

Chart Continues Onto Next Page

NET INCOME (LOSS)	**$ (1,165,331)**	**$ (1,002,843)**	**$ (1,899,345)**
G. Other Deductions			
1. Annual Principal Debt Repayment	$ -	$ -	$ -
2. Annual Capital Expenditure	3,653	321,423	355,105
Total Other Deductions	$ 3,653	$ 321,423	$ 355,105
NET BALANCE	$ (1,168,984)	$ (1,324,266)	$ (2,254,450)
DEPRECIATION	$ 353,328	$ 351,516	$ 379,174
FREE CASH FLOW (Net Balance + Depreciation)	$ (815,656)	$ (972,750)	$ (1,875,276)

☒ Total Facility

☐ Project Only

HISTORICAL DATA CHART - OTHER EXPENSES

OTHER EXPENSES CATEGORIES	Year 2014	Year 2015	Year 2016
1. Professional Services Contract	$ -	$ -	$ -
2. Contract Labor			
3. Imaging Intrepretation Fees			
4.			
5.			
6.			
7. See attached schedules detailing other expenses by departme	6,221,465	7,466,131	8,119,901
TOTAL OTHER EXPENSES	$ 6,221,465	$ 7,466,131	$ 8,119,901

HISTORICAL DATA CHART SUPPLEMENT
ANALYSIS OF HISTORICAL OPERATING EXPENSES

	2014				2015			
	Salaries		Other	Total	Salaries		Other	Total
	Direct Patient Care	Non-Patient Care			Direct Patient Care	Non-Patient Care		
Nursing	$3,258,577		$1,174,463	$ 4,433,040	$3,719,722		$1,244,171	$ 4,963,893
Social Services		219,464	47,333	266,797		179,877	42,663	222,540
Activities		63,785	45,354	109,139		69,778	44,509	114,287
Dietary		402,702	468,704	871,406		403,092	497,980	901,072
Plant Operations		59,924	444,798	504,722		68,497	387,990	456,487
Housekeeping		225,869	72,841	298,710		228,775	74,750	303,525
Laundry		132,222	37,092	169,314		132,747	39,367	172,114
Medical Records		96,852	54,272	151,124		107,785	59,990	167,775
Administrative & General		353,121	744,356	1,097,477		386,033	876,074	1,262,107
State License Fee			414,762	414,762			496,334	496,334
Insurance			12,578	12,578			13,135	13,135
IV Therapy			102,141	102,141			159,056	159,056
Pharmacy			1,027,349	1,027,349			1,390,067	1,390,067
Occupational Therapy			514,856	514,856			705,761	705,761
Speech Therapy			152,267	152,267			237,027	237,027
Inhalation Therapy			57,506	57,506			100,387	100,387
Physical Therapy	29,327		748,624	777,951	30,326		933,171	963,497
Transportation			6,653	6,653			17,276	17,276
Laboratory			52,183	52,183			85,417	85,417
X-Ray			30,054	30,054			51,283	51,283
Beauty and Barber			13,279	13,279			9,723	9,723
Miscellaneous								
TOTAL	$3,287,904	$1,553,939	$6,221,465	$11,063,308	$3,750,048	$1,576,584	$7,466,131	$12,792,763

HISTORICAL DATA CHART SUPPLEMENT
ANALYSIS OF HISTORICAL OPERATING EXPENSES

	2016			
	Salaries		Other	Total
	Direct Patient Care	Non-Patient Care		
Nursing	$3,926,372		$1,326,084	$ 5,252,456
Social Services		175,753	49,625	225,378
Activities		73,286	42,814	116,100
Dietary		419,779	532,007	951,786
Plant Operations		69,962	411,619	481,581
Housekeeping		237,853	79,528	317,381
Laundry		149,493	45,131	194,624
Medical Records		132,054	72,349	204,403
Administrative & General		373,705	1,005,917	1,379,622
State License Fee			531,114	531,114
Insurance			13,147	13,147
IV Therapy			151,137	151,137
Pharmacy			1,407,960	1,407,960
Occupational Therapy			833,538	833,538
Speech Therapy			284,106	284,106
Inhalation Therapy			85,792	85,792
Physical Therapy	30,880		1,077,444	1,108,324
Transportation			19,331	19,331
Laboratory			84,473	84,473
X-Ray			57,353	57,353
Beauty and Barber			9,432	9,432
Miscellaneous				
TOTAL	$3,957,252	$1,631,885	$8,119,901	$13,709,038

Section B Economic Feasibility – D

Projected Data Charts w/Assumptions

PROJECTED DATA CHART

[ ] Total Facility
[X] Project Only

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

	Year Nov-19	Year Nov-20
A. Utilization Data (Specify unit of measure) (Patient Days)	2,197	2,383
(% Occupancy)	85.99%	93.01%
B. Revenue from Services to Patients		
1. Inpatient Services	$1,359,854	$1,533,978
2. Outpatient Services		
3. Emergency Services		
4. Other Operating Revenue (Specify)		
Gross Operating Revenue	**$ 1,359,854**	**$ 1,533,978**
C. Deductions from Gross Operating Revenue		
1. Contractual Adjustments	$ (420,926)	$ (495,181)
2. Provision for Charity Care	(25,093)	(27,762)
3. Provisions for Bad Debt	(4,676)	(5,174)
Total Deductions	**$ (450,695)**	**$ (528,117)**
NET OPERATING REVENUE	**$ 909,159**	**$ 1,005,861**
D. Operating Expenses		
1. Salaries and Wages		
a. Direct Patient Care	$ 208,553	$ 212,859
b. Non-Patient Care	-	$ -
2. Physician's Salaries and Wages	4,251	4,378
3. Supplies	18,531	20,703
4. Rent		
a. Paid to Affiliates		
b. Paid to Non-Affiliates		
5. Management Fees:		
a. Fees to Affiliates	33,944	37,694
a. Fees to Non-Affiliates		
6. Other Expenses (Specify)	596,706	635,663
Total Operating Expenses	**$ 861,985**	**$ 911,297**
E. Earnings Befor Interest, Taxes and Depreciation	**$ 47,174**	**$ 94,564**
F. Non-Operating Expenses		
1. Taxes	$ -	$ -
2. Depreciation	18,533	18,533
3. Interest		
6. Other Non-Operating Expenses		
Total Non-Operating Expenses	**$ 18,533**	**$ 18,533**
NET INCOME (LOSS)	**$ 28,641**	**$ 76,031**

Chart Continues Onto Next Page

NET INCOME (LOSS)	**$ 28,641**	**$ 76,031**
G. Other Deductions		
1. Annual Principal Debt Repayment	$ -	$ -
2. Annual Capital Expenditure	7,000	7,000
Total Other Deductions	$ 7,000	$ 7,000
NET BALANCE	$ 21,641	$ 69,031
DEPRECIATION	$ 18,533	$ 18,533
FREE CASH FLOW (Net Balance + Depreciation)	$ 40,174	$ 87,564

[ ] **Total Facility**

[x] **Project Only**

HISTORICAL DATA CHART - OTHER EXPENSES

OTHER EXPENSES CATEGORIES	**Year Nov-19**	**Year Nov-20**
1. Professional Services Contract	$ -	$ -
2. Contract Labor		
3. Imaging Intrepretation Fees		
4.		
5.		
6.		
7. See attached schedules detailing other expenses by departr	596,706	635,663
TOTAL OTHER EXPENSES	$ 596,706	$ 635,663

PROJECTED DATA CHART SUPPLEMENT

PROJECTED DATA
YEAR 1

	Salaries		Other	Total
	Direct Patient Care	Non-Patient Care		
Inhalation Therapy			$ 8,487	$ 8,487
Occupational Therapy			128,915	128,915
Physical Therapy			129,264	129,264
Speech Pathology			93	93
Pharmacy			154,901	154,901
Lab and Radiology			21,903	21,903
IV Therapy			19,764	19,764
Nursing Service	208,553		61,918	270,471
Social Service	-		1,325	1,325
Activities	-		2,966	2,966
Dietary	-		22,066	22,066
Plant Operations		-	6,325	6,325
Housekeeping		-	2,279	2,279
Laundry and Linen		-	1,093	1,093
Medical Records		-	2,697	2,697
Adminstrative and General		-	32,710	32,710
Totals	$ 208,553	$ -	$ 596,706	$ 805,259

PROJECTED DATA CHART SUPPLEMENT

PROJECTED DATA
YEAR 2

	Salaries		Other	Total
	Direct Patient Care	Non-Patient Care		
Inhalation Therapy			$ 9,481	$ 9,481
Occupational Therapy			132,142	132,142
Physical Therapy			132,532	132,532
Speech Pathology			104	104
Pharmacy			173,055	173,055
Lab and Radilology			24,470	24,470
IV Therapy			22,080	22,080
Nursing Service	$ 212,859		64,653	277,512
Social Service	-		1,481	1,481
Activities	-		2,026	2,026
Dietary	-		24,652	24,652
Plant Operations		-	7,228	7,228
Housekeeping		-	2,546	2,546
Laundry and Linen		-	1,221	1,221
Medical Records		-	3,013	3,013
Adminstrative and General		-	34,979	34,979
Totals	$ 212,859	$ -	$ 635,663	$ 848,522

PROJECTED DATA CHART
Existing Facility

☐ Total Facility
☐ Project Only

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

	Year Nov-19	Year Nov-20
A. Utilization Data (Specify unit of measure) (Patient Days)	53,290	53,436
(% Occupancy)	91.25%	91.25%
B. Revenue from Services to Patients		
1. Inpatient Services	25,114,970	25,939,291
2. Outpatient Services		
3. Emergency Services		
4. Other Operating Revenue (Specify)	25,380	26,213
Gross Operating Revenue	**$ 25,140,350**	**$ 25,965,504**
C. Deductions from Gross Operating Revenue		
1. Contractual Adjustments	$ (8,052,593)	(8,316,895)
2. Provision for Charity Care	(500,000)	(500,000)
3. Provisions for Bad Debt	(189,618)	(195,842)
Total Deductions	**$ (8,742,211)**	**$ (9,012,737)**
NET OPERATING REVENUE	**$ 16,398,139**	**$ 16,952,767**
D. Operating Expenses		
1. Salaries and Wages		
a. Direct Patient Care	$ 4,317,960	$ 4,459,684
b. Non-Patient Care	1,729,466	1,786,231
2. Physician's Salaries and Wages	125,197	129,306
3. Supplies	241,946	249,887
4. Rent		
a. Paid to Affiliates		
b. Paid to Non-Affiliates	882,083	882,083
5. Management Fees:		
a. Fees to Affiliates	491,944	508,583
a. Fees to Non-Affiliates		
6. Other Expenses (Specify)	9,012,909	9,308,731
Total Operating Expenses	**$ 16,801,505**	**$ 17,324,505**
E. Earnings Befor Interest, Taxes and Depreciation	**$ (403,366)**	**$ (371,738)**
F. Non-Operating Expenses		
1. Taxes	$ 162,421	$ 167,752
2. Depreciation	394,930	394,930
3. Interest		
6. Other Non-Operating Expenses		
Total Non-Operating Expenses	**$ 557,351**	**$ 562,682**
NET INCOME (LOSS)	**$ (960,717)**	**$ (934,420)**

Chart Continues Onto Next Page

NET INCOME (LOSS)	**$ (960,717)**	**$ (934,420)**
G. Other Deductions		
1. Annual Principal Debt Repayment	$ -	$ -
2. Annual Capital Expenditure	160,000	160,000
Total Other Deductions	$ 160,000	$ 160,000
NET BALANCE	$ (1,120,717)	$ (1,094,420)
DEPRECIATION	$ 394,930	$ 394,930
FREE CASH FLOW (Net Balance + Depreciation)	$ (725,787)	$ (699,490)

Existing Facility

☐ **Total Facility**

☐ **Project Only**

HISTORICAL DATA CHART - OTHER EXPENSES

OTHER EXPENSES CATEGORIES	**Year Nov-19**	**Year Nov-20**
1. Professional Services Contract	$ -	$ -
2. Contract Labor		
3. Imaging Intrepretation Fees		
4.		
5.		
6.		
7. See attached schedules detailing other expenses by departr	9,012,909	9,308,731
TOTAL OTHER EXPENSES	$ 9,012,909	$ 9,308,731

PROJECTED DATA CHART SUPPLEMENT

PROJECTED DATA
YEAR 1 Existing Facility

	Salaries		Other	Total
	Direct Patient Care	Non-Patient Care		
Inhalation Therapy	-		$ 78,957	$ 78,957
Occupational Therapy	-		929,209	929,209
Physical Therapy	33,298		1,179,049	1,212,347
Speech Pathology	-		288,424	288,424
Pharmacy	-		1,665,998	1,665,998
Lab and Radiology	-		175,968	175,968
IV Therapy	-		183,861	183,861
Nursing Service	4,284,662		1,451,944	5,736,606
Social Service		188,831	49,174	238,005
Activities		76,588	52,098	128,686
Dietary		451,906	587,069	1,038,975
Plant Operations		75,134	443,666	518,800
Housekeeping		251,963	88,306	340,269
Laundry and Linen		159,331	43,600	202,931
Medical Records		128,106	76,975	205,081
Adminstrative and General		397,607	1,718,611	2,116,218
Totals	$4,317,960	$1,729,466	$9,012,909	$ 15,060,335

PROJECTED DATA CHART SUPPLEMENT

PROJECTED DATA
YEAR 2 Existing Facility

	Salaries		Other	Total
	Direct Patient Care	Non-Patient Care		
Inhalation Therapy	-	-	81,549	$ 81,549
Occupational Therapy	-	-	959,707	959,707
Physical Therapy	34,391	-	1,217,748	1,252,139
Speech Pathology	-	-	297,891	297,891
Pharmacy	-	-	1,720,679	1,720,679
Lab and Radilology	-	-	181,744	181,744
IV Therapy	-	-	189,896	189,896
Nursing Service	4,425,293	-	1,499,600	5,924,893
Social Service	-	195,029	50,788	245,817
Activities	-	79,102	53,808	132,910
Dietary	-	466,738	606,338	1,073,076
Plant Operations	-	77,600	458,228	535,828
Housekeeping	-	260,233	91,204	351,437
Laundry and Linen	-	164,561	45,031	209,592
Medical Records	-	132,311	79,501	211,812
Adminstrative and General	-	410,657	1,775,019	2,185,676
Totals	$4,459,684	$1,786,231	$9,308,731	$ 15,554,646

PROJECTED DATA CHART
Existing Facility plus Bed Addition

[x] Total Facility
[ ] Project Only

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

	Year Nov-19	Year Nov-20
A. Utilization Data (Specify unit of measure) (Patient Days)	55,487	55,819
(% Occupancy)	91.03%	91.32%
B. Revenue from Services to Patients		
1. Inpatient Services	26,474,824	27,473,269
2. Outpatient Services		
3. Emergency Services		
4. Other Operating Revenue (Specify)	25,380	26,213
Gross Operating Revenue	**$ 26,500,204**	**$ 27,499,482**
C. Deductions from Gross Operating Revenue		
1. Contractual Adjustments	(8,473,519)	(8,812,076)
2. Provision for Charity Care	(525,093)	(527,762)
3. Provisions for Bad Debt	(194,294)	(201,016)
Total Deductions	**$ (9,192,906)**	**$ (9,540,854)**
NET OPERATING REVENUE	**$ 17,307,298**	**$ 17,958,628**
D. Operating Expenses		
1. Salaries and Wages		
a. Direct Patient Care	4,526,513	4,672,543
b. Non-Patient Care	1,729,466	1,786,231
2. Physician's Salaries and Wages	129,448	133,684
3. Supplies	260,477	270,590
4. Rent		
a. Paid to Affiliates		
b. Paid to Non-Affiliates	882,083	882,083
5. Management Fees:		
a. Fees to Affiliates	525,888	546,277
a. Fees to Non-Affiliates		
6. Other Expenses (Specify)	9,609,615	9,944,394
Total Operating Expenses	**$ 17,663,490**	**$ 18,235,802**
E. Earnings Befor Interest, Taxes and Depreciation	**$ (356,192)**	**$ (277,174)**
F. Non-Operating Expenses		
1. Taxes	$ 162,421	$ 167,752
2. Depreciation	413,463	413,463
3. Interest		
6. Other Non-Operating Expenses		
Total Non-Operating Expenses	**$ 575,884**	**$ 581,215**
NET INCOME (LOSS)	**$ (932,076)**	**$ (858,389)**

Chart Continues Onto Next Page

NET INCOME (LOSS)	**$ (932,076)**	**$ (858,389)**
G. Other Deductions		
1. Annual Principal Debt Repayment	$ -	$ -
2. Annual Capital Expenditure	167,000	167,000
Total Other Deductions	$ 167,000	$ 167,000
NET BALANCE	$ (1,099,076)	$ (1,025,389)
DEPRECIATION	$ 413,463	$ 413,463
FREE CASH FLOW (Net Balance + Depreciation)	$ (685,613)	$ (611,926)

Existing Facility plus Bed Addition

[x] **Total Facility**

[ ] **Project Only**

HISTORICAL DATA CHART - OTHER EXPENSES

OTHER EXPENSES CATEGORIES	**Year Nov-19**	**Year Nov-20**
1. Professional Services Contract	$ -	$ -
2. Contract Labor		
3. Imaging Intrepretation Fees		
4.		
5.		
6.		
7. See attached schedules detailing other expenses by departr	9,609,615	9,944,394
TOTAL OTHER EXPENSES	$ 9,609,615	$ 9,944,394

PROJECTED DATA CHART SUPPLEMENT

PROJECTED DATA

YEAR 1 160 Existing Beds plus 7 Bed Addition

	Salaries		Other	Total
	Direct Patient Care	Non-Patient Care		
Inhalation Therapy	-	-	87,444	87,444
Occupational Therapy	-	-	1,058,124	1,058,124
Physical Therapy	33,298	-	1,308,313	1,341,611
Speech Pathology	-	-	288,517	288,517
Pharmacy	-	-	1,820,899	1,820,899
Lab and Radiology	-	-	197,871	197,871
IV Therapy	-	-	203,625	203,625
Nursing Service	4,493,215	-	1,513,862	6,007,077
Social Service	-	188,831	50,499	239,330
Activities	-	76,588	55,064	131,652
Dietary	-	451,906	609,135	1,061,041
Plant Operations	-	75,134	449,991	525,125
Housekeeping	-	251,963	90,585	342,548
Laundry and Linen	-	159,331	44,693	204,024
Medical Records	-	128,106	79,672	207,778
Adminstrative and General	-	397,607	1,751,321	2,148,928
Totals	$4,526,513	$1,729,466	$9,609,615	$ 15,865,594

PROJECTED DATA CHART SUPPLEMENT

PROJECTED DATA
YEAR 2 160 Existing Beds plus 7 Bed Addition

	Salaries		Other	Total
	Direct Patient Care	Non-Patient Care		
Inhalation Therapy	-	-	91,030	91,030
Occupational Therapy	-	-	1,091,849	1,091,849
Physical Therapy	34,391	-	1,350,280	1,384,671
Speech Pathology	-	-	297,995	297,995
Pharmacy	-	-	1,893,734	1,893,734
Lab and Radilology	-	-	206,214	206,214
IV Therapy	-	-	211,976	211,976
Nursing Service	4,638,152	-	1,564,253	6,202,405
Social Service	-	195,029	52,269	247,298
Activities	-	79,102	55,834	134,936
Dietary	-	466,738	630,990	1,097,728
Plant Operations	-	77,600	465,456	543,056
Housekeeping	-	260,233	93,750	353,983
Laundry and Linen	-	164,561	46,252	210,813
Medical Records	-	132,311	82,514	214,825
Adminstrative and General	-	410,657	1,809,998	2,220,655
Totals	$4,672,543	$1,786,231	$9,944,394	$ 16,403,168

PROJECTED REVENUES
FOR NURSING HOME PROJECTS
PAGE 1

PROJECTED OPERATING YEAR 1 ENDING Nov-19

	PVT -PVT (1)	SP - Comp (2)	Semi PVT (3)	Medicaid (4)	MEDICARE (5)	Managed Care (6)	Hospice (7)	MEDICARE PART B (8)	MISC (9)	RESTRICTED GRANTS & DONATIONS (10)	NON NURSING HOME REVENUE (11)	TOTAL (12)
1 ROUTINE SERVICES					267,064	277,727	-					544,791
2 PHYSICAL THERAPY					156,624	138,521			\\\\\\\\\\\\	\\\\\\\\\\\\\\\\\\	\\\\\\\\\\\\\\	295,145
3 SPEECH THERAPY					32,895	31,741			\\\\\\\\\\\\	\\\\\\\\\\\\\\\\\\	\\\\\\\\\\\\\\	64,636
4 OCCUPATIONAL THERAPY					126,864	118,870			\\\\\\\\\\\\	\\\\\\\\\\\\\\\\\\	\\\\\\\\\\\\\\	245,734
5 MEDICAL SERVICES/TRANSPORTATION					897	223	-		\\\\\\\\\\\\	\\\\\\\\\\\\\\\\\\	\\\\\\\\\\\\\\	1,120
6 MEDICAL SUPPLIES					6,233	4,796			\\\\\\\\\\\\	\\\\\\\\\\\\\\\\\\	\\\\\\\\\\\\\\	11,029
7 PHARMACY					72,598	89,292			\\\\\\\\\\\\	\\\\\\\\\\\\\\\\\\	\\\\\\\\\\\\\\	161,890
8 LAB					6,218	3,009			\\\\\\\\\\\\	\\\\\\\\\\\\\\\\\\	\\\\\\\\\\\\\\	9,227
9 RADIOLOGY/MEDICAL SERVICES					5,155	1,875			\\\\\\\\\\\\	\\\\\\\\\\\\\\\\\\	\\\\\\\\\\\\\\	7,030
10 OTHER - INHALATION THERAPY					3,102	3,357	-	-	\\\\\\\\\\\\	\\\\\\\\\\\\\\\\\\	\\\\\\\\\\\\\\	6,459
10 OTHER ANCILLARY - IV THERAPY					5,234	6,564			\\\\\\\\\\\\	\\\\\\\\\\\\\\\\\\	\\\\\\\\\\\\\\	11,798
11 UNRESTRICTED GRANTS/DONATIONS	\\\\\\\\\\\\	\\\\\\\\\\\\	\\\\\\\\\\\\\\	\\\\\\\\\\\\\\	\\\\\\\\\\\\\\	\\\\\\\\\\\\	\\\\\\\\\\\\	\\\\\\\\\\\\		\\\\\\\\\\\\\\\\\\	\\\\\\\\\\\\\\	
12 OUTPATIENT CLINIC	\\\\\\\\\\\\	\\\\\\\\\\\\	\\\\\\\\\\\\\\	\\\\\\\\\\\\\\	\\\\\\\\\\\\\\	\\\\\\\\\\\\	\\\\\\\\\\\\	\\\\\\\\\\\\		\\\\\\\\\\\\\\\\\\	\\\\\\\\\\\\\\	
13 OTHER NURSING HOME REVENUE	\\\\\\\\\\\\	\\\\\\\\\\\\	\\\\\\\\\\\\\\	\\\\\\\\\\\\\\	\\\\\\\\\\\\\\	\\\\\\\\\\\\	\\\\\\\\\\\\	\\\\\\\\\\\\	995	\\\\\\\\\\\\\\\\\\	\\\\\\\\\\\\\\	995
14 ALLOWANCE FOR BAD DEBTS					(15,738)	(14,031)			\\\\\\\\\\\\	\\\\\\\\\\\\\\\\\\	\\\\\\\\\\\\\\	(29,769)
15 CONTRACTUAL ADJUSTMENTS				-	(187,022)	(233,904)	-					(420,926)
16 PRIVATE ROOM REVENUE	\\\\\\\\\\\\	\\\\\\\\\\\\				\\\\\\\\\\\\	\\\\\\\\\\\\	\\\\\\\\\\\\	\\\\\\\\\\\\	\\\\\\\\\\\\\\\\\\	\\\\\\\\\\\\\\	
17 TOTAL NURSING HOME REVENUE					480,124	428,040	-		995	\\\\\\\\\\\\\\\\\\	\\\\\\\\\\\\\\	909,159
18 TOTAL RESTRICTED GRANTS/DONATIONS	\\\\\\\\\\\\	\\\\\\\\\\\\	\\\\\\\\\\\\\\	\\\\\\\\\\\\\\	\\\\\\\\\\\\\\	\\\\\\\\\\\\	\\\\\\\\\\\\	\\\\\\\\\\\\	\\\\\\\\\\\\		\\\\\\\\\\\\\\	
19 NON NURSING HOME REVENUES	\\\\\\\\\\\\	\\\\\\\\\\\\	\\\\\\\\\\\\\\	\\\\\\\\\\\\\\	\\\\\\\\\\\\\\	\\\\\\\\\\\\	\\\\\\\\\\\\	\\\\\\\\\\\\	\\\\\\\\\\\\	\\\\\\\\\\\\\\\\\\		
20 TOTAL REVENUE					480,124	428,040	-		995			909,159
22 % OF NURSING HOME REVENUE					52.81%	47.08%			0.11%	\\\\\\\\\\\\\\\\\\	\\\\\\\\\\\\\\	100.00%
23 PATIENT DAYS					1,077	1,120				\\\\\\\\\\\\\\\\\\	\\\\\\\\\\\\\\	2,197
24 % OF PATIENT DAYS					49.00%	51.00%				\\\\\\\\\\\\\\\\\\	\\\\\\\\\\\\\\	100.00%
25 REVENUE PER PATIENT DAY					445.80	382.18			0.45			413.82
26 TOTAL NUMBER NURSING HOME BEDS												7
27 TOTAL NUMBER OTHER BEDS												
28 AVERAGE OCCUPANCY NURSING HOME												85.99%
29 AVERAGE OCCUPANCY OTHER												

PROJECTED REVENUES
FOR NURSING HOME PROJECTS
PAGE 2

PROJECTED OPERATING YEAR 2 ENDING Nov-20

	PVT -PVT (1)	SP - Comp (2)	Semi PVT (3)	ICF Mcaid (4)	MEDICARE (5)	Managed Care (6)	Hospice (7)	MEDICARE PART B (8)	MISC (9)	RESTRICTED GRANTS & DONATIONS (10)	NON NURSING HOME REVENUE (11)	TOTAL (12)
1 ROUTINE SERVICES					301,215	313,336	-	-				614,551
2 PHYSICAL THERAPY					176,675	156,254			\\\\\\\\\\\\	\\\\\\\\\\\\\\\\\\	\\\\\\\\\\\\	332,929
3 SPEECH THERAPY					37,111	35,809			\\\\\\\\\\\\	\\\\\\\\\\\\\\\\\\	\\\\\\\\\\\\	72,920
4 OCCPATIONAL THERAPY					143,105	134,086			\\\\\\\\\\\\	\\\\\\\\\\\\\\\\\\	\\\\\\\\\\\\	277,191
5 MEDICAL SERVICES/TRANSPORTATION					1,012	251			\\\\\\\\\\\\	\\\\\\\\\\\\\\\\\\	\\\\\\\\\\\\	1,263
6 MEDICAL SUPPLIES					7,030	5,409			\\\\\\\\\\\\	\\\\\\\\\\\\\\\\\\	\\\\\\\\\\\\	12,439
7 PHARMACY					81,886	100,715			\\\\\\\\\\\\	\\\\\\\\\\\\\\\\\\	\\\\\\\\\\\\	182,601
8 LAB					7,018	3,396			\\\\\\\\\\\\	\\\\\\\\\\\\\\\\\\	\\\\\\\\\\\\	10,414
9 RADIOLOGY/MEDICAL SERVICES					5,819	2,116			\\\\\\\\\\\\	\\\\\\\\\\\\\\\\\\	\\\\\\\\\\\\	7,935
10 OTHER - INHALATION THERAPY					3,502	3,790			\\\\\\\\\\\\	\\\\\\\\\\\\\\\\\\	\\\\\\\\\\\\	7,292
10 OTHER ANCILLARY - IV THERAPY					5,910	7,411			\\\\\\\\\\\\	\\\\\\\\\\\\\\\\\\	\\\\\\\\\\\\	13,321
11 UNRESTRICTED GRANTS/DONATIONS	\\\\\\\\\\\\	\\\\\\\\\\\\	\\\\\\\\\\\\	\\\\\\\\\\\\	\\\\\\\\\\\\\\	\\\\\\\\\\\\	\\\\\\\\\\\\	\\\\\\\\\\\\		\\\\\\\\\\\\\\\\\\	\\\\\\\\\\\\	
12 OUTPATIENT CLINIC	\\\\\\\\\\\\	\\\\\\\\\\\\	\\\\\\\\\\\\	\\\\\\\\\\\\	\\\\\\\\\\\\\\	\\\\\\\\\\\\	\\\\\\\\\\\\	\\\\\\\\\\\\		\\\\\\\\\\\\\\\\\\	\\\\\\\\\\\\	
13 OTHER NURSING HOME REVENUE	\\\\\\\\\\\\	\\\\\\\\\\\\	\\\\\\\\\\\\	\\\\\\\\\\\\	\\\\\\\\\\\\\\	\\\\\\\\\\\\	\\\\\\\\\\\\	\\\\\\\\\\\\	1,122	\\\\\\\\\\\\\\\\\\	\\\\\\\\\\\\	1,122
14 ALLOWANCE FOR BAD DEBTS					(17,410)	(15,526)			\\\\\\\\\\\\	\\\\\\\\\\\\\\\\\\	\\\\\\\\\\\\	(32,936)
15 CONTRACTUAL ADJUSTMENTS					(221,767)	(273,414)	-					(495,181)
16 PRIVATE ROOM REVENUE	\\\\\\\\\\\\	\\\\\\\\\\\\				\\\\\\\\\\\\	\\\\\\\\\\\\	\\\\\\\\\\\\	\\\\\\\\\\\\	\\\\\\\\\\\\\\\\\\	\\\\\\\\\\\\	
17 TOTAL NURSING HOME REVENUE					531,106	473,633	-		1,122	\\\\\\\\\\\\\\\\\\	\\\\\\\\\\\\	1,005,861
18 TOTAL RESTRICTED GRANTS/DONATIONS	\\\\\\\\\\\\	\\\\\\\\\\\\	\\\\\\\\\\\\	\\\\\\\\\\\\	\\\\\\\\\\\\\\	\\\\\\\\\\\\	\\\\\\\\\\\\	\\\\\\\\\\\\	\\\\\\\\\\\\		\\\\\\\\\\\\	
19 NON NURSING HOME REVENUES	\\\\\\\\\\\\	\\\\\\\\\\\\	\\\\\\\\\\\\	\\\\\\\\\\\\	\\\\\\\\\\\\\\	\\\\\\\\\\\\	\\\\\\\\\\\\	\\\\\\\\\\\\	\\\\\\\\\\\\	\\\\\\\\\\\\\\\\\\		
20 TOTAL REVENUE					531,106	473,633	-		1,122			1,005,861
22 % OF NURSING HOME REVENUE					52.80%	47.09%			0.11%	\\\\\\\\\\\\\\\\\\	\\\\\\\\\\\\	100.00%
23 PATIENT DAYS					1,168	1,215				\\\\\\\\\\\\\\\\\\	\\\\\\\\\\\\	2,383
24 % OF PATIENT DAYS					49.00%	51.00%				\\\\\\\\\\\\\\\\\\	\\\\\\\\\\\\	100.00%
25 REVENUE PER PATIENT DAY					454.71	389.82			0.47			422.10
26 TOTAL NUMBER NURSING HOME BEDS												7
27 TOTAL NUMBER OTHER BEDS												
28 AVERAGE OCCUPANCY NURSING HOME												93.01%
29 AVERAGE OCCUPANCY OTHER												

ESTIMATED PPS PAYMENTS - 10/1/17 - 9/30/18

RUGS Category	Therapy Minutes	Rate	% of Medicare Residents in RUGS Category	Estimated Medicare Reimbursement
RUX	720	**661.95**		-
RUL	720	**647.53**	0.18%	1.17
RVX	500	**589.19**		-
RVL	500	**528.60**	0.19%	1.00
RHX	325	**533.82**		-
RHL	325	**476.11**	0.14%	0.67
RMX	150	**489.68**		-
RML	150	**449.28**		-
RLX	45	**430.04**		-
RUC	720	**501.84**	32.32%	162.19
RUB	720	**501.84**	20.57%	103.23
RUA	720	**419.61**	10.17%	42.67
RVC	500	**430.51**	14.22%	61.22
RVB	500	**372.81**	7.94%	29.60
RVA	500	**371.37**	4.12%	15.30
RHC	325	**375.14**	3.36%	12.60
RHB	325	**337.64**	1.44%	4.86
RHA	325	**297.24**	0.82%	2.44
RMC	150	**329.56**	0.88%	2.90
RMB	150	**309.36**	0.44%	1.36
RMA	150	**254.55**	0.01%	0.03
RLB	45	**320.42**		-
RLA	45	**206.46**		-
ES3		**604.34**		-
ES2		**473.08**	0.08%	0.38
ES1		**422.59**		-
HE2		**408.17**		-
HE1		**338.93**	0.10%	0.34
HD2		**382.20**		-
HD1		**318.73**		-
HC2		**360.56**	0.07%	0.25
HC1		**301.42**	0.32%	0.96
HB2		**356.24**		-
HB1		**298.54**	0.22%	0.66
LE2		**370.66**		-
LE1		**310.07**		-
ID2		**356.24**		-
ID1		**298.54**	0.26%	0.78
IC2		**312.96**		-
IC1		**263.92**	0.30%	0.79
IB2		**297.09**		-
IB1		**252.37**		-
CE2		**330.27**		-
CE1		**304.31**	0.01%	0.03
CD2		**312.96**		-
CD1		**286.99**	0.22%	0.63
CC2		**274.01**		-
CC1		**253.82**	0.41%	1.04
CB2		**253.82**		-
CB1		**235.06**		-
CA2		**214.87**		-
CA1		**200.44**	0.04%	0.08
BB2		**227.85**		-
BB1		**217.75**	0.08%	0.17
BA2		**189.91**		-
BA1		**180.25**	0.01%	0.02
PE2		**304.31**		-
PE1		**289.88**	0.29%	0.84
PD2		**286.99**		-
PD1		**272.57**	0.23%	0.63
PC2		**246.60**		-
PC1		**235.06**	0.38%	0.89
PB2		**209.10**		-
PB1		**200.44**	0.10%	0.20
PA2		**173.03**		-
PA1		**165.82**	0.08%	0.13
DEFAULT RATE		**165.82**		-
Projected Medicare Reimbursement			100.00%	450.06

Less: 2% Sequestration	**441.06**

ESTIMATED PPS PAYMENTS

PROJECTED PPS RATE	PERIOD	2.00%
441.06	10/1/17 - 9/30/18	
449.88	10/1/18 - 9/30/19	2% Increase
458.88	10/1/19 - 9/30/20	2% Increase
468.06	10/1/20 - 9/30/21	2% Increase
477.42	10/1/21 - 9/30/22	2% Increase

YEAR 1 = 12/18 - 11/19

	# OF MONTHS IN PERIOD	PPS RATE FOR PERIOD	YEAR 1 PROJECTED PPS RATE
10/1/18 - 9/30/19	10	458.88	382.40
10/1/19 - 9/30/20	2	468.06	78.01
	12		460.41

YEAR 2 = 12/19 - 11/20

	# OF MONTHS IN PERIOD	PPS RATE FOR PERIOD	YEAR 2 PROJECTED PPS RATE
10/1/19 - 9/30/20	10	468.06	390.05
10/1/20 - 9/30/21	2	477.42	79.57
	12		469.62

Expense Projection
Year 1

			Amount In $'s	Amount Per Day
INHALATION THERAPY			$ 8,486.76	$ 3.86
INHALATION THERAPY			$ -	$ -
TOTAL INHALATION THERAPY			8,486.76	3.86
MEDICAL SUPPLIES			$ 13,881.09	6.32
MEDICAL SUPPLIES			-	-
MEDICAL SUPPLIES			13,881.09	6.32
PHARMACY			$ 150,692.33	68.59
PHARMACY			-	-
TOTAL PHARMACY			150,692.33	68.59
IV THERAPY			$ 19,763.69	9.00
IV THERAPY			-	-
TOTAL IV THERAPY			19,763.69	9.00
LABORATORY			$ 11,276.93	5.13
RADIOLOGY/Medical Services			$ 10,625.89	4.84
		104.85%		
PHYSICAL THERAPY	FTE	Rate		
Purchased Service - RPT	0.50	68.87	71,624.80	32.60
Purchased Service - LPTA	0.50	55.09	57,290.13	26.08
Purchased Service - Aides			-	-
ETO & SICK DAYS			-	-
PAYROLL TAXES			-	-
OTHER FRINGE			-	-
OTHER			348.77	0.16
TOTAL PHYSICAL THERAPY			129,263.70	58.84
OCCUPATIONAL THERAPY				
Purchased Service - OTR	0.50	68.87	71,624.80	32.60
Purchased Service - COTA	0.50	55.09	57,290.13	26.08
Purchased Service - Aides			-	-
ETO & SICK DAYS			-	-
PAYROLL TAXES			-	-
OTHER FRINGE			-	-
OTHER			-	-
TOTAL OCCUPATIONAL THERAPY			128,914.93	58.68
SPEECH THERAPY				
Purch Serv - SLP-CCC		68.87	-	-
Purch Serv - STA			-	-
Purchased Service - Aides			-	-
ETO & SICK DAYS			-	-
PAYROLL TAXES			-	-
OTHER FRINGE			-	-
OTHER			93.01	0.04
TOTAL SPEECH THERAPY			93.01	0.04
TOTAL ANCILLARY EXPENSES			472,998.32	215.29
NURSING SERVICE				
ICF RN			$ -	
ICF LPN			-	-
ICF AIDES			-	-
SNF RN			75,631.68	34.42
SNF LPN			-	-
SNF AIDES			132,921.48	60.50
REHAB AIDES			-	-
PAYROLL TAXES			15,310.61	6.97
OTHER FRINGE			7,628.35	3.47
NURSING ADMIN SUPPLIES			2,697.16	1.23
PROFESSIONAL LIABILITY INSURANCE			26,446.00	12.04
			-	-
SMALL EQUIPMENT			2,162.38	0.98
OTHER			7,672.96	3.49
TOTAL NURSING SERVICE			270,470.63	123.11

Expense Projection
Year 1

			Amount In $'s	Amount Per Day
ROUTINE CENTRAL SUPPLIES			4,650.28	2.12
NON LEGEND DRUGS			4,208.50	1.92
		104.85%		
SOCIAL SERVICE	FTE	Rate		
SALARIES - Director			-	-
SALARIES - Assistant			-	-
PAYROLL TAXES			-	-
OTHER FRINGE			-	-
MANAGEMENT FEE				-
OTHER			1,325.33	0.60
TOTAL SOCIAL SERVICE			1,325.33	0.60
ACTIVITIES	FTE	RATE		
SALARIES - Director				
SALARIES - Assistant			-	-
PAYROLL TAXES			-	-
OTHER FRINGE			-	-
MANAGEMENT FEE				-
OTHER			2,965.95	1.35
TOTAL ACTIVITIES			2,965.95	1.35
DIETARY	FTE	Rate		
SALARIES - Reg Dietitian				
SALARIES - Supervisor			-	-
SALARIES - Cooks			-	-
SALARIES - Aides			-	-
ETO & SICK DAYS - 8%			-	-
PAYROLL TAXES			-	-
OTHER FRINGE			-	-
FOOD			18,066.34	8.22
MANAGEMENT FEE				-
SUPPLIES			1,743.86	0.79
OTHER			2,255.39	1.03
TOTAL DIETARY			22,065.58	10.04
PLANT OPERATIONS				
SALARIES - Supervisor				
SALARIES - Assistant			-	-
PAYROLL TAXES			-	-
OTHER FRINGE			-	-
UTILITIES			5,000.00	2.28
REPAIRS & MAINTENANCE			720.79	0.33
GROUND MAINTENANCE			-	-
MANAGEMENT FEE				-
OTHER			604.54	0.28
TOTAL PLANT OPERATIONS			6,325.33	2.88
HOUSEKEEPING				
SALARIES - Supervisor			-	
SALARIES - Staff			-	-
ETO & SICK - 8%			-	-
PAYROLL TAXES			-	-
OTHER FRINGE			-	-
SUPPLIES			1,604.35	0.73
MANAGEMENT FEE				-
OTHER			674.29	0.31
TOTAL HOUSEKEEPING			2,278.64	1.04

Expense Projection
Year 1

	Amount In $'s	Amount Per Day
LAUNDRY AND LINEN		
SALARIES - Supervisor	-	-
SALARIES - Staff	-	-
ETO & SICK - 8%	-	-
PAYROLL TAXES	-	-
OTHER FRINGE	-	-
SUPPLIES & LINEN	860.30	0.39
MANAGEMENT FEE		-
OTHER	232.51	0.11
TOTAL LAUNDRY & LINEN	1,092.82	0.50
MEDICAL SERVICES	4,250.00	1.93
MEDICAL RECORDS		
SALARIES - Director	-	-
SALARIES - Staff	-	-
PAYROLL TAXES	-	-
OTHER FRINGE	-	-
SUPPLIES	813.80	0.37
MANAGEMENT FEE		-
OTHER	1,883.36	0.86
TOTAL MEDICAL RECORDS	2,697.16	1.23
ADMINISTRATIVE AND GENERAL		
SALARIES - Administrator		-
SALARIES - Bookkeeper	-	-
SALARIES - Bookkeeper	-	-
SALARIES - Secretary	-	-
SALARIES - Receptionist	-	-
PAYROLL TAXES	-	-
OTHER FRINGE	-	-
HEALTH INSURANCE	15,341.00	6.98
MANAGEMENT FEES	33,944.00	15.45
PARTNER/PUBLIC RELATIONS	3,255.20	1.48
TELEPHONE	-	-
EDUCATION		-
SUPPLIES	1,627.60	0.74
SMALL EQUIPMENT	325.52	0.15
STATE TAX FEE	-	-
OTHER	12,160.48	5.54
TOTAL ADMINISTRATIVE EXPENSES	66,653.80	30.34
TOTAL OPERATING EXPENSES	861,982.33	392.35
NET OPERATING INCOME	47,176.50	21.47
FIXED EXPENSES		
NHR LEASE PAYMENT	-	
INTEREST - WORKING CAPITAL	-	-
DEPRECIATION	18,533.00	8.44
PROPERTY INSURANCE		-
PROPERTY TAXES		-
TOTAL FIXED EXPENSES	18,533.00	8.44
TOTAL NURSING HOME COSTS	$880,515.33	$400.78

DAILY NURSING SERVICE STAFFING PATTERN

CENTER

PERIOD: Nov-19

INTERMEDIATE CARE -
BUDG. OCCUPIED BEDS
NSG. STATION

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

SKILLED CARE 7.00 2,555
BUDG. OCCUPIED BEDS 6.02 2,197 85.99%
NSG. STATION

SHIFT	CATEGORY	NUMBER	HOURS	DAYS PER WEEK	AVERAGE HOURS PER DAY	AVERAGE HRS. BY CATEGORY	ETO & SICK %	ETO/SICK HOURS	TOTAL HOURS	AV. PAY RATE	DAILY TOTAL	AV. DAYS IN MONTH	MO. PAY CATEGORY
FIRST	DON			5	-		0.00%	-	-			30	$ -
	RN	0.50	6.00	7	6.00	6.00	8.00%	0.48	6.48	$32.04	207.63	30	6,228.90
	LPN			7	-		6.00%	-	-	$21.92		30	
	CNA	1.00	11.50	7	11.50	23.00	5.00%	1.15	24.15	$15.11	364.88	30	10,946.40
SECOND	RN			7	-								
	LPN			7	-								
	CNA	1.00	11.50	7	11.50								
THIRD	RN			7	-								
	LPN			7	-								
	CNA			7	-								
	NURSING SUPPLY CLERK		-	5	-	-	5.00%	-	-			30	
	NURSING SECRETARY		-	5	-	-	5.00%	-	-			30	
	ALZHEIMER COORD		-	7	-	-	8.00%	-	-			30	
	MDS Coordinator		-	5	-	-	8.00%	-	-			30	
	ADON		-	5	-	-	8.00%	-	-			30	
	TOTAL HRS. SNF:				29.00			1.63					
	HRS. PPD. SNF:				4.82								$ 17,175.30

	REHAB AIDES			5	-		5.00%	-	-			30	$ -

ORIENTATION

CATEGORY	(FTE's) NUMBER OF EMPLOYEES	% OF TURNOVER	NEW EMPLOYEES	ANNUAL OREINTATION HOURS	DAILY OREINTATION HOURS	AVG PAY RATE	DAILY TOTAL			MO PAY TOTAL
RN	0.70	100.00%	0.70	28.00	0.08	$32.04	2.46	x	30.00	73.74
LPN		100.00%	-	-	-	$21.92	-	x	30.00	-
CNA	2.80	100.00%	2.80	105.00	0.29	$15.11	4.35	x	30.00	130.39
REHAB AIDES		100.00%	-	-	-		-	x	30.00	-
	3.50		3.50	133.00	0.36					204.13

(A) TOTAL HRS.(ICF, SNF, REHAB)	29.00
(B) TOTAL ORIENTATION HOURS	0.36
(C) TOTAL"DIRECT" HOURS	**29.36**
(D) TOTAL "DIRECT" HOURS PPD	**4.88**
(E) TOTAL ETO / SICK HOURS	1.63
(F) TOTAL HRS. (C+E)	30.99
(G) TOTAL PATIENT DAYS	6.02
(H) TOTAL HRS. PPD.:	5.15
TOTAL NURSING SALARIES	$ 17,379.43

RUGS Category	Therapy Minutes	% of Medicare Residents in RUGS Category	Estimated Year 1 Medicare Part A Days	Estimated Patient Days in RUG Category	Therapy Minutes Required Per Patient Day	Estimated Minutes of Therapy Required
RUX	720		1,077	-	103	-
RUL	720	0.18%	1,077	2	103	206
RVX	500		1,077	-	71	-
RVL	500	0.19%	1,077	2	71	142
RHX	325		1,077	-	46	-
RHL	325	0.14%	1,077	2	46	92
RMX	150		1,077	-	21	-
RML	150		1,077	-	21	-
RLX	45		1,077	-	6	-
RUC	720	32.32%	1,077	348	103	35,844
RUB	720	20.57%	1,077	222	103	22,866
RUA	720	10.17%	1,077	110	103	11,330
RVC	500	14.22%	1,077	153	71	10,863
RVB	500	7.94%	1,077	86	71	6,106
RVA	500	4.12%	1,077	44	71	3,124
RHC	325	3.36%	1,077	36	46	1,656
RHB	325	1.44%	1,077	16	46	736
RHA	325	0.82%	1,077	9	46	414
RMC	150	0.88%	1,077	9	21	189
RMB	150	0.44%	1,077	5	21	105
RMA	150	0.01%	1,077	-	21	-
RLB	45		1,077	-	6	-
RLA	45		1,077	-	6	-
ESTIMATED PART A RESIDENTS RECEIVING THERAPY				1,044		

ESTIMATED THERAPY MINUTES REQUIRED FOR PART A RESIDENTS			**93,673**
ESTIMATED THERAPY STAFF REQUIRED FOR PART A RESIDENTS			**0.75**
TOTAL MEDICARE RESIDENTS	2.95		
TOTAL MANAGED CARE RESIDENTS	3.07		
ADDITIONAL THERAPY STAFF FOR MANAGED CARE RESIDENTS			**0.78**
ESTIMATED PART B AND PRIVATE THERAPY REVENUE		$ -	
ESTIMATED "FEE SCREEN AMOUNT" PER 15 MINUTE PART B TREATMEN		18.75	
ESTIMATED PART B TREATMENTS (15 MINUTES PER TREATMENT)		-	
ESTIMATED MINUTES REQUIRED FOR PART B TREATMENTS		-	
ESTIMATED THERAPY STAFF REQUIRED FOR PART B TREATMENTS			-
ESTIMATED TOTAL THERAPY STAFF REQUIRED FOR PART A, PART B AND MANAGED CAR			1.53
NON REIMBUSEABLE FACTOR (25%)			0.38
TOTAL THERAPY STAFF REQUIRED			**1.91**

PROPOSED THERAPY STAFF

POSITION	HOURS PPD	PATIENT DAYS	BUDGETD HOURS	BUDGETED STAFF
OTR	0.4734	6	1,040	0.50
COTA	0.4734	6	1,040	0.50
OT AIDES	-	6	-	-
Purch Service		6		
RPT	0.4734	6	1,040	0.50
LPTA	0.4734	6	1,040	0.50
PT AIDES	-	6	-	
Purch Service		6		
SLP - CCC	-	6	-	
STA	-	6	-	-
ST AIDE	-	6	-	-
Purch Service		6		
TOTAL THERAPY STAFF PER BUDGET				**2.00**

Expense Projection
Year 2

			Amount In $'s	Amount Per Day
INHALATION THERAPY			$ 9,481.42	$ 3.98
INHALATION THERAPY			-	-
TOTAL INHALATION THERAPY			$ 9,481.42	$ 3.98
MEDICAL SUPPLIES			$ 15,507.96	6.51
MEDICAL SUPPLIES			-	-
TOTAL MEDICAL SUPPLIES			$ 15,507.96	6.51
PHARMACY			$ 168,353.58	70.65
PHARMACY			-	-
TOTAL PHARMACY			168,353.58	70.65
IV THERAPY - Medicare/Managed Care			$ 22,080.01	9.27
IV THERAPY - Private/Medicaid			-	-
TOTAL IV THERAPY			22,080.01	9.27
LABORATORY			12,598.59	5.29
RADIOLOGY			11,871.25	4.98
PHYSICAL THERAPY	FTE	Rate		
Purchased Service - RPT	0.50	70.59	73,417.07	30.81
Purchased Service - LPTA	0.50	56.47	58,725.33	24.64
Purchased Service - Aides	-	-	-	-
ETO & SICK DAYS			-	-
PAYROLL TAXES			-	-
OTHER FRINGE			-	-
OTHER			389.65	0.16
TOTAL PHYSICAL THERAPY			132,532.05	55.62
OCCUPATIONAL THERAPY				
Purchased Service - OTR	0.50	70.59	73,417.07	30.81
Purchased Service - COTA	0.50	56.47	58,725.33	24.64
Purchased Service - Aides	-	-	-	-
ETO & SICK DAYS			-	-
PAYROLL TAXES			-	-
OTHER FRINGE			-	-
OTHER			-	-
TOTAL OCCUPATIONAL THERAPY			132,142.40	55.45
SPEECH THERAPY				
Purch Serv - SLP-CCC	-	70.59	-	-
Purch Serv - STA	-	-	-	-
Purchased Service - Aides	-	-	-	-
ETO & SICK DAYS			-	-
PAYROLL TAXES			-	-
OTHER FRINGE			-	-
OTHER			103.91	0.04
TOTAL SPEECH THERAPY			103.91	0.04
TOTAL ANCILLARY EXPENSES			504,671.16	211.78
NURSING SERVICE				
ICF RN				
ICF LPN			-	-
ICF AIDES			-	-
SNF RN			76,615.20	32.15
SNF LPN			-	-
SNF AIDES			136,243.80	57.17
REHAB AIDES			-	-
PAYROLL TAXES			15,626.72	6.56
OTHER FRINGE			7,785.85	3.27
NURSING ADMIN SUPPLIES			3,013.27	1.26
PROFESSIONAL LIABILITY INSURANCE			27,239.38	11.43
			-	-
SMALL EQUIPMENT			2,415.81	1.01
OTHER			8,572.24	3.60
TOTAL NURSING SERVICE			277,512.27	116.46

Expense Projection
Year 2

			Amount In $'s	Amount Per Day
ROUTINE CENTRAL SUPPLIES			5,195.30	2.18
NON LEGEND DRUGS			4,701.74	1.97
SOCIAL SERVICE	FTE	107.47% Rate		
SALARIES - Director				
SALARIES - Assistant			-	-
PAYROLL TAXES			-	-
OTHER FRINGE			-	-
MANAGEMENT FEE				-
OTHER			1,480.66	0.62
TOTAL SOCIAL SERVICE			1,480.66	0.62
ACTIVITIES	FTE	RATE		
SALARIES - Director				
SALARIES - Assistant			-	-
PAYROLL TAXES			-	-
OTHER FRINGE			-	-
MANAGEMENT FEE				-
OTHER			2,026.17	0.85
TOTAL ACTIVITIES			2,026.17	0.85
DIETARY	FTE	Rate		
SALARIES - Reg Dietitian				
SALARIES - Supervisor			-	-
SALARIES - Cooks			-	-
SALARIES - Aides			-	-
ETO & SICK DAYS - 8%			-	-
PAYROLL TAXES			-	-
OTHER FRINGE			-	-
FOOD			20,183.73	8.47
MANAGEMENT FEE				-
SUPPLIES			1,948.24	0.82
OTHER			2,519.72	1.06
TOTAL DIETARY			24,651.68	10.34
PLANT OPERATIONS				
SALARIES - Supervisor				
SALARIES - Assistant			-	-
PAYROLL TAXES			-	-
OTHER FRINGE			-	-
UTILITIES			5,150.00	2.16
REPAIRS & MAINTENANCE			1,402.73	0.59
GROUND MAINTENANCE			-	-
MANAGEMENT FEE				-
OTHER			675.39	0.28
TOTAL PLANT OPERATIONS			7,228.12	3.03
HOUSEKEEPING				
SALARIES - Supervisor			-	
SALARIES - Staff			-	-
ETO & SICK - 8%			-	-
PAYROLL TAXES			-	-
OTHER FRINGE			-	-
SUPPLIES			1,792.38	0.75
MANAGEMENT FEE				-
OTHER			753.32	0.32
TOTAL HOUSEKEEPING			2,545.70	1.07

Expense Projection
Year 2

	Amount In $'s	Amount Per Day
LAUNDRY AND LINEN		
SALARIES - Supervisor	-	-
SALARIES - Staff	-	-
ETO & SICK - 8%	-	-
PAYROLL TAXES	-	-
OTHER FRINGE	-	-
SUPPLIES & LINEN	961.13	0.40
MANAGEMENT FEE		-
OTHER	259.76	0.11
TOTAL LAUNDRY & LINEN	1,220.89	0.51
MEDICAL SERVICES	4,377.50	1.84
MEDICAL RECORDS		
SALARIES - Director	-	
SALARIES - Staff	-	-
PAYROLL TAXES		-
OTHER FRINGE		-
SUPPLIES	909.18	0.38
MANAGEMENT FEE		-
OTHER	2,104.09	0.88
TOTAL MEDICAL RECORDS	3,013.27	1.26
ADMINISTRATIVE AND GENERAL		
SALARIES - Administrator		
SALARIES - Bookkeeper	-	-
SALARIES - Bookkeeper	-	-
SALARIES - Secretary	-	-
SALARIES - Receptionist	-	-
PAYROLL TAXES	-	-
OTHER FRINGE	-	-
HEALTH INSURANCE	-	-
MANAGEMENT FEES	37,694.00	15.82
PARTNER/PUBLIC RELATIONS	3,636.71	1.53
TELEPHONE	-	-
EDUCATION	-	-
SUPPLIES	1,818.35	0.76
SMALL EQUIPMENT	363.67	0.15
STATE TAX FEE	15,575.00	6.54
OTHER	13,585.70	5.70
TOTAL ADMINISTRATIVE EXPENSES	72,673.43	30.50
TOTAL OPERATING EXPENSES	911,297.88	382.42
NET OPERATING INCOME	94,563.12	39.68
FIXED EXPENSES		
NHR LEASE PAYMENT	-	
INTEREST - WORKING CAPITAL	-	-
DEPRECIATION	18,533.00	7.78
PROPERTY INSURANCE	-	-
PROPERTY TAXES	-	-
TOTAL FIXED EXPENSES	18,533.00	7.78
TOTAL NURSING HOME COSTS	$929,830.88	$390.19

DAILY NURSING SERVICE STAFFING PATTERN

CENTER

PERIOD: Nov-20

INTERMEDIATE CARE
BUDG. OCCUPIED BEDS
NSG. STATION

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

SKILLED CARE 7.00 2,562
BUDG. OCCUPIED BEDS 6.51 2,383 93.01%
NSG. STATION

SHIFT	CATEGORY	NUMBER	HOURS	DAYS PER WEEK	AVERAGE HOURS PER DAY	AVERAGE HRS. BY CATEGORY	ETO & SICK %	ETO/SICK HOURS	TOTAL HOURS	AV. PAY RATE	DAILY TOTAL	AV. DAYS IN MONTH	MO. PAY CATEGORY
FIRST	DON			5	-		0.00%	-	-			30	$ -
	RN	0.50	6.00	7	6.00	6.00	8.00%	0.48	6.48	$32.84	212.82	30	6,384.60
	LPN			7	-		6.00%	-	-	$22.47		30	
	CNA	1.00	11.50	7	11.50	23.00	5.00%	1.15	24.15	$15.49	374.00	30	11,220.00
SECOND	RN			7	-								
	LPN			7	-								
	CNA	1.00	11.50	7	11.50								
THIRD	RN			7	-								
	LPN			7	-								
	CNA			7	-								
	NURSING SUPPLY CLERK		-	5	-	-	5.00%	-	-			30	
	NURSING SECRETARY		-	5	-	-	5.00%	-	-			30	
	MDS Coord		-	5	-	-	8.00%	-	-	$32.84		30	
	ALZHEIMER COORD		-	7	-	-	8.00%	-	-			30	
	ADON		-	5	-	-	8.00%	-	-			30	
	TOTAL HRS. SNF:				29.00			1.63					
	HRS. PPD. SNF:				4.45								$ 17,604.60

	REHAB AIDES			7	-		5.00%	-	-			30	$ -

ORIENTATION

CATEGORY	(FTE's) NUMBER OF EMPLOYEES	% OF TURNOVER	NEW EMPLOYEES	ANNUAL OREINTATION HOURS	DAILY OREINTATION HOURS	AVG PAY RATE	DAILY TOTAL			MO PAY TOTAL
RN	0.70	100.00%	0.70	28.00	0.08		-	x	30.00	-
LPN		100.00%	-	-	-	$32.84	-	x	30.00	-
CNA	2.80	100.00%	2.80	105.00	0.29	$15.49	4.46	x	30.00	133.65
REHAB AIDES		100.00%	-	-	-		-	x	30.00	-
	3.50		3.50	133.00	0.36					133.65

(A) TOTAL HRS.(ICF, SNF, REHAB)	29.00
(B) TOTAL ORIENTATION HOURS	0.36
(C) TOTAL"DIRECT" HOURS	**29.36**
(D) TOTAL "DIRECT" HOURS PPD	**4.51**
(E) TOTAL ETO / SICK HOURS	1.63
(F) TOTAL HRS. (C+E)	30.99
(G) TOTAL PATIENT DAYS	6.51
(H) TOTAL HRS. PPD.:	4.76
TOTAL NURSING SALARIES	$ 17,738.25

RUGS Category	Therapy Minutes	% of Medicare Residents in RUGS Category	Estimated Year 2 Medicare Part A Days	Estimated Patient Days in RUG Category	Therapy Minutes Required Per Patient Day	Estimated Minutes of Therapy Required
RUX	720		1,168	-	103	-
RUL	720	0.18%	1,168	2	103	206
RVX	500		1,168	-	71	-
RVL	500	0.19%	1,168	2	71	142
RHX	325		1,168	-	46	-
RHL	325	0.14%	1,168	2	46	92
RMX	150		1,168	-	21	-
RML	150		1,168	-	21	-
RLX	45		1,168	-	6	-
RUC	720	32.32%	1,168	377	103	38,831
RUB	720	20.57%	1,168	240	103	24,720
RUA	720	10.17%	1,168	119	103	12,257
RVC	500	14.22%	1,168	166	71	11,786
RVB	500	7.94%	1,168	93	71	6,603
RVA	500	4.12%	1,168	48	71	3,408
RHC	325	3.36%	1,168	39	46	1,794
RHB	325	1.44%	1,168	17	46	782
RHA	325	0.82%	1,168	10	46	460
RMC	150	0.88%	1,168	10	21	210
RMB	150	0.44%	1,168	5	21	105
RMA	150	0.01%	1,168	-	21	-
RLB	45		1,168	-	6	-
RLA	45		1,168	-	6	-
ESTIMATED PART A RESIDENTS RECEIVING THERAPY				1,130		

ESTIMATED THERAPY MINUTES REQUIRED FOR PART A RESIDENTS			**101,396**
ESTIMATED THERAPY STAFF REQUIRED FOR PART A RESIDENTS			**0.81**
TOTAL MEDICARE RESIDENTS	3.20		
TOTAL MANAGED CARE RESIDENTS	3.33		
ADDITIONAL THERAPY STAFF FOR MANAGED CARE RESIDENTS			**0.84**
ESTIMATED PART B AND PRIVATE THERAPY REVENUE		$ -	
ESTIMATED "FEE SCREEN AMOUNT" PER 15 MINUTE PART B TREATMEN		18.75	
ESTIMATED PART B TREATMENTS (15 MINUTES PER TREATMENT)		-	
ESTIMATED MINUTES REQUIRED FOR PART B TREATMENTS		-	
ESTIMATED THERAPY STAFF REQUIRED FOR PART B TREATMENTS			-
ESTIMATED TOTAL THERAPY STAFF REQUIRED FOR PART A, PART B AND MANAGED CAR			1.65
NON REIMBUSEABLE FACTOR (25%)			0.41
TOTAL THERAPY STAFF REQUIRED			**2.06**

PROPOSED THERAPY STAFF

POSITION	HOURS PPD	PATIENT DAYS	BUDGETD HOURS	BUDGETED STAFF
OTR	0.4364	7	1,040	0.50
COTA	0.4364	7	1,040	0.50
OT AIDES	-	7	-	-
Purch Service		7		
RPT	0.4364	7	1,040	0.50
LPTA	0.4364	7	1,040	0.50
PT AIDES	-	7	-	
Purch Service		7		
SLP - CCC	-	7	-	
STA	-	7	-	
ST AIDE	-	7	-	-
Purch Service		7		
TOTAL THERAPY STAFF PER BUDGET				**2.00**

OCCUPANCY SUMMARY
FILL RATE = 4 NET PATIENTS PER MONTH

MONTH	CENSUS AT BEGINNING OF MONTH	NET INCREASE IN PATIENTS	CENSUS AT END OF MONTH	AVERAGE CENSUS FOR MONTH	DAYS IN MONTH	PATIENT DAYS	PATIENT DAYS AVAILABLE	% OCCUPANCY
Dec-18	0.00	4.00	4.00	2.00	31	62	217	28.57%
Jan-19	4.00	2.50	6.50	5.25	31	163	217	75.12%
Feb-19	6.50	0.00	6.50	6.50	28	182	196	92.86%
Mar-19	6.50	0.00	6.50	6.50	31	202	217	93.09%
Apr-19	6.50	0.00	6.50	6.50	30	195	210	92.86%
May-19	6.50	0.00	6.50	6.50	31	202	217	93.09%
Jun-19	6.50	0.00	6.50	6.50	30	195	210	92.86%
Jul-19	6.50	0.00	6.50	6.50	31	202	217	93.09%
Aug-19	6.50	0.00	6.50	6.50	31	202	217	93.09%
Sep-19	6.50	0.00	6.50	6.50	30	195	210	92.86%
Oct-19	6.50	0.00	6.50	6.50	31	202	217	93.09%
Nov-19	6.50	0.00	6.50	6.50	30	195	210	92.86%
YEAR 1	0.00	6.50	6.50		365	2,197	2,555	85.99%
Dec-19	6.50	0.00	6.50	6.50	31	202	217	93.09%
Jan-20	6.50	0.00	6.50	6.50	31	202	217	93.09%
Feb-20	6.50	0.00	6.50	6.50	29	189	203	93.10%
Mar-20	6.50	0.00	6.50	6.50	31	202	217	93.09%
Apr-20	6.50	0.00	6.50	6.50	30	195	210	92.86%
May-20	6.50	0.00	6.50	6.50	31	202	217	93.09%
Jun-20	6.50	0.00	6.50	6.50	30	195	210	92.86%
Jul-20	6.50	0.00	6.50	6.50	31	202	217	93.09%
Aug-20	6.50	0.00	6.50	6.50	31	202	217	93.09%
Sep-20	6.50	0.00	6.50	6.50	30	195	210	92.86%
Oct-20	6.50	0.00	6.50	6.50	31	202	217	93.09%
Nov-20	6.50	0.00	6.50	6.50	30	195	210	92.86%
YEAR 2	6.50	0.00	6.50		366	2,383	2,562	93.01%

Section B, Economic Feasibility – E 3

Proposed Charges

Washington County 2019 Nursing Home Rates

	NURSING HOMES	2015 Inflated Rates						
		SNF/Medicare (Avg Daily Charge)	Medicaid		Private Pay/Private Room		Private Pay Semi/Pvt	
			Level II	Level I	Level II	Level I	Level II	Level I
1	Agape Nursing and Rehabilitation Center	$244.47	$244.47	$244.47	N/A	N/A	$244.47	$244.47
2	Cornerstone Village (f/k/a) Appalachian Christian	$454.35	$220.62	$212.27	$325.56	$276.66	$301.71	$252.81
3	Christian Care Center of Johnson City*	N/A	N/A	N/A	N/A	N/A	N/A	N/A
4	Four Oaks Health Care Center	$424.54	N/A	$205.11	N/A	$224.19	N/A	N/A
5	John M Reed Health & Rehab*	N/A	N/A	N/A	N/A	N/A	N/A	N/A
6	Lakebridge Health Care Center*	N/A	N/A	N/A	N/A	N/A	N/A	N/A
7	Life Care Center of Gray	$484.16	N/A	$192.00	$225.39	$225.39	$258.78	$258.78
8	NHC HealthCare, Johnson City	$524.71	$256.39	$195.57	$339.87	$0.00	$304.09	$244.47
9	Princeton Transitional Care*	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Average Rates	**$426.44**	**$240.49**	**$209.88**	**$296.94**	**$181.56**	**$277.26**	**$250.13**

Source: 2015 Joint Annual Report Schedule H - Financial Data - Daily Charge Inflated 4.5% to 2019
*John M. Reed Health & Rehab, Lakebridge Health Care Center and Princeton Transitional Care did not submit a 2015 JAR.
* Chrisitan Care Center of Johnson City did not report Rates in the 2015 JAR

Washington County 2020 Nursing Home Rates

	NURSING HOMES	2015 Inflated Rates						
		SNF/Medicare (Avg Daily Charge)	Medicaid		Private Pay/Private Room		Private Pay Semi/Pvt	
			Level II	Level I	Level II	Level I	Level II	Level I
1	Agape Nursing and Rehabilitation Center	$255.47	$255.47	$255.47	N/A	N/A	$255.47	$255.47
2	Cornerstone Village (f/k/a) Appalachian Christian	$474.80	$230.54	$221.82	$340.21	$289.11	$315.28	$264.19
3	Christian Care Center of Johnson City*	N/A	N/A	N/A	N/A	N/A	N/A	N/A
4	Four Oaks Health Care Center	$443.64	N/A	$214.34	N/A	$234.28	N/A	N/A
5	John M Reed Health & Rehab*	N/A	N/A	N/A	N/A	N/A	N/A	N/A
6	Lakebridge Health Care Center*	N/A	N/A	N/A	N/A	N/A	N/A	N/A
7	Life Care Center of Gray	$505.95	N/A	$200.64	$235.53	$235.53	$270.42	$270.42
8	NHC HealthCare, Johnson City	$548.32	$267.93	$204.37	$355.16	$0.00	$317.78	$255.47
9	Princeton Transitional Care*	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Average Rates	**$445.63**	**$251.31**	**$219.33**	**$310.30**	**$189.73**	**$289.74**	**$261.39**

Source: 2015 Joint Annual Report Schedule H - Financial Data - Daily Charge Inflated 4.5% to 2020
*John M. Reed Health & Rehab, Lakebridge Health Care Center and Princeton Transitional Care did not submit a 2015 JAR.
* Chrisitan Care Center of Johnson City did not report Rates in the 2015 JAR

Section B
Contribution of Orderly Development of Health Care – D1

Documentation of the most Recent License

Board for Licensing Health Care Facilities

State of Tennessee

License No. 0000000291

No. Beds 0160

DEPARTMENT OF HEALTH

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

NHC HEALTHCARE/JOHNSON CITY LLC to conduct

and maintain a Nursing Home NHC HEALTHCARE, JOHNSON CITY

Located at 3209 BRISTOL HIGHWAY, JOHNSON CITY

County of WASHINGTON, Tennessee.

This license shall expire JUNE 16, 2018 and is subject to the provisions of Chapter 11, Tennessee Code Annotated. This license shall not be assignable or transferable, and shall be subject to revocation at any time by the State Department of Health, for failure to comply with the laws of the State of Tennessee or the rules and regulations of the State Department of Health issued thereunder.

In Witness Whereof, we have hereunto set our hand and seal of the State this 5TH day of JUNE, 2017.

By Vincent J. Dario, MPH
DIRECTOR, DIVISION OF HEALTH CARE FACILITIES

By
COMMISSIONER

DCF010

Section B
Contribution of Orderly Development of Health Care – D2

Documentation from the most Recent Survey and an Approved Plan of Correction

TN Department of Health

July 28, 2017

Mr. Tyler Williams, Administrator
NHC Healthcare, Johnson City
3209 Bristol Highway
Johnson City TN 37601

Re: 44-5024

Dear Mr. Williams:

The East Tennessee Regional Office of Health Care Facilities conducted a Health and Life Safety recertification survey/complaint investigation on **May 22 - 24, 2017**. An on-site revisit and desk review of the facility's plan of correction for the deficiencies cited as a result of the survey was conducted on July 25, 2017. Based on the on-site revisit, we are accepting your plan of correction and your facility is in compliance with all participation requirements as of July 6, 2017.

If you have any questions concerning this letter, please contact our office at (865) 594-9396.

Sincerely,

Tamra Turberville/afl

Tamra Turberville, RN, MSN
Public Health Regional Regulatory Program Manager

TT: afl

Division of Health Licensure and Regulation • 7175 Strawberry Plains Pike • Suite 103 • Knoxville, TN 37914 • Tel: 865-594-9396 • Fax: 865-594-5739 • tn.gov/health

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

PRINTED: 06/02/2017
FORM APPROVED
OMB NO. 0938-0391

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:	(X2) MULTIPLE CONSTRUCTION A. BUILDING ____ B. WING ____	(X3) DATE SURVEY COMPLETED
	445024		05/24/2017

NAME OF PROVIDER OR SUPPLIER	STREET ADDRESS, CITY, STATE, ZIP CODE
NHC HEALTHCARE, JOHNSON CITY	3209 BRISTOL HWY JOHNSON CITY, TN 37601

(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE
F 000	INITIAL COMMENTS An annual recertification survey and complaint investigation (#41303) was conducted on 5/22/17 through 5/24/17, at NHC Healthcare, Johnson City. No deficiencies were cited related to the complaint under 42 CFR Part 483, Requirements for Long Term Care.	F 000	This Plan of Correction is submitted as required under State and Federal Law. The submission of this plan does not constitute an admission on the part of NHC HealthCare, Johnson City as to the accuracy of the Surveyors' findings nor the conclusions drawn therefrom. The facility's submission of the Plan of Correction does not constitute an admission on the part of the facility that the findings cited are accurate, that the findings constitute a deficiency, or that the scope and severity regarding any of the deficiencies cited are correctly applied.	
F 242 SS=D	483.10(f)(1)-(3) SELF-DETERMINATION - RIGHT TO MAKE CHOICES (f)(1) The resident has a right to choose activities, schedules (including sleeping and waking times), health care and providers of health care services consistent with his or her interests, assessments, and plan of care and other applicable provisions of this part. (f)(2) The resident has a right to make choices about aspects of his or her life in the facility that are significant to the resident. (f)(3) The resident has a right to interact with members of the community and participate in community activities both inside and outside the facility. This REQUIREMENT is not met as evidenced by: Based on medical record review, observation, and interview the facility failed to honor individual choices for daily schedules for 2 residents (#84, #211) of 21 residents interviewed. The findings included: Medical record review revealed Resident #84 was admitted to the facility on 4/07/2017, with diagnoses included Femur Fracture and Arthritis.	F 242		

LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE: [signature] TITLE: [signature] (X6) DATE: 6/22/17

Any deficiency statement ending with an asterisk (*) denotes a deficiency which the institution may be excused from correcting providing it is determined that other safeguards provide sufficient protection to the patients. (See instructions.) Except for nursing homes, the findings stated above are disclosable 90 days following the date of survey whether or not a plan of correction is provided. For nursing homes, the above findings and plans of correction are disclosable 14 days following the date these documents are made available to the facility. If deficiencies are cited, an approved plan of correction is requisite to continued program participation.

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	445024		06/24/2017

NAME OF PROVIDER OR SUPPLIER	STREET ADDRESS, CITY, STATE, ZIP CODE
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F 242	Continued From page 1 Medical record review of the Minimum Data Set (MDS) assessment dated 4/14/2017, revealed Resident #84 had a BIMS (Brief Interview for Mental Status) score of 10, indicating moderate cognitive impairment. Review of the medication record completed on 5/23/2017 at 3:48 PM revealed Resident #84 had a blood pressure medication ordered with parameters to hold the medication based on the resident's current blood pressure. The medication is set for an 8:00 AM administration schedule. Resident #84 also had an order for (gastric medication) to be administered at 6:00 AM. Observation and interview with Resident #84 on 5/22/2017 at 1:26 PM, in the resident's room confirmed she had not been given the opportunity to choose the time she preferred to be awakened in the morning nor the type of bathing she received. "They wake me up at 5 [AM] but I don't get breakfast till 9 [AM]. I would like to get up at 7 [AM] ...I go [to the shower] on Tuesday and Friday. I didn't choose those days." An interview was completed with Activity Assistant (AA) #1 on 5/23/2017 at 2:10 PM. AA#1 stated, "On admission, we fill out an assessment...We don't ask about what time they want to get up in the morning." On 5/23/2017 at 2:55 PM, an interview was completed with Certified Nursing Assistant #1 (CNA). CNA #1 stated she was familiar with Resident #84. "I come in at 6:30 (AM). She is usually sleeping then. I go in to get her vitals (blood pressure, temperature, pulse) about 7 (AM). They get done every day. I ask if she wants to get up and she usually gets started with her	F 242	1. Staff will be inserviced by Director of Nursing and/or Resident Care Counselor regarding resident choices and specifically the choice of sleep/wake times by 6/30/17. Training will also be provided during New Hire orientation regarding resident choices. Resident #211 was interviewed on 6/9/17 regarding her choice of wake time was placed in the ADL Plan of Care/point of care device to communicate to caregivers. Resident #84 was interviewed on 6/9/17 and her choice of wake time was placed in the ADL Plan of Care/point of care device to communicate to caregivers. 2. All residents have the potential to be affected but no other patients were identified during the survey process. All resident charts were audited and their choices/preferences have been updated on care plan and ADL care plan. 3. Activities staff or designees will interview patients on admission regarding preference for sleep/wake (Continued next page)	7/6/17

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	445024		06/24/2017

NAME OF PROVIDER OR SUPPLIER	STREET ADDRESS, CITY, STATE, ZIP CODE
NHC HEALTHCARE, JOHNSON CITY	3209 BRISTOL HWY JOHNSON CITY, TN 37601

(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE
F 242	Continued From page 2 day at that time. Breakfast comes out about 7:45 AM. Sometimes she says she doesn't want to get up at 7." Observation on 5/24/2017 at 7:05 AM, revealed staff checking vital signs. Observation on 5/24/2017 at 7:50 AM, revealed the breakfast tray was delivered to Resident #84. On 5/24/2017 at 8:05 AM an interview was completed with LPN #1. LPN #1 stated the activities staff ask residents about bedtimes, but not morning wake up times, and LPN #1 was unable to find any documentation in the record indicating Resident #84's preferred time to get up in the mornings. On 5/24/2017 at 8:06 AM, a review of the CNA Point of Care data noted no information about the time Resident #84 preferred to get up in the mornings. Medical record review revealed Resident #211 was admitted to the facility on 12/15/16, with diagnoses including Myocardial Infarction and Pulmonary Edema. Medical record review of the Minimum Data Set (MDS) assessment dated 3/23/2017 revealed Resident #211 had a BIMS (Brief Interview for Mental Status) score of 14 indicating the resident was cognitively intact. On 5/22/2017 at 2:53 PM, an interview was completed with Resident #211. Resident #211 stated she was not able to choose the time she was awakened in the morning. "They get me up about 8:30 [AM]. I prefer 9:00 [AM] or later."	F 242	(Cont) times and preferences will be documented in the ADL Plan of care. 4. Resident Care Coordinators or designee will perform documentation audits on 5+ residents weekly times 2 months and report findings to QA committee. Audits will consist of chart reviews to determine if resident choices and preferences were honored. QA committee will consist of Medical Director or designee, DON or designee, Administrator or Asst. Administrator, SW, Dietitian and other team members. After initial monitoring, QA may be reduced based on results	

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	445024	A. BUILDING _____ B. WING _____	05/24/2017

NAME OF PROVIDER OR SUPPLIER	STREET ADDRESS, CITY, STATE, ZIP CODE
NHC HEALTHCARE, JOHNSON CITY	3209 BRISTOL HWY JOHNSON CITY, TN 37601

(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE
F 242	Continued From page 3 On 5/23/2017 at 3:00 PM, an interview was completed with CNA #1 who stated she was familiar with Resident #211. "[Resident #211] eats about 7:45 [AM]. She likes to sleep in. She will say, I don't feel like it and I want to wait awhile. She gets vital signs each morning around 7:00 [AM] and she will usually say she doesn't want to get up; she wants to wait till after breakfast." Review of the medication record on 5/23/17 at 3:45 PM noted no medications that required vital sign parameters before administering the resident's prescribed medication. On 5/23/2017 at 4:09 PM, an interview was completed with LPN # 2 who stated she was familiar with Resident #211. "We get everyone's vital signs every day. We would get Resident #211's vitals each shift. On day shift they would start getting vital signs at 7:00 AM." On 5/24/2017 at 7:48 AM, Resident #211's breakfast tray was noted delivered. On 5/24/2017 at 8:05 AM, a review of the Nursing Assistant Point of Care data noted no information about the time Resident #211 preferred to get up in the mornings. An interview was completed with LPN #1 on 5/24/2017 at 8:05 AM, who stated activities staff ask residents about bedtimes, but not morning wake up times, and that she couldn't find any documentation in the record indicating Resident #211's preferred time to get up in the mornings.	F 242		
F 371 SS=D	483.60(i)(1)-(3) FOOD PROCURE, STORE/PREPARE/SERVE - SANITARY	F 371		

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CENTERS FOR MEDICARE & MEDICAID SERVICES

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	445024	A. BUILDING _____ B. WING _____	05/24/2017

NAME OF PROVIDER OR SUPPLIER	STREET ADDRESS, CITY, STATE, ZIP CODE
NHC HEALTHCARE, JOHNSON CITY	3209 BRISTOL HWY JOHNSON CITY, TN 37601

(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE
F 371	Continued From page 4 (i)(1) - Procure food from sources approved or considered satisfactory by federal, state or local authorities. (i) This may include food items obtained directly from local producers, subject to applicable State and local laws or regulations. (ii) This provision does not prohibit or prevent facilities from using produce grown in facility gardens, subject to compliance with applicable safe growing and food-handling practices. (iii) This provision does not preclude residents from consuming foods not procured by the facility. (i)(2) - Store, prepare, distribute and serve food in accordance with professional standards for food service safety. (i)(3) Have a policy regarding use and storage of foods brought to residents by family and other visitors to ensure safe and sanitary storage, handling, and consumption. This REQUIREMENT is not met as evidenced by: Based on facility policy review, observation, and staff interviews, the facility failed to distribute meals in a sanitary manner and failed to disinfect the hands to prevent contamination during meal service on 1 of 3 dining areas observed. The findings included: Review of policy and procedure on Handwashing, dated 10/2014, revealed, "...Hands should be washed before starting to work; after break time; after using the rest room; after touching hair,	F 371	1. Nursing and dietary staff began covering plates going across the hall on 300 hall or station 3. Dietary Staff and Nursing staffing will be inserviced by Director of Nursing, Dietitian, or Resident Care Counselor by 6/30/17 regarding serving food and sanitary practices. Training on proper food distribution and hand sanitation during meal service will also be included in New Hire Orientation. 2. All residents have the potential to be affected but no other residents were identified during the survey process. One member of the nursing staff was placed in each dining room during survey to monitor proper distribution and hand sanitation during meal service. No other incidents identified by staff or survey team. 3. Nursing staff and dietary staff will be inserviced by Director of Nursing, Dietitian, or Resident Care Counselor regarding policies on meal service and infection control specifically concerning washing/ (Cont on next page)	7/6/17

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

PRINTED: 05/02/2017
FORM APPROVED
OMB NO. 0938-0391

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:	(X2) MULTIPLE CONSTRUCTION A. BUILDING B. WING	(X3) DATE SURVEY COMPLETED
	445024		05/24/2017

NAME OF PROVIDER OR SUPPLIER	STREET ADDRESS, CITY, STATE, ZIP CODE
NHC HEALTHCARE, JOHNSON CITY	3209 BRISTOL HWY JOHNSON CITY, TN 37601

(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE
F 371	Continued From page 5 face, or body...after touching anything that might contaminate hands...Sanitizing gel may ONLY be used as an added measure after washing hands to minimize bacteria, but not in place of handwashing..." Observation on 05/22/17 at 11:53 AM, during meal service near the 300 hall, revealed Certified Nurse's Assistant (CNA) #5 picked up an uncovered plate of multiple food items from the hot bar (serving line), and carried it to an adjacent dining area across the hallway. Observation of CNA #6 revealed the CNA picked up an uncovered plate of multiple food items and carried the tray across the hallway into another dining area. Continued observation revealed the Dietary Aide (DA) #1 was plating food, without wearing gloves, wiping his face and adjusting his glasses, then touching the plate surfaces with bare fingers and placing resident's food on the plates to be served to the residents. Continued observation revealed DA #1 failed to wash his hands or use hand sanitizer after touching his face or glasses. Observation on 05/24/17 at 7:50 AM, during the breakfast meal service observation near the 300 hall, revealed CNA #8 picked up an uncovered breakfast plate from the tray line, walked across the hallway to the dining room and served Resident #102. Continued observation revealed CNA #9 also picked up an uncovered breakfast plate, carried the plate of food across the hallway to the dining room, and served Resident #105. On 05/24/17 at 8:04 AM, interview with the Dietary Manager (DM) #1, confirmed when staff are walking trays into another room from the serving line, the plated food should be covered.	F 371	(Cont) sanitizing hands and covering plates of food. 4. Dietitian or Designee and RCC or designee will audit 3 times per week times 2 months and report findings to QA committee. Audits will consist of observation of proper distribution of meals in a sanitary manner and proper hand sanitation during meal service. QA committee will consist of Medical Director or designee, DON or designee, Administrator or Asst. Administrator, SW, Dietitian and other team members. After initial monitoring, QA may be reduced based on results.	

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

PRINTED: 06/02/2017
FORM APPROVED
OMB NO. 0938-0391

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:	(X2) MULTIPLE CONSTRUCTION A. BUILDING ____ B. WING ____	(X3) DATE SURVEY COMPLETED
	446024		05/24/2017

NAME OF PROVIDER OR SUPPLIER	STREET ADDRESS, CITY, STATE, ZIP CODE
NHC HEALTHCARE, JOHNSON CITY	3209 BRISTOL HWY JOHNSON CITY, TN 37601

(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE
F 371	Continued From page 6 When asked if gloves are required when touching food surfaces, she confirmed that they were.	F 371		

PRINTED: 06/02/2017
FORM APPROVED

Division of Health Care Facilities

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:	(X2) MULTIPLE CONSTRUCTION A. BUILDING B. WING	(X3) DATE SURVEY COMPLETED
	TN9009		05/24/2017

NAME OF PROVIDER OR SUPPLIER: NHC HEALTHCARE, JOHNSON CITY

STREET ADDRESS, CITY, STATE, ZIP CODE: 3209 BRISTOL HWY JOHNSON CITY, TN 37601

(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETE DATE
N 000	Initial Comments A Licensure health survey and complaint investigation (#41303) was conducted on 5/22/17 through 5/24/17 at NHC Healthcare of Johnson City. No deficiencies were cited under Chapter 1200-8-6, Standards for Nursing Homes.	N 000		

Division of Health Care Facilities
LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE | TITLE | (X6) DATE

6/22/17

STATE FORM 6899 2T0S11 If continuation sheet 1 of 1

PRINTED: 05/25/2017
FORM APPROVED
OMB NO. 0938-0391

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER	(X2) MULTIPLE CONSTRUCTION	(X3) DATE SURVEY COMPLETED
	445024	A. BUILDING 01 - MAIN BUILDING 01 B. WING	05/23/2017

NAME OF PROVIDER OR SUPPLIER	STREET ADDRESS, CITY, STATE, ZIP CODE
NHC HEALTHCARE, JOHNSON CITY	3209 BRISTOL HWY JOHNSON CITY, TN 37601

(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE
K 000	INITIAL COMMENTS	K 000		
K 321 SS=D	A Life Safety Survey was conducted by the State of Tennessee Department of Health Division of Health Licensure and Regulation Office of Health Care Facilities survey on 5/23/17. During this Life Safety Survey, NHC Johnson City was found not in substantial compliance with the requirements for participation in Medicare/Medicaid at 42 CFR Subpart 483.70(a), Life Safety from Fire, and the related National Fire Protection Association (NFPA) standard 101 - 2012 edition. NFPA 101 Hazardous Areas - Enclosure Hazardous Areas - Enclosure 2012 EXISTING Hazardous areas are protected by a fire barrier having 1-hour fire resistance rating (with 3/4-hour fire rated doors) or an automatic fire extinguishing system in accordance with 8.7.1. When the approved automatic fire extinguishing system option is used, the areas shall be separated from other spaces by smoke resisting partitions and doors in accordance with 8.4. Doors shall be self-closing or automatic-closing and permitted to have nonrated or field-applied protective plates that do not exceed 48 inches from the bottom of the door. Describe the floor and zone locations of hazardous areas that are deficient in REMARKS. 19.3.2.1 Area Automatic Sprinkler Separation N/A a. Boiler and Fuel-Fired Heater Rooms b. Laundries (larger than 100 square feet) c. Repair, Maintenance, and Paint Shops d. Soiled Linen Rooms (exceeding 64 gallons) e. Trash Collection Rooms	K 321	1. After communication from the Surveyor on 5/23/17 the maintenance staff installed a door closer on the Health Information office door. Completed 5/23/17. 2. No other areas were identified during the survey process. 3. None other than the corrective action detailed above. 4. None other than the corrective action detailed above.	7/6/17

LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE	TITLE	(X6) DATE
[signature]	[signature]	6/22/17

Any deficiency statement ending with an asterisk (*) denotes a deficiency which the institution may be excused from correcting providing it is determined that other safeguards provide sufficient protection to the patients. (See instructions.) Except for nursing homes, the findings stated above are disclosable 90 days following the date of survey whether or not a plan of correction is provided. For nursing homes, the above findings and plans of correction are disclosable 14 days following the date these documents are made available to the facility. If deficiencies are cited, an approved plan of correction is requisite to continued program participation.

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DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:	(X2) MULTIPLE CONSTRUCTION A. BUILDING 01 - MAIN BUILDING 01 B. WING	(X3) DATE SURVEY COMPLETED
	445024		05/23/2017

NAME OF PROVIDER OR SUPPLIER	STREET ADDRESS, CITY, STATE, ZIP CODE
NHC HEALTHCARE, JOHNSON CITY	3209 BRISTOL HWY JOHNSON CITY, TN 37601

(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE
K 321	Continued from page 1 (exceeding 64 gallons) f. Combustible Storage Rooms/Spaces (over 50 square feet) g. Laboratories (if classified as Severe Hazard - see K322) This STANDARD is not met as evidenced by: Based on observation, the facility failed to have doors to hazardous areas self-closing. NFPA 101 2012 Ed. 19.3.1.7 The deficiency affected 1 of 8 smoke compartments. The findings include: Observation on 5/23/17 at 9:55 AM revealed the door to the Health Information Office door is not self-closing or automatic closing, the room has combustible storage in it and the space is over 50 square feet. The maintenance staff was present when the deficiency was identified and acknowledged by the administrator during the exit conference on 5/23/17.	K 321		
K 355 SS=E	NFPA 101 Portable Fire Extinguishers Portable Fire Extinguishers Portable fire extinguishers are selected, installed, inspected, and maintained in accordance with NFPA 10, Standard for Portable Fire Extinguishers. 18.3.5.12, 19.3.5.12, NFPA 10 This STANDARD is not met as evidenced by: Based on observation, the facility failed to have all 6 year requirements for fire extinguishers completed.	K 355		

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER	(X2) MULTIPLE CONSTRUCTION A. BUILDING 01 - MAIN BUILDING 01 B. WING	(X3) DATE SURVEY COMPLETED
	445024		05/23/2017

NAME OF PROVIDER OR SUPPLIER	STREET ADDRESS, CITY, STATE, ZIP CODE
NHC HEALTHCARE, JOHNSON CITY	3209 BRISTOL HWY JOHNSON CITY, TN 37601

(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE
K 355	Continued From page 2 NFPA 101 19.3.5.12, 9.7.4.1, NFPA 10 7.3.3.1, 7.3.3.2 The deficiency affected 4 of 8 smoke compartments. The findings include: Observation on 5/23/17 between 10:05 AM and 11:15 AM revealed the following: 1. Fire extinguisher by RCC2 office did not have 6 year service label. 2. Fire extinguisher in activity room is past due for the 6 year maintenance. 3. Fire extinguisher by room 418 did not have 6 year service label. 4. Fire extinguisher by room 234 is past due for 6 year maintenance. 5. Fire extinguisher upstairs did not have 6 year service label. 6. Fire extinguisher by room 102 did not have 6 year service label. The maintenance staff was present when the deficiency was identified and acknowledged by the administrator during the exit conference on 5/23/17.	K 355	1. After communication from the surveyor on 5/23/17 we contacted our contractor that preforms our fire extinguisher maintenance/ inspections immediately. East TN Sprinkler corrected all 6 fire extinguishers on 5/26/17. 2. No other areas were identified during the survey process. 3. None other than the corrective action detailed above. 4. All fire extinguishers will have the 6 year maintenance completed by 6/30/17.	7/6/17
K 374 SS=D	NFPA 101 Subdivision of Building Spaces - Smoke Barrie Subdivision of Building Spaces - Smoke Barrier Doors 2012 EXISTING Doors in smoke barriers are 1-3/4-inch thick solid bonded wood-core doors or of construction that resists fire for 20 minutes. Nonrated protective plates of unlimited height are permitted. Doors	K 374		

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OMB NO. 0938-0391

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:	(X2) MULTIPLE CONSTRUCTION	(X3) DATE SURVEY COMPLETED
	445024	A. BUILDING 01 - MAIN BUILDING 01 B. WING _____	05/23/2017

NAME OF PROVIDER OR SUPPLIER	STREET ADDRESS, CITY, STATE, ZIP CODE
NHC HEALTHCARE, JOHNSON CITY	3209 BRISTOL HWY JOHNSON CITY, TN 37601

(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE
K 374	Continued From page 3 are permitted to have fixed fire window assemblies per 8.5. Doors are self-closing or automatic-closing, do not require latching, and are not required to swing in the direction of egress travel. Door opening provides a minimum clear width of 32 inches for swinging or horizontal doors. 19.3.7.6, 19.3.7.8, 19.3.7.9 This STANDARD is not met as evidenced by: Based on observation, the facility failed to have doors in smoke barriers to be self-closing. NFPA 101 2012 Ed. 19.3.7.8 The deficiency affected 1 of 8 smoke compartments. The findings include: Observation on 5/23/17 at 11:10 AM revealed the upstairs smoke barrier door that leads into the attic space is not self-closing or automatic closing. The maintenance staff was present when the deficiency was identified and acknowledged by the administrator during the exit conference on 5/23/17.	K 374	1. The smoke barrier door to the attic space had a self closer installed on 5/29/17. 2. No other areas were identified during the survey process. 3. None other than the corrective action detailed above. 4. None other than the corrective action detailed above.	7/6/17
K 923 SS=D	NFPA 101 Gas Equipment - Cylinder and Container Storag Gas Equipment - Cylinder and Container Storage Greater than or equal to 3,000 cubic feet Storage locations are designed, constructed, and ventilated in accordance with 5.1.3.3.2 and 5.1.3.3.3. >300 but <3,000 cubic feet Storage locations are outdoors in an enclosure or	K 923		

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

PRINTED: 05/25/2017
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STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:	(X2) MULTIPLE CONSTRUCTION	(X3) DATE SURVEY COMPLETED
	445024	A. BUILDING 01 - MAIN BUILDING 01 B. WING _____	05/23/2017

NAME OF PROVIDER OR SUPPLIER	STREET ADDRESS, CITY, STATE, ZIP CODE
NHC HEALTHCARE, JOHNSON CITY	3209 BRISTOL HWY JOHNSON CITY, TN 37601

(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE
K 923	Continued From page 4 within an enclosed interior space of non- or limited- combustible construction, with door (or gates outdoors) that can be secured. Oxidizing gases are not stored with flammables, and are separated from combustibles by 20 feet (5 feet if sprinklered) or enclosed in a cabinet of noncombustible construction having a minimum 1/2 hr. fire protection rating. Less than or equal to 300 cubic feet In a single smoke compartment, individual cylinders available for immediate use in patient care areas with an aggregate volume of less than or equal to 300 cubic feet are not required to be stored in an enclosure. Cylinders must be handled with precautions as specified in 11.6.2. A precautionary sign readable from 5 feet is on each door or gate of a cylinder storage room, where the sign includes the wording as a minimum "CAUTION: OXIDIZING GAS(ES) STORED WITHIN NO SMOKING." Storage is planned so cylinders are used in order of which they are received from the supplier. Empty cylinders are segregated from full cylinders. When facility employs cylinders with integral pressure gauge, a threshold pressure considered empty is established. Empty cylinders are marked to avoid confusion. Cylinders stored in the open are protected from weather. 11.3.1, 11.3.2, 11.3.3, 11.3.4, 11.6.5 (NFPA 99) This STANDARD is not met as evidenced by: Based on observation, the facility failed to arrange oxygen storage locations in accordance with NFPA 99. NFPA 101 2012 Ed. 19.3.2.4, 11.3.2.3, 11.3.4.2, 11.7.3.2 The deficiency affected 1 of 8 smoke compartments.	K 923	1. After communication from the surveyor, all 5 oxygen cylinders were secured. Immediately all combustibles were removed from within 5ft of the oxygen storage area. A sign reading "Caution: Oxidizing gas(es) Stored within NO SMOKING" was placed on storage areas. Completed 5/23/17. 2. No other areas were identified during the survey process. 3. An inservice regarding the policy for properly securing and storing oxygen tanks for staff will be completed by 6/30/17. 4. Central Supply Clerk or designee will monitor oxygen storage areas for compliance 3 times per week times 2 months. This information will be presented to the QA committee. QA committee will consist of Medical Director or designee, DON or designee, Administrator or Asst. Administrator, SW, Dietitian and other team members. After initial monitoring, QA may be reduced based on results.	7/6/17

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

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STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:	(X2) MULTIPLE CONSTRUCTION	(X3) DATE SURVEY COMPLETED
	445024	A. BUILDING 01 - MAIN BUILDING 01 B. WING _____	05/23/2017

NAME OF PROVIDER OR SUPPLIER	STREET ADDRESS, CITY, STATE, ZIP CODE
NHC HEALTHCARE, JOHNSON CITY	3209 BRISTOL HWY JOHNSON CITY, TN 37601

(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE
K 923	Continued From page 5 The findings include: Observation on 5/23/17 at 9:56 AM revealed the following in the oxygen storage room in Station 2 West: 1. Signage did not have the minimum wording of "CAUTION: OXIDIZING GAS(ES) STORED WITHIN NO SMOKING". 2. Oxygen E-Cylinders being stored within 5ft of combustibles. 3. 5 unsecured oxygen E-Cylinders. The maintenance staff was present when the deficiency was identified and acknowledged by the administrator during the exit conference on 5/23/17.	K 923		

PRINTED: 05/25/2017
FORM APPROVED

Division of Health Care Facilities

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:	(X2) MULTIPLE CONSTRUCTION A. BUILDING 01 - MAIN BUILDING 01 B. WING	(X3) DATE SURVEY COMPLETED
	TN9009		05/23/2017

NAME OF PROVIDER OR SUPPLIER: NHC HEALTHCARE, JOHNSON CITY

STREET ADDRESS, CITY, STATE, ZIP CODE: 3209 BRISTOL HWY JOHNSON CITY, TN 37601

(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETE DATE
N 846	1200-8-6-.03 (18) Building Standards (18) It shall be demonstrated through the submission of plans and specifications that in each nursing home a negative air pressure shall be maintained in the soiled utility area, toilet room, janitor's closet, dishwashing and other such soiled spaces, and a positive air pressure shall be maintained in all clean areas including, but not limited to, clean linen rooms and clean utility rooms. This Rule is not met as evidenced by: Based on observation and interview, the facility failed to ensure negative pressure was maintained in required areas. The findings include: Observation and interview with the maintenance director on 5/23/17 between 9:00 AM and 9:40 AM revealed resident restrooms 401, 402, 404, 405 and 406 were not provided with negative air pressure. The maintenance director was present when the deficiencies were identified and was acknowledged by the administrator during the exit conference on 5/23/17.	N 846	1. After communication from the surveyor the belt was repaired on the motor that provided negative pressure to rooms 401, 402, 404, 405, and 406. This was completed on 5/23/17. Subsequently the motor had to be replaced on 5/26/17. 2. No other areas were identified during the survey process. 3. Maintenance staff will be inserviced by 6/30/17 regarding negative air pressure system policies. 4. Environmental Services director or designee will monitor negative air pressure system 3 times per week times 2 months and report findings to QA committee. QA committee will consist of Medical Director or designee, DON or designee, Administrator or Asst. Administrator, SW, Dietitian and other team members. After initial monitoring, QA may be reduced based on results	7/6/17

Division of Health Care Facilities
LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE: [signature] TITLE: Administrator (X6) DATE: 6/22/17

STATE FORM 2T0S21 If continuation sheet 1 of 1

Attachment – Proof of Publication

JOHNSON CITY PRESS
204 W. Main Street
Johnson City, TN 37604
AFFIDAVIT OF PUBLICATION

AD# 1393404

DATES: 11-9-2017

State of Tennessee)
Carter County)
Washington County)

Teresa Hicks makes the oath th

daily newspaper published in Jo

advertisement was published in

11-9-2017 and

Sworn to and Subscribed before

CONNIE N. GUINN
STATE OF TENNESSEE NOTARY PUBLIC
WASHINGTON COUNTY
MY COMMISSION EXPIRES 3-3-2021

NOTIFICATION OF INTENT TO APPLY FOR A CERTIFICATE OF NEED

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

NHC HealthCare, Johnson City — Nursing Home
(Name of Applicant) — (Facility Type-Existing)

owned by: NHC HealthCare/Johnson City, LLC with an ownership type of Limited Liability Company and to be managed by: NHC HealthCare/Johnson City, LLC intends to file an application for a Certificate of Need for: **the addition of 7 new Medicare certified SNF nursing home beds to the existing 160 bed nursing home called NHC HealthCare, Johnson City, located at 3209 Bristol Highway, Johnson City (Washington Co.) TN 37601. NHC HealthCare, Johnson City is certified for both Medicaid and Medicare participation. The estimated project costs is $474,000.**

The anticipated date of filing the application is: November 14, 2017

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

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

Murfreesboro — Tennessee — 37130
(City) — (State) — (Zip Code)

615 / 890-2020
(Area Code / Phone Number)

Upon written request by interested parties, a local Fact-Finding public hearing shall be conducted. Written requests for hearing should be sent to:

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

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

HF50 (Revised 01/09/2013 - all forms prior to this date are obsolete)

PUB1T: 11/9/2017

This legal notice was published online at www.johnsoncitypress.com and www.publicnoticeads.com during the duration of the run dates listed. This publication fully complies with Tennessee Code Annotated 1-3-20

JOHNSON CITY PRESS
204 W. Main Street
Johnson City, TN 37604
AFFIDAVIT OF PUBLICATION

AD# 13934404

DATES: 11-9-2017

State of Tennessee)
Carter County)
Washington County)

Teresa Hicks makes the oath that she is a Representative of The Johnson City Press, a daily newspaper published in Johnson City, in said County and State, and that the advertisement was published in said paper for 1 insertion (s) commencing on 11-9-2017 and ending on 11-9-2017.

Teresa Hicks

Sworn to and Subscribed before me this 11 13 2017
Month Day Year

Connie N Guinn
Notary Public

My commission expires on 03/03/2021

This legal notice was published online at www.johnsoncitypress.com and www.publicnoticeads.com during the duration of the run dates listed. This publication fully complies with Tennessee Code Annotated 1-3-20

NOTIFICATION OF INTENT TO APPLY FOR A CERTIFICATE OF NEED

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

NHC HealthCare, Johnson City — Nursing Home
(Name of Applicant) — (Facility Type-Existing)

owned by: NHC HealthCare/Johnson City, LLC with an ownership type of Limited Liability Company and to be managed by: NHC HealthCare/Johnson City, LLC intends to file an application for a Certificate of Need for: **the addition of 7 new Medicare certified SNF nursing home beds to the existing 160 bed nursing home called NHC HealthCare, Johnson City, located at 3209 Bristol Highway, Johnson City (Washington Co.) TN 37601. NHC HealthCare, Johnson City is certified for both Medicaid and Medicare participation. The estimated project costs is $474,000.**

The anticipated date of filing the application is: November 14, 2017

The contact person for this project is

Bruce K. Duncan — Assistant Vice President
(Contact Name) — (Title)

who may be reached at:

National HealthCare Corporation — 100 Vine Street, 12th Floor
(Company Name) — (Address)

Murfreesboro — Tennessee — 37130
(City) — (State) — (Zip Code)

615 / 890-2020
(Area Code / Phone Number)

Upon written request by interested parties, a local Fact-Finding public hearing shall be conducted. Written requests for hearing should be sent to:

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

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

HF50 (Revised 01/09/2013 - all forms prior to this date are obsolete)

PUB1T: 11/9/2017

Attachment – Letter of Intent

State of Tennessee
Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, TN 37243
www.tn.gov/hsda Phone: 615-741-2364 Fax: 615-741-9884

LETTER OF INTENT

The Publication of Intent is to be published in the Johnson City Press (Name of Newspaper) which is a newspaper of general circulation in Washington (County), Tennessee, on or before November 10 (Month / day), 2017 (Year) for one day.

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

NHC Healthcare, Johnson City (Name of Applicant), Nursing Home (Facility Type-Existing)

owned by: NHC HealthCare/Johnson City, LLC. with an ownership type of Limited Liability Company

and to be managed by: NHC HealthCare/Johnson City, LLC. intends to file an application for a Certificate of Need for: the addition of seven (7) new Medicare certified SNF nursing home beds to the existing 160 bed nursing home called NHC HealthCare, Johnson City, located at 3209 Bristol Highway, Johnson City, (Washington Co.) TN 37601. NHC HealthCare, Johnson City is certified for both Medicaid and Medicare participation. The estimated project costs is $474,000.

The anticipated date of filing the application is: November 14, 2017

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

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

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

(Signature), 11/6/17 (Date), Bduncan@nhccare.com (E-mail Address)

==========

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

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

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==========

HF51 (Revised 01/09/2013 – all forms prior to this date are obsolete)

Attachment – Letters of Support

Integrated Health Transitions
P.O. Box 675
Jonesborough, TN 37659
Dr. Bert J. Smith, MD, FACP

NOV 14 '17 AM 10:53

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

Dear Ms. Hill,

I am writing this letter in support for NHC HealthCare, Johnson City's CON application for the addition of seven (7) skilled beds. As you are probably aware, there is a much higher demand for private rooms based on the increasing incidence of resistant communicable illnesses, and these beds are needed to improve availability to our local residents.

NHC has a great reputation for providing excellent care in our area and the metrics bear that out. I hope that you will approve their request to expand their services.

If you have any questions, please do not hesitate to contact me.

Sincerely,

, MD

Bert J. Smith, MD
Integrated Health Transitions, PLLC
423-557-5706

State of Tennessee
Health Services and Development Agency
Andrew Jackson, 9th Floor, 502 Deaderick Street, Nashville, TN 37243
www.tn.gov/hsda Phone: 615-741-2364 Fax: 615-741-9884

December 1, 2017

Mr. Bruce Duncan
National HealthCare Corporation
100 Vine Street, 12th Floor
Murfreesboro, TN 37130

RE: Certificate of Need Application -- NHC Healthcare, Johnson City- CN1711-033
The addition of 7 Medicare certified skilled nursing facility (SNF) beds at NHC Healthcare, Johnson City at 3209 Bristol Highway, Johnson City (Washington County), TN. The service area consists of Washington County. The applicant is owned by NHC Healthcare/Johnson City, LLC. The estimated project cost is $474,000.

Dear Mr. Duncan:

This is to acknowledge the receipt of supplemental information to your application for a Certificate of Need. Please be advised that your application is now considered to be complete by this office.

Your application is being forwarded to Trent Sansing at the Tennessee Department of Health for Certificate of Need review by the Division of Policy, Planning and Assessment. You may be contacted by Mr. Sansing or someone from his office for additional clarification while the application is under review by the Department. Mr. Sansing's contact information is Trent.Sansing@tn.gov or 615-253-4702.

In accordance with Tennessee Code Annotated, §68-11-1607, et seq., as amended by Public Chapter 780, the 60-day review cycle for this project will begin on December 1, 2017. The first 60 days of the cycle are assigned to the Department of Health, during which time a public hearing may be held on your application. You will be contacted by a representative from this Agency to establish the date, time and place of the hearing should one be requested. At the end of the 60-day period, a written report from the Department of Health or its representative will be forwarded to this office for Agency review. You will receive a copy of their findings. The Health Services and Development Agency will review your application on February 28, 2018.

Any communication regarding projects under consideration by the Health Services and Development Agency shall be in accordance with T.C.A. § 68-11-1607(d):

(2) No communications are permitted with the members of the agency once the Letter of Intent initiating the application process is filed with the agency. Communications between agency members and agency staff shall not be prohibited. Any communication received by an agency member from a person unrelated to the applicant or party opposing the application shall be reported to the Executive Director and a written summary of such communication shall be made part of the certificate of need file.

(3) All communications between the contact person or legal counsel for the applicant and the Executive Director or agency staff after an application is deemed complete and placed in the review cycle are prohibited unless submitted in writing or confirmed in writing and made part of the certificate of need application file. Communications for the purposes of clarification of facts and issues that may arise after an application has been deemed complete and initiated by the Executive Director or agency staff are not prohibited.

Should you have questions or require additional information, please contact me.

Sincerely,

Melanie M. Hill
Executive Director

cc: Trent Sansing, TDH/Health Statistics, PPA

State of Tennessee
Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, TN 37243
www.tn.gov/hsda Phone: 615-741-2364 Fax: 615-741-9884

NOV 3 17 AM 10:45

LETTER OF INTENT

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NHC Healthcare, Johnson City (Name of Applicant), Nursing Home (Facility Type-Existing)

owned by: NHC HealthCare/Johnson City, LLC. with an ownership type of Limited Liability Company

and to be managed by: NHC HealthCare/Johnson City, LLC. intends to file an application for a Certificate of Need for: the addition of seven (7) new Medicare certified SNF nursing home beds to the existing 160 bed nursing home called NHC HealthCare, Johnson City, located at 3209 Bristol Highway, Johnson City, (Washington Co.) TN 37601. NHC HealthCare, Johnson City is certified for both Medicaid and Medicare participation. The estimated project costs is $474,000.

The anticipated date of filing the application is: November 14, 2017

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

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

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

(Signature) 11/6/17 (Date) Bduncan@nhccare.com (E-mail Address)

==========

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

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

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Supplemental #1

NHC HealthCare, Johnson City

CN1711-033

Supplemental #1
November 28, 2017
11:31 am

NHC
NATIONAL HEALTHCARE CORPORATION

November 27, 2017

Mr. Mark Farber
State of Tennessee
Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, TN 37243

RE: Certificate of Need Application CN1711-033
NHC HealthCare, Johnson City

Dear Mark:

Attached please find the additional information to the above referenced CON application and supplemental request. Also, please see additional support letters located at the end of the supplemental responses. This information has been submitted in triplicate.

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

Sincerely,

NATIONAL HEALTHCARE CORPORATION

Bruce K. Duncan DB

Bruce K. Duncan
Assistant Vice President, Planning/Licensure and
Authorized Representative for the applicant

Enclosure

Supplemental #1
November 28, 2017
11:31 am

1. **Section A, Executive Summary, Overview**

   Please complete the following chart:

NHC HealthCare, Johnson City

Bed Mix	Private Beds	%Total	Semi-Private Beds	% Total	Ward Beds	% Total
Current (160)	60	37.5	100	62.5	0	0
Proposed (167)	67	40.1	100	59.9	0	0

   What is the age of the existing 160 bed nursing home? When was the last expansion or renovation?

   The building was originally constructed in 1964. There was an addition/alteration in 1966 and some additional work completed in 1976.

2. **Section A, Executive Summary, Item 10 (Bed Complement Data)**

   The bed complement chart in the application indicates that all 160 licensed beds are dually certified for Medicare and Medicaid. In the 2015 JAR bed mix is 84 Medicaid only and 76 dually certified.

   Please address this discrepancy.

   Effective October 1, 2017, NHC HealthCare, Johnson City became 100% Medicare dually certified (160 beds). Please see attached letter from the Tennessee Department of Health.

Supplemental #1
November 28, 2017
11:31 am

October 2, 2017

Mr. Tyler Williams, Administrator
NHC Healthcare, Johnson City
3209 Bristol Highway
Johnson City TN 37601

Dear Mr. Williams:

SNF Identification Number: 44-5024

We have been informed of the increase in Medicare dually certified beds in your facility from 120 to 160 effective October 1, 2017. These beds are located in room: 301 – 312 (2ea), 315 - 323 (2ea), 415 and 417 (1ea).

Under the auspices of the Health Care Financing Administration, we are notifying your fiscal intermediary, Cahaba Government Benefits Administrators (10301) of this change. Please contact your fiscal intermediary office with any questions or concerns you may have regarding Medicare reimbursement.

Should you have other questions concerning this matter, please contact our office at (865) 594-9396.

Sincerely,

Tamra Turberville, RN, MSN
Public Health Regional Regulatory Program Manager

TT:afl

cc: Fiscal Intermediary
Provider Enrollment
Central Office

NOTE TO FISCAL INTERMEDIARY: THIS LETTER REPLACES THE HCFA-2007, PROVIDER TIE-IN NOTICE

Division of Health Licensure and Regulation • 7175 Strawberry Plains Pike • Suite 103 • Knoxville, TN 37914 • Tel: 865-594-9396 • Fax: 865-594-5739 • tn.gov/health

3. **Section A, Executive Summary, Item 12 (Square Footage Chart)**

   The chart indicates that the renovation cost for the proposed project is above the 3rd quartile of previously approved nursing home projects.

   Please discuss and identify the reasons for this higher cost.

   The renovation cost is higher than normal due to the scope of work (outlined in the architect's letter). This work includes all new HVAC equipment in the rooms (approx. $26/sf) and reworking all of the patient room bathrooms (minimum of $50/sf). This work may not be included in a typical "renovation". Without these two items, our cost/sf would be approximately $71/sf. That is between the median ($58.39/sf) and the 3rd Quartile ($90.46/sf).

4. **Section B., Need, Item A.(14)(b) (Nursing Home-Service Specific Criteria-Additional Occupancy Rate Standards)**

   Please provide copies of the charts in Medicare's Nursing Home Compare that provide details on general information, health inspections, staffing, fire safety inspections, quality of resident care and penalties for each of the nursing homes (for those that are available) in Washington County.

   Please see the attached approximately 80 pages of information from the Medicare's Nursing Home Compare for the nursing facilities in Washington County.

Supplemental #1
November 28, 2017
11:31 am

Medicare.gov | Nursing Home Compare

The Official U.S. Government Site for Medicare

8 hospitals in Washington, Tennessee.

Nursing Home Search Results

Nursing Home Information	Overall Rating	Health Inpections	Staffing	Quality Ratings
AGAPE NURSING AND REHABILIATION CENTER, LLC 505 N ROAN STREET JOHNSON CITY, TN 37604 (423) 975-2000	*2 out of 5 stars* **Below Average**	*3 out of 5 stars* **Average**	*1 out of 5 stars* **Much Below Average**	*3 out of 5 stars* **Average**
CORNERSTONE VILLAGE 2012 SHERWOOD DRIVE JOHNSON CITY, TN 37601 (423) 928-3168	*2 out of 5 stars* **Below Average**	*1 out of 5 stars* **Much Below Average**	*1 out of 5 stars* **Much Below Average**	*5 out of 5 stars* **Much Above Average**
FOUR OAKS HEALTH CARE CENTER 1101 PERSIMMON RIDGE RD JONESBOROUGH, TN 37659 (423) 753-8711	Rating Not Displayed[12]	*4 out of 5 stars* **Above Average**	Rating Not Displayed[12]	*4 out of 5 stars* **Above Average**
LAKEBRIDGE, A WATERS COMMUNITY, LLC 115 WOODLAWN DRIVE JOHNSON CITY, TN 37604 (423) 975-0095	*3 out of 5 stars* **Average**	*4 out of 5 stars* **Above Average**	*1 out of 5 stars* **Much Below Average**	*3 out of 5 stars* **Average**

Supplemental #1

November 28, 2017

11:31 am

Nursing Home Information	Overall Rating	Health Inpections	Staffing	Quality Ratings
LIFE CARE CENTER OF GRAY 791 OLD GRAY STATION ROAD GRAY, TN 37615 (423) 477-7146	*4 out of 5 stars* **Above Average**	*4 out of 5 stars* **Above Average**	*4 out of 5 stars* **Above Average**	*3 out of 5 stars* **Average**
NHC HEALTHCARE, JOHNSON CITY 3209 BRISTOL HWY JOHNSON CITY, TN 37601 (423) 282-3311	*5 out of 5 stars* **Much Above Average**	*4 out of 5 stars* **Above Average**	*2 out of 5 stars* **Below Average**	*5 out of 5 stars* **Much Above Average**
PRINCETON TRANS CARE AT NORTH 400 NORTH STATE OF FRANKLIN ROAD JOHNSON CITY, TN 37601 (423) 431-6111	*3 out of 5 stars* **Average**	*2 out of 5 stars* **Below Average**	*5 out of 5 stars* **Much Above Average**	*3 out of 5 stars* **Average**
THE WATERS OF JOHNSON CITY, LLC 140 TECHNOLOGY LANE JOHNSON CITY, TN 37604 (423) 434-2016	*2 out of 5 stars* **Below Average**	*2 out of 5 stars* **Below Average**	*2 out of 5 stars* **Below Average**	*2 out of 5 stars* **Below Average**

Footnote number	Footnote as displayed on nursing home Compare

Supplemental #1
November 28, 2017
11:31 am

Medicare.gov | Nursing Home Compare

The Official U.S. Government Site for Medicare

AGAPE NURSING AND REHABILIATION CENTER, LLC

General information

AGAPE NURSING AND REHABILIATION CENTER, LLC

Overall rating: *2 out of 5 stars* **Below Average**

Learn more about the overall star ratings

505 N ROAN STREET
JOHNSON CITY, TN 37604
(423) 975-2000

Nursing Home information

84 certified beds

Participates in: Medicare and Medicaid

Automatic sprinkler systems in all required areas :Yes

Not in a Continuing Care Retirement Community (CCRC)

Not in a hospital

Has a Resident and Family Council

Learn why these characteristics and services are important

Ownership information

Ownership : For profit - Partnership

Legal business name: AGAPE NURSING & REHABILITATION CENTER, LLC

Get more ownership information

Star rating categories

Health inspection rating	*3 out of 5 stars* **Average**
Staffing rating	*1 out of 5 stars* **Much Below Average**
Quality measures rating	*3 out of 5 stars* **Average**

Health Inspections

Supplemental #1

November 28, 2017

11:31 am

AGAPE NURSING AND REHABILIATION CENTER, LLC

Overall rating *2 out of 5 stars*
Below Average

AGAPE NURSING AND REHABILIATION CENTER, LLC

Health inspections

Information about a nursing home's health inspections, complaints filed, and any resulting citations. Learn more about health inspections. Nursing homes that are certified by Medicare and Medicaid are inspected each year. Health care professionals inspect each nursing home and look for any health and safety citations. The health inspection star rating is based on the three most recent nursing home inspections.

	AGAPE NURSING AND REHABILIATION CENTER, LLC
Health Inspection rating	*3 out of 5 stars* **Average**
Date of most recent standard health inspection	03/22/2017 View Full Report
Total number of health citations	2
Average number of health citations in Tennessee	5.2
Average number of health citations in the United States	7.2
Date(s) of complaint inspection(s) between 10/1/2016 - 9/30/2017	12/22/2016 View Full Report
Number of complaints in the past 3 years that resulted in a citation	3
Number of times in the past 3 years a facility-reported issue resulted in a citation	1
View all health inspection details	View all health inspection, complaint, and incident details

Supplemental #1
November 28, 2017
11:31 am

Fire Safety Inspections

AGAPE NURSING AND REHABILIATION CENTER, LLC

AGAPE NURSING AND REHABILIATION CENTER, LLC
Overall rating: *2 out of 5 stars*
Below Average

Learn more about the overall star ratings

Fire safety inspections

505 NORTON STREET
JOHNSON CITY, TN 37604
(423) 975-2000

Nursing homes that participate in Medicare and/or Medicaid must meet standards set by the government to ensure residents are safe. Fire safety specialists inspect nursing homes to determine if a nursing home meets the Life Safety Code (LSC) requirements, a set of fire safety and emergency preparedness requirements set by the Centers for Medicare & Medicaid Services (CMS). These requirements are aimed at preventing fires, or protecting residents in the event of an emergency like a fire, hurricane, tornado, flood, power failure, or gas leak, etc.

Learn more about fire inspections.

	undefined
Automatic Sprinkler Systems in All Required Areas	Yes
Date of most recent standard fire safety inspection	03/21/2017
Total number of fire safety citations	NOT AVAILABLE
Average number of fire safety citations in (state)	NOT AVAILABLE
Range of fire safety citations in (state)	NOT AVAILABLE
Average number of fire safety citations in the United States	NOT AVAILABLE
See all fire safety inspection details	View All Fire Safety Inspections

Supplemental #1
November 28, 2017
11:31 am
AGAPE NURSING AND REHABILIATION CENTER, LLC

Staffing

AGAPE NURSING AND REHABILIATION CENTER, LLC

Overall rating *2 out of 5 stars* **Below Average**

Learn more about the overall star ratings

Staffing

Higher staffing levels in a nursing home may mean higher quality of care for residents. This section provides information about the different types of nursing home staff and the average amount of time per resident that they spend providing care.

Get more information about the staffing measures

Get more information about how to read the staffing chart

Staffing

The information in this section includes registered nurses (RN), licensed practical/vocational nurses (LPN/LVN), certified nurse assistants (CNA), and physical therapists (PT). Physical therapists are not included in the "all staffing" star rating.

The "staffing" star rating takes into account that some nursing homes have sicker residents and may therefore need more staff than other nursing homes whose residents are not as sick.

	AGAPE NURSING AND REHABILIATION CENTER, LLC	TENNESSEE AVERAGE	NATIONAL AVERAGE
Staffing rating	*1 out of 5 stars* **Much Below Average**		
Total number of residents	59	85.6	85.5
Total number of licensed nurse staff hours per resident per day	1 hour and 30 minutes	1 hour and 50 minutes	1 hour and 41 minutes
RN hours per resident per day	35 minutes	46 minutes	50 minutes

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	AGAPE NURSING AND REHABILIATION CENTER, LLC	TENNESSEE AVERAGE	NATIONAL AVERAGE
LPN/LVN hours per resident per day	55 minutes	1 hour and 4 minutes	51 minutes
CNA hours per resident per day	2 hours and 3 minutes	2 hours and 14 minutes	2 hours and 27 minutes
Physical therapy staff hours per resident per day	7 minutes	6 minutes	6 minutes
Registered Nurse (RN) staffing only			
Registered nurses (RNs) are licensed healthcare professionals who are responsible for the coordination, management and overall delivery of care to the residents. Some nursing home residents who are sicker than others may require a greater level of care, and nursing homes that have more RN staff may be better able to meet the needs of those residents.			
Registered Nurse (RN) staffing rating	*2 out of 5 stars* **Below Average**		
Total number of residents	59	85.6	85.5
RN hours per resident per day	35 minutes	46 minutes	50 minutes
How to read staffing charts | About staff roles			

Quality of resident care

AGAPE NURSING AND REHABILIATION CENTER, LLC

Overall rating: *2 out of 5 stars* **Below Average**

Learn more about the overall star ratings

Quality of resident care

Nursing homes that are certified by Medicare and Medicaid regularly report clinical information for each of their residents to the Centers for Medicare & Medicaid Services (CMS). CMS assigns nursing homes a quality of resident care star rating based on their performance on 16 measures. These measures reflect, on average, how well nursing homes cares for their residents. Information is listed for 2 groups of residents:

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November 28, 2017
11:31 am
AGAPE
NURSING AND
REHABILIATION
CENTER, LLC

Short-stay residents - those who spent 100 days or less in a nursing home

Long-stay residents - those who spent over 100 days in a nursing home

Learn more about what quality of resident care information can tell you about a nursing home

Short-stay residents

Learn why these short-stay measures are important

Current data collection period

Percentage of short-stay residents who improved in their ability to move around on their own. *Higher percentages are better.*	63.9%	64.8%	66.7%
Percentage of short-stay residents who were re-hospitalized after a nursing home admission. *Lower percentages are better.*	19.9%	20.5%	21.1%
Percentage of short-stay residents who have had an outpatient emergency department visit. *Lower percentages are better.*	14.5%	12.6%	11.9%

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AGAPE NURSING AND REHABILIATION CENTER, LLC

Percentage of short-stay residents who were successfully discharged to the community. *Higher percentages are better.*	60.1%	58.4%	57.0%
Percentage of short-stay residents who report moderate to severe pain. *Lower percentages are better.*	9.3%	12.3%	14.1%
Percentage of short-stay residents with pressure ulcers that are new or worsened. *Lower percentages are better.*	5.4%	0.7%	0.9%
Percentage of short-stay residents who needed and got a flu shot for the current flu season. *Higher percentages are better.*	88.7%	80.9%	80.6%
Percentage of short-stay residents who needed and got a vaccine to prevent pneumonia. *Higher percentages are better.*	94.9%	82.9%	82.8%
Percentage of short-stay residents who got antipsychotic medication for the first time. *Lower percentages are better.*	2.5%	2.3%	2.0%

Long-stay residents

Supplemental #1
November 28, 2017
11:31 am

Learn why these long-stay measures are important

Current data collection period

AGAPE NURSING AND REHABILIATION CENTER, LLC

	AGAPE NURSING AND REHABILIATION CENTER, LLC	TENNESSEE AVERAGE	NATIONAL AVERAGE
Percentage of long-stay residents experiencing one or more falls with major injury. *Lower percentages are better.*	2.3%	3.2%	3.4%
Percentage of long-stay residents with a urinary tract infection. *Lower percentages are better.*	10.5%	5.0%	3.8%
Percentage of long-stay residents who report moderate to severe pain. *Lower percentages are better.*	4.5%	4.7%	5.9%
Percentage of long-stay high-risk residents with pressure ulcers. *Lower percentages are better.*	6.5%	5.4%	5.6%
Percentage of long-stay low-risk residents who lose control of their bowels or bladder. *Lower percentages are better.*	82.9%	56.7%	47.6%
Percentage of long-stay residents who have or had a catheter inserted and left in their bladder. *Lower percentages are better.*	0.6%	2.1%	2.0%

Supplemental #1
November 28, 2017
11:31 am

	AGAPE NURSING AND REHABILIATION CENTER, LLC	TENNESSEE AVERAGE	AGAPE NURSING AND REHABILIATION CENTER, LLC	NATIONAL AVERAGE
Percentage of long-stay residents who were physically restrained. *Lower percentages are better.*	2.7%	1.2%		0.5%
Percentage of long-stay residents whose ability to move independently worsened. *Lower percentages are better.*	15.6%	21.4%		18.3%
Percentage of long-stay residents whose need for help with daily activities has increased. *Lower percentages are better.*	8.0%	16.0%		15.0%
Percentage of long-stay residents who lose too much weight. *Lower percentages are better.*	5.5%	8.0%		7.1%
Percentage of long-stay residents who have symptoms of depression. *Lower percentages are better.*	0.5%	2.1%		5.0%
Percentage of long-stay residents who got an antianxiety or hypnotic medication. *Lower percentages are better.*	34.3%	36.5%		22.9%
Percentage of long-stay residents who needed and got a flu shot for the current flu season. *Higher percentages are better.*	100.0%	93.4%		94.8%

Supplemental #1
November 28, 2017
11:31 am

	AGAPE NURSING AND REHABILIATION CENTER, LLC	TENNESSEE AVERAGE	AGAPE NURSING AND REHABILIATION CENTER, LLC	NATIONAL AVERAGE
Percentage of long-stay residents who needed and got a vaccine to prevent pneumonia. *Higher percentages are better.*	98.6%	92.5%		94.0%
Percentage of long-stay residents who got an antipsychotic medication. *Lower percentages are better.*	10.3%	17.4%		15.9%

Penalties

AGAPE NURSING AND REHABILIATION CENTER, LLC

Overall rating: *2 out of 5 stars* **Below Average**

Learn more about the overall star ratings

Penalties

When a nursing home gets a serious citation or fails to correct a citation for a long period of time, this can result in a penalty. A penalty can be a fine against the nursing home or a denied payment from Medicare.

Search for penalties under state law.

Learn more about penalties.

Federal fines in the last 3 years	1
Amount(s) and date(s)	$214,500 on 01/14/2015

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0 AGAPE NURSING AND REHABILIATION CENTER, LLC

Payment denials by Medicare in the last 3 years	
Date(s)	This nursing home has not received any payment denials in the last 3 years.
	States may also impose penalties under state law. To search state websites click here.

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Medicare.gov | Nursing Home Compare

The Official U.S. Government Site for Medicare

General information

CORNERSTONE VILLAGE

Overall rating: *2 out of 5 stars* **Below Average**

Learn more about the overall star ratings

2012 SHERWOOD DRIVE
JOHNSON CITY, TN 37601
(423) 928-3168

Nursing Home information

103 certified beds

Participates in: Medicare and Medicaid

Automatic sprinkler systems in all required areas: Yes

Within a Continuing Care Retirement Community (CCRC)

Not in a hospital

Resident council only

Learn why these characteristics and services are important

Ownership information

Ownership: Non profit - Corporation

Legal business name: CHRISTIAN HOME FOR THE AGED, INC

Get more ownership information

Star rating categories

Health inspection rating	*1 out of 5 stars* **Much Below Average**
Staffing rating	*1 out of 5 stars* **Much Below Average**
Quality measures rating	*5 out of 5 stars* **Much Above Average**

Health Inspections

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CORNERSTONE VILLAGE

Overall rating: *2 out of 5 stars*
Below Average

Health inspections

Information about a nursing home's health inspections, complaints filed, and any resulting citations. Learn more about health inspections. Nursing homes that are certified by Medicare and Medicaid are inspected each year. Health care professionals inspect each nursing home and look for any health and safety citations. The health inspection star rating is based on the three most recent nursing home inspections.

	CORNERSTONE VILLAGE
Health Inspection rating	*1 out of 5 stars* **Much Below Average**
Date of most recent standard health inspection	05/17/2017 View Full Report
Total number of health citations	17
Average number of health citations in Tennessee	5.2
Average number of health citations in the United States	7.2
Date(s) of complaint inspection(s) between 10/1/2016 - 9/30/2017	05/17/2017 View Full Report
Number of complaints in the past 3 years that resulted in a citation	2
Number of times in the past 3 years a facility-reported issue resulted in a citation	0
View all health inspection details	View all health inspection, complaint, and incident details

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Fire Safety Inspections

CORNERSTONE VILLAGE

Overall rating:
2 out of 5 stars

Below Average

Learn more about the overall star ratings

2012 SHERWOOD DRIVE
JOHNSON CITY, TN 37601
(423) 928-3168

Fire safety inspections

Nursing homes that participate in Medicare and/or Medicaid must meet standards set by the government to ensure residents are safe. Fire safety specialists inspect nursing homes to determine if a nursing home meets the Life Safety Code (LSC) requirements, a set of fire safety and emergency preparedness requirements set by the Centers for Medicare & Medicaid Services (CMS). These requirements are aimed at preventing fires, or protecting residents in the event of an emergency like a fire, hurricane, tornado, flood, power failure, or gas leak, etc.

Learn more about fire inspections.

	undefined
Automatic Sprinkler Systems in All Required Areas	Yes
Date of most recent standard fire safety inspection	05/09/2017
Total number of fire safety citations	NOT AVAILABLE
Average number of fire safety citations in (state)	NOT AVAILABLE
Range of fire safety citations in (state)	NOT AVAILABLE
Average number of fire safety citations in the United States	NOT AVAILABLE
See all fire safety inspection details	View All Fire Safety Inspections

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Staffing

CORNERSTONE VILLAGE

Overall rating: *2 out of 5 stars* **Below Average**

Learn more about the overall star ratings

Staffing

Higher staffing levels in a nursing home may mean higher quality of care for residents. This section provides information about the different types of nursing home staff and the average amount of time per resident that they spend providing care.

Get more information about the staffing measures

Get more information about how to read the staffing chart

Staffing

The information in this section includes registered nurses (RN), licensed practical/vocational nurses (LPN/LVN), certified nurse assistants (CNA), and physical therapists (PT). Physical therapists are not included in the "all staffing" star rating.

The "staffing" star rating takes into account that some nursing homes have sicker residents and may therefore need more staff than other nursing homes whose residents are not as sick.

	CORNERSTONE VILLAGE	TENNESSEE AVERAGE	NATIONAL AVERAGE
Staffing rating	*1 out of 5 stars* **Much Below Average**		
Total number of residents	91	85.6	85.5
Total number of licensed nurse staff hours per resident per day	1 hour and 28 minutes	1 hour and 50 minutes	1 hour and 41 minutes
RN hours per resident per day	19 minutes	46 minutes	50 minutes
LPN/LVN hours per resident per day	1 hour and 9 minutes	1 hour and 4 minutes	51 minutes
CNA hours per resident per day	2 hours and 21 minutes	2 hours and 14 minutes	2 hours and 27 minutes

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	CORNERSTONE VILLAGE	TENNESSEE AVERAGE	NATIONAL AVERAGE
Physical therapy staff hours per resident per day	5 minutes	6 minutes	6 minutes
Registered Nurse (RN) staffing only			
Registered nurses (RNs) are licensed healthcare professionals who are responsible for the coordination, management and overall delivery of care to the residents. Some nursing home residents who are sicker than others may require a greater level of care, and nursing homes that have more RN staff may be better able to meet the needs of those residents.			
Registered Nurse (RN) staffing rating	*1 out of 5 stars* **Much Below Average**		
Total number of residents	91	85.6	85.5
RN hours per resident per day	19 minutes	46 minutes	50 minutes
How to read staffing charts | About staff roles			

Quality of resident care

CORNERSTONE VILLAGE

Overall rating: *2 out of 5 stars* **Below Average**

Learn more about the overall star ratings

Quality of resident care

Nursing homes that are certified by Medicare and Medicaid regularly report clinical information for each of their residents to the Centers for Medicare & Medicaid Services (CMS). CMS assigns nursing homes a quality of resident care star rating based on their performance on 16 measures. These measures reflect, on average, how well nursing homes cares for their residents. Information is listed for 2 groups of residents:

Short-stay residents - those who spent 100 days or less in a nursing home

Long-stay residents - those who spent over 100 days in a nursing home

Learn more about what quality of resident care information can tell you about a nursing home

Short-stay residents

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Learn why these short-stay measures are important

Current data collection period

	CORNERSTONE VILLAGE	TENNESSEE AVERAGE	NATIONAL AVERAGE
Percentage of short-stay residents who improved in their ability to move around on their own. *Higher percentages are better.*	66.2%	64.8%	66.7%
Percentage of short-stay residents who were re-hospitalized after a nursing home admission. *Lower percentages are better.*	19.5%	20.5%	21.1%
Percentage of short-stay residents who have had an outpatient emergency department visit. *Lower percentages are better.*	8.2%	12.6%	11.9%
Percentage of short-stay residents who were successfully discharged to the community. *Higher percentages are better.*	47.8%	58.4%	57.0%
Percentage of short-stay residents who report moderate to severe pain. *Lower percentages are better.*	0.0%	12.3%	14.1%

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	CORNERSTONE VILLAGE	TENNESSEE AVERAGE	NATIONAL AVERAGE
Percentage of short-stay residents with pressure ulcers that are new or worsened. *Lower percentages are better.*	0.2%	0.7%	0.9%
Percentage of short-stay residents who needed and got a flu shot for the current flu season. *Higher percentages are better.*	93.3%	80.9%	80.6%
Percentage of short-stay residents who needed and got a vaccine to prevent pneumonia. *Higher percentages are better.*	95.1%	82.9%	82.8%
Percentage of short-stay residents who got antipsychotic medication for the first time. *Lower percentages are better.*	4.6%	2.3%	2.0%

Long-stay residents

Learn why these long-stay measures are important

Current data collection period

	CORNERSTONE VILLAGE	TENNESSEE AVERAGE	NATIONAL AVERAGE

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	CORNERSTONE VILLAGE	TENNESSEE AVERAGE	NATIONAL AVERAGE
Percentage of long-stay residents experiencing one or more falls with major injury. *Lower percentages are better.*	6.4%	3.2%	3.4%
Percentage of long-stay residents with a urinary tract infection. *Lower percentages are better.*	1.1%	5.0%	3.8%
Percentage of long-stay residents who report moderate to severe pain. *Lower percentages are better.*	0.0%	4.7%	5.9%
Percentage of long-stay high-risk residents with pressure ulcers. *Lower percentages are better.*	2.7%	5.4%	5.6%
Percentage of long-stay low-risk residents who lose control of their bowels or bladder. *Lower percentages are better.*	42.3%	56.7%	47.6%
Percentage of long-stay residents who have or had a catheter inserted and left in their bladder. *Lower percentages are better.*	2.8%	2.1%	2.0%

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	CORNERSTONE VILLAGE	TENNESSEE AVERAGE	NATIONAL AVERAGE
Percentage of long-stay residents who were physically restrained. ***Lower*** *percentages are better.*	15.7%	1.2%	0.5%
Percentage of long-stay residents whose ability to move independently worsened. ***Lower*** *percentages are better.*	12.2%	21.4%	18.3%
Percentage of long-stay residents whose need for help with daily activities has increased. ***Lower*** *percentages are better.*	7.1%	16.0%	15.0%
Percentage of long-stay residents who lose too much weight. ***Lower*** *percentages are better.*	2.3%	8.0%	7.1%
Percentage of long-stay residents who have symptoms of depression. ***Lower*** *percentages are better.*	0.0%	2.1%	5.0%
Percentage of long-stay residents who got an antianxiety or hypnotic medication. ***Lower*** *percentages are better.*	50.6%	36.5%	22.9%

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	CORNERSTONE VILLAGE	TENNESSEE AVERAGE	NATIONAL AVERAGE
Percentage of long-stay residents who needed and got a flu shot for the current flu season. ***Higher*** *percentages are better.*	96.9%	93.4%	94.8%
Percentage of long-stay residents who needed and got a vaccine to prevent pneumonia. ***Higher*** *percentages are better.*	95.5%	92.5%	94.0%
Percentage of long-stay residents who got an antipsychotic medication. ***Lower*** *percentages are better.*	16.1%	17.4%	15.9%

Penalties

CORNERSTONE VILLAGE

Overall rating: *2 out of 5 stars* **Below Average**

Learn more about the overall star ratings

Penalties

When a nursing home gets a serious citation or fails to correct a citation for a long period of time, this can result in a penalty. A penalty can be a fine against the nursing home or a denied payment from Medicare.

Search for penalties under state law.

Learn more about penalties.

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Federal fines in the last 3 years	0
Amount(s) and date(s)	This nursing home has not received any fines in the last 3 years. States may also impose penalties under state law. To search state websites Click here.
Payment denials by Medicare in the last 3 years	0
Date(s)	This nursing home has not received any payment denials in the last 3 years. States may also impose penalties under state law. To search state websites click here.

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Medicare.gov | Nursing Home Compare

The Official U.S. Government Site for Medicare

General information

FOUR OAKS HEALTH CARE CENTER

Overall rating:
Rating Not Displayed[12]

Learn more about the overall star ratings

1101 PERSIMMON RIDGE RD
JONESBOROUGH, TN 37659
(423) 753-8711

Nursing Home information

84 certified beds

Participates in: Medicare and Medicaid

Automatic sprinkler systems in all required areas :Yes

Not in a Continuing Care Retirement Community (CCRC)

Not in a hospital

Resident council only

Learn why these characteristics and services are important

Ownership information

*Ownership has changed within the past 12 months

Ownership : For profit - Corporation

Legal business name: INTEGRITY HEALTHCARE OF JONESBOROUGH, LLC

Get more ownership information

Star rating categories

Health inspection rating	*4 out of 5 stars* **Above Average**
Staffing rating	**Rating Not Displayed**[12]
Quality measures rating	*3 out of 5 stars* **Average**

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Health Inspections

FOUR OAKS HEALTH CARE CENTER

Overall rating: Rating Not Displayed[12]

Health inspections

Information about a nursing home's health inspections, complaints filed, and any resulting citations. Learn more about health inspections. Nursing homes that are certified by Medicare and Medicaid are inspected each year. Health care professionals inspect each nursing home and look for any health and safety citations. The health inspection star rating is based on the three most recent nursing home inspections.

	FOUR OAKS HEALTH CARE CENTER
Health Inspection rating	*4 out of 5 stars* **Above Average**
Date of most recent standard health inspection	10/12/2016 View Full Report
Total number of health citations	0
Average number of health citations in Tennessee	5.2
Average number of health citations in the United States	7.2
Date(s) of complaint inspection(s) between 10/1/2016 - 9/30/2017	No Complaint Inspections
Number of complaints in the past 3 years that resulted in a citation	2
Number of times in the past 3 years a facility-reported issue resulted in a citation	0

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	FOUR OAKS HEALTH CARE CENTER
View all health inspection details	View all health inspection, complaint, and incident details

Fire Safety Inspections

FOUR OAKS HEALTH CARE CENTER

Overall rating: Rating Not Displayed[12]

Learn more about the overall star ratings

Fire safety inspections

1101 PERSIMMON RIDGE RD
JONESBOROUGH, TN 37659
(423) 753-8711

Nursing homes that participate in Medicare and/or Medicaid must meet standards set by the government to ensure residents are safe. Fire safety specialists inspect nursing homes to determine if a nursing home meets the Life Safety Code (LSC) requirements, a set of fire safety and emergency preparedness requirements set by the Centers for Medicare & Medicaid Services (CMS). These requirements are aimed at preventing fires, or protecting residents in the event of an emergency like a fire, hurricane, tornado, flood, power failure, or gas leak, etc.

Learn more about fire inspections.

	undefined
Automatic Sprinkler Systems in All Required Areas	Yes
Date of most recent standard fire safety inspection	10/11/2016
Total number of fire safety citations	NOT AVAILABLE
Average number of fire safety citations in (state)	NOT AVAILABLE
Range of fire safety citations in (state)	NOT AVAILABLE

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	undefined
Average number of fire safety citations in the United States	NOT AVAILABLE
See all fire safety inspection details	View All Fire Safety Inspections

Staffing

FOUR OAKS HEALTH CARE CENTER

Overall rating: Rating Not Displayed[12]

Learn more about the overall star ratings

Staffing

Higher staffing levels in a nursing home may mean higher quality of care for residents. This section provides information about the different types of nursing home staff and the average amount of time per resident that they spend providing care.

Get more information about the staffing measures

Get more information about how to read the staffing chart

Staffing

The information in this section includes registered nurses (RN), licensed practical/vocational nurses (LPN/LVN), certified nurse assistants (CNA), and physical therapists (PT). Physical therapists are not included in the "all staffing" star rating.

The "staffing" star rating takes into account that some nursing homes have sicker residents and may therefore need more staff than other nursing homes whose residents are not as sick.

	FOUR OAKS HEALTH CARE CENTER	TENNESSEE AVERAGE	NATIONAL AVERAGE

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	FOUR OAKS HEALTH CARE CENTER	TENNESSEE AVERAGE	NATIONAL AVERAGE
Staffing rating	Rating Not Displayed[12]		
Total number of residents	75	85.6	85.5
Total number of licensed nurse staff hours per resident per day	1 hour and 46 minutes	1 hour and 50 minutes	1 hour and 41 minutes
RN hours per resident per day	47 minutes	46 minutes	50 minutes
LPN/LVN hours per resident per day	59 minutes	1 hour and 4 minutes	51 minutes
CNA hours per resident per day	2 hours and 24 minutes	2 hours and 14 minutes	2 hours and 27 minutes
Physical therapy staff hours per resident per day	4 minutes	6 minutes	6 minutes
Registered Nurse (RN) staffing only			
Registered nurses (RNs) are licensed healthcare professionals who are responsible for the coordination, management and overall delivery of care to the residents. Some nursing home residents who are sicker than others may require a greater level of care, and nursing homes that have more RN staff may be better able to meet the needs of those residents.			
Registered Nurse (RN) staffing rating	Rating Not Displayed[12]		
Total number of residents	75	85.6	85.5
RN hours per resident per day	47 minutes	46 minutes	50 minutes

How to read staffing charts | About staff roles

Quality of resident care

FOUR OAKS HEALTH CARE CENTER

Overall rating: Rating Not Displayed[12]

Learn more about the overall star ratings

Quality of resident care

Nursing homes that are certified by Medicare and Medicaid regularly report clinical information for each of their residents to the Centers for Medicare & Medicaid Services (CMS). CMS

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assigns nursing homes a quality of resident care star rating based on their performance on 16 measures. These measures reflect, on average, how well nursing homes cares for their residents. Information is listed for 2 groups of residents:

Short-stay residents - those who spent 100 days or less in a nursing home

Long-stay residents - those who spent over 100 days in a nursing home

Learn more about what quality of resident care information can tell you about a nursing home

Short-stay residents

Learn why these short-stay measures are important

Current data collection period

	FOUR OAKS HEALTH CARE CENTER	TENNESSEE AVERAGE	NATIONAL AVERAGE
Percentage of short-stay residents who improved in their ability to move around on their own. *Higher percentages are better.*	41.3%	64.8%	66.7%
Percentage of short-stay residents who were re-hospitalized after a nursing home admission. *Lower percentages are better.*	21.6%	20.5%	21.1%
Percentage of short-stay residents who have had an outpatient emergency department visit. *Lower percentages are better.*	9.2%	12.6%	11.9%

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	FOUR OAKS HEALTH CARE CENTER	TENNESSEE AVERAGE	NATIONAL AVERAGE
Percentage of short-stay residents who were successfully discharged to the community. *Higher percentages are better.*	57.9%	58.4%	57.0%
Percentage of short-stay residents who report moderate to severe pain. *Lower percentages are better.*	15.8%	12.3%	14.1%
Percentage of short-stay residents with pressure ulcers that are new or worsened. *Lower percentages are better.*	0.0%	0.7%	0.9%
Percentage of short-stay residents who needed and got a flu shot for the current flu season. *Higher percentages are better.*	95.3%	80.9%	80.6%
Percentage of short-stay residents who needed and got a vaccine to prevent pneumonia. *Higher percentages are better.*	99.7%	82.9%	82.8%
Percentage of short-stay residents who got antipsychotic medication for the first time. *Lower percentages are better.*	2.9%	2.3%	2.0%

Long-stay residents

Learn why these long-stay measures are important

Current data collection period

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	FOUR OAKS HEALTH CARE CENTER	TENNESSEE AVERAGE	NATIONAL AVERAGE
Percentage of long-stay residents experiencing one or more falls with major injury. *Lower percentages are better.*	0.4%	3.2%	3.4%
Percentage of long-stay residents with a urinary tract infection. *Lower percentages are better.*	8.9%	5.0%	3.8%
Percentage of long-stay residents who report moderate to severe pain. *Lower percentages are better.*	5.6%	4.7%	5.9%
Percentage of long-stay high-risk residents with pressure ulcers. *Lower percentages are better.*	2.8%	5.4%	5.6%
Percentage of long-stay low-risk residents who lose control of their bowels or bladder. *Lower percentages are better.*	52.0%	56.7%	47.6%
Percentage of long-stay residents who have or had a catheter inserted and left in their bladder. *Lower percentages are better.*	2.4%	2.1%	2.0%
Percentage of long-stay residents who were physically restrained. *Lower percentages are better.*	1.5%	1.2%	0.5%
Percentage of long-stay residents whose ability to move independently worsened. *Lower percentages are better.*	12.2%	21.4%	18.3%

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	FOUR OAKS HEALTH CARE CENTER	TENNESSEE AVERAGE	NATIONAL AVERAGE
Percentage of long-stay residents whose need for help with daily activities has increased. *Lower percentages are better.*	11.2%	16.0%	15.0%
Percentage of long-stay residents who lose too much weight. *Lower percentages are better.*	10.9%	8.0%	7.1%
Percentage of long-stay residents who have symptoms of depression. *Lower percentages are better.*	2.8%	2.1%	5.0%
Percentage of long-stay residents who got an antianxiety or hypnotic medication. *Lower percentages are better.*	48.0%	36.5%	22.9%
Percentage of long-stay residents who needed and got a flu shot for the current flu season. *Higher percentages are better.*	99.3%	93.4%	94.8%
Percentage of long-stay residents who needed and got a vaccine to prevent pneumonia. *Higher percentages are better.*	100.0%	92.5%	94.0%
Percentage of long-stay residents who got an antipsychotic medication. *Lower percentages are better.*	24.3%	17.4%	15.9%

Penalties

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FOUR OAKS HEALTH CARE CENTER

Overall rating: Rating Not Displayed[12]

Learn more about the overall star ratings

Penalties

When a nursing home gets a serious citation or fails to correct a citation for a long period of time, this can result in a penalty. A penalty can be a fine against the nursing home or a denied payment from Medicare.

Search for penalties under state law.

Learn more about penalties.

Federal fines in the last 3 years	0
Amount(s) and date(s)	This nursing home has not received any fines in the last 3 years. States may also impose penalties under state law. To search state websites Click here.
Payment denials by Medicare in the last 3 years	0
Date(s)	This nursing home has not received any payment denials in the last 3 years. States may also impose penalties under state law. To search state websites click here.

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Medicare.gov | Nursing Home Compare

The Official U.S. Government Site for Medicare

General information

LAKEBRIDGE, A WATERS COMMUNITY, LLC

Overall rating: *3 out of 5 stars* **Average**

Learn more about the overall star ratings

115 WOODLAWN DRIVE
JOHNSON CITY, TN 37604
(423) 975-0095

Nursing Home information

109 certified beds

Participates in: Medicare and Medicaid

Automatic sprinkler systems in all required areas :Yes

Not in a Continuing Care Retirement Community (CCRC)

Not in a hospital

Resident council only

Learn why these characteristics and services are important

Ownership information

Ownership : For profit - Corporation

Legal business name: LAKEBRIDGE, A WATERS COMMUNITY, LLC

Get more ownership information

Star rating categories

Health inspection rating	*4 out of 5 stars* **Above Average**
Staffing rating	*1 out of 5 stars* **Much Below Average**
Quality measures rating	*3 out of 5 stars* **Average**

Health Inspections

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LAKEBRIDGE, A WATERS COMMUNITY, LLC

Overall rating: *3 out of 5 stars*
Average

Health inspections

Information about a nursing home's health inspections, complaints filed, and any resulting citations. Learn more about health inspections. Nursing homes that are certified by Medicare and Medicaid are inspected each year. Health care professionals inspect each nursing home and look for any health and safety citations. The health inspection star rating is based on the three most recent nursing home inspections.

	LAKEBRIDGE, A WATERS COMMUNITY, LLC
Health Inspection rating	*4 out of 5 stars* **Above Average**
Date of most recent standard health inspection	10/19/2016 View Full Report
Total number of health citations	2
Average number of health citations in Tennessee	5.2
Average number of health citations in the United States	7.2
Date(s) of complaint inspection(s) between 10/1/2016 - 9/30/2017	No Complaint Inspections
Number of complaints in the past 3 years that resulted in a citation	0
Number of times in the past 3 years a facility-reported issue resulted in a citation	0
View all health inspection details	View all health inspection, complaint, and incident details

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Fire Safety Inspections

LAKEBRIDGE, A WATERS COMMUNITY, LLC

Overall rating:
3 out of 5 stars
Average

Learn more about the overall star ratings

115 WOODLAWN DRIVE
JOHNSON CITY, TN 37604
(423) 975-0095

Fire safety inspections

Nursing homes that participate in Medicare and/or Medicaid must meet standards set by the government to ensure residents are safe. Fire safety specialists inspect nursing homes to determine if a nursing home meets the Life Safety Code (LSC) requirements, a set of fire safety and emergency preparedness requirements set by the Centers for Medicare & Medicaid Services (CMS). These requirements are aimed at preventing fires, or protecting residents in the event of an emergency like a fire, hurricane, tornado, flood, power failure, or gas leak, etc.

Learn more about fire inspections.

	undefined
Automatic Sprinkler Systems in All Required Areas	Yes
Date of most recent standard fire safety inspection	10/24/2016
Total number of fire safety citations	NOT AVAILABLE
Average number of fire safety citations in (state)	NOT AVAILABLE
Range of fire safety citations in (state)	NOT AVAILABLE
Average number of fire safety citations in the United States	NOT AVAILABLE
See all fire safety inspection details	View All Fire Safety Inspections

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Staffing

LAKEBRIDGE, A WATERS COMMUNITY, LLC

Overall rating: *3 out of 5 stars* **Average**

Learn more about the overall star ratings

Staffing

Higher staffing levels in a nursing home may mean higher quality of care for residents. This section provides information about the different types of nursing home staff and the average amount of time per resident that they spend providing care.

Get more information about the staffing measures

Get more information about how to read the staffing chart

Staffing

The information in this section includes registered nurses (RN), licensed practical/vocational nurses (LPN/LVN), certified nurse assistants (CNA), and physical therapists (PT). Physical therapists are not included in the "all staffing" star rating.

The "staffing" star rating takes into account that some nursing homes have sicker residents and may therefore need more staff than other nursing homes whose residents are not as sick.

	LAKEBRIDGE, A WATERS COMMUNITY, LLC	TENNESSEE AVERAGE	NATIONAL AVERAGE
Staffing rating	*1 out of 5 stars* **Much Below Average**		
Total number of residents	102	85.6	85.5
Total number of licensed nurse staff hours per resident per day	1 hour and 7 minutes	1 hour and 50 minutes	1 hour and 41 minutes
RN hours per resident per day	28 minutes	46 minutes	50 minutes
LPN/LVN hours per resident per day	39 minutes	1 hour and 4 minutes	51 minutes

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	LAKEBRIDGE, A WATERS COMMUNITY, LLC	TENNESSEE AVERAGE	NATIONAL AVERAGE
CNA hours per resident per day	1 hour and 53 minutes	2 hours and 14 minutes	2 hours and 27 minutes
Physical therapy staff hours per resident per day	3 minutes	6 minutes	6 minutes
Registered Nurse (RN) staffing only			
Registered nurses (RNs) are licensed healthcare professionals who are responsible for the coordination, management and overall delivery of care to the residents. Some nursing home residents who are sicker than others may require a greater level of care, and nursing homes that have more RN staff may be better able to meet the needs of those residents.			
Registered Nurse (RN) staffing rating	*2 out of 5 stars* **Below Average**		
Total number of residents	102	85.6	85.5
RN hours per resident per day	28 minutes	46 minutes	50 minutes
How to read staffing charts | About staff roles			

Quality of resident care

LAKEBRIDGE, A WATERS COMMUNITY, LLC

Overall rating: *3 out of 5 stars* **Average**

Learn more about the overall star ratings

Quality of resident care

Nursing homes that are certified by Medicare and Medicaid regularly report clinical information for each of their residents to the Centers for Medicare & Medicaid Services (CMS). CMS assigns nursing homes a quality of resident care star rating based on their performance on 16 measures. These measures reflect, on average, how well nursing homes cares for their residents. Information is listed for 2 groups of residents:

Short-stay residents - those who spent 100 days or less in a nursing home

Long-stay residents - those who spent over 100 days in a nursing home

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Learn more about what quality of resident care information can tell you about a nursing home

Short-stay residents

Learn why these short-stay measures are important

Current data collection period

	LAKEBRIDGE, A WATERS COMMUNITY, LLC	TENNESSEE AVERAGE	NATIONAL AVERAGE
Percentage of short-stay residents who improved in their ability to move around on their own. *Higher percentages are better.*	57.1%	64.8%	66.7%
Percentage of short-stay residents who were re-hospitalized after a nursing home admission. *Lower percentages are better.*	14.4%	20.5%	21.1%
Percentage of short-stay residents who have had an outpatient emergency department visit. *Lower percentages are better.*	7.9%	12.6%	11.9%
Percentage of short-stay residents who were successfully discharged to the community. *Higher percentages are better.*	62.7%	58.4%	57.0%
Percentage of short-stay residents who report moderate to severe pain. *Lower percentages are better.*	26.8%	12.3%	14.1%

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	LAKEBRIDGE, A WATERS COMMUNITY, LLC	TENNESSEE AVERAGE	NATIONAL AVERAGE
Percentage of short-stay residents with pressure ulcers that are new or worsened. *Lower percentages are better.*	0.5%	0.7%	0.9%
Percentage of short-stay residents who needed and got a flu shot for the current flu season. *Higher percentages are better.*	96.5%	80.9%	80.6%
Percentage of short-stay residents who needed and got a vaccine to prevent pneumonia. *Higher percentages are better.*	97.1%	82.9%	82.8%
Percentage of short-stay residents who got antipsychotic medication for the first time. *Lower percentages are better.*	0.6%	2.3%	2.0%

Long-stay residents

Learn why these long-stay measures are important

Current data collection period

	LAKEBRIDGE, A WATERS COMMUNITY, LLC	TENNESSEE AVERAGE	NATIONAL AVERAGE

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	LAKEBRIDGE, A WATERS COMMUNITY, LLC	TENNESSEE AVERAGE	NATIONAL AVERAGE
Percentage of long-stay residents experiencing one or more falls with major injury. *Lower percentages are better.*	3.7%	3.2%	3.4%
Percentage of long-stay residents with a urinary tract infection. *Lower percentages are better.*	2.2%	5.0%	3.8%
Percentage of long-stay residents who report moderate to severe pain. *Lower percentages are better.*	1.5%	4.7%	5.9%
Percentage of long-stay high-risk residents with pressure ulcers. *Lower percentages are better.*	3.9%	5.4%	5.6%
Percentage of long-stay low-risk residents who lose control of their bowels or bladder. *Lower percentages are better.*	73.1%	56.7%	47.6%
Percentage of long-stay residents who have or had a catheter inserted and left in their bladder. *Lower percentages are better.*	3.4%	2.1%	2.0%
Percentage of long-stay residents who were physically restrained. *Lower percentages are better.*	14.4%	1.2%	0.5%

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	LAKEBRIDGE, A WATERS COMMUNITY, LLC	TENNESSEE AVERAGE	NATIONAL AVERAGE
Percentage of long-stay residents whose ability to move independently worsened. *Lower percentages are better.*	30.9%	21.4%	18.3%
Percentage of long-stay residents whose need for help with daily activities has increased. *Lower percentages are better.*	14.5%	16.0%	15.0%
Percentage of long-stay residents who lose too much weight. *Lower percentages are better.*	6.5%	8.0%	7.1%
Percentage of long-stay residents who have symptoms of depression. *Lower percentages are better.*	0.3%	2.1%	5.0%
Percentage of long-stay residents who got an antianxiety or hypnotic medication. *Lower percentages are better.*	32.9%	36.5%	22.9%
Percentage of long-stay residents who needed and got a flu shot for the current flu season. *Higher percentages are better.*	98.9%	93.4%	94.8%
Percentage of long-stay residents who needed and got a vaccine to prevent pneumonia. *Higher percentages are better.*	99.7%	92.5%	94.0%

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	LAKEBRIDGE, A WATERS COMMUNITY, LLC	TENNESSEE AVERAGE	NATIONAL AVERAGE
Percentage of long-stay residents who got an antipsychotic medication. ***Lower*** *percentages are better.*	14.7%	17.4%	15.9%

Penalties

LAKEBRIDGE, A WATERS COMMUNITY, LLC

Overall rating: *3 out of 5 stars* **Average**

Learn more about the overall star ratings

Penalties

When a nursing home gets a serious citation or fails to correct a citation for a long period of time, this can result in a penalty. A penalty can be a fine against the nursing home or a denied payment from Medicare.

Search for penalties under state law.

Learn more about penalties.

Federal fines in the last 3 years	0
Amount(s) and date(s)	This nursing home has not received any fines in the last 3 years. States may also impose penalties under state law. To search state websites Click here.

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Payment denials by Medicare in the last 3 years	0
Date(s)	This nursing home has not received any payment denials in the last 3 years. States may also impose penalties under state law. To search state websites click here.

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Medicare.gov | Nursing Home Compare

The Official U.S. Government Site for Medicare

General information

LIFE CARE CENTER OF GRAY

Overall rating: *4 out of 5 stars* **Above Average**

Learn more about the overall star ratings

791 OLD GRAY STATION ROAD
GRAY, TN 37615
(423) 477-7146

Nursing Home information

133 certified beds

Participates in: Medicare and Medicaid

Automatic sprinkler systems in all required areas :Yes

Not in a Continuing Care Retirement Community (CCRC)

Not in a hospital

Has a Resident and Family Council

Learn why these characteristics and services are important

Ownership information

Ownership : For profit - Corporation

Legal business name: GRAY MEDICAL INVESTORS, LLC

Get more ownership information

Star rating categories

Health inspection rating	*4 out of 5 stars* **Above Average**
Staffing rating	*4 out of 5 stars* **Above Average**
Quality measures rating	*3 out of 5 stars* **Average**

Health Inspections

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LIFE CARE CENTER OF GRAY

Overall rating: *4 out of 5 stars*
Above Average

Health inspections

Information about a nursing home's health inspections, complaints filed, and any resulting citations. Learn more about health inspections. Nursing homes that are certified by Medicare and Medicaid are inspected each year. Health care professionals inspect each nursing home and look for any health and safety citations. The health inspection star rating is based on the three most recent nursing home inspections.

	LIFE CARE CENTER OF GRAY
Health Inspection rating	*4 out of 5 stars* **Above Average**
Date of most recent standard health inspection	11/02/2016 View Full Report
Total number of health citations	1
Average number of health citations in Tennessee	5.2
Average number of health citations in the United States	7.2
Date(s) of complaint inspection(s) between 10/1/2016 - 9/30/2017	No Complaint Inspections
Number of complaints in the past 3 years that resulted in a citation	5
Number of times in the past 3 years a facility-reported issue resulted in a citation	0
View all health inspection details	View all health inspection, complaint, and incident details

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Fire Safety Inspections

LIFE CARE CENTER OF GRAY

Overall rating:
4 out of 5 stars
Above Average

Learn more about the overall star ratings

Fire safety inspections

Nursing homes that participate in Medicare and/or Medicaid must meet standards set by the government to ensure residents are safe. Fire safety specialists inspect nursing homes to determine if a nursing home meets the Life Safety Code (LSC) requirements, a set of fire safety and emergency preparedness requirements set by the Centers for Medicare & Medicaid Services (CMS). These requirements are aimed at preventing fires, or protecting residents in the event of an emergency like a fire, hurricane, tornado, flood, power failure, or gas leak, etc.

Learn more about fire inspections.

101 OLD GRAY STATION ROAD
GRAY, TN 37615
(423) 477-7146

	undefined
Automatic Sprinkler Systems in All Required Areas	Yes
Date of most recent standard fire safety inspection	10/31/2016
Total number of fire safety citations	NOT AVAILABLE
Average number of fire safety citations in (state)	NOT AVAILABLE
Range of fire safety citations in (state)	NOT AVAILABLE
Average number of fire safety citations in the United States	NOT AVAILABLE
See all fire safety inspection details	View All Fire Safety Inspections

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Staffing

LIFE CARE CENTER OF GRAY

Overall rating: *4 out of 5 stars* **Above Average**

Learn more about the overall star ratings

Staffing

Higher staffing levels in a nursing home may mean higher quality of care for residents. This section provides information about the different types of nursing home staff and the average amount of time per resident that they spend providing care.

Get more information about the staffing measures

Get more information about how to read the staffing chart

Staffing

The information in this section includes registered nurses (RN), licensed practical/vocational nurses (LPN/LVN), certified nurse assistants (CNA), and physical therapists (PT). Physical therapists are not included in the "all staffing" star rating.

The "staffing" star rating takes into account that some nursing homes have sicker residents and may therefore need more staff than other nursing homes whose residents are not as sick.

	LIFE CARE CENTER OF GRAY	TENNESSEE AVERAGE	NATIONAL AVERAGE
Staffing rating	*4 out of 5 stars* **Above Average**		
Total number of residents	90	85.6	85.5
Total number of licensed nurse staff hours per resident per day	2 hours and 13 minutes	1 hour and 50 minutes	1 hour and 41 minutes
RN hours per resident per day	57 minutes	46 minutes	50 minutes
LPN/LVN hours per resident per day	1 hour and 16 minutes	1 hour and 4 minutes	51 minutes
CNA hours per resident per day	2 hours and 1 minute	2 hours and 14 minutes	2 hours and 27 minutes

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	LIFE CARE CENTER OF GRAY	TENNESSEE AVERAGE	NATIONAL AVERAGE
Physical therapy staff hours per resident per day	10 minutes	6 minutes	6 minutes
Registered Nurse (RN) staffing only			
Registered nurses (RNs) are licensed healthcare professionals who are responsible for the coordination, management and overall delivery of care to the residents. Some nursing home residents who are sicker than others may require a greater level of care, and nursing homes that have more RN staff may be better able to meet the needs of those residents.			
Registered Nurse (RN) staffing rating	*4 out of 5 stars* **Above Average**		
Total number of residents	90	85.6	85.5
RN hours per resident per day	57 minutes	46 minutes	50 minutes
How to read staffing charts | About staff roles			

Quality of resident care

LIFE CARE CENTER OF GRAY

Overall rating: *4 out of 5 stars* **Above Average**

Learn more about the overall star ratings

Quality of resident care

Nursing homes that are certified by Medicare and Medicaid regularly report clinical information for each of their residents to the Centers for Medicare & Medicaid Services (CMS). CMS assigns nursing homes a quality of resident care star rating based on their performance on 16 measures. These measures reflect, on average, how well nursing homes cares for their residents. Information is listed for 2 groups of residents:

Short-stay residents - those who spent 100 days or less in a nursing home

Long-stay residents - those who spent over 100 days in a nursing home

Learn more about what quality of resident care information can tell you about a nursing home

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Short-stay residents

Learn why these short-stay measures are important

Current data collection period

	LIFE CARE CENTER OF GRAY	TENNESSEE AVERAGE	NATIONAL AVERAGE
Percentage of short-stay residents who improved in their ability to move around on their own. *Higher percentages are better.*	62.5%	64.8%	66.7%
Percentage of short-stay residents who were re-hospitalized after a nursing home admission. *Lower percentages are better.*	21.7%	20.5%	21.1%
Percentage of short-stay residents who have had an outpatient emergency department visit. *Lower percentages are better.*	12.8%	12.6%	11.9%
Percentage of short-stay residents who were successfully discharged to the community. *Higher percentages are better.*	56.9%	58.4%	57.0%
Percentage of short-stay residents who report moderate to severe pain. *Lower percentages are better.*	0.0%	12.3%	14.1%
Percentage of short-stay residents with pressure ulcers that are new or worsened. *Lower percentages are better.*	1.1%	0.7%	0.9%

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	LIFE CARE CENTER OF GRAY	TENNESSEE AVERAGE	NATIONAL AVERAGE
Percentage of short-stay residents who needed and got a flu shot for the current flu season. *Higher percentages are better.*	84.7%	80.9%	80.6%
Percentage of short-stay residents who needed and got a vaccine to prevent pneumonia. *Higher percentages are better.*	91.1%	82.9%	82.8%
Percentage of short-stay residents who got antipsychotic medication for the first time. *Lower percentages are better.*	2.2%	2.3%	2.0%

Long-stay residents

Learn why these long-stay measures are important

Current data collection period

	LIFE CARE CENTER OF GRAY	TENNESSEE AVERAGE	NATIONAL AVERAGE
Percentage of long-stay residents experiencing one or more falls with major injury. *Lower percentages are better.*	5.1%	3.2%	3.4%

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	LIFE CARE CENTER OF GRAY	TENNESSEE AVERAGE	NATIONAL AVERAGE
Percentage of long-stay residents with a urinary tract infection. *Lower percentages are better.*	2.7%	5.0%	3.8%
Percentage of long-stay residents who report moderate to severe pain. *Lower percentages are better.*	0.0%	4.7%	5.9%
Percentage of long-stay high-risk residents with pressure ulcers. *Lower percentages are better.*	5.6%	5.4%	5.6%
Percentage of long-stay low-risk residents who lose control of their bowels or bladder. *Lower percentages are better.*	69.6%	56.7%	47.6%
Percentage of long-stay residents who have or had a catheter inserted and left in their bladder. *Lower percentages are better.*	1.9%	2.1%	2.0%
Percentage of long-stay residents who were physically restrained. *Lower percentages are better.*	0.0%	1.2%	0.5%
Percentage of long-stay residents whose ability to move independently worsened. *Lower percentages are better.*	25.4%	21.4%	18.3%
Percentage of long-stay residents whose need for help with daily activities has increased. *Lower percentages are better.*	13.0%	16.0%	15.0%

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	LIFE CARE CENTER OF GRAY	TENNESSEE AVERAGE	NATIONAL AVERAGE
Percentage of long-stay residents who lose too much weight. *Lower percentages are better.*	3.4%	8.0%	7.1%
Percentage of long-stay residents who have symptoms of depression. *Lower percentages are better.*	0.0%	2.1%	5.0%
Percentage of long-stay residents who got an antianxiety or hypnotic medication. *Lower percentages are better.*	49.6%	36.5%	22.9%
Percentage of long-stay residents who needed and got a flu shot for the current flu season. *Higher percentages are better.*	90.8%	93.4%	94.8%
Percentage of long-stay residents who needed and got a vaccine to prevent pneumonia. *Higher percentages are better.*	96.3%	92.5%	94.0%
Percentage of long-stay residents who got an antipsychotic medication. *Lower percentages are better.*	25.4%	17.4%	15.9%

Penalties

LIFE CARE CENTER OF GRAY

Overall rating: *4 out of 5 stars* **Above Average**

Learn more about the overall star ratings

Penalties

When a nursing home gets a serious citation or fails to correct a citation for a long period of time, this can result in a penalty. A penalty can

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be a fine against the nursing home or a denied payment from Medicare.

Search for penalties under state law.

Learn more about penalties.

Federal fines in the last 3 years	0
Amount(s) and date(s)	This nursing home has not received any fines in the last 3 years. States may also impose penalties under state law. To search state websites Click here.
Payment denials by Medicare in the last 3 years	0
Date(s)	This nursing home has not received any payment denials in the last 3 years. States may also impose penalties under state law. To search state websites click here.

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Medicare.gov | Nursing Home Compare

The Official U.S. Government Site for Medicare

General information

NHC HEALTHCARE, JOHNSON CITY

Overall rating:
5 out of 5 stars
Much Above Average

Learn more about the overall star ratings

3209 BRISTOL HWY
JOHNSON CITY, TN 37601
(423) 282-3311

Nursing Home information

160 certified beds

Participates in: Medicare and Medicaid

Automatic sprinkler systems in all required areas :Yes

Not in a Continuing Care Retirement Community (CCRC)

Not in a hospital

Resident council only

Learn why these characteristics and services are important

Ownership information

Ownership : For profit - Corporation

Legal business name: NHC HEALTHCARE-JOHNSON CITY LLC

Get more ownership information

Star rating categories

Health inspection rating	*4 out of 5 stars* **Above Average**
Staffing rating	*2 out of 5 stars* **Below Average**
Quality measures rating	*5 out of 5 stars* **Much Above Average**

Health Inspections

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NHC HEALTHCARE, JOHNSON CITY

Overall rating: *5 out of 5 stars*
Much Above Average

Health inspections

Information about a nursing home's health inspections, complaints filed, and any resulting citations. Learn more about health inspections. Nursing homes that are certified by Medicare and Medicaid are inspected each year. Health care professionals inspect each nursing home and look for any health and safety citations. The health inspection star rating is based on the three most recent nursing home inspections.

	NHC HEALTHCARE, JOHNSON CITY
Health Inspection rating	*4 out of 5 stars* **Above Average**
Date of most recent standard health inspection	05/24/2017 View Full Report
Total number of health citations	2
Average number of health citations in Tennessee	5.2
Average number of health citations in the United States	7.2
Date(s) of complaint inspection(s) between 10/1/2016 - 9/30/2017	No Complaint Inspections
Number of complaints in the past 3 years that resulted in a citation	0
Number of times in the past 3 years a facility-reported issue resulted in a citation	0
View all health inspection details	View all health inspection, complaint, and incident details

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Fire Safety Inspections

NHC HEALTHCARE, JOHNSON CITY

Overall rating:
5 out of 5 stars
Much Above Average

Learn more about the overall star ratings

Fire safety inspections

3209 BRISTOL HWY
JOHNSON CITY, TN 37601
(423) 282-3311

Nursing homes that participate in Medicare and/or Medicaid must meet standards set by the government to ensure residents are safe. Fire safety specialists inspect nursing homes to determine if a nursing home meets the Life Safety Code (LSC) requirements, a set of fire safety and emergency preparedness requirements set by the Centers for Medicare & Medicaid Services (CMS). These requirements are aimed at preventing fires, or protecting residents in the event of an emergency like a fire, hurricane, tornado, flood, power failure, or gas leak, etc.

Learn more about fire inspections.

	undefined
Automatic Sprinkler Systems in All Required Areas	Yes
Date of most recent standard fire safety inspection	05/23/2017
Total number of fire safety citations	NOT AVAILABLE
Average number of fire safety citations in (state)	NOT AVAILABLE
Range of fire safety citations in (state)	NOT AVAILABLE
Average number of fire safety citations in the United States	NOT AVAILABLE
See all fire safety inspection details	View All Fire Safety Inspections

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Staffing

NHC HEALTHCARE, JOHNSON CITY

Overall rating *5 out of 5 stars* **Much Above Average**

Learn more about the overall star ratings

Staffing

Higher staffing levels in a nursing home may mean higher quality of care for residents. This section provides information about the different types of nursing home staff and the average amount of time per resident that they spend providing care.

Get more information about the staffing measures

Get more information about how to read the staffing chart

Staffing

The information in this section includes registered nurses (RN), licensed practical/vocational nurses (LPN/LVN), certified nurse assistants (CNA), and physical therapists (PT). Physical therapists are not included in the "all staffing" star rating.

The "staffing" star rating takes into account that some nursing homes have sicker residents and may therefore need more staff than other nursing homes whose residents are not as sick.

	NHC HEALTHCARE, JOHNSON CITY	TENNESSEE AVERAGE	NATIONAL AVERAGE
Staffing rating	*2 out of 5 stars* **Below Average**		
Total number of residents	144	85.6	85.5
Total number of licensed nurse staff hours per resident per day	1 hour and 33 minutes	1 hour and 50 minutes	1 hour and 41 minutes
RN hours per resident per day	31 minutes	46 minutes	50 minutes
LPN/LVN hours per resident per day	1 hour and 2 minutes	1 hour and 4 minutes	51 minutes

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	NHC HEALTHCARE, JOHNSON CITY	TENNESSEE AVERAGE	NATIONAL AVERAGE
CNA hours per resident per day	2 hours and 15 minutes	2 hours and 14 minutes	2 hours and 27 minutes
Physical therapy staff hours per resident per day	12 minutes	6 minutes	6 minutes
Registered Nurse (RN) staffing only			
Registered nurses (RNs) are licensed healthcare professionals who are responsible for the coordination, management and overall delivery of care to the residents. Some nursing home residents who are sicker than others may require a greater level of care, and nursing homes that have more RN staff may be better able to meet the needs of those residents.			
Registered Nurse (RN) staffing rating	*2 out of 5 stars* **Below Average**		
Total number of residents	144	85.6	85.5
RN hours per resident per day	31 minutes	46 minutes	50 minutes
How to read staffing charts | About staff roles			

Quality of resident care

NHC HEALTHCARE, JOHNSON CITY

Overall rating *5 out of 5 stars* **Much Above Average**

Learn more about the overall star ratings

Quality of resident care

Nursing homes that are certified by Medicare and Medicaid regularly report clinical information for each of their residents to the Centers for Medicare & Medicaid Services (CMS). CMS assigns nursing homes a quality of resident care star rating based on their performance on 16 measures. These measures reflect, on average, how well nursing homes cares for their residents. Information is listed for 2 groups of residents:

Short-stay residents - those who spent 100 days or less in a nursing home

Long-stay residents - those who spent over 100 days in a nursing home

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Learn more about what quality of resident care information can tell you about a nursing home

Short-stay residents

Learn why these short-stay measures are important

Current data collection period

	NHC HEALTHCARE, JOHNSON CITY	TENNESSEE AVERAGE	NATIONAL AVERAGE
Percentage of short-stay residents who improved in their ability to move around on their own. *Higher percentages are better.*	62.8%	64.8%	66.7%
Percentage of short-stay residents who were re-hospitalized after a nursing home admission. *Lower percentages are better.*	17.2%	20.5%	21.1%
Percentage of short-stay residents who have had an outpatient emergency department visit. *Lower percentages are better.*	8.5%	12.6%	11.9%
Percentage of short-stay residents who were successfully discharged to the community. *Higher percentages are better.*	73.2%	58.4%	57.0%
Percentage of short-stay residents who report moderate to severe pain. *Lower percentages are better.*	7.4%	12.3%	14.1%

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	NHC HEALTHCARE, JOHNSON CITY	TENNESSEE AVERAGE	NATIONAL AVERAGE
Percentage of short-stay residents with pressure ulcers that are new or worsened. *Lower percentages are better.*	0.0%	0.7%	0.9%
Percentage of short-stay residents who needed and got a flu shot for the current flu season. *Higher percentages are better.*	86.7%	80.9%	80.6%
Percentage of short-stay residents who needed and got a vaccine to prevent pneumonia. *Higher percentages are better.*	91.6%	82.9%	82.8%
Percentage of short-stay residents who got antipsychotic medication for the first time. *Lower percentages are better.*	1.8%	2.3%	2.0%

Long-stay residents

Learn why these long-stay measures are important

Current data collection period

	NHC HEALTHCARE, JOHNSON CITY	TENNESSEE AVERAGE	NATIONAL AVERAGE

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	NHC HEALTHCARE, JOHNSON CITY	TENNESSEE AVERAGE	NATIONAL AVERAGE
Percentage of long-stay residents experiencing one or more falls with major injury. *Lower percentages are better.*	1.8%	3.2%	3.4%
Percentage of long-stay residents with a urinary tract infection. *Lower percentages are better.*	3.8%	5.0%	3.8%
Percentage of long-stay residents who report moderate to severe pain. *Lower percentages are better.*	5.5%	4.7%	5.9%
Percentage of long-stay high-risk residents with pressure ulcers. *Lower percentages are better.*	0.0%	5.4%	5.6%
Percentage of long-stay low-risk residents who lose control of their bowels or bladder. *Lower percentages are better.*	69.1%	56.7%	47.6%
Percentage of long-stay residents who have or had a catheter inserted and left in their bladder. *Lower percentages are better.*	0.3%	2.1%	2.0%
Percentage of long-stay residents who were physically restrained. *Lower percentages are better.*	0.3%	1.2%	0.5%

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	NHC HEALTHCARE, JOHNSON CITY	TENNESSEE AVERAGE	NATIONAL AVERAGE
Percentage of long-stay residents whose ability to move independently worsened. *Lower percentages are better.*	27.8%	21.4%	18.3%
Percentage of long-stay residents whose need for help with daily activities has increased. *Lower percentages are better.*	16.4%	16.0%	15.0%
Percentage of long-stay residents who lose too much weight. *Lower percentages are better.*	9.1%	8.0%	7.1%
Percentage of long-stay residents who have symptoms of depression. *Lower percentages are better.*	4.7%	2.1%	5.0%
Percentage of long-stay residents who got an antianxiety or hypnotic medication. *Lower percentages are better.*	42.7%	36.5%	22.9%
Percentage of long-stay residents who needed and got a flu shot for the current flu season. *Higher percentages are better.*	94.6%	93.4%	94.8%
Percentage of long-stay residents who needed and got a vaccine to prevent pneumonia. *Higher percentages are better.*	97.9%	92.5%	94.0%

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	NHC HEALTHCARE, JOHNSON CITY	TENNESSEE AVERAGE	NATIONAL AVERAGE
Percentage of long-stay residents who got an antipsychotic medication. *Lower percentages are better.*	13.4%	17.4%	15.9%

Penalties

NHC HEALTHCARE, JOHNSON CITY

Overall rating: *5 out of 5 stars* **Much Above Average**

Learn more about the overall star ratings

Penalties

When a nursing home gets a serious citation or fails to correct a citation for a long period of time, this can result in a penalty. A penalty can be a fine against the nursing home or a denied payment from Medicare.

Search for penalties under state law.

Learn more about penalties.

Federal fines in the last 3 years	0
Amount(s) and date(s)	This nursing home has not received any fines in the last 3 years. States may also impose penalties under state law. To search state websites Click here.

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Payment denials by Medicare in the last 3 years	0
Date(s)	This nursing home has not received any payment denials in the last 3 years. States may also impose penalties under state law. To search state websites click here.

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Medicare.gov | Nursing Home Compare

The Official U.S. Government Site for Medicare

General information

PRINCETON TRANS CARE AT NORTH

Overall rating: *4 out of 5 stars* **Above Average**

Learn more about the overall star ratings

400 NORTH STATE OF FRANKLIN ROAD
JOHNSON CITY, TN 37601
(423) 431-6111

Nursing Home information

34 certified beds

Participates in: Medicare

Automatic sprinkler systems in all required areas: Yes

Not in a Continuing Care Retirement Community (CCRC)

Within a Hospital

No Resident or Family Council

Learn why these characteristics and services are important

Ownership information

Ownership: For profit - Corporation

Legal business name: MOUNTAIN STATES HEALTH ALLIANCE

Get more ownership information

Star rating categories

Health inspection rating	*3 out of 5 stars* **Average**
Staffing rating	*5 out of 5 stars* **Much Above Average**
Quality measures rating	*3 out of 5 stars* **Average**

Health Inspections

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PRINCETON TRANS CARE AT NORTH

Overall rating: *4 out of 5 stars*
Above Average

Health inspections

Information about a nursing home's health inspections, complaints filed, and any resulting citations. Learn more about health inspections. Nursing homes that are certified by Medicare and Medicaid are inspected each year. Health care professionals inspect each nursing home and look for any health and safety citations. The health inspection star rating is based on the three most recent nursing home inspections.

	PRINCETON TRANS CARE AT NORTH
Health Inspection rating	*3 out of 5 stars* **Average**
Date of most recent standard health inspection	08/16/2017 View Full Report
Total number of health citations	3
Average number of health citations in Tennessee	5.2
Average number of health citations in the United States	7.2
Date(s) of complaint inspection(s) between 10/1/2016 - 9/30/2017	No Complaint Inspections
Number of complaints in the past 3 years that resulted in a citation	0
Number of times in the past 3 years a facility-reported issue resulted in a citation	0
View all health inspection details	View all health inspection, complaint, and incident details

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Fire Safety Inspections

PRINCETON TRANS CARE AT NORTH

Overall rating:
4 out of 5 stars

Above Average

Learn more about the overall star ratings

Fire safety inspections

405 NORTH STATE OF FRANKLIN ROAD
JOHNSON CITY, TN 37601
(423) 431-6111

Nursing homes that participate in Medicare and/or Medicaid must meet standards set by the government to ensure residents are safe. Fire safety specialists inspect nursing homes to determine if a nursing home meets the Life Safety Code (LSC) requirements, a set of fire safety and emergency preparedness requirements set by the Centers for Medicare & Medicaid Services (CMS). These requirements are aimed at preventing fires, or protecting residents in the event of an emergency like a fire, hurricane, tornado, flood, power failure, or gas leak, etc.

Learn more about fire inspections.

	undefined
Automatic Sprinkler Systems in All Required Areas	Yes
Date of most recent standard fire safety inspection	08/16/2017
Total number of fire safety citations	NOT AVAILABLE
Average number of fire safety citations in (state)	NOT AVAILABLE
Range of fire safety citations in (state)	NOT AVAILABLE
Average number of fire safety citations in the United States	NOT AVAILABLE
See all fire safety inspection details	View All Fire Safety Inspections

Supplemental #1
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11:31 am

Staffing

PRINCETON TRANS CARE AT NORTH

Overall rating: *4 out of 5 stars* **Above Average**

Learn more about the overall star ratings

Staffing

Higher staffing levels in a nursing home may mean higher quality of care for residents. This section provides information about the different types of nursing home staff and the average amount of time per resident that they spend providing care.

Get more information about the staffing measures

Get more information about how to read the staffing chart

Staffing

The information in this section includes registered nurses (RN), licensed practical/vocational nurses (LPN/LVN), certified nurse assistants (CNA), and physical therapists (PT). Physical therapists are not included in the "all staffing" star rating.

The "staffing" star rating takes into account that some nursing homes have sicker residents and may therefore need more staff than other nursing homes whose residents are not as sick.

	PRINCETON TRANS CARE AT NORTH	TENNESSEE AVERAGE	NATIONAL AVERAGE
Staffing rating	*5 out of 5 stars* **Much Above Average**		
Total number of residents	30	85.6	85.5
Total number of licensed nurse staff hours per resident per day	3 hours and 39 minutes	1 hour and 50 minutes	1 hour and 41 minutes
RN hours per resident per day	2 hours and 53 minutes	46 minutes	50 minutes
LPN/LVN hours per resident per day	46 minutes	1 hour and 4 minutes	51 minutes

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	PRINCETON TRANS CARE AT NORTH	TENNESSEE AVERAGE	NATIONAL AVERAGE
CNA hours per resident per day	2 hours and 27 minutes	2 hours and 14 minutes	2 hours and 27 minutes
Physical therapy staff hours per resident per day	44 minutes	6 minutes	6 minutes
Registered Nurse (RN) staffing only			
Registered nurses (RNs) are licensed healthcare professionals who are responsible for the coordination, management and overall delivery of care to the residents. Some nursing home residents who are sicker than others may require a greater level of care, and nursing homes that have more RN staff may be better able to meet the needs of those residents.			
Registered Nurse (RN) staffing rating	*5 out of 5 stars* **Much Above Average**		
Total number of residents	30	85.6	85.5
RN hours per resident per day	2 hours and 53 minutes	46 minutes	50 minutes
How to read staffing charts | About staff roles			

Quality of resident care

PRINCETON TRANS CARE AT NORTH

Overall rating: *4 out of 5 stars* **Above Average**

Learn more about the overall star ratings

Quality of resident care

Nursing homes that are certified by Medicare and Medicaid regularly report clinical information for each of their residents to the Centers for Medicare & Medicaid Services (CMS). CMS assigns nursing homes a quality of resident care star rating based on their performance on 16 measures. These measures reflect, on average, how well nursing homes cares for their residents. Information is listed for 2 groups of residents:

Short-stay residents - those who spent 100 days or less in a nursing home

Long-stay residents - those who spent over 100 days in a nursing home

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Learn more about what quality of resident care information can tell you about a nursing home

Short-stay residents

Learn why these short-stay measures are important

Current data collection period

	PRINCETON TRANS CARE AT NORTH	TENNESSEE AVERAGE	NATIONAL AVERAGE
Percentage of short-stay residents who improved in their ability to move around on their own. *Higher percentages are better.*	50.0%	64.8%	66.7%
Percentage of short-stay residents who were re-hospitalized after a nursing home admission. *Lower percentages are better.*	24.6%	20.5%	21.1%
Percentage of short-stay residents who have had an outpatient emergency department visit. *Lower percentages are better.*	4.2%	12.6%	11.9%
Percentage of short-stay residents who were successfully discharged to the community. *Higher percentages are better.*	58.7%	58.4%	57.0%
Percentage of short-stay residents who report moderate to severe pain. *Lower percentages are better.*	22.1%	12.3%	14.1%

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	PRINCETON TRANS CARE AT NORTH	TENNESSEE AVERAGE	NATIONAL AVERAGE
Percentage of short-stay residents with pressure ulcers that are new or worsened. *Lower percentages are better.*	0.2%	0.7%	0.9%
Percentage of short-stay residents who needed and got a flu shot for the current flu season. *Higher percentages are better.*	94.5%	80.9%	80.6%
Percentage of short-stay residents who needed and got a vaccine to prevent pneumonia. *Higher percentages are better.*	96.1%	82.9%	82.8%
Percentage of short-stay residents who got antipsychotic medication for the first time. *Lower percentages are better.*	0.7%	2.3%	2.0%

Long-stay residents

Learn why these long-stay measures are important

Current data collection period

	PRINCETON TRANS CARE AT NORTH	TENNESSEE AVERAGE	NATIONAL AVERAGE

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	PRINCETON TRANS CARE AT NORTH	TENNESSEE AVERAGE	NATIONAL AVERAGE
Percentage of long-stay residents experiencing one or more falls with major injury. *Lower percentages are better.*	NOT AVAILABLE	3.2%	3.4%
Percentage of long-stay residents with a urinary tract infection. *Lower percentages are better.*	NOT AVAILABLE	5.0%	3.8%
Percentage of long-stay residents who report moderate to severe pain. *Lower percentages are better.*	NOT AVAILABLE	4.7%	5.9%
Percentage of long-stay high-risk residents with pressure ulcers. *Lower percentages are better.*	NOT AVAILABLE	5.4%	5.6%
Percentage of long-stay low-risk residents who lose control of their bowels or bladder. *Lower percentages are better.*	NOT AVAILABLE	56.7%	47.6%
Percentage of long-stay residents who have or had a catheter inserted and left in their bladder. *Lower percentages are better.*	NOT AVAILABLE	2.1%	2.0%
Percentage of long-stay residents who were physically restrained. *Lower percentages are better.*	NOT AVAILABLE	1.2%	0.5%

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	PRINCETON TRANS CARE AT NORTH	TENNESSEE AVERAGE	NATIONAL AVERAGE
Percentage of long-stay residents whose ability to move independently worsened. *Lower percentages are better.*	NOT AVAILABLE	21.4%	18.3%
Percentage of long-stay residents whose need for help with daily activities has increased. *Lower percentages are better.*	NOT AVAILABLE	16.0%	15.0%
Percentage of long-stay residents who lose too much weight. *Lower percentages are better.*	NOT AVAILABLE	8.0%	7.1%
Percentage of long-stay residents who have symptoms of depression. *Lower percentages are better.*	NOT AVAILABLE	2.1%	5.0%
Percentage of long-stay residents who got an antianxiety or hypnotic medication. *Lower percentages are better.*	NOT AVAILABLE	36.5%	22.9%
Percentage of long-stay residents who needed and got a flu shot for the current flu season. *Higher percentages are better.*	NOT AVAILABLE	93.4%	94.8%
Percentage of long-stay residents who needed and got a vaccine to prevent pneumonia. *Higher percentages are better.*	NOT AVAILABLE	92.5%	94.0%

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	PRINCETON TRANS CARE AT NORTH	TENNESSEE AVERAGE	NATIONAL AVERAGE
Percentage of long-stay residents who got an antipsychotic medication. *Lower percentages are better.*	NOT AVAILABLE	17.4%	15.9%

Penalties

PRINCETON TRANS CARE AT NORTH

Overall rating: *4 out of 5 stars* **Above Average**

Learn more about the overall star ratings

Penalties

When a nursing home gets a serious citation or fails to correct a citation for a long period of time, this can result in a penalty. A penalty can be a fine against the nursing home or a denied payment from Medicare.

Search for penalties under state law.

Learn more about penalties.

Federal fines in the last 3 years	0
Amount(s) and date(s)	This nursing home has not received any fines in the last 3 years. States may also impose penalties under state law. To search state websites Click here.

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Payment denials by Medicare in the last 3 years	0
Date(s)	This nursing home has not received any payment denials in the last 3 years. States may also impose penalties under state law. To search state websites click here.

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Medicare.gov | Nursing Home Compare

The Official U.S. Government Site for Medicare

General information

THE WATERS OF JOHNSON CITY, LLC

Overall rating: *2 out of 5 stars* **Below Average**

Learn more about the overall star ratings

140 TECHNOLOGY LANE
JOHNSON CITY, TN 37604
(423) 434-2016

Nursing Home information

84 certified beds

Participates in: Medicare and Medicaid

Automatic sprinkler systems in all required areas: Yes

Not in a Continuing Care Retirement Community (CCRC)

Not in a hospital

Has a Resident and Family Council

Learn why these characteristics and services are important

Ownership information

Ownership: For profit - Corporation

Legal business name: THE WATERS OF JOHNSON CITY, LLC

Get more ownership information

Star rating categories

Health inspection rating	*2 out of 5 stars* **Below Average**
Staffing rating	*2 out of 5 stars* **Below Average**
Quality measures rating	*2 out of 5 stars* **Below Average**

Health Inspections

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THE WATERS OF JOHNSON CITY, LLC

Overall rating: *2 out of 5 stars*
Below Average

Health inspections

Information about a nursing home's health inspections, complaints filed, and any resulting citations. Learn more about health inspections. Nursing homes that are certified by Medicare and Medicaid are inspected each year. Health care professionals inspect each nursing home and look for any health and safety citations. The health inspection star rating is based on the three most recent nursing home inspections.

	THE WATERS OF JOHNSON CITY, LLC
Health Inspection rating	*2 out of 5 stars* **Below Average**
Date of most recent standard health inspection	05/11/2017 View Full Report
Total number of health citations	6
Average number of health citations in Tennessee	5.2
Average number of health citations in the United States	7.2
Date(s) of complaint inspection(s) between 10/1/2016 - 9/30/2017	No Complaint Inspections
Number of complaints in the past 3 years that resulted in a citation	0
Number of times in the past 3 years a facility-reported issue resulted in a citation	1
View all health inspection details	View all health inspection, complaint, and incident details

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Fire Safety Inspections

THE WATERS OF JOHNSON CITY, LLC

Overall rating:
2 out of 5 stars

Below Average

Learn more about the overall star ratings

146 TECHNOLOGY LANE
JOHNSON CITY, TN 37604
(423) 434-2016

Fire safety inspections

Nursing homes that participate in Medicare and/or Medicaid must meet standards set by the government to ensure residents are safe. Fire safety specialists inspect nursing homes to determine if a nursing home meets the Life Safety Code (LSC) requirements, a set of fire safety and emergency preparedness requirements set by the Centers for Medicare & Medicaid Services (CMS). These requirements are aimed at preventing fires, or protecting residents in the event of an emergency like a fire, hurricane, tornado, flood, power failure, or gas leak, etc.

Learn more about fire inspections.

	undefined
Automatic Sprinkler Systems in All Required Areas	Yes
Date of most recent standard fire safety inspection	05/11/2017
Total number of fire safety citations	NOT AVAILABLE
Average number of fire safety citations in (state)	NOT AVAILABLE
Range of fire safety citations in (state)	NOT AVAILABLE
Average number of fire safety citations in the United States	NOT AVAILABLE
See all fire safety inspection details	View All Fire Safety Inspections

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Staffing

THE WATERS OF JOHNSON CITY, LLC

Overall rating: *2 out of 5 stars* **Below Average**

Learn more about the overall star ratings

Staffing

Higher staffing levels in a nursing home may mean higher quality of care for residents. This section provides information about the different types of nursing home staff and the average amount of time per resident that they spend providing care.

Get more information about the staffing measures

Get more information about how to read the staffing chart

Staffing

The information in this section includes registered nurses (RN), licensed practical/vocational nurses (LPN/LVN), certified nurse assistants (CNA), and physical therapists (PT). Physical therapists are not included in the "all staffing" star rating.

The "staffing" star rating takes into account that some nursing homes have sicker residents and may therefore need more staff than other nursing homes whose residents are not as sick.

	THE WATERS OF JOHNSON CITY, LLC	TENNESSEE AVERAGE	NATIONAL AVERAGE
Staffing rating	*2 out of 5 stars* **Below Average**		
Total number of residents	72	85.6	85.5
Total number of licensed nurse staff hours per resident per day	1 hour and 30 minutes	1 hour and 50 minutes	1 hour and 41 minutes
RN hours per resident per day	39 minutes	46 minutes	50 minutes
LPN/LVN hours per resident per day	52 minutes	1 hour and 4 minutes	51 minutes

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	THE WATERS OF JOHNSON CITY, LLC	TENNESSEE AVERAGE	NATIONAL AVERAGE
CNA hours per resident per day	1 hour and 54 minutes	2 hours and 14 minutes	2 hours and 27 minutes
Physical therapy staff hours per resident per day	3 minutes	6 minutes	6 minutes
Registered Nurse (RN) staffing only			
Registered nurses (RNs) are licensed healthcare professionals who are responsible for the coordination, management and overall delivery of care to the residents. Some nursing home residents who are sicker than others may require a greater level of care, and nursing homes that have more RN staff may be better able to meet the needs of those residents.			
Registered Nurse (RN) staffing rating	*3 out of 5 stars* **Average**		
Total number of residents	72	85.6	85.5
RN hours per resident per day	39 minutes	46 minutes	50 minutes
How to read staffing charts | About staff roles			

Quality of resident care

THE WATERS OF JOHNSON CITY, LLC

Overall rating *2 out of 5 stars* **Below Average**

Learn more about the overall star ratings

Quality of resident care

Nursing homes that are certified by Medicare and Medicaid regularly report clinical information for each of their residents to the Centers for Medicare & Medicaid Services (CMS). CMS assigns nursing homes a quality of resident care star rating based on their performance on 16 measures. These measures reflect, on average, how well nursing homes cares for their residents. Information is listed for 2 groups of residents:

Short-stay residents - those who spent 100 days or less in a nursing home

Long-stay residents - those who spent over 100 days in a nursing home

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Learn more about what quality of resident care information can tell you about a nursing home

Short-stay residents

Learn why these short-stay measures are important

Current data collection period

	THE WATERS OF JOHNSON CITY, LLC	TENNESSEE AVERAGE	NATIONAL AVERAGE
Percentage of short-stay residents who improved in their ability to move around on their own. *Higher percentages are better.*	59.3%	64.8%	66.7%
Percentage of short-stay residents who were re-hospitalized after a nursing home admission. *Lower percentages are better.*	20.6%	20.5%	21.1%
Percentage of short-stay residents who have had an outpatient emergency department visit. *Lower percentages are better.*	14.1%	12.6%	11.9%
Percentage of short-stay residents who were successfully discharged to the community. *Higher percentages are better.*	67.1%	58.4%	57.0%
Percentage of short-stay residents who report moderate to severe pain. *Lower percentages are better.*	13.7%	12.3%	14.1%

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	THE WATERS OF JOHNSON CITY, LLC	TENNESSEE AVERAGE	NATIONAL AVERAGE
Percentage of short-stay residents with pressure ulcers that are new or worsened. *Lower percentages are better.*	1.2%	0.7%	0.9%
Percentage of short-stay residents who needed and got a flu shot for the current flu season. *Higher percentages are better.*	85.8%	80.9%	80.6%
Percentage of short-stay residents who needed and got a vaccine to prevent pneumonia. *Higher percentages are better.*	94.0%	82.9%	82.8%
Percentage of short-stay residents who got antipsychotic medication for the first time. *Lower percentages are better.*	0.8%	2.3%	2.0%

Long-stay residents

Learn why these long-stay measures are important

Current data collection period

	THE WATERS OF JOHNSON CITY, LLC	TENNESSEE AVERAGE	NATIONAL AVERAGE

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	THE WATERS OF JOHNSON CITY, LLC	TENNESSEE AVERAGE	NATIONAL AVERAGE
Percentage of long-stay residents experiencing one or more falls with major injury. *Lower percentages are better.*	8.4%	3.2%	3.4%
Percentage of long-stay residents with a urinary tract infection. *Lower percentages are better.*	3.0%	5.0%	3.8%
Percentage of long-stay residents who report moderate to severe pain. *Lower percentages are better.*	3.8%	4.7%	5.9%
Percentage of long-stay high-risk residents with pressure ulcers. *Lower percentages are better.*	6.2%	5.4%	5.6%
Percentage of long-stay low-risk residents who lose control of their bowels or bladder. *Lower percentages are better.*	65.5%	56.7%	47.6%
Percentage of long-stay residents who have or had a catheter inserted and left in their bladder. *Lower percentages are better.*	3.5%	2.1%	2.0%
Percentage of long-stay residents who were physically restrained. *Lower percentages are better.*	6.7%	1.2%	0.5%
Percentage of long-stay residents whose ability to move independently worsened. *Lower percentages are better.*	32.9%	21.4%	18.3%

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	THE WATERS OF JOHNSON CITY, LLC	TENNESSEE AVERAGE	NATIONAL AVERAGE
Percentage of long-stay residents whose need for help with daily activities has increased. *Lower percentages are better.*	20.5%	16.0%	15.0%
Percentage of long-stay residents who lose too much weight. *Lower percentages are better.*	12.4%	8.0%	7.1%
Percentage of long-stay residents who have symptoms of depression. *Lower percentages are better.*	0.9%	2.1%	5.0%
Percentage of long-stay residents who got an antianxiety or hypnotic medication. *Lower percentages are better.*	41.2%	36.5%	22.9%
Percentage of long-stay residents who needed and got a flu shot for the current flu season. *Higher percentages are better.*	94.8%	93.4%	94.8%
Percentage of long-stay residents who needed and got a vaccine to prevent pneumonia. *Higher percentages are better.*	97.5%	92.5%	94.0%
Percentage of long-stay residents who got an antipsychotic medication. *Lower percentages are better.*	13.9%	17.4%	15.9%

Penalties

Supplemental #1
November 28, 2017
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THE WATERS OF JOHNSON CITY, LLC

Overall rating *2 out of 5 stars* **Below Average**

Learn more about the overall star ratings

Penalties

When a nursing home gets a serious citation or fails to correct a citation for a long period of time, this can result in a penalty. A penalty can be a fine against the nursing home or a denied payment from Medicare.

Search for penalties under state law.

Learn more about penalties.

Federal fines in the last 3 years	0
Amount(s) and date(s)	This nursing home has not received any fines in the last 3 years. States may also impose penalties under state law. To search state websites Click here.
Payment denials by Medicare in the last 3 years	0
Date(s)	This nursing home has not received any payment denials in the last 3 years. States may also impose penalties under state law. To search state websites click here.

5. **Section B., Need, Item A.(14)(c) (Nursing Home-Service Specific Criteria-Additional Occupancy Rate Standards)**

The applicant facility operated below 90% occupancy 2013-2016. For example the applicant reports 2016 occupancy of 86.9%. That would equate to on average that there were 16 empty beds daily in the facility.

Please explain in more detail the need to add 7 more beds.

As reported in the original submittal, NHC HealthCare, Johnson City had experienced a year to date occupancy of 91.5% through September. Per our latest information, the centers year to date occupancy was 91.5% though October. Additionally, we have seen no change in this level of census throughout the year nor do we see any expected declines.

The health care market place for licensed nursing home in Washington County, and for the State as a whole, is a very different today in 2017 than it was in 2013-2016. Healthcare providers are increasingly taking on greater accountability for care quality, making deep insights into cost and quality performance a crucial key to success under value-based care initiatives. Specifically, provider agreements, bundle payments, accountable care organizations, Medicaid managed care, and Medicare Managed care has completely changed the way nursing homes receive referrals, which centers receive referrals in the market, and how nursing homes are paid. With that said, all of those mentioned changes has created nursing homes that are either part of the establishing networks and/or those centers that are out of network. Those centers that fall outside of the networks find themselves searching for admissions outside of the acute care systems and managed care organizations. Many of these centers must focus on long-term care or intermediate care as they receive little patient population that are skilled.

How are centers chosen to be in network? Acute care providers and managed care organizations choose to partner with nursing home providers that offer high quality and cost efficiency, low hospital readmission rates, and providers that can provide wide coverage, both in terms of market share and service lines, to post acute care patients covered in their system networks. For these reasons, NHC HealthCare, Johnson City is the preferred provider of skilled and managed care in Washington County. As a result, NHC HealthCare, Johnson City has seen an increase in census, and thus the need for the 7 bed addition.
Specifically:

NHC HealthCare, Johnson City:

1. **Is the only Five (5) Star CMS rated facility in Washington County.**
2. **Is the selected preferred provider in MSHA Post Acute Care Network.**
3. **Is the only selected SNF partner to participate by MSHA to participate in transitions pilot with the Tennessee Hospital Association and Blue Cross Blue Shield.**
4. **Is the only facility partnered with Appalachian Orthopedics to have Orthopedic surgeon establish protocols for patients post-op and conduct follow up visits in facility. NHC Johnson City is the only facility in Johnson City to have this partnership.**
5. **Is currently working with Qualuable ACO, and their primary practice group State of Franklin HealthCare Associates, in transitions initiative. The initiative is working to establish successful discharge plans with case managers from SOFHA and timely follow up from Primary Care Physician to prevent readmissions.**

6. Section B, Need, Item B.1. (Population Demographics)

Since the planning horizon for nursing home beds is two years, please provide a demographic chart that uses 2019 as the Projected Population.

	Department of Health/Human Statistics							Bureau of the Census				TennCare	
Demographic Variable/Geographic Area	Total Population - Current Year - 2017	Total Population - Projected Year - 2019	Total Population - % Change	*Target Population - Current Year	*Target Population - Projected Year	*Target Population - % Change	Target Population 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
Washington County	135,611	139,160	2.62%	25,172	27,130	7.78%	19.50%	39.3	$42,817	21,842	16.11%	23,787	17.54%
State of TN Total	6,887,572	7,035,572	2.15%	1,133,025	1,219,696	7.65%	17.34%	38.4	$45,219	1,117,594	16.23%	1,401,418	20.35%

7. **Section B, Need, Item E.**

Your response is noted. Please complete the following table.

Note: Additionally HSDA staff contacted Health Statistics, Department of Health and learned that the 2015 JARs for Lakebridge and Princeton were inadvertently omitted from the website. Those JARs are now available. Please update all other service area facility tables submitted in the original application with JAR data from these two facilities. Please note that Family Ministries John Reed Home did not file a 2015 JAR.

Please see revised service area facility tables, which includes JAR data for Lakebridge Health Care Center and Princeton Transitional Care.

The 2016 JAR's became available online 11/21/16. The following tables have been updated with the 2016 data.

Service Area Patient Accommodation Mix-2015 JAR

Nursing Home	Licensed Beds	Total Private Beds	% Total	Total Semi-Private Beds	% Total	Ward Beds	% Total
Agape							
Cornerstone							
The Waters							
Four Oaks							
Family Ministries							
Lakebridge							
Life Care							
NHC							
Princeton							
Total							

Washington County
Private and Semi-private Rooms

	Nursing Homes	Licensed Beds	# of Beds in Pvt Rooms	% of Total	# of Beds in Semi-Pvt Rooms	% of Total	# of Beds In Ward	% of Total
1	Agape Nursing and Rehabilitation Center	84	-	-	84	100.0%	-	-
2	Cornerstone Village (f/k/a) Appalachian Christian	103	41	39.8%	62	60.2%	-	-
3	The Waters of Johson City f/k/a Christian Care Center	84	14	16.7%	70	83.3%	-	-
4	Four Oaks Health Care Center*	84	2	2.4%	76	90.5%	3	3.6%
5	Family Ministries f/ka/ John M Reed Health & Rehab*	63	-	-	-	-	-	-
6	Lakebridge Health Care Center	109	27	24.8%	82	75.2%	-	-
7	Life Care Center of Gray*	133	10	7.5%	106	79.7%	9	6.8%
8	NHC HealthCare, Johnson City	160	60	37.5%	100	62.5%	-	-
9	Princeton Transitional Care	34	2	5.9%	32	94.1%	-	-
	Total	854	156	18.3%	612	71.7%	12	1.4%

*Family Ministries f/k/a John M. Reed Health & Rehab did not submit a 2016 JAR.
Four Oaks Health Care Center is licensed for 84 beds; however, only reported 81 beds set up and staffed
Life Care Center of Gray is licensed for 133 beds; however only reported 125 beds set up and staffed

Source: 2016 TN JAR Summary Reports Schedule E - Beds

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Washington County Nursing Homes Occupancy

	NURSING HOMES*	2017 Licensed Beds	2013 Occupancy	2014 Occupancy	2015 Occupancy	2016 Occupancy
1	Agape Nursing and Rehabilitation Center	84	78.2%	74.8%	71.7%	80.8%
2	Cornerstone Village f/ka/ Appalachian Christian Village	103	89.3%	87.0%	86.0%	80.1%
3	The Waters of Johson City f/k/a Christian Care Center of Johnson City	84	88.0%	88.2%	86.8%	86.3%
4	Four Oaks Health Care Center	84	92.0%	88.7%	93.3%	91.8%
5	Family Ministries f/k/a/ John M Reed Health & Rehab	63	64.9%	80.9%	Did Not Report	Did Not Report
6	Lakebridge Health Care Center	109	93.0%	93.4%	93.0%	90.7%
7	Life Care Center of Gray	133	83.9%	78.9%	71.9%	69.3%
8	NHC HealthCare, Johnson City	160	85.5%	82.0%	88.2%	86.9%
9	Princeton Transitional Care	34	72.1%	75.7%	67.1%	81.4%
	Total	854	83.0%	83.3%	82.2%	83.4%

Note:
2014: Agape Nursing and Rehabilitation f/k/a Asbury Place at Johnson City occupancy is based on 122 days open.
2015: Family Ministries did not submit 2015 JAR
2016: Family Ministries did not submit a 2016 JAR and license was inactive from May 2016 - September 2017.
The Waters at Johnson City reported data from 8/1/16 - 12/31/16 (153 days of service)
Lakebridge Health Care Center reported data from 1/1/16 - 7/31/16 (213 days of service)

Source: 2013-2016 JAR Reports Utilization
2016 JAR Data became available online 11/21/17

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Washington County Nursing Homes
2014 - 2016 Patient Days

	NURSING HOMES*	2017 Licensed Beds	CMS Star Rating	2014 Patient Days	2015 Patient Days	2016 Patient Days	'14 - '16 % of Change	2014 % Occ.	2015 % Occ.	2016 % Occ.
1	Agape Nursing and Rehabilitation Center	84	2	See Notes 7,664	21,998	24,776	See Notes 223.3%	74.8%	71.7%	80.8%
2	Cornerstone Village f/ka/ Appalachian Christian Village	103	2	32,696	32,325	30,099	-7.9%	87.0%	86.0%	80.1%
3	The Waters of Johson City f/k/a Christian Care Center	84	2	27,042	26,601	See Notes 11,093	See Notes -59.0%	88.2%	86.8%	86.3%
4	Four Oaks Health Care Center	84	N/A	27,200	28,610	28,158	3.5%	88.7%	93.3%	91.8%
5	Family Ministries f/k/a/ John M Reed Health & Rehab	63	N/A	18,600	Did not report	Did not report	N/A	80.9%	N/A	N/A
6	Lakebridge Health Care Center	109	3	37,175	36,999	See Notes 21,066	See Notes -43.3%	93.4%	93.0%	90.7%
7	Life Care Center of Gray	133	4	36,015	32,798	33,626	-6.6%	78.9%	67.6%	69.3%
8	NHC HealthCare, Johnson City	160	5	47,867	51,534	50,744	6.0%	82.0%	88.2%	86.9%
9	Princeton Transitional Care	34	3	8,839	8,327	10,105	14.3%	75.7%	67.1%	81.4%

Washington County Nursing Homes
2014 - 2016 Admissions & Average Length of Stay

	NURSING HOMES*	2017 Licensed Beds	Admissions			Average Length of Stay		
			2014	2015	2016	2014	2015	2016
1	Agape Nursing and Rehabilitation Center	84	152	315	315	87	87	85
2	Cornerstone Village f/ka/ Appalachian Christian Village	103	266	281	245	129	106	125
3	The Waters of Johson City f/k/a Christian Care Center	84	364	317	See Notes 116	92	104	53
4	Four Oaks Health Care Center	84	171	167	247	123	62	68
5	Family Ministries f/ka/ John M Reed Health & Rehab	63	95	N/A	N/A	170	N/A	N/A
6	Lakebridge Health Care Center	109	611	500	See Notes 194	106	59	96
7	Life Care Center of Gray	133	367	431	412	101	60	68
8	NHC HealthCare, Johnson City	160	577	769	943	118	95	59
9	Princeton Transitional Care	34	339	724	697	11	12	14

Note:
2014: Agape Nursing and Rehabilitation f/k/a Asbury Place at Johnson City occupancy is based on 122 days open.
2015: Family Ministries did not submit 2015 JAR
2016: Family Ministries did not submit a 2016 JAR and license was inactive from May 2016 - September 2017.
The Waters at Johnson City reported data from 8/1/16 - 12/31/16 (153 days of service)
Lakebridge Health Care Center reported data from 1/1/16 - 7/31/16 (213 days of service)

Source: 2014-2016 JAR Reports Utilization
2016 JAR Data became available online 11/21/17

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Washington County Nursing Homes
2016

NURSING HOMES*	2016 Licensed Beds	Beds Medicare Only	Beds Dually Certified	Beds Level I Medicaid	Licensed Only Non-Certified	SNF Medicare/ ADC	Level 2 Medicaid ADC	skilled All Other Payors ADC	Non skilled ADC	Total ADC
Agape Nursing and Rehabilitation Center	84	0	84	0	0	16	0.4	0	52	67.88
Cornerstone Village f/ka/ Appalachian Christian Village	103	0	103	0	0	19	0.00	0	63	82.46
The Waters of Johson City f/k/a Christian Care Center	84	0	84	0	0	11	0	3	59	72.50
Four Oaks Health Care Center	84	0	84	0	0	15	55	7	0	77.15
Family Ministries f/ka/ John M Reed Health & Rehab	63	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Lakebridge Health Care Center	109	0	109	0	0	19	1.05	0.01	79	98.90
Life Care Center of Gray	125	0	125	0	0	23	0	0	70	92.13
NHC HealthCare, Johnson City	160	0	76	84	0	53	2.43	14	69	139.02
Princeton Transitional Care	34	0	34	0	0	25	0.52	3	0	27.68

2016: Family Ministries did not submit a 2016 JAR and license was inactive from May 2016 - September 2017.
The Waters at Johnson City reported data from 8/1/16 - 12/31/16 (153 days of service)
Lakebridge Health Care Center reported data from 1/1/16 - 7/31/16 (213 days of service)

Source: 2014-2016 JAR Reports Utilization
2016 JAR Data became available online 11/21/17

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8. **Section C, Need, Item F.**

The projection for the additional seven beds assumes SNF Medicare or Other SNF utilization. Based on the Linton Ruling, how can the applicant be so sure that some Medicaid Level 1 utilization will not take place in these beds?

The Linton Rule has very little relevance to Medicaid processes in TN at this time. Specifically, since Medicaid has moved to a managed care model in TN, centers have little to no control over Medicaid referrals. Outside of centers maintaining the required waitlist and other reporting requirements, the State of Tennessee has revised the Medicaid program to make qualifying for Medicaid Level 1 and Level 2 very restrictive as part of a focus on Home and Community based services. So the answer to the question is that the applicant does not believe, based on its experience, that it will receive referrals to fill the requested beds with Medicaid Level 1. In addition, based on medical necessity, acute care providers in the market are given center admission priority for available beds. Meaning that patients coming from the hospital are given priority admission and those admissions are Medicare, Medicare managed care or managed care.

Since the center is requesting such a small number of beds, and given the fact that the center also has Medicaid certified beds, we believe we can manage our operation to accommodate both our Medicare/manage care admissions and patients requiring Medicaid. While Medicaid census is declining in TN in general, Medicare/managed care census is increasing.

Since the applicant facility has consistently operated below 90% occupancy, please explain in detail how the applicant expects the nursing home to operate in excess of 90% occupancy after adding the seven beds.

As reported in the original submittal, NHC HealthCare, Johnson City had experienced a year to date occupancy of 91.5% through September. Per our latest information, the centers year to date occupancy was 91.5% though October. Additionally, we have seen no change in this level of census throughout the year nor do we see any expected declines.

The health care market place for licensed nursing home in Washington County, and for the State as a whole, is a very different today in 2017 than it was in 2013-2016. Healthcare providers are increasingly taking on greater accountability for care quality, making deep insights into cost and quality performance a crucial key to success under value-based care initiatives. Specifically, provider agreements, bundle payments, accountable care organizations, Medicaid managed care, and Medicare Managed care has completely changed the way nursing homes receive referrals, which centers receive referrals in the market, and how nursing homes are paid. With that said, all of those mentioned changes has created nursing homes that are either part of the establishing networks and/or those centers that are out of network. Those centers that fall outside of the networks find themselves searching for admissions outside of the acute care systems and managed care organizations. Many of these centers must focus on long-term care or intermediate care as they receive little patient population that are skilled.

How are centers chosen to be in network? Acute care providers and managed care organizations choose to partner with nursing home providers that offer high quality and cost efficiency, low hospital readmission rates, and providers that can provide wide coverage, both in terms of market share and service lines, to post

acute care patients covered in their system networks. For these reasons, NHC HealthCare, Johnson City is the preferred provider of skilled and managed care in Washington County. As a result, NHC HealthCare, Johnson City has seen an increase in census, and thus the need for the 7 bed addition.

Specifically:

NHC HealthCare, Johnson City:

1. Is the only Five (5) Star CMS rated facility in Washington County.
2. Is the selected preferred provider in MSHA Post Acute Care Network.
3. Is the only selected SNF partner to participate by MSHA to participate in transitions pilot with the Tennessee Hospital Association and Blue Cross Blue Shield.
4. Is the only facility partnered with Appalachian Orthopedics to have Orthopedic surgeon establish protocols for patients post-op and conduct follow up visits in facility. NHC Johnson City is the only facility in Johnson City to have this partnership.
5. Is currently working with Qualuable ACO, and their primary practice group State of Franklin HealthCare Associates, in transitions initiative. The initiative is working to establish successful discharge plans with case managers from SOFHA and timely follow up from Primary Care Physician to prevent readmissions.

9. **Section B, Economic Feasibility, Item A**

   There appear to be a calculation error in the Project Cost Chart. Please make the necessary corrections and submit a revised chart.

   Please see attached correction to the Project Cost Chart.

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PROJECT COST CHART

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A. Construction and equipment acquired by purchase:

1.	Architectural and Engineering Fees	$ 15,000
2.	Legal, Administrative (Excluding CON Filing Fee), Consultant Fees	$ 5,000
3.	Acquisition of Site	
4.	Preparation of Site	
5.	Total Construction Costs	$310,000
6.	Contingency Fund	$ 31,000
7.	Fixed Equipment (Not included in Construction Contract)	$ 5,000
8.	Moveable Equipment (List all equipment over $50,000 as separate attachments)	$ 84,000
9.	Other (Specify) Pre-opening cost, Impact Fees	$ 8,000

B. Acquisition by gift, donation, or lease:

1.	Facility (inclusive of building and land)	
2.	Building only	
3.	Land only	
4.	Equipment (Specify)	
5.	Other (Specify)	

C. Financing Costs and Fees:

1.	Interim Financing	
2.	Underwriting Costs	
3.	Reserve for One Year's Debt Service	
4.	Other (Specify) Builders Risk Insurance	$ 1,000

D.	Estimated Project Cost (A+B+C)	**$ 459,000**
E.	CON Filing Fee	$ 15,000
F.	Total Estimated Project Cost (D+E) **TOTAL**	**$ 474,000**

10. Section B, Economic Feasibility, Item C Historical Data Charts

Please identify the sources of "Other Operating Revenue".

	2014	2015	2016
Cafeteria Sales	15,138	18,264	18,437
Gain <Loss> on Disposal of Assets	<9,749>	4,256	<7,763>
Donations	<1,324>	<90>	-0-
Interest	1,122	1,770	4,609
Total	5,187	24,200	15,283

The applicant facility has operated at a net loss between $1,000,000 and $2,000,000 annually for each of the last three reporting years. Please provide the details on why the applicant believes this is taking place and discuss how these operating losses impact the financial feasibility of the proposed project.

There are two main reasons for the operating losses for the existing location. The first reason is due to the applicant's level I Medicaid rate. The applicant has been well below the level I Medicaid ceiling for the past several rate setting periods. Effective 7/1/17 the applicant received an increase of $21.17 per day for Medicaid Level I patients. This increase in the per diem will generate approximately $450,000 of additional revenue annually. Even with this increase in the Level I per diem, the applicant is still $10.55 below the Level I ceiling. The applicant should be at the Medicaid Level I ceiling by 7/1/18 and this will generate additional revenue of approximately $225,000 or total additional revenue of $675,000 for Medicaid Level I patients.

The second area is Item 4. B. – Rent paid to non-Affiliates. NHC has a master lease on approximately 40 properties. NHC is responsible for the rent payment, not the individual locations. The amount reflected on the Historical data chart is merely an allocation of rent from the master lease. NHC could allocate the rent to other locations and the rent expense would not be reflected on the applicant's financial statements. The applicant is NOT responsible for the rent reflected on the Data Charts, it is merely an allocation from NHC.

11. Section B, Economic Feasibility, Item D Projected Data Charts

The patient days projected in the Total Facility Chart do not match up with the ADC in the charts on Page 42 of the application. Please address these discrepancies.

Please see attached Revised Total Facility Chart ADC

Please identify the sources of "Other Operating Revenue" in all the Projected Data Charts

No other revenue was projected for the 7 bed addition

Existing facility	Nov -19	Nov -20
Cafeteria Sales	23,687	24,464
Interest	1,693	1,749
Total	25,380	26,213

Please provide a detailed explanation as to why the applicant projects net losses each of the first two years of operation after project completion and discuss what impact that will have on the feasibility of the proposed project.

There are two main reasons for the operating losses for the existing location. The first reason is due to the applicant's level I Medicaid rate. The applicant has been well below the level I Medicaid ceiling for the past several rate setting periods. Effective 7/1/17 the applicant received an increase of $21.17 per day for Medicaid Level I patients. This increase in the per diem will generate approximately $450,000 of additional revenue annually. Even with this increase in the Level I per diem, the applicant is still $10.55 below the Level I ceiling. The applicant should be at the Medicaid Level I ceiling by 7/1/18 and this will generate additional revenue of approximately $225,000 or total additional revenue of $675,000 for Medicaid Level I patients.

The second area is Item 4. B. – Rent paid to non-Affiliates. NHC has a master lease on approximately 40 properties. NHC is responsible for the rent payment, not the individual locations. The amount reflected on the Historical data chart is merely an allocation of rent from the master lease. NHC could allocate the rent to other locations and the rent expense would not be reflected on the applicant's financial statements. The applicant is NOT responsible for the rent reflected on the Data Charts, it is merely an allocation from NHC.

When does the applicant expect to realize a positive net income for this facility?

As stated above, within the next two years, the applicant should receive additional Medicaid funding of $675,000 and NHC may reallocate rent. These two items should result in positive net income for the facility.

Total Facility:

Year	Licensed Beds	Medicare Certified	SNF Medicare ADC	Level II Medicaid ADC	SNF All Other Payors ADC	Non-Skilled ADC	Total ADC	Licensed Occupancy
2013	160	76	36	6.79	53	41	137	85.5%
2014	160	76	40	3.69	44	44	131	82.0%
2015	160	76	49	2.47	8	82	141.19	88.2%
2016	160	76	53	2.47	14	69	138.96	86.9%
2019 (Projected)	167	167	26	3.00	36	87	152.02	91.0%
2020 (Projected)	167	167	26	3.01	36	87	152.93	91.3%

Effective 10/1/2017, NHC HealthCare, Johnson City became 100% Dually Certified

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12. Section B, Economic Feasibility, Item E (1) Charges

The charges and deduction from revenue data for Years One and Two don't match up with the data in the Projected Data Chart.

Please address these discrepancies.

The data for Year One and Year Two reflect charges and deductions for the 7 Bed Addition only.

Total Project Charges and deductions are as follows:

	Year 1	Year 2	% change
Gross Charges	477.59	492.65	20.43%
Deductions From Revenue	<165.68>	<170.92>	67.5%
Average Net Charge	311.91	321.73	16.25%

13. Section B, Economic Feasibility, Item E. (2) Charges

The applicant provided proposed patient charges for Managed Care and Medicare; however since the applicant plans to be dually certified, please explain why TennCare/Medicaid patient charges were not also included.

The applicant does not expect to serve TennCare/Medicaid patients in the proposed 7 bed addition, therefore no patient charges were included for this payment source.

14. Section B, Economic Feasibility, Item E. (3) Charges

Please explain why the applicant's average daily charge is the highest of all Washington County nursing homes.

NHC HealthCare, Johnson City's private pay rates are comparable with the existing providers in Washington County. In 2019, (based on 2016 JAR rates inflated by 4.5% to year 2019) for a Level II private pay/private room NHC HealthCare, Johnson City's projected rate is $336.64 and Cornerstone Village is $321.81. For a Level II private pay/semi-private room the rate is projected to be $302.41 and Cornerstone Village is $297.84. It should also be noted that NHC HealthCare, Johnson City is currently the only five star facility in the county.

In regards to Medicare, NHC HealthCare, Johnson City's projected 2019 Medicare rate is $524.71, Life Care is $484.16 and Cornerstone is $454.35 which are comparable. However, of these three facilities, NHC HealthCare, Johnson City is a five star facility. Also, please note, Medicare reimbursement is based on PPS.

In regards to Medicaid Level II, NHC HealthCare, Johnson City's projected 2019 Medicare rate is $256.39, Lakebridge Health Care is $261.16 and Agape Nursing is $244.47 which are comparable. However, of these three facilities, NHC HealthCare, Johnson City is currently the only five star facility in the county. Also, please note, Medicaid reimbursement is based on cost.
Please see response to Question 11 above, in regards to NHC HealthCare, Johnson City's Level I rate that has been below the ceiling for the past several rate settings.

Please see attached Revised Washington County Projected Nursing Home Rates based on 2016 JAR Information.

Washington County 2019 Nursing Home Rates

	NURSING HOMES	2016 Inflated Rates						
		SNF/Medicare (Avg Daily Charge)	Medicaid		Private Pay/Private Room		Private Pay Semi/Pvt	
			Level II	Level I	Level II	Level I	Level II	Level I
1	Agape Nursing and Rehabilitation Center	$239.64	$239.64	$239.64	N/A	N/A	$239.64	$239.64
2	Cornerstone Village (f/k/a) Appalachian Christian	$451.90	$211.12	$208.83	$321.81	$272.74	$297.84	$249.92
3	Christian Care Center of Johnson City	$433.64	$208.83	$214.54	$276.16	$276.16	$253.34	$253.34
4	Four Oaks Health Care Center	N/A	N/A	N/A	N/A	$228.23	N/A	$221.39
5	Family Ministries f/ka/ John M Reed Health & Rehab*	N/A	N/A	N/A	N/A	N/A	N/A	N/A
6	Lakebridge Health Care Center	$249.92	$249.92	$249.92	$261.33	$261.33	$249.92	$249.92
7	Life Care Center of Gray	$439.35	$198.56	$195.14	$222.53	$222.53	$255.62	$255.62
8	NHC HealthCare, Johnson City	$524.94	$241.93	$188.29	$336.64	N/A	$302.41	$245.35
9	Princeton Transitional Care	$2,975.02	$4,593.19	N/A	$2,545.94	N/A	N/A	N/A
	Average Rates	**$759.20**	**$849.03**	**$216.06**	**$660.74**	**$252.20**	**$266.46**	**$245.02**

Source: 2016 Joint Annual Report Schedule H - Financial Data - Daily Charge Inflated 4.5% to 2019
*John M. Reed Health & Rehab did not submit a 2016 JAR.

Washington County 2020 Nursing Home Rates

	NURSING HOMES	2016 Inflated Rates						
		SNF/Medicare (Avg Daily Charge)	Medicaid		Private Pay/Private Room		Private Pay Semi/Pvt	
			Level II	Level I	Level II	Level I	Level II	Level I
1	Agape Nursing and Rehabilitation Center	$250.43	$250.43	$250.43	N/A	N/A	$250.43	$250.43
2	Cornerstone Village (f/k/a) Appalachian Christian	$472.24	$220.62	$218.23	$336.29	$285.01	$311.25	$261.16
3	Christian Care Center of Johnson City	$453.16	$218.23	$224.19	$288.59	$288.59	$264.74	$264.74
4	Four Oaks Health Care Center	N/A	N/A	N/A	N/A	$238.50	N/A	$231.35
5	Family Ministries f/ka/ John M Reed Health & Rehab*	N/A	N/A	N/A	N/A	N/A	N/A	N/A
6	Lakebridge Health Care Center	$261.16	$261.16	$261.16	$273.09	$273.09	$261.16	$261.16
7	Life Care Center of Gray	$459.12	$207.50	$203.92	$232.54	$232.54	$267.12	$267.12
8	NHC HealthCare, Johnson City	$548.56	$252.81	$196.77	$351.79	N/A	$316.02	$256.39
9	Princeton Transitional Care	$3,108.90	$4,799.89	N/A	$2,660.51	N/A	N/A	N/A
	Average Rates	**$793.37**	**$887.23**	**$225.78**	**$690.47**	**$263.55**	**$278.45**	**$256.05**

Source: 2016 Joint Annual Report Schedule H - Financial Data - Daily Charge Inflated 4.5% to 2020
*John M. Reed Health & Rehab did not submit a 2016 JAR.

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15. Section B, Economic Feasibility, Item F. 2) Net Operating Margin Ratio

Please explain how the projected net operating margin ratios for Years 1 and 2 can be positive when Earnings before Interest, Taxes and Depreciation are negative in the Projected Data Chart.

The projected net operating margin ratio reflected in the chart are for the proposed 7 bed addition only.

The ratios for the total project is as follows:

	Year 1	Year 2
Net operating Margin Ratio	**-2.06%**	**-1.54%**

16. Section B, Economic Feasibility, Item F. 3) Capitalization Ratio

Please provide the calculations that lead to the result of 15.20% for NHC's capitalization ratio.

NHC Long Term Debt	**120,000,000**
NHC Equity	**669,611,000**

Cap Ratio (120,000,000/(120,000,000+669,611,000) = 15.20%

17. Section B, Economic Feasibility, Item G. Payor Mix

Because of the Linton Ruling, please explain how the applicant can be so sure that all the revenue generated for the 7 beds will be from Medicare.

The Linton Rule has very little relevance to Medicaid processes in TN at this time. Specifically, since Medicaid has moved to a managed care model in TN, centers have little to no control over Medicaid referrals. Outside of centers maintaining the required waitlist and other reporting requirements, the State of Tennessee has revised the Medicaid program to make qualifying for Medicaid Level 1 and Level 2 very restrictive as part of a focus on Home and Community based services. So the answer to the question is that the applicant does not believe, based on its experience, that it will receive referrals to fill the requested beds with Medicaid Level 1. In addition, based on medical necessity, acute care providers in the market are given center admission priority for available beds. Meaning that patients coming from the hospital are given priority admission and those admissions are Medicare, Medicare managed care or managed care.

Since the center is requesting such a small number of beds, and given the fact that the center also has Medicaid certified beds, we believe we can manage our operation to accommodate both our Medicare/manage care admissions and patients requiring Medicaid. While Medicaid census is declining in TN in general, Medicare/managed care census is increasing.

Please complete a Payor Mix Chart for the total facility in Year 1.

Total Facility Year 1

Payor Source	Projected Gross Operating Revenue	As a % of Total
Medicare/Medicare Managed Care	$6,896,117	26.05%
TennCare/Medicaid	5,262,326	19.88%
Commercial/Other Managed Care	9,643,833	36.43%
Self-Pay	2,444,162	9.23%
Charity Care	525,093	1.98%
Other (Specify) Hospice	1,703,293	6.43%
Total	$26,474,824	100.00%

18. Section B. Quality Measures

Please discuss the applicant's commitment to the proposal in meeting appropriate quality standards by addressing each of the following factors:

Please note that the following acknowledgements apply to the CON beds applied for herein.

(a) Whether the applicant commits to maintaining an actual payor mix that is comparable to the payor mix projected in its CON application, particularly as it relates to Medicare, TennCare/Medicaid, Charity Care, and the Medically Indigent;

The applicant commits to maintaining a payor mix that is comparable to the payor mix projected in its CON application, particularly as it relates to Medicare, TennCare/Medicaid, Charity Care, and the Medically Indigent.

(b) Whether the applicant commits to maintaining staffing comparable to the staffing chart presented in its CON application;

The applicant commits to maintaining staffing comparable to the staffing chart presented in its CON application.

(c) Whether the applicant will obtain and maintain all applicable state licenses in good standing;

The applicant will obtain and maintain all applicable state licenses in good standing.

(d) Whether the applicant will obtain and maintain TennCare and Medicare certification(s), if participation in such programs was indicated in the application;

The applicant will obtain and maintain TennCare and Medicare certification(s), if participation in such programs was indicated in the application.

(e) Whether an existing healthcare institution applying for a CON has 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 shall be considered;

The applicant has maintained substantial compliance with applicable federal and state regulation for the three years prior to the CON application.

(f) Whether an existing health care institution applying for a CON has been decertified within the prior three years. This provision shall not apply if a new, unrelated owner applies for a CON related to a previously decertified facility;

The applicant has not been decertified within the prior three years.

(g) Whether the applicant will participate, within 2 years of implementation of the project, in self-assessment and external peer assessment processes used by health care organizations to accurately assess their level of performance in relation to established standards and to implement ways to continuously improve.

The applicant will participate, within 2 years of implementation of the project, in self-assessment and external peer assessment processes used by health care organizations to accurately assess their level of performance in relation to established standards and to implement ways to continuously improve.

(h) Whether the applicant will participate, within 2 years of implementation of the project, in self-assessment and external peer assessment processes used by health care organizations to accurately assess their level of performance in relation to established standards and to implement ways to continuously improve.

The applicant will participate, within 2 years of implementation of the project, in self-assessment and external peer assessment processes used by health care organizations to accurately assess their level of performance in relation to established standards and to implement ways to continuously improve.

1. This may include accreditation by any organization approved by Centers for Medicare and Medicaid Services (CMS) and other nationally recognized programs. The Joint Commission or its successor, for example, would be acceptable if applicable. Other acceptable accrediting organizations may include, but are not limited to, the following:

For Nursing Home projects, whether the applicant has documented its existing or proposed plan for data reporting, quality improvement, and outcome and process monitoring systems, including in particular details on its Quality Assurance and Performance Improvement program. As an alternative to the provision of third party accreditation information, applicants may provide information on any other state, federal, or national quality improvement initiatives.

NHC HealthCare, Johnson City participates in the Quality Improvement in Long Term Services and Supports Initiative (QuiLTSS). The components of the initiative are Satisfaction (patient, family & staff); Culture Change/Quality of Life; Staffing/Staff Competency; and 2 Clinical performance measures – UTI and antipsychotic medications.

NHC HealthCare, Johnson City utilizes a third-party quality measure NRC Health's post-acute customer experience solution (My InnerView) which helps improve quality in all long-term care and short-term stay settings, including skilled nursing homes, assisted living communities, independent living communities, and continuing care retirement communities.

NRC Health is focused on enabling human understanding across a person's care journey. As long term-care providers continue to broaden their offerings and align with hospitals and health systems for plan of care transition partnerships, our post-acute customer experience solutions open the door by demonstrating proactive leadership in quality measurement and improvement.

The My InnerView process allows for collection of customer satisfaction data from short stay and long stay patients at various intervals (admission, discharge, annually) using standard questions that studies have shown to highly correlate with satisfaction and loyalty of service. The data can then be benchmarked across regions, states, and nationally with like providers.

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NOV 28 '17 11:29

AFFIDAVIT

STATE OF VIRGINIA

COUNTY OF ROCKBRIDGE

NAME OF FACILITY: NHC HealthCare, Johnson City

I, Bruce K. Duncan, 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.

/Assistant Vice President
SIGNATURE/TITLE

Sworn to and subscribed before me, a Notary Public, this 22 day of November, 2017, witness my hand at office in the County of ROCKBRIDGE, State of VIRGINIA.

NOTARY PUBLIC

My commission expires March 31, 2018.

EILEEN MOLLOY NORRIS
COMMONWEALTH OF VIRGINIA
NOTARY PUBLIC

HF-0043

Revised 7/02

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11:31 am

Please see attached additional support letters.

November 11, 2017

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

Dear Ms. Hill:

This letter expresses my support for NHC HealthCare, Johnson City's CON application for the addition of seven (7) skilled beds. NHC is filing its CON based on Washington County's projected skilled bed need. I am a physician practicing in Washington County and given my experience in the local market, I believe these additional skilled nursing beds are needed to accommodate our county's growing aging population. Even today, skilled referrals can be difficult to place and often require patient delays in our acute care facilities.

Given NHC's excellent history, these residents will receive the highest quality of care. I ask you to favorably consider this proposal.

If you have any questions, please do not hesitate to call me.

Sincerely,

Nancy Byrd

Nancy Byrd
Director Patient Resource Management
Johnson City Medical Center
423-431-4079

November 21, 2017

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

Dear Ms. Hill:

Please accept this letter as my support for NHC HealthCare, Johnson City and its Certificate of Need for a seven (7) bed addition. NHC is filing this CON based on the bed need projection for additional skilled beds in Washington County. We need to meet the demands of our senior population with quality care and NHC is a great resource.

NHC is to be commended for their care and for their future commitment of creating more housing to meet the aging senior's needs. I wish NHC well in the fulfillment of its mission of care for the elderly.

Sincerely,

PS Brooks, MD

MOUNTAIN STATES MEDICAL GROUP
HOSPITAL INTERNAL MEDICINE

November 21, 2017

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

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Sincerely,

Matthew D Garnson MD
Matthew Garnson
423-431-1810

MOUNTAIN STATES MEDICAL GROUP
HOSPITAL INTERNAL MEDICINE

November 21, 2017

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

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Sincerely,

M. Litman DO

NOV 28 '17 AM 11:25

Supplemental #1
November 28, 2017
11:31 am

State of Franklin
HEALTHCARE ASSOCIATES™
Your Health, Our Focus

September 26, 2017

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

Dear Ms. Hill:

NHC HealthCare, Johnson City has informed me of their intent to apply for seven (7) additional nursing beds. Based on my experience with this facility, I can give my support to this bed addition without reservations.

The need for more skilled nursing beds in this area is great. The continuum of care is of great importance to the residents who receive care in this area. This facility has already established itself with a reputation for quality care in our community.

Sincerely,

Randy W. Hoover, MD

Johnson City Internal Medicine Associates | 301 Med Tech Pkwy., Suite 240 | Johnson City, TN 37604 | 423.794.5520 | Fax 423.282.6940 | www.sofha.net

Blue Ridge Family Medicine
Family Physicians of Johnson City
FirstChoice Family Practice
FirstChoice Internal Medicine
FirstChoice Pediatrics
Johnson City Internal Medicine Associates
Johnson City Pediatrics
Pinnacle Family Medicine
Riverside Pediatrics
State of Franklin OB/GYN Specialists
SoFHA Physical Therapy
SoFHA Sleep Center
SoFHA Walk-In Clinic