

HEALTH SERVICES AND DEVELOPMENT AGENCY MEETING
AUGUST 24, 2016
APPLICATION SUMMARY

NAME OF PROJECT: NHC HealthCare, Cookeville

PROJECT NUMBER: CN1604-014

ADDRESS: 815 South Walnut Street
Cookeville (Putnam County), Tennessee 38501

LEGAL OWNER: NHC HealthCare Corporation
100 Vine Street
Murfreesboro (Rutherford County), Tennessee 37185

OPERATING ENTITY: Tennessee HealthCare Advisors, LLC
100 Vine Street, Suite 1400
Murfreesboro, TN 37130

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

DATE FILED: April 13, 2016

PROJECT COST: \$4,806,490

FINANCING: Cash Reserves

REASON FOR FILING: The addition of 10 Medicare certified SNF beds to the existing 94 bed dually certified skilled nursing facility and renovation of 12 existing patient rooms. *The 10 additional nursing home beds are subject to the 125 bed Nursing Home Bed Pool for the July 2015 to June 2016 state fiscal year period.*

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DESCRIPTION:

NHC HealthCare, Cookeville, seeks approval to increase from 94 to 104 total licensed beds through the addition of 10 beds from the 125 Nursing Home Bed Pool for the 2015-2016 state fiscal year period. If approved, the 10 proposed beds will be dually certified consistent with the current status of its existing 94 dually certified (skilled) nursing home beds.

As a part of project, the applicant plans the construction of 10 additional private SNF patient rooms and 2,000 SF of additional therapy space, and the renovation and conversion of 12 existing patient rooms from semi-private to private rooms. Other renovations involve updating the kitchen, dish room, and the addition of a two story office/storeroom building.

SERVICE SPECIFIC CRITERIA AND STANDARD REVIEW:**NURSING HOME SERVICES****Standards and Criteria****1. Determination of Need.**

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

**Need = .0005 x population 65 and under, plus
.012 x population 65-74, plus
.060 x population 75-84, plus
.150 x population 85 +**

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

For 1-2 above, the net nursing home bed need for Putnam County as determined by the Tennessee Department of Health is 166 beds in 2018.

Since the applicant is requesting 10 additional beds, it appears that this criterion has been met.

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

The majority of Putnam County residents are within a 30 minute travel time of the site of the applicant's nursing home in Cookeville, TN.

It appears that this criterion has been met.

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

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

There are currently four nursing homes in Putnam County representing 504 beds. According to the 2014 Joint Annual Report, the combined licensed bed occupancy was approximately 82.9% during the period. Two of the five Putnam County nursing homes achieved occupancy rates above 90% in 2014.

It appears that this criterion has not been met.

5. **Outstanding Certificates of Need:** Outstanding CONs should be

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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 nursing home CON projects in Putnam County.

It appears that this criterion is not applicable.

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

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

It appears that this criterion has been met.

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

The applicant facility is an existing 94 bed licensed nursing home requesting 10 additional beds from the 125 Bed Nursing Home Bed Pool from the 2015-2016 state fiscal year period.

It appears that this criterion is not applicable.

8. **Encouraging Facility Modernization:** The HSDA may give preference to an application that:
- a. Proposes a replacement facility to modernize an existing facility.
 - b. Seeks a certificate of need for a replacement facility on or near its existing facility operating location. The HSDA should evaluate whether the replacement facility is being located as closely as possible to the location of the existing facility and, if not, whether the need for a new,

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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.

NHC HealthCare-Cookeville currently does not have any private rooms. The proposed project will add 10 private rooms and convert 12 existing semi-private rooms to 24 private rooms.

It appears that this criterion has been met.

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.

If approved, the applicant expects to add 10.55 FTEs by the second year of the project. As a result, the direct patient care staffing ratio is projected at approximately 4.13 hours per patient per day

It appears that this criterion has been met.

10. **Community Linkage Plan:** The applicant should describe its participation, if any, in a community linkage plan, including its relationships with appropriate health care system providers/services and

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working agreements with other related community services to assure continuity of care. If they are provided, letters from providers (including, e.g., hospitals, hospice services agencies, physicians) in support of an application should detail specific instances of unmet need for nursing home services.

The applicant has hospital transfer agreements with existing hospitals in Middle Tennessee (includes Cookeville Regional Medical Center) and East Tennessee, as well as other contractual arrangements with medical providers.

It appears that this criterion has been met.

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

The applicant serves all populations in the service area. The applicant focuses on patients referred by area hospitals for extensive short term skilled nursing and rehabilitation services. The goal of the applicant is to return patients to a less restrictive environment.

It appears that this criterion has been met.

12. **Quality Control and Monitoring:** The applicant should identify and document its existing or proposed plan for data reporting, quality improvement, and outcome and process monitoring systems, including in particular details on its Quality Assurance and Performance Improvement program as required by the Affordable Care Act. As an alternative to the provision of third party accreditation information, applicants may provide

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information on any other state, federal, or national quality improvement initiatives. An applicant that owns or administers other nursing homes should provide detailed information on their surveys and their quality control programs at those facilities, regardless of whether they are located in Tennessee.

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

It appears that this criterion has been met.

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

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

It appears that this criterion has been met.

14. Additional Occupancy Rate Standards:

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

The applicant reached 85.5% occupancy in its first full year of operation (2018) and expects to reach 95.1% occupancy on 104 licensed beds in 2019.

It appears that this criterion has been met.

b. There should be no additional nursing home beds approved for a Service Area unless each existing facility with 50 beds or more has

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achieved an average annual occupancy rate of 90 percent. In determining the Service Area's occupancy rate, the HSDA may choose not to consider the occupancy rate of any nursing home in the proposed Service Area that has been identified by the TDH Regional Administrator as consistently noncomplying with quality assurance regulations, based on factors such as deficiency numbers outside of an average range or standards of the Medicare 5 Star program.

Per the Department of Health's most recent published/final JAR, two of the five Putnam County nursing homes achieved occupancy rates above 90% in 2014.

Based on the most recent CMS 5 Star Ratings, only two centers, NHC HealthCare, Cookeville and Bethesda Health Care have a CMS Star Rating of 4; the other two facilities have a quality rating of one star or below average.

It appears that this criterion has been met.

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

The applicant attained an occupancy rate of 92.3% in the previous reporting JAR year 2014.

It appears that this criterion has been met.

STAFF SUMMARY

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

NHC HealthCare, Cookeville is an existing 41 year old 94 bed all semi-private room dually certified nursing home located on a 5 acre site at 335 West Spring Street, Cookeville (Putnam County), Tennessee. NHC HealthCare has no private rooms. The proposed project will add a total of 34 additional private beds to

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NHC HealthCare, Cookeville by constructing 10 private rooms and by creating 24 private rooms from 12 existing semi-private rooms. As displayed in the table below of Putnam County nursing home private and semi-private rooms, the number of available Putnam County nursing home private rooms would increase from 6 to 40 if this project is approved.

Putnam County Licensed Bed Types

Nursing Home	Licensed Beds	# of private beds	# of Semi-private beds	# of Ward Beds
Bethesda Health Care Center	120	0	120	0
NHC HealthCare, Cookeville	94	0	94	0
Signature HealthCare of Putnam County	175	1	174	0
Standing Stone Care and Rehabilitation Center	115	5	102	8
Total	504	6	490	8
<i>If approved, beds after project completion</i>	514 <i>(+10 certified Medicare SNF beds)</i>	40 <i>(+34 private beds)</i>	466 <i>(-24 semi-private beds)</i>	8

Source: 2014 JAR

The target date for completion of the project is April 2018, subject to licensure approval by the Tennessee Department of Health.

125 bed Nursing Home Bed Pool

- The applicant is requesting 10 new beds which will come from the Nursing Home 125 bed pool for the July 2015 to June 2016 state fiscal year period.
- There are currently 92 nursing home beds available in the July 2015 to June 2016 bed pool.
- A copy of the 125 bed pool bed stats is located at the end of this summary.

Ownership

- NHC HealthCare, Cookeville is owned 100% by National HealthCare Corporation, a Tennessee registered for-profit corporation formed in October 1986.
- National Health Corporation owns four nursing homes in Tennessee and one in South Carolina.

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- NHC HealthCare also has ownership interest in NHC/OP, L.P. that owns numerous nursing facilities, assisted living homes for the aged and home health care organizations.

Facility Information

- NHC HealthCare, Cookeville was originally constructed in 1975 and has a gross building area of approximately 29,286 SF.
- Ten new private rooms will be constructed to provide skilled nursing care. Twelve existing semi-private patient rooms will be converted to 24 private rooms.
- The proposed addition will also add 2,000 SF of therapy space.
- Other renovations include updates to the kitchen, dish room, and the addition of a two story office/storeroom building.

Project Need

- The applicant is requesting 10 additional nursing home beds. The current bed need formula identifies a net need of 166 nursing home beds in Putnam County in calendar year 2018 (CY2018).
- NHC experienced licensed bed occupancy of 92% in CY2015 and is requesting more beds to meet expected demand for skilled nursing and rehabilitation services.
- The applicant is projecting an occupancy rate of 95.10% on 104 beds in 2020.
- The current center currently has no private beds. After project completion, the center will have a total of 34 private beds.

Service Area Demographics

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

- The total population is estimated at 79,658 residents in calendar year (CY) 2016 and is projected to increase by approximately 2.9% to 81,972 residents in CY 2018.
- The overall statewide population is projected to grow by 2.2% from 2016 to 2018.
- The 65 and older population is expected to comprise approximately 17.9% of the total county population in CY2018 compared to 16.9% statewide.

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- The 65 and older population will increase by approximately 7.5% from 13,677 in CY2016 to 14,706 in CY2018 compared to a statewide increase of 7.7% during the period.
- The proportion of TennCare enrollees of the total county population is estimated to be 22.6%, compared with the state-wide average of 22.4%.

Historical Utilization

There are currently 4 operational nursing homes with 504 total beds in Putnam County. The average combined occupancy of Putnam County nursing homes was approximately 82.9% in CY2014. The inventory and utilization of nursing homes in Sullivan County is described in detail in the tables on pages 94-97 of the application.

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

Putnam County Nursing Home Utilization Trends, 2012-2014

Nursing Home	2015 Licensed Beds	2012 Patient Days	2013 Patient Days	2014 Patient Days	'12-'14 % Change	2014 % Occupancy
Bethesda Health Care Center	120	32,090	39,670	28,554	-11.0%	65.2%
NHC HealthCare, Cookeville	94	33,229	30,169	31,670	-4.7%	92.3%
Signature HealthCare of Putnam County	175	61,552	59,259	*57,441	-6.7%	91.1%
Standing Stone Care and Rehabilitation Center	115	33,363	33,860	34,759	4.2%	82.8%
Total*	504	160,234	162,958	152,424	-4.9%	82.9%

Source: 2012-2014 JAR Reports

*Reporting period 1/1/14-4/30/14 represents 19,147 patient days under ownership of Kindred Transitional Care and Rehabilitation-Masters. Signature HealthCare of Putnam County purchased Kindred Transitional Care and Rehabilitation-Masters and did not report from 5/1/14-12/31/14. The remainder of patient days for 2014 is estimated by multiplying 19,147 days x 3 to account for the period from 5/1/14-12/31/14.

The above table reflects the following:

- As a whole, the combined utilization of the nursing homes in Putnam County decreased by 4.9% from 160,234 in 2012 to 152,424 total patient days (82.9% occupancy) in 2014.
- The only nursing home that had an increase in patient days during the 3 year period was Standing Stone Care and Rehabilitation Center with a 4.2% increase.

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- The 2014 bed occupancy ranged from 65.2% at Bethesda Health Care Center to 92.3% at the applicant, NHC HealthCare, Cookeville.

The licensed bed occupancy of the 4 nursing homes was approximately 83% in calendar year 2014. Key highlights are noted in the bullets and table shown below:

- Total skilled average daily census (ADC) was 103.9 patients per day or 24.7% of all licensed beds.
- Medicare ADC was 100 patients/day or 19.8% of all 504 licensed beds.
- TennCare Level 2 ADC was 3.9 patients/day or 0.8% of total licensed beds, including 3.4 patients/day at Signature HealthCare of Putnam County and less than 1 patient/day at NHC HealthCare, Cookeville.
- Total non-skilled ADC was approximately 315 patients per day.

Service Area Nursing Home Utilization-2014 JAR

Facility	Lic. Beds	SNF Beds-Medicare Only	SNF Beds-Medicare/Medicaid	SNF Medicare/Level II ADC	SNF Medicaid ADC	NF ADC	Total ADC
Bethesda Health Care Center	120	0	120	28	0	50	78
NHC HealthCare, Cookeville	94	0	94	24	0.4	62	87
Signature HealthCare of Putnam County	175	0	175	23	3.4	132	160
Standing Stone Care and Rehabilitation Center	115	0	115	25	0	70	95
Total	504	0	504	100	3.9	315	420

Source: CN1604-14 Supplemental #1

Applicant's Historical and Projected Utilization

The following table indicates the applicant's historical and projected utilization.

Applicant's Historical and Projected Utilization

Year	Licensed Beds	Medicare Certified beds	SNF Medicare ADC	SNF Other ADC	Non-Skilled ADC	Total ADC	Average Length of Stay	Licensed Occupancy
2013	94	94	21	0.34	62	83	108.5 days	87.9%
2014	94	94	19	0.45	67	87	108.1 days	92.3%
2015	94	94	24	0.16	62	87	89.1 days	92.0%
Year 1 (2019)	104	104	31	0.16	64	95	75.1 days	85.5%
Year 2 (2020)	104	104	32	0.16	64	96	73.8 days	95.1%

Source: CN1604-014

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- If the proposed project for the addition of 10 beds is approved, the applicant expects the ADC to increase from 87 patients/day in 2015 to 96 patients/day in Year Two.
- The facility occupancy is projected at 85.5% in Year One and 95.1% in Year Two.

Project Cost

The total project cost is \$4,806,490. Major costs are:

- Construction - \$3,023,000, with \$151,175 Contingency or 66% of total cost.
- Site Preparation - \$575,000 or 12% of total cost.
- For other details on Project Cost, see page 154 of the application.
- As reflected in the table from the HSDA website below, the project's renovation cost of \$58.40/SF is slightly below the 1st quartile (\$48.13/PSF); the new construction cost of \$174.94 is between the median of \$170.48/sq. ft. and the 3rd quartile of \$185.00/sq. ft.; and the total construction cost of \$158.75 is between the median of \$152.80/sq. ft. and 3rd quartile of \$174.52/sq. ft. of statewide nursing home construction projects from 2012 to 2014.

**Nursing Home Construction Cost per Square Foot
2012-2014**

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

Source: HSDA Applicant's Toolbox

Historical Data Chart

The applicant provided a historical data chart on page 168 of the application.

- According to the Historical Data Chart NHC HealthCare, Cookeville experienced operating losses for two of the three most recent years reported: (\$2,110) for 2013; \$69,111 for 2014; and (\$9,718) for 2015.

Projected Data Chart

The applicant provided the following three Projected Data Charts: 1) Projected Data Chart for the proposed 10 bed addition, 2) Projected Data Chart for the existing 94 beds, and 3) Projected Data Chart for the existing 94 beds plus proposed 10 bed addition. Highlights from the 3 Projected Data Charts are shown in the table below.

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

Projected Financial Performance	Year 1 10 bed Addition	Year 2 10 bed Addition	Year 1 Existing 94 Beds	Year 2 Existing 94 Beds	Year 1 Existing 94 beds + 10 bed addition	Year 2 Existing 94 beds + 10 bed addition
Total Patient Days	3,119	3,471	31,573	31,573	34,692	35,044
Gross Revenue	\$1,975,324	\$2,286,232	\$13,212,611	\$13,582,564	\$15,187,935	\$15,868,796
Average Gross Revenue/PPD (per patient day)	\$633/ppd	\$659/ppd	\$418/ppd	\$430/ppd	\$480/ppd	\$453/ppd
Provision for Charity	\$3,226	\$3,707	\$93,344	\$95,575	\$96,510	\$99,282
Net Revenue	\$1,407,959	\$1,598,225	\$9,629,116	\$9,899,054	\$11,037,075	\$11,497,279
Operating Costs	\$1,448,749	\$1,585,435	\$9,492,839	\$9,750,948	\$10,941,588	\$11,336,383
Operating Costs/patient	\$464/ppd ***	\$456/ppd	\$301/ppd	\$309/ppd	\$315/ppd	\$323/ppd
Management Fees	\$67,888	\$75,387	\$577,747	\$593,943	\$645,635	\$669,330
Net Operating Income	(\$40,790)	\$12,790	\$136,277	\$148,105	\$95,487	\$160,895
Net Operating Income Less Capital Expenditures	(\$40,790)	\$12,790	\$22,743	\$34,571	(\$18,047)	\$47,361

Source: CN1604-014

Highlights from the table above are noted as follows:

- Using the Projected Data Chart the applicant submitted for the 10 bed addition Net Operating Income (NOI) indicated Net Operating Income of (\$40,790) in Year 1 increasing to \$12,790 in Year 2.
- Review of the Projected Data Chart for the existing 94 beds plus the proposed 10 additional beds reflected NOI of (\$18,047) in Year 1 increasing to \$47,361 in Year 2.
- Charity Care amounts to approximately 0.64% and Management Fees 4.25% of total gross revenue in Year 1 for the existing 94 bed + proposed 10 bed addition.

Charges

In Year 1 of the proposed project (2019), the average gross daily patient charge and average net charge after deductions for contractual adjustments, charity and bad debt is shown in the table below.

Average Daily Charge	Requested 10 beds	Total 104 beds
Average Gross Charge	\$633	\$480
Average Net Charge	\$451	\$318

Source: CN1604-014

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Medicare/TennCare Payor Mix

- TennCare-The applicant is a dually Certified facility and participates in TennCare. The payor mix in Year 1 for skilled nursing care is shown in the table below.

Applicant's Payor Mix, Year 1, 10 Beds

Payor Source	Net Operating Revenue	as a % of Total
Medicare	\$1,149,988	81.68%
TennCare	0	0%
Managed Care	\$257,527	18.29%
Commercial	0	0%
Self-Pay	\$252,540	2.8%
Other	\$444	0.03%
Total	\$1,407,959	100%

Source: CN1604-014

Note to Agency members: On August 5, 2016 the applicant clarified the reason there are no TennCare projections in Year One of the 10 bed addition as follows:

“Almost all of our referrals and admissions to NHC HealthCare, Cookeville are from the acute care setting. Of these admissions and referrals, almost all fall into the Medicare and Manage Care payor source. Of these patients, approximately 75% return home or to a lessor level of care in the community. When patients are discharged, thus making an available bed in the center, new patients are admitted to the beds, based on medical necessity, from an acute care provider. If a Medicare patient turned Medicaid patient wanted to remain in one of the 10 new private rooms, they would be asked to pay the difference between the private pay rate for a semi-private room and a private room. While this might occur on occasion, it is not anticipated that Medicaid patients and/or families will pay the increased rate for a private room. Consequently, our projections for the 10 new beds are consistent with what we believe will occur in the new addition, and are based on NHC experience in other centers which have private rooms. NHC HealthCare, Cookeville currently does not have the ability to offer private rooms. This proposed project will alleviate that problem”.

Financing

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

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- An April 8, 2016 letter from Donald Daniel, Senior Vice President and Comptroller attests to a balance of approximately \$38 million in cash and cash equivalents that can be available on immediate notice to fund the project.
- Review of the NHC's quarterly report filed with the NYSE (Form 10-K) revealed current assets of \$278,942,000, including cash and cash equivalents of \$38,208,000, and current liabilities of \$150,656,000 for a **Current Ratio** of approximately 1.85 to 1.0.

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

Staffing

The staffing in full time equivalents in Year 1 for the proposed 10 bed addition is shown below.

- 2.80 FTE-LPN's
- 4.0 FTE-Nurse Aides
- 6.80-Total Direct Care
- Staff to Patient Ratio-4.59 hours per patient/day

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

Licensure/Accreditation

NHC HealthCare, Cookeville has an active license from the Tennessee Department of Health that will expire on May 7, 2017. The most recent recertification and complaint survey was conducted on March 9-11, 2015. The

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applicant was notified by the East Tennessee Regional Office, Division of Health Care Facilities, Tennessee Department of Health on April 23, 2015 that the provider plan of correction was accepted and the facility was found to be in full compliance with all Medicare Conditions of Participation effective March 30, 2015.

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

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

CERTIFICATE OF NEED INFORMATION FOR THE APPLICANT

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

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

Outstanding Certificates of Need

NHC HealthCare Kingsport, LLC, CN1601-003A, has an outstanding Certificate of Need that will expire on June 1, 2018. The project was approved at the April 27, 2016 Agency meeting for the addition of 8 new Medicare certified SNF nursing home beds to the existing 52-licensed nursing home bed complement of NHC, Kingsport located at 2300 Pavilion Drive in Kingsport (Sullivan County), TN, 37660. The project includes minor renovation to accommodate the additional 8 beds. If approved, the total licensed bed complement will increase to 60 Medicare certified SNF beds. **The total estimated project cost is \$109,800.** *Project Status: Per a Progress Report submitted to HSDA on 07/08/2016, NHC expects to complete construction in August, 2016 and call for licensure soon thereafter. The project plans have already been recently submitted to the Dept. of Health for review and approval prior to beginning any construction.*

The Health Center of Hermitage, CN1404-011A, has an outstanding Certificate of Need that will expire on August 1, 2017. The project was approved at the June 25, 2014 Agency meeting for the change of site/relocation of 90 beds to be Medicare certified as approved and unimplemented in CN1306-022A from the original unaddressed 13 acre site at Bell Road near Woodland Point Road and

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Couchville Pike in Nashville, Davidson County, Tennessee to a new site containing approximately 14.02 acres at 4214 Central Pike, Hermitage, Davidson County, Tennessee. The project is not subject to the 125-bed Nursing Home Bed Pool for the 2013-2014 state fiscal year period. **The total estimated project cost is \$19,241,697.00** *Project Update: Per a Progress Report submitted to HSDA on 07/08/2016, the architect is currently designing the facility.*

NHC-Maury Regional Transitional Care, LLC, CN1307-025AME, has an outstanding certificate of need that will expire on January 1, 2017 (*Note: The extension of the project's original expiration date from December 1, 2015 to January 1, 2017 was approved at the August 26, 2015 Agency meeting*). The CON was approved at the October 23, 2013 Agency meeting for the relocation and replacement of two (2) separately licensed nursing home facilities; NHC HealthCare Hillview and Maury Regional Hospital Skilled Nursing Unit, into one new center with a total of 112 beds. The estimated project cost is **\$18,161,272**. *Project Update: Per a Progress Report submitted to HSDA on 07/08/2016, the project is under construction and approximately 75% completed. NHC expects to complete construction and licensure of the facility within the CON's deadline date of January 1, 2017.*

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

NHC HealthCare, Cookeville

CN1604-014

August 24, 2016

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date from November 1, 2014 to May 1, 2016. Project Update: Per a Progress Report submitted to HSDA on 07/08/2016, construction of the facility is completed as evidenced by receipt of a Occupancy Permit on May 25, 2016. The nursing facility was licensed by Dept of Health on June 6, 2016. NHC is waiting on the Contractor to complete construction punch list items, submit close out documents, and a final pay request. The final project report is projected to be submitted to the Agency in August, 2016.

CERTIFICATE OF NEED INFORMATION FOR OTHER SERVICE AREA FACILITIES:

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

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

PME 7/7/16

LETTER OF INTENT



State of Tennessee
Health Services and Development Agency

Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, TN 37243
www.tn.gov/hsda Phone: 615-741-2364 Fax: 615-741-9884

LETTER OF INTENT

The Publication of Intent is to be published in the Herald-Citizen which is a newspaper
of general circulation in Putnam, Tennessee, on or before April 8, 2016,
for one day.

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

NHC HealthCare, Cookeville Nursing Home
(Name of Applicant) (Facility Type-Existing)

owned by: National Health Corporation with an ownership type of For Profit Corporation

and to be managed by: Tennessee HealthCare Advisors, LLC. intends to file an application for a Certificate of
Need for: the addition of 10 new Medicare certified SNF nursing home beds. The project includes the
renovation and construction of a total of 22 private rooms, the 10 previously mentioned and 12
existing patient rooms being converted from semi-private to private rooms. Other renovations
include the kitchen, dish room and the addition of a two story office/storeroom building all to the
existing 94 bed nursing home called NHC HealthCare, Cookeville, located at 815 South Walnut
Avenue, Cookeville (Putnam Co.) TN 38501. When finished, the center will have a total of 104
nursing home beds. NHC HealthCare, Cookeville is certified for Medicare and Medicaid
participation. The estimated project costs is \$4,806,490.

The anticipated date of filing the application is: April 12, 2016

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

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

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

[Signature] 4/5/16 bduncan@nhccare.com
(Signature) (Date) (E-mail Address)

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

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

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

COPY

NHC HealthCare

Cookeville

CN1604-014

APR 13 10 41:42

CERTIFICATE OF NEED APPLICATION

APPLICANT: NATIONAL HEALTH CORPORTATION

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

PROJECT: The Addition of 10 SNF Medicare Beds to the Existing 94 bed Nursing Home called, NHC HealthCare, Cookeville, located in Putnam County, Tennessee.

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

April 13, 2016

SECTION A:

1.	<u>Name of Facility, Agency, or Institution</u>		
	<u>NHC HealthCare, Cookeville</u> Name		
	<u>815 South Walnut Ave</u> Street or Route	<u>Putnam</u> County	
	<u>Cookeville</u> City	<u>Tennessee</u> State	<u>38501</u> Zip Code
2.	<u>Contact Person Available for Responses to Questions</u>		
	<u>Bruce K. Duncan</u> Name	<u>Assistant Vice President</u> Title	
	<u>National HealthCare Corporation</u> Company Name	<u>bduncan@nhccare.com</u> Email address	
	<u>100 Vine Street</u> Street or Route	<u>Murfreesboro</u> City	<u>TN</u> <u>37130</u> State Zip Code
	<u>Employee</u> Association with Owner	<u>615-890-2020</u> Phone Number	<u>615-890-0123</u> Fax Number
3.	<u>Owner of the Facility, Agency or Institution</u>		
	<u>National Health Corporation</u> Name	<u>615-890-2020</u> Phone Number	
	<u>100 Vine Street</u> Street or Route	<u>Rutherford</u> County	
	<u>Murfreesboro</u> City	<u>Tennessee</u> State	<u>37130</u> Zip Code
4.	<u>Type of Ownership of Control (Check One)</u>		
	A. Sole Proprietorship _____	F. Government (State of TN or _____ Political Subdivision)	_____
	B. Partnership _____	G. Joint Venture _____	_____
	C. Limited Partnership _____	H. Limited Liability Company _____	_____
	D. Corporation (For Profit) <u>X</u> _____	I. Other (Specify) _____	_____
	E. Corporation (Not-for-Profit) _____		_____

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

National Healthcare, Cookeville is owned by National Health Corporation, a Tennessee Corporation qualified to do business in the State of South Carolina. (See copy of attached Corporation Documents, Exhibit C.) National Health Corporation (a wholly owned company of the National Health Corporation Employee Stock Ownership Plan)100%

Please see Attachment "Section A, Applicant Profile - 4 Type of Ownership or Control" located at the end of the CON application on page 1 for a copy of the Articles of Organization, Certificate of Existence, Organization Chart and Listing of Other Nursing Facilities owned by National Health Corporation.

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

Tennessee HealthCare Advisors, LLC
 Name
100 Vine St., Suite 1400
 Street or Route
Murfreesboro TN Rutherford
 City State Zip Code

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

Please see Attachment "Section A, Applicant Profile - 5 Name of Management/Operating Entity" located at the end of the CON application on page 26.

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

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

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

Please see Attachment "Section A, Applicant Profile - 6 Legal Interest in the Site" located at the end of the CON application on page 21.

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

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

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

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

9. **Bed Complement Data**

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

	<u>Current Beds</u>	<u>Licensed CON</u>	<u>Staffed</u>	<u>Beds</u>	<u>TOTAL</u>
			<u>Beds</u>	<u>Proposed</u>	<u>Beds at</u>
					<u>Completion</u>
A. Medical	_____	_____	_____	_____	_____
B. Surgical	_____	_____	_____	_____	_____
C. Long-Term Care Hospital	_____	_____	_____	_____	_____
D. Obstetrical	_____	_____	_____	_____	_____
E. ICU/CCU	_____	_____	_____	_____	_____
F. Neonatal	_____	_____	_____	_____	_____
G. Pediatric	_____	_____	_____	_____	_____
H. Adult Psychiatric	_____	_____	_____	_____	_____
I. Geriatric Psychiatric	_____	_____	_____	_____	_____
J. Child/Adolescent Psychiatric	_____	_____	_____	_____	_____
K. Rehabilitation	_____	_____	_____	_____	_____
L. Nursing Facility (non-Medicaid Certified)	_____	_____	_____	_____	_____
M. Nursing Facility Level 1 (Medicaid only)	_____	_____	_____	_____	_____
N. Nursing Facility Level 2 (Medicare only)	<u>94</u>	_____	<u>94</u>	<u>10</u>	<u>104</u>
O. Nursing Facility Level 2 (dually certified Medicaid/Medicare)	_____	_____	_____	_____	_____
P. ICF/MR	_____	_____	_____	_____	_____
Q. Adult Chemical Dependency	_____	_____	_____	_____	_____
R. Child and Adolescent Chemical Dependency	_____	_____	_____	_____	_____
Swing Beds	_____	_____	_____	_____	_____
S. Mental Health Residential Treatment	_____	_____	_____	_____	_____
T. Residential Hospice	_____	_____	_____	_____	_____
U. TOTAL	<u>94</u>	_____	<u>94</u>	<u>10</u>	<u>104</u>

10. Medicare Provider Number 445110
 Certification Type Nursing Home

11. Medicaid Provider Number 7440153 IC 0445110 SNF
 Certification Type Nursing Home

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

April 25, 2016

11:01 am

13. Identify all TennCare Managed Care Organizations/Behavioral Health Organizations (MCOs/BHOs) operating in the proposed service area. Will this project involve the treatment of TennCare participants? Yes If the response to this item is yes, please identify all MCOs/BHOs with which the applicant has contracted or plans to contract.

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

NHC HealthCare, Cookeville has contracts with the following:

TennCare MCO's

AmeriGroup
BlueCare
United Healthcare
TennCare Select

Commercial MCO's

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

April 25, 2016

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

SECTION B: PROJECT DESCRIPTION

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

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

Proposed Services & Equipment: The proposed project is for the addition of 10 new Medicare certified nursing home beds to the existing 94 bed nursing home called NHC HealthCare, Cookeville, located at 815 South Walnut Ave, Cookeville (Putnam Co.) TN 38501.

Ownership Structure: National Health Corporation (for Profit Corporation)

Service Area: Putnam County

Need: Based on the Skilled Bed Need methodology found in the Certificate of Need Standards and Criteria, Nursing Home Services, there is a need for an additional 166 nursing home beds in Putnam County projected for 2018. Ten (10) new beds are being requested as part of this CON which represents only 6 percent of the beds projected to be needed in the Certificate of Need Standards and Criteria, Nursing Home Services for 2018 in Putnam County. The 125 bed pool which is effective from July 1, 2015 through June 30, 2016 will be affected. There are currently 100 beds left in the pool as of this filing.

Existing Resources: The existing site and building located at, 815 South Walnut Ave, Cookeville, TN, will be used for the proposed project. NHC has extensive operating experience in the Cookeville area, specifically in Putnam County, Tennessee since becoming licensed in 1975. NHC will use its resources and experience in the area to help staff and attract patients.

Project Cost: \$4,806,490

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

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

Staffing: 4.59 Direct Hours of Nursing per day (Year 1)*
4.13 Direct Hours of Nursing per day (Year 2)*

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

II. Provide a detailed narrative of the project²⁹ by addressing the following items as they relate to the proposal.

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

National Health Corporation ("NHC") is applying for a Certificate of Need ("CON") to add an ten (10) bed addition to an existing 94 bed nursing home located at 815 South Walnut Ave in Cookeville, Tennessee.

NHC HealthCare, Cookeville was originally constructed in 1975 and has a gross building area of approximately 29,286 sq. ft. Consequently, the building was constructed 41 years ago.

The proposed project involves the addition and new construction of ten (10) new private rooms to provide skilled nursing care. The project includes the renovation and construction of a total of 22 private rooms, the ten (10) new beds previously mentioned and 12 existing patient rooms being converted from semi-private to private rooms. Other renovations include work to be done in the kitchen, dish room and the addition of a two story office/storeroom building. Currently the center has no private rooms. Once the project is complete, the center will have a total of 34 private rooms, with a net increase of ten (10) beds, housed in a center with a total of 104 licensed beds.

NHC HealthCare, Cookeville is a skilled nursing facility with 94 beds complemented by PT/OT/and Speech Rehabilitation space offering state of the art equipment and therapies. The proposed addition will also add 2,000 sq. ft. of therapy space to the center to bring the center more in line with the needs of today's skilled nursing patients.

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

SERVICES:

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

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additional staff, one of the main factors determining the number of sub-acute patients the facility can serve at any given time, is added to the staffing pattern.

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

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

The proposed project is for the addition of ten (10) SNF Medicare beds to an existing 94 bed nursing home known as NHC HealthCare, Cookeville. NHC HealthCare, Cookeville 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 Putnam County where there is a projected need for an additional 51 nursing home beds in 2018 planning horizon.

SQUARE FOOTAGE AND COST PER SQUARE FOOTAGE CHART

A. Unit / Department	Existing Location	Existing SF	Temporary Location	Proposed Final Location	Proposed Final Square Footage			Proposed Final Cost/ SF			
					Renovated	New	Total	Renovated	New	Total	
Admin		1,480									
Kitchen		889			96		96				
Employee Break		119									
Laundry		467									
Storage/Central Supply		383				250	250				
Housekeeping		83									
Classroom											
Beauty/Barber											
PT/OT/Speech		759				2,000	2,000				
Nursing Support		1,303				825	825				
Dining/Rec		1,732				796	796				
Sun Porch											
Public/Staff Toilets		225				56	56				
Patient Rms & Baths		12,351			2,550	6,977	9,527				
B. Unit/Depart. GSF Sub-Total		19,791									
C. Mechanical/ Electrical GSF		355				417	417				
D. Circulation /Structure GSF		9,140									
Sub-Total					2,646	14,200	16846				
Office/Storage Building						2,200	2,200				
E. Total GSF		29,286			2,646	16,400	19,046	\$ 58.40	\$ 174.94	\$ 158.75	

April 25, 2016**11:01 am**

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

The proposed project is for the addition of ten (10) SNF Medicare beds to an existing 94 bed nursing home known as NHC HealthCare, Cookeville. NHC HealthCare, Cookeville 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 Putnam County where there is a projected need for an additional 166 nursing home beds in 2018 planning horizon.

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

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

NHC's need to provide long term care services in Putnam County is based on two primary points. First, we are responding to ongoing discussions we have had with CRMC and other providers to deliver the increasingly needed skilled Medicare nursing home beds in the community. Second, NHC independently verified the need for said beds and the projected need, based on the population and currently bed inventory, but also with the State Health Plan's projected need for an additional 166 beds by 2018. Since this bed need formula projects the need for skilled Medicare beds, this need projection is not diminished by the Choices and/or Options programs. For patients being discharged from a hospital via Medicare, quite often the best and most cost effective option is a short term nursing home stay for rehab follow by home care after discharge. NHC request is being drive entirely by the local market conditions and demand for our services.

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

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

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

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

III. (A) Attach a copy of the plot plan of the site on an 8 1/2" x 11" sheet of white paper which **must include:**
Please see drawing included in the Attachment "Section B, Project Description - III (A) Plot Plan" on page 78 at the end of the application.

1. Size of site (*in acres*); 5.0 Acres
2. Location of structure on the site; and
3. Location of the proposed construction.
4. Names of streets, roads or highway that cross or border the site.

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

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

The center is located at 815 South Walnut Avenue, Cookeville, TN. The center location is adjacent to S. Jefferson Ave off of Interstate 40. The center site is located is accessible to the major public transportation routes of Putnam County.

Cookeville Area Transit System (CAT) bus routes access the greater Cookeville area. CATS operates on two main fixed route services. NHC's center can be accessed via the Green Route line.

Please see map and bus schedule included in the Attachment "Section B, Project Description - III (B) Bus Schedule" on page 79 at the end of the application.

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

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

Please see drawing included in the Attachment "Section B, Project Description - IV Floor Plan" on page 84 at the end of the application.

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

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

SECTION C: GENERAL CRITERIA FOR CERTIFICATE OF NEED

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

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

Five Principles for Achieving Better Health

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

1. Healthy Lives

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

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

2. Access to Care

Every citizen should have reasonable access to health care.

NHC's healthcare model targets patients that are Medicare qualified beneficiaries seeking skilled nursing and rehabilitation services following a prior hospital stay. The majority of all patients placed in nursing homes from the acute care setting are Medicare beneficiaries. Since Medicare is a federal insurance program covering individuals age 65 and over, as well as disabled individuals below that age, access to long term care Medicare beds is a function of bed availability in the market. In Putnam 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 10 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. 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 75 days, which is consistent with NHC HealthCare, Cookeville's experience in Putnam County, Tennessee.

4. Quality of Care

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

NHC as a Long term care provider is surveyed both at the State and Federal level. Through various sources, including the Medicare.gov website and the Nursing Home Compare data sets, consumers can now compare and research long term care providers, home care providers and acute care providers. NHC compares favorably both at the State level and the national level regarding these measurements. Please see NHC Survey Analysis table located in Attachment "Section C. General Criteria - 14B Additional Occupancy Rate Standards" located on page 152 at the end of the application. The attached table reflects recent quality performance. In addition, NHC's quality outcome's is also why several big health care systems are discussing establishing ACO's with NHC operations across the State of Tennessee and country.

5. Health Care Workforce

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

NHC is consistent with this principle and has a long outstanding history with developing, recruitment and retention of a quality health care workforce. NHC non-profit, Foundation for Geriatric Education, since its inception in 1982, has funded over \$2,608,000 in books and academic programs for a qualified health care workforce through 2015. 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.

QUESTIONS

NEED

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

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

NURSING HOME SERVICES

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

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

A. Determination of Need

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

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 Putnam County of nursing home beds projected for 2018, or a need for an additional 166 beds in Putnam County. **Please see Nursing Facility Bed Need Report located in Attachment "Section C. General Criteria - 1.A. Need" located on page 86 at the end of the application.** This information, which is the most current available to the department, was provided and is included here for reference.

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

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

**SNF Need Formula
Putnam County Bed Need**

**SNF Need
Formula**

4/20/2016

Putnam County

County Bed Need

	2018 Population	Rate	Needed Beds By Age
Population 65 & under	67,266	0.0005	34
Population 65-74	8,449	0.012	101
Population 75-84	4,487	0.06	269
Population 85+	<u>1,770</u>	0.15	<u>266</u>
	81,972		670
	Existing Beds =		504
	Need =		166

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

So noted by the applicant. The bed need referenced in response to Question 1 is the projected two year to show the 2018 bed need. There is a net need for an additional 166 nursing beds, per this report, well in excess of NHC's requested ten (10) 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 Putnam County. However, we do expect that some residents will come from outside our primary service area. Nevertheless, we have confined our need justification to Putnam County where the majority of the population of the service area is within 30 minutes travel time from the proposed facility.

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

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

So noted by the applicant. The following bed inventory was reported to the Department of Health for year ending 12/31/12 through 12/31/14 for Putnam County.

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

NURSING HOMES	2016 Licensed Beds	2012 Occupancy	2013 Occupancy	2014 Occupancy
Bethesda Health Care Center	120	73.3%	90.6%	65.2%
NHC HealthCare, Cookeville	94	96.8%	87.9%	92.3%
Signature Healthcare of Putnam County*	175	96.4%	92.8%	91.1%
Standing Stone Care and Rehabilitation Center	115	79.5%	80.7%	82.8%
Total	504	87.1%	88.6%	82.9%

* Formerly Kindred Transitional Care. CHOW effective 5/1/14 to Signature Healthcare. Kindred reported data from 1/1/14 - 4/30/14. Occupancy is based on 4 months of data.

Source: 2012 - 2014 JAR Reports Utilization

As of the last available Joint Annual Report for Nursing Homes in 2014, all nursing homes did not have an annualized occupancy in excess of 90%. One of the licensed centers, Standing Stone Care and Rehabilitation Center, while being located in Putnam County is located approximately 16 miles out of Cookeville in Monterey, Tennessee. For many folks that live in Cookeville, where the NHC center is located, the Monterey center location really does not provide a reasonable option for someone from Cookeville seeking skilled care. The center location is not conveniently located to the growing population areas of Putnam County. In addition, Standing Stone Care and Rehabilitation is currently a One Star rated center.

In addition, Bethesda Health Care Center has reported a lower occupancy rate which appears to be centered around a 2013 survey where Standing Stone received 11 deficiencies which exceeds both the Tennessee and the federal average number of deficiencies.

Please see Nursing Facility Bed Need Report located in Attachment "Section C. General Criteria - 1.A. 3 Inventory and Utilization" located on page 89 at the end of the application for the licensed facilities in Putnam County and occupancy rate table, p.92 and Section C. General Criteria - 1.A. 4 Service Area JAR" located on page 92c at the end of the application for the service Area JAR reports, and numerous tables reflecting facility data compiled from the JARS.

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

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

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

So noted by the applicant.

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

Not Applicable, the proposed project is for the addition of 10 beds to an existing licensed 94 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.

The proposed project will not only add 10 new beds, in private rooms, but also create 24 private rooms from 12 existing semi-private rooms for patients. The center, built in 1975, does not currently have any private rooms. In addition, 2,000 sq. ft. of additional needed therapy space along with other ancillary areas will be constructed, renovated and modernized.

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, Cookeville is currently fully staffed and requires only a minimal staffing addition of 10.55 FTE's by year two. In addition, the center uses no agency/contracted staff and has demonstrated its ability to fully staff the project with more than adequate staffing.

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

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

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

Cookeville Regional Medical Center
 Saint Thomas
 Vanderbilt
 Saint Thomas – Highlands Hospital
 Livingston Regional Hospital
 Erlanger - Chattanooga
 Other Area Putnam County and surrounding health care providers

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

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

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

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

Targeted Population: Although the targeted population is diverse due to the multifaceted nature of the continuum of care, two groups dominate NHC's particular services on the continuum.

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

Methodology:

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

<u>Organization</u>	<u>Function</u>
Hospitals	Discharge sub-acute patients to more cost-effective nursing centers.
Hospices	Care for special group of terminally ill.
Residential Facilities	Residential institution for those unable to maintain independent lifestyles but do not need intense Medical Care.
Assisted Living (ALF)	Group environment to prevent immediate admission to long-term care facility.
Home Health Care institution.	Provides Medical treatment on less expensive environment than
Home Support	Household or personal services essential to any home health care program.
Adult Day Care Needed	respice 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 Putnam 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 Putnam County to provide services not offered by the center. Putnam County has 9 home health agencies, 4 hospice and 3 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

Amedisys Home Health
 CareAll
 Deaconess
 Highland Rim
 NHC HomeCare
 Suncrest Home Health
 Quality Home Health
 Intrepid

Hospice

Avalon
 Caris Hospice
 Gentiva
 Upper Cumberland

Meals on Wheels

Area Meals on Wheels

Assisted Living Centers

Cedar Hills
 Heritage Pointe
 Morningside

Misc.

Diverse Medical Management
 Trident USA
 Psych-Services LLC
 One Care Dental
 Linde

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 75 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.

**Putnam County Nursing Facilities
Hospital Readmission Rates**

4/12/2016

Facility	Cookeville Regional	Readmission Rates of Patients Discharged to all SNF Providers	Difference in Readmission Rates to all SNF Providers	Readmission Rates of Patients Discharged to Selected Market	Difference in Readmission Rates to Selected Market
Bethesda Health Care Center	18%	15%	3%	15%	3%
NHC HealthCare, Cookeville	11%	15%	-4%	15%	-4%
Signature Healthcare	17%	15%	2%	15%	2%
Standing Stone Care & Rehab	N/A	15%	N/A	15%	N/A

Source: The Advisory Board Company, 2014 Hospital Discharges

The Advisory Board Company does not display volumes less than 11; therefore, some Readmission Rate data is Not Available (N/A).

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

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

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

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

Please see Nursing Facility Bed Need Report located in Attachment "Section C. General Criteria - 12. Quality Control and Monitoring" located on page 141 at the end of the application.

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

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

(2) The quality assessment and assurance committee –

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

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

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

NHC Quality Assurance and Performance Improvement (QAPI)

Purpose Statement:

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

Guiding Principles:

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

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

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

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

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

14. Additional Occupancy Rate Standards:

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

Please see Section C. Economic Feasibility – 4, p.180 for an occupancy summary for the 10 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, Putnam County. However, a review of CMS Star Ratings and Survey deficiencies comparing both the State of Tennessee averages and average deficiencies in the United States reveals deficiency numbers outside of an average range. Perhaps more importantly, of the four (4) nursing homes located in Putnam County, based on the most recent CMS 5 Star Ratings, only two centers, NHC HealthCare, Cookeville and Bethesda Health Care have a CMS Star rating of 4, the other two (2) facilities have a quality rating of one (1) Star or below average. Please note that NHC's center has consistently had fewer deficiencies compared to both the State and the Federal average number of deficiencies in the US of all the centers in the service area.

Please see Nursing Facility Bed Need Report located in Attachment "Section C. General Criteria – 14(b). Additional Occupancy Rate Standards located on page 152 at the end of the application.

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

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

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

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

homes' use of antipsychotic medications in both ⁵⁹ 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, Cookeville had an occupancy rate of 92.3% in the previous reporting JAR year, 2014.

Please see Nursing Facility Bed Need Report located in Attachment "Section C. General Criteria – 14(b). Additional Occupancy Rate Standards located on page 152 at the end of the application.

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

At NHC, our company motto is Care is Our Business. NHC's long-range development plans for Putnam County is quite simple, to provide quality long-term care services to meet the needs of the citizens of Putnam County. Our goal is to expand into the Cookeville area and provide the needed long-term services we have provided over the last 41 years to the residents of Putnam County.

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

The service area for this proposed project is Putnam County. This is a reasonable area since nursing residents prefer not to leave their local communities. **Please see the county level map in Attachment "Section C. General Criteria - 3 Service Area Map" located on page 98 at the end of the application.** The continued growth in the population group aged 65 and above as documented support the continued need for and existence of high quality of care nursing home beds in Putnam County.

April 25, 2016**4. A Describe the demographics of the population to be served by this proposal**

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

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

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

Putnam County's age 65 and over population grew by 39.2% from 2010 to 2018. According to the Census figures, Putnam County 85 and over population increased by 566 persons from 2010 to 2018 or 47.0% from 1,204 to 1,770 residents.

The age 65+ population in Putnam County is projected to increase from 10,565 to 14,706, from 2010 to 2018 respectively (Source: Office of Health Statistics, TN Dept of Health) The primary population to be served by the proposal is those over the age of 65. **Please see Attachment "Section C – General Criteria – 4A Demographics of the Population Served" located on page 103 at the end of the application.**

Putnam County Population Projections

Age	Putnam County				
	2010	2016	2018	2010 - 2016 % Increase	2010 - 2018 % Increase
60 - 64	4,113	4,612	4,835	12.1%	17.6%
65-74	5,919	7,986	8,449	34.9%	42.7%
75-84	3,442	4,063	4,487	18.0%	30.4%
85+	1,204	1,628	1,770	35.2%	47.0%
65+	10,565	13,677	14,706	29.5%	39.2%
Total Population	72,321	79,658	81,972	10.1%	13.3%

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

B.

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

The proposed project is accessible to all consumers, including women, racial and ethnic minorities, and low-income groups seeking skilled care. National Health Corporation is proposing to add 10 beds to an existing 94 bed nursing home in Putnam 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.

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5. Describe the existing or certified services, including approved but not implemented CONs, of similar institutions in the service area. Include utilization and/or occupancy trends for each of the most recent three years of data available for this type of project. Be certain to list each institution and its utilization and/or occupancy individually. Inpatient bed projects must include the following data: admissions or discharges, patient days, and occupancy. Other projects should use the most appropriate measures, e.g., cases, procedures, visits, admissions, etc.

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

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

NURSING HOMES	2016 Licensed Beds	2012 Occupancy	2013 Occupancy	2014 Occupancy
Bethesda Health Care Center	120	73.3%	90.6%	65.2%
NHC HealthCare, Cookeville	94	96.8%	87.9%	92.3%
Signature Healthcare of Putnam County*	175	96.4%	92.8%	91.1%
Standing Stone Care and Rehabilitation Center	115	79.5%	80.7%	82.8%
Total	504	87.1%	88.6%	82.9%

* Formerly Kindred Transitional Care, CHOW effective 5/1/14 to Signature Healthcare. Kindred reported data from 1/1/14 - 4/30/14. Occupancy is based on 4 months of data.

Source: 2012 - 2014 JAR Reports Utilization

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

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

	<u>2019</u>	<u>2020</u>
NHC HealthCare, Cookeville	85.45%	95.10%

Please see Attachment, Section C, General Criteria – 6, Historical & Projected Utilization, p. 140 for the details and methodology used to project utilization.

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

The cost of this proposed project is \$4,806,490 for the ten (10) new beds along with the construction of the new private rooms and additional ancillary space, storage building and renovated center spaces. Costs for the proposed project are based on actual cost incurred on projects undertaken by NHC and based on the experience of Johnson & Bailey, Architects. Estimates provided are considered to be consistent with past experience and to be based on sound assumptions.

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

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

Please see Attachment "Section C - Economic Feasibility – 1 Project Cost Chart" located on page 154 at the end of the application.

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PROJECT COSTS CHART

A.	Construction and equipment acquired by purchase:	
1.	Architectural and Engineering Fees	_____
2.	Legal, Administrative (Excluding CON Filing Fee), Consultant Fees	_____
3.	Acquisition of Site	_____
4.	Preparation of Site	_____
5.	Construction Costs	_____
6.	Contingency Fund	_____
7.	Fixed Equipment (Not included in Construction Contract)	_____
8.	Moveable Equipment (List all equipment over \$50,000)	_____
9.	Other (Specify) _____	_____
B.	Acquisition by gift, donation, or lease:	
1.	Facility (inclusive of building and land)	_____
2.	Building only	_____
3.	Land only	_____
4.	Equipment (Specify) _____	_____
5.	Other (Specify) _____	_____
C.	Financing Costs and Fees:	
1.	Interim Financing	_____
2.	Underwriting Costs	_____
3.	Reserve for One Year's Debt Service	_____
4.	Other (Specify) _____	_____
D.	Estimated Project Cost (A+B+C)	_____
E.	CON Filing Fee	_____
F.	Total Estimated Project Cost (D+E)	_____
	TOTAL	_____

2. Identify the funding sources for this project. 68

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

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

- A. Commercial loan--Letter from lending institution or guarantor stating favorable initial contact, proposed loan amount, expected interest rates, anticipated term of the loan, and any restrictions or conditions;
- B. Tax-exempt bonds--Copy of preliminary resolution or a letter from the issuing authority stating favorable initial contact and a conditional agreement from an underwriter or investment banker to proceed with the issuance;
- C. General obligation bonds—Copy of resolution from issuing authority or minutes from the appropriate meeting.
- D. Grants--Notification of intent form for grant application or notice of grant award; or
- E. Cash Reserves--Appropriate documentation from Chief Financial Officer.
- F. Other—Identify and document funding from all other sources.
Please see letter indicating the required information in Attachment "Section C Economic Feasibility – 2" located on page 158 at the end of the application.

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

The proposed project is reasonable in relation to similar facilities in the state. The construction cost per square foot is \$158.75 which is comparable to similar types of projects in the state taking into consideration the proposed project includes both a bed conversion (semi-private room to private room), construction of 22 private bed rooms, and addition and renovation of existing square footage of the building. Furthermore, project costs are reasonable and inline with our past experience. Thus, quality nursing services and the continuum of care will be expanded in the local area cost effectively.

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

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

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

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

Please see Attachment "Section C Economic Feasibility – 4 Historical & Projected Data Chart" located on page 168 at the end of the application.

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

	Year One (Patient Days 3,119)	Year Two (Patient Days 3,471)
Average Gross Charge	\$633.32	\$658.67
Average Deduction	\$181.91	\$198.22
Average Net Charge	\$451.41	\$460.45

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)	_____	_____	_____
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 for 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	\$ _____	\$ _____	\$ _____
2. Physician's Salaries and Wages	_____	_____	_____
3. Supplies	_____	_____	_____
4. Taxes	_____	_____	_____
5. Depreciation	_____	_____	_____
6. Rent	_____	_____	_____
7. Interest, other than Capital	_____	_____	_____
8. Other Expenses (Specify) _____	_____	_____	_____
Total Operating Expenses	\$ _____	\$ _____	\$ _____
E. Other Revenue (Expenses) – Net (Specify)	\$ _____	\$ _____	\$ _____
NET OPERATING INCOME (LOSS)	\$ _____	\$ _____	\$ _____
F. Capital Expenditures			
1. Retirement of Principal	\$ _____	\$ _____	\$ _____
2. Interest	_____	_____	_____
Total Capital Expenditures	\$ _____	\$ _____	\$ _____
NET OPERATING INCOME (LOSS) LESS CAPITAL EXPENDITURES	\$ _____	\$ _____	\$ _____

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)	_____	_____
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 for 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	\$ _____	\$ _____
2. Physician's Salaries and Wages	_____	_____
3. Supplies	_____	_____
4. Taxes	_____	_____
5. Depreciation	_____	_____
6. Rent	_____	_____
7. Interest, other than Capital	_____	_____
8. Other Expenses (Specify) _____	_____	_____
Total Operating Expenses	\$ _____	\$ _____
E. Other Revenue (Expenses) -- Net (Specify)	\$ _____	\$ _____
NET OPERATING INCOME (LOSS)	\$ _____	\$ _____
F. Capital Expenditures		
1. Retirement of Principal	\$ _____	\$ _____
2. Interest	_____	_____
Total Capital Expenditures	\$ _____	\$ _____
NET OPERATING INCOME (LOSS) LESS CAPITAL EXPENDITURES	\$ _____	\$ _____

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

Patient Charge/Reimbursement	Year 1 (04/2019) <u>Proposed</u>	Year 2 (04/2020) <u>Proposed</u>
Managed Care	\$414.78	\$423.07
Medicare	\$463.23	\$472.50
Private Pay	\$248.80	\$258.75

The proposed CON project calls for the addition of 10 new SNF beds to the existing 94 bed nursing home called NHC HealthCare, Cookeville. Please note that the existing rates for NHC HealthCare, Cookeville can be found in Section C, Economic Feasibility, six (6) B. Consequently, once the Medicare RUG rates were projected, they were inflated 3.0% annually. The anticipated revenue from the proposed project is sufficient to produce positive net operating income in year two of \$12,790.

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

Please see Attachment "Section C – Economic Feasibility – 6b Estimated Rates" on page 198 at the end of the application for a comparison of the proposed charges to those of similar facilities in Putnam County. Please note that Medicare reimburses providers via a perspective payment system. Providers are compensated equally based on the particular service rendered. A comparison of the 2014 rates, JAR, inflated 4.5% a year to the projected 2018 opening show the proposed charges to be similar.

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

The projected utilization rates are sufficient to maintain cost-effectiveness. Please see the proforma Projected Data Chart located in the Attachments to this CON application on page 171 including page 180 for a two-year projection showing utilization rates sufficient to maintain cost effectiveness.

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

The nursing home is projected within the second year to have sufficient positive cash flow to achieve financial viability. (Please see Projected Data Chart on page 171 of the attachments and page 159 documenting the availability of sufficient cash for the project)

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

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

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

Medicare	\$1,149,988	81.68%
Managed Care	\$ 257,527	18.29%
Other Revenue	\$ 444	0.03%
Total	\$1,407,959	100%

Source: Attachments, page 196 of the financial proforma assumptions.

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

Please see Attachment "Section C Economic Feasibility - 2 page 159 at the end of the application for the most recent audited financial statements for NHC (year end 12/31/2015) in the most recently available 10K.

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

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

After compiling all of the facts, it was decided that the best alternative would be to add ten (10) additional beds to the existing 94 bed NHC HealthCare, Cookeville. This proposal will allow NHC HealthCare, Cookeville to meet the long-term care needs of the residents of Putnam County and continue to offer the medical community, 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. The center badly needs to offer private rooms to our patients. This option would not allow our center to modernize and offer patients and families the type of amenities they look for when evaluating a long term care facility. Our desire is to continue to serve the local hospitals and Putnam County residents' health care needs for years to come.
- (b) Request more than 10 beds. This proposal was considered but rejected because the proposed ten (10) beds with allow an efficiency of operation and design by bringing the center closer to a 60 bed standard. The projected need in Putnam County is for an additional 166 Medicare beds in 2018.
- (c) Request fewer than 10 beds. This proposal was considered but rejected based on project financial feasibility and our goal to increase operational efficiency. To accommodate the projected growth and need for skilled beds for the year 2018, additional beds should be added. The bed need projected by the new Nursing Home Services, Certificate of Need Standards and Criteria shows a need for 166 additional skilled beds by year 2018. Our request is for 10 beds to open by middle 2017.
- (d) Add 10 new Medicare beds to the existing 94 bed center along with the addition of 24 private rooms and new therapy space, renovation of the kitchen and other ancillary areas and a new storage building. 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 in an area of town which offers good access to other areas of Putnam County. This proposal is being pursued because it meets the projected needs and orderly development of the health care community in Putnam County.
- b. The applicant should document that consideration has been given to alternatives to new construction, e.g., modernization or sharing arrangements. It should be documented that superior alternatives have been implemented to the maximum extent practicable.

NHC has chosen an alternative that relies on both renovation and new construction by deciding to utilize existing space within NHC HealthCare, Cookeville and to renovation existing center space. Since the center was originally constructed in 1975, there are areas of the building and the original design that can and will be addressed as part of this project that will bring the center up to today's consumer expectations and demands.

(III.) CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTH CARE

1. List all existing health care providers (e.g., 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, e.g., transfer agreements, contractual agreements for health services.

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

Cookeville Regional Medical Center
 Saint Thomas
 Vanderbilt
 Saint Thomas – Highlands Hospital
 Livingston Regional Hospital
 Erlanger - Chattanooga
 Other Putnam County and surrounding health care providers

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

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

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

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

Targeted Population: Although the targeted population is diverse due to the multifaceted nature of the continuum of care, two groups dominate NHC's particular services on the continuum.

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

Methodology:

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

<u>Organization</u>	<u>Function</u>
Hospitals	Discharge sub-acute patients to more cost-effective nursing centers.
Hospices	Care for special group of terminally ill.
Residential Facilities	Residential institution for those unable to maintain independent lifestyles but do not need intense Medical Care.
Assisted Living (ALF)	Group environment to prevent immediate admission to long-term care facility.
Home Health Care	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	respice 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 Putnam County, the center addition will benefit from established referral agreements with the targeted organizations listed above.

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

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

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

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

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

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

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

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

Linkages are developed by the center with other providers in Putnam County to provide services not offered by the center. Putnam County has over 9 home health agencies, 4 hospice and 3 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

Amedisys Home Health
CareAll
Deaconess
Highland Rim
NHC HomeCare
Suncrest Home Health
Quality Home Health
Intrepid

Hospice

Avalon
Caris Hospice
Gentiva
Upper Cumberland

Meals on Wheels

Area Meals on Wheels

Assisted Living Centers

Cedar Hills
Heritage Pointe
Morningside

Misc.

Diverse Medical Management
Trident USA
Psych-Services LLC
One Care Dental
Linde

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

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

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

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

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

April 25, 2016**11:01 am**

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

National Health Corporation is requesting the authority to add 10 new Medicare SNF nursing home beds to an existing 94 bed nursing home center located in the Cookeville, Tennessee market. The results are seen to have positive effects for both the long-term care industry and the growing aging population in Putnam County.

National HealthCare Corporation is one of the largest providers of post-acute care beds and services in the State of Tennessee, of which National Health Corporation is a subsidiary. NHC HealthCare, Cookeville 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 Putnam County.

This project will serve as an expansion of needed skilled nursing home beds and services to the residents of Putnam County. The proposed project will serve as a referral source for home health agencies, assisted living centers, doctors and area hospitals. This project will not have negative effects on the health care system of duplication or competition because the 10 beds represent only a fraction of the 166 beds projected in the State's formula to be needed by 2018 in Putnam County. In addition, these beds will serve the growing quality care long term care bed needs in the acute care delivery system.

3. **Provide the current and/or anticipated staffing pattern for all employees providing patient care for the project. This can be reported using FTEs for these positions. Additionally, please compare the clinical staff salaries in the proposal to prevailing wage patterns in the service area as published by the Tennessee Department of Labor & Workforce Development and/or other documented sources.**

For over forty years, NHC has been staffing and providing nursing home care in Putnam County. Staff salaries used in the financial projects are reasonable in comparison with prevailing wage patterns in the area. We know this to be true based on our ability to currently staff a nursing home to the required levels in Putnam County as well as all or our other operations across the State of Tennessee and the other state we operate in presently. Wage and salaries used in the proforma projections are consistent with what is currently offering at NHC HealthCare, Cookeville, in the market area, and inflated forward to center opening. Surveys conducted by the Tennessee Department of Labor and Workforce Development by area allow NHC to remain competitive with staff salaries in comparison with prevailing wage patterns in the area.

Please see Attachment "Section C Economic Feasibility – 4" located on page 197 at the end of the application for the current and/or anticipated staffing pattern for all employees providing patient care for the project reported using FTEs for these positions.

Please see Attachment "Section III Contribution of Orderly Development – 3" located on page 204 at the end of the application for the for the comparison of the clinical staff salaries to prevailing wage patterns in the service area as published by the Tennessee Department of Labor & Workforce Development.

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

Please see Attachment "Section C Economic Feasibility – 4" located on page 197 at the end of the application for a listing of projected human resources required by the proposal per the licensing requirements of the Department of Health. The proposed project will require a total of 10.55 FTE's of which 6.8 FTE's are in nursing (LPN's & Aides) (Year 2). NHC is approved to provide CNA training programs in-house at many of its centers; it currently does not have that need at NHC HealthCare, Cookeville, but nevertheless maintains the ability to staff the projected FTE increase based on its current staff and potential employees on file.

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

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

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

NHC has been in operation for over 45 years and is currently operating NHC HealthCare, Cookeville, an established center in Putnam County. NHC HealthCare, Cookeville 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 Putnam County since 1975 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 ten (10) bed addition, at 95.1% occupancy in year two, during the three shifts, is as follows:

<u>Personnel</u>	<u>Total FTE's</u>
Aides	4.0
LPN's	2.80
Medical Records	0.25
Dietary	1.05
Laundry	0.35
Housekeeping	2.10

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

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

the course, the individuals who graduate are eligible to participate as certified nurse aides in all of the southeastern states, which have such certification courses.

Finally, the Company runs an intensive administrator-in-training program, which takes college graduates and works them through a 24-month training program, learning every aspect of the management and administration of long-term health care centers. More than half of the company's administrators are presently graduates of this program. All in all, the company has the highest commitment to the continuing education of its partners and the recruitment of qualified outside individuals with intent to assist their educational activities to help meet the continuing health care needs of the aging population of America.

National HealthCare Corporation prides itself and owes much of its success to over 11,000 partners. NHC realizes that staffing of medical facilities across the country is becoming more of a problem. However, NHC has managed to avoid many of the staffing problems experienced by other operators by offering competitive salaries and extended benefits to all levels of personnel. The NHC philosophy is to operate as a team, with every job having equal bearing on our desired goal to provide the best possible long-term health care to the growing elderly population. All company partners are carefully screened for each job to ensure that the best possible placement. The company attitude toward all its partners along with competitive salaries and a friendly, secure, professional work environment has enabled NHC to attract the kind of team that has made it so successful for over forty five (45) 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, Cookeville draws nurses from the surrounding market area. Staff is often acquired from local advertising, recruitment at area colleges, and word of mouth from other partners. And as stated previously, applicants are drawn from resumes kept on file by NHC.

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

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

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

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

Tennessee Tech University
Tennessee College of Applied Technology – Livingston

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, Cookeville has 24-hour RN coverage.

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

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

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

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

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

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

Please see Attachment "Section C Economic Feasibility – 7(b) located on page 208 at the end of the application for documentation from the most recent license.

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

Please see Attachment "Section C Economic Feasibility – 7(c) located on page 210 at the end of the application for documentation from the most recent licensure/certification inspection and an approved plan of correction.

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

Not Applicable, None.

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

Not Applicable, None.

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

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

PROOF OF PUBLICATION

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

Please see "Attachment – Proof of Publication" located on page 220 and the "Letter of Intent" located on page 222 at the end of the application.

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DEVELOPMENT SCHEDULE

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

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

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

PROJECT COMPLETION FORECAST CHART

Enter the Agency projected Initial Decision date, as published in Rule 68-11-1609(c): 07/27/16

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

Phase	DAYS REQUIRED	Anticipated Date (MONTH/YEAR)
1. <u>Architectural and engineering contract signed</u>	30	06/16
2. <u>Construction documents approved by the Tennessee Department of Health</u> **	120	12/16
3. <u>Construction contract signed</u>	60	02/17
4. <u>Building permit secured</u>	30	03/17
5. <u>Site preparation completed</u>	60	05/17
6. <u>Building construction commenced</u>		05/17
7. <u>Construction 40% complete</u>	120	09/17
8. <u>Construction 80% complete</u>	120	01/18
9. <u>Construction 100% complete (approved for occupancy)</u>	90	04/18
10. <u>*Issuance of license</u>	30	05/18
11. <u>*Initiation of service</u>		05/18
12. <u>Final Architectural Certification of Payment</u>	90	08/18
13. <u>Final Project Report Form (HF0055)</u>		08/18

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

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

AFFIDAVIT

APR 19 15 PM 12:45

STATE OF Tennessee

COUNTY OF Rutherford

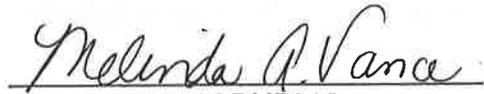
Bruce K. Duncan, being first duly sworn, says that he/she is the applicant named in this application or his/her/its lawful agent, that this project will be completed in accordance with the application, that the applicant has read the directions to this application, the Rules of the Health Services and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



/Assistant Vice President
SIGNATURE/TITLE

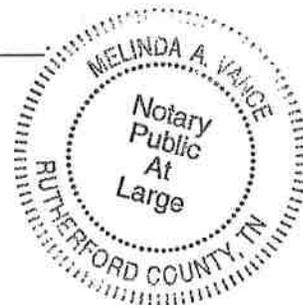
Sworn to and subscribed before me this 12th day of January, 2016 a Notary
(Month) (Year)

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



NOTARY PUBLIC

My commission expires 1/21, 2018
(Month/Day) (Year)

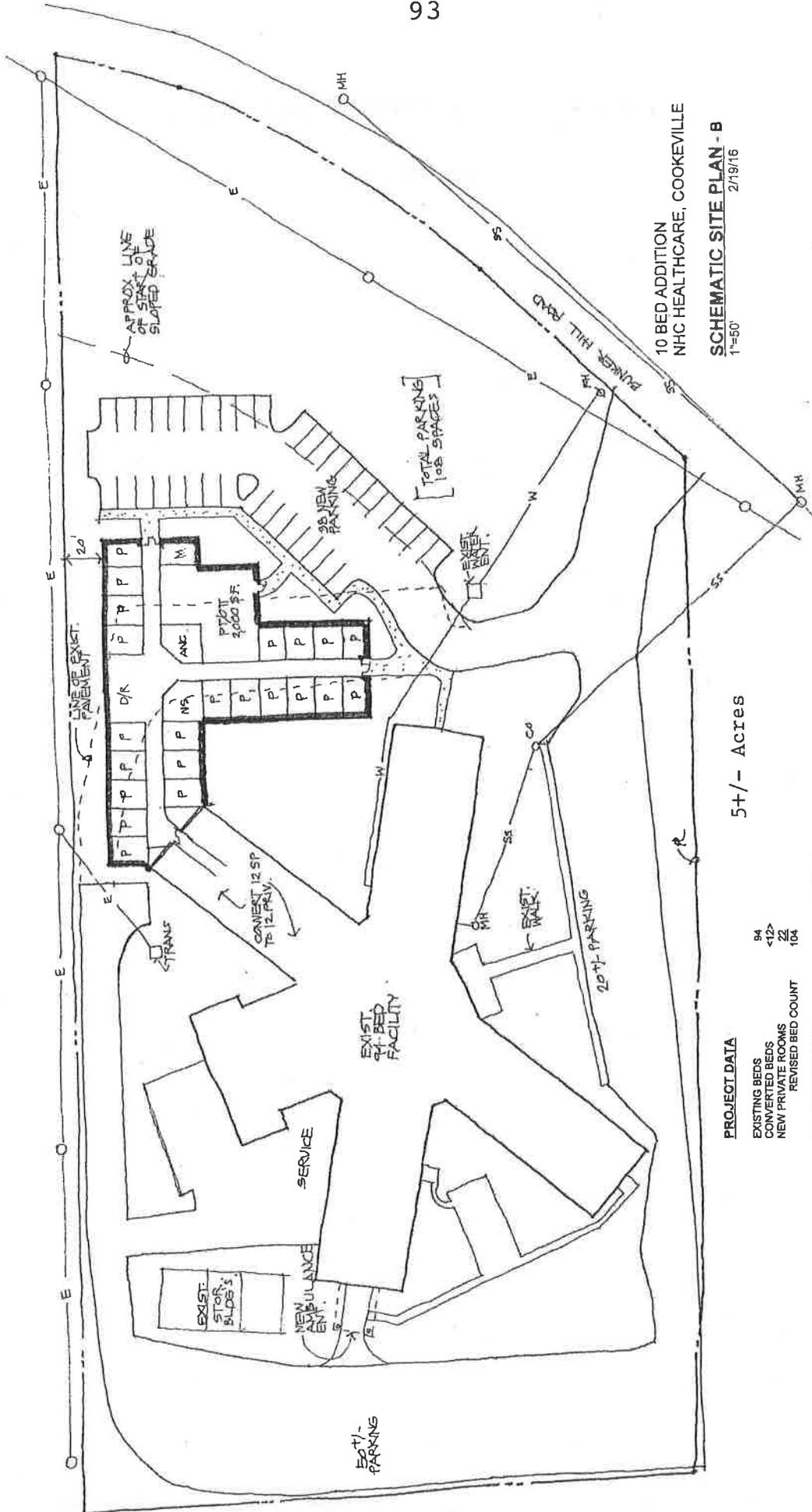


ATTACHMENTS

APR 10 10 41 AM '05

Section B - Project Description - III (A)

Plot Plan



10 BED ADDITION
NHC HEALTHCARE, COOKEVILLE
SCHEMATIC SITE PLAN - B
2/19/16
1"=50'

5+/- Acres

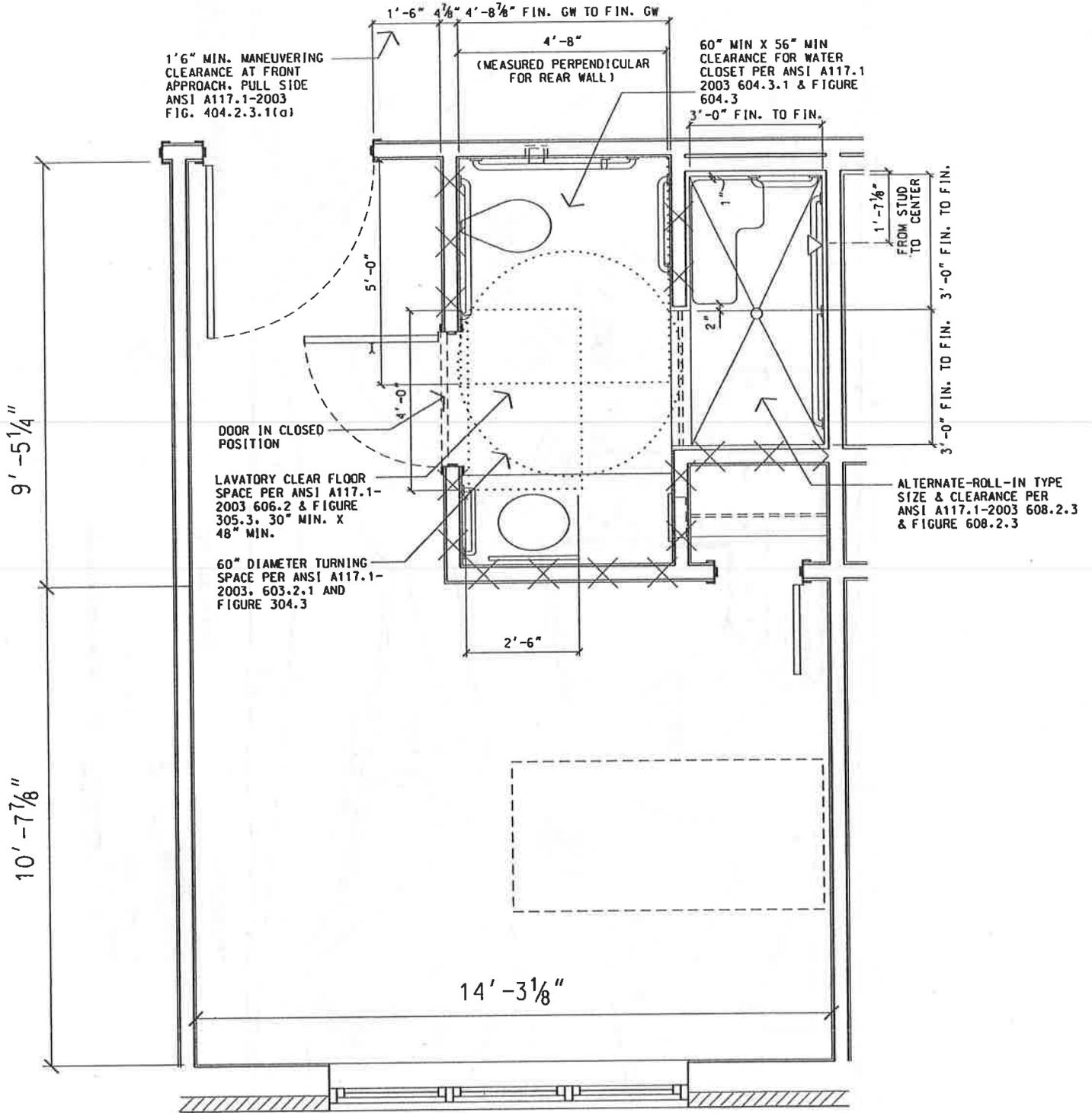
PROJECT DATA

EXISTING BEDS	94
CONVERTED BEDS	<12>
NEW PRIVATE ROOMS	22
REVISED BED COUNT	104
NEW CONSTRUCTION	14,185 SF
RENOVATED SPACE	2,550 SF (ACTUAL PATIENT ROOM AREA)
CONVERT 12 SEMI-PRIVATE ROOMS TO 12 PRIVATE ROOMS	

Section B - Project Description - IV

Floor Plan





TYPICAL PATIENT ROOM

Section C – General Criteria - 1.A.

Nursing Facility Bed Need

SNF Need Formula

12/11/2015

Putnam County

	2018 Population	Rate	Needed Beds By Age
County Bed Need	70,265	0.0005	35
Population 65 & under	7,167	0.012	86
Population 65-74	3,832	0.06	230
Population 75-84	1,359	0.15	204
Population 85+	82,623		555
Existing Beds =			504
Need =			51

Source: (Existing beds based on licensed beds, Licensed Health Facilities, TN Department of Health

General Bed Need Formula

Putnam County

	2018 Population	Rate	Needed Beds By Age
County Bed Need	70,265	0.0004	28
Population 65 & under	7,167	0.01	72
Population 65-74	3,832	0.04	153
Population 75-84	1,359	0.15	204
Population 85+	82,623		457
Existing Beds =			504
Need =			(47)

Source: (Existing beds based on licensed beds, Licensed Health Facilities, TN Department of Health

Section C - General Criteria – 1.A.3

Inventory and Utilization

Health Care Facilities

Licensed Facilities

Last Updated: 2/23/2016 11:00:10 PM

For more information, please contact:
Health Care Facilities: (615)741-7221 or 1-888-310-4650

Current Listings:

Type = Nursing Home County = PUTNAM

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

Total Facilities:4

Total Beds:504

1.	BETHESDA HEALTH CARE CENTER, INC. 444 ONE ELEVEN PLACE Cookeville , TN 38506 Attn: Tamara Brown (Interim) (931) 525-6655 Rank:	Administrator: Tamara Marlene Brown Owner Information: BETHESDA HEALTH CARE CENTER, INC. P.O. BOX 10 Parsons, TN 38363 (731) 847-6343	Facility License Number: 00000379 Status: Licensed Number of Beds: 0120 Date of Last Survey: 04/29/2015 Accreditation Expires: Date of Original Licensure: 06/15/2001 Date of Expiration: 06/15/2016 This Facility is Managed By: TENNESSEE HEALTH MANAGEMENT,INC. Parsons TN Facility License Number: 00000204 Status: Licensed Number of Beds: 0094 Date of Last Survey: 03/11/2015 Accreditation Expires: Date of Original Licensure: 07/01/1992 Date of Expiration: 05/07/2017 This Facility is Managed By: TENNESSEE HEALTHCARE ADVISORS, LLC Murfreesboro TN Facility License Number: 00000206
2.	NHC HEALTHCARE, COOKEVILLE 815 SOUTH WALNUT AVENUE Cookeville , TN 38501 Attn: JEREMY E. STONER (931) 528-5516 Rank:	Administrator: Jeremy E. Stoner Owner Information: NATIONAL HEALTH CORPORATION 100 E. VINE STREET Murfreesboro, TN 37130 (615) 890-2020	

3. SIGNATURE HEALTHCARE OF PUTNAM COUNTY
278 DRY VALLEY ROAD
Cookeville , TN 38506
Attn: Lee E. Rooney (2800)
(931) 537-6524
Rank:
- Administrator: Lee E. Rooney
Owner Information:
LP COOKEVILLE LLC
12201 BLUEGRASS PARKWAY
Louisville, KY 40299
(502) 568-7800
- Status: Licensed
Number of Beds: 0175
Date of Last Survey: 02/04/2015
Accreditation Expires:
Date of Original Licensure: 07/01/1992
Date of Expiration: 01/10/2017
- This Facility is Managed By:
SIGNATURE CLINICAL CONSULTING SERVICES
Louisville KY
Facility License Number: 00000207
Status: Licensed
Number of Beds: 0115
Date of Last Survey: 10/21/2015
Accreditation Expires:
Date of Original Licensure: 07/01/1992
Date of Expiration: 06/02/2016
- This Facility is Managed By:
SIGNATURE CONSULTING SERVICES, LLC
Louisville KY
4. STANDING STONE CARE AND REHABILITATION CENTER
410 WEST CRAWFORD AVE.
Monterey , TN 38574-1122
Attn: Jeff Amonett (1718)
(931) 839-2244
Rank:
- Administrator: Jeff Amonett
Owner Information:
LP MONTEREY, LLC
12201 BLUEGRASS PARKWAY
Louisville, KY 40299
(502) 568-7800
- Status: Licensed
Number of Beds: 0115
Date of Last Survey: 10/21/2015
Accreditation Expires:
Date of Original Licensure: 07/01/1992
Date of Expiration: 06/02/2016
- This Facility is Managed By:
SIGNATURE CONSULTING SERVICES, LLC
Louisville KY

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

NURSING HOMES	2016 Licensed Beds	2012 Occupancy	2013 Occupancy	2014 Occupancy
1 Bethesda Health Care Center	120	73.3%	90.6%	65.2%
2 NHC HealthCare, Cookeville	94	96.8%	87.9%	92.3%
4 Signature Healthcare of Putnam County*	175	96.4%	92.8%	91.1%
5 Standing Stone Care and Rehabilitation Center	115	79.5%	80.7%	82.8%
Total	504	87.1%	88.6%	82.9%

* Signature reporting period 1/1/14 - 4/30/14. Occupancy is based on 3 months of data.

Source: 2012 - 2014 JAR Reports Utilization



PROVIDER SELECTION

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

ACTIONS

Back Grid Map

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

Provider ID	Provider Name	Total Encounters	Percent of total that used PAC within 30-days	Market Share
440059	COOKEVILLE REGIONAL MEDICAL CENTER	2776	36%	71%
440039	VANDERBILT UNIVERSITY HOSPITAL	152	29%	3%
440009	CUMBERLAND MEDICAL CENTER	148	39%	3%
440187	LIVINGSTON REGIONAL HOSPITAL	112	29%	2%
440082	SAINT THOMAS WEST HOSPITAL	104	26%	2%
440161	TRISTAR CENTENNIAL MEDICAL CENTER	61	22%	1%
440133	SAINT THOMAS MIDTOWN HOSPITAL	53	26%	1%
440192	HIGHLANDS MEDICAL CENTER	46	21%	1%
440083	JAMESTOWN REGIONAL MEDICAL CENTER	44	34%	1%
440193	UNIVERSITY MEDICAL CENTER	31	48%	0%
441307	RIVERVIEW REGIONAL MEDICAL CENTER	30	26%	0%
440104	ERLANGER MEDICAL CENTER	23	30%	0%
440141	CUMBERLAND RIVER HOSPITAL	18	27%	0%
440173	PARKWEST MEDICAL CENTER	18	33%	0%
440006	TRISTAR SKYLINE MEDICAL CENTER	14	Less than 11	0%
440148	STONES RIVER HOSPITAL AND DEKALB COMMUNITY HOSP	14	42%	0%

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PROVIDER SELECTION

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

ACTIONS

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

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

Provider ID	Provider Name	Total Encounters	Market Share
445427	BETHESDA HEALTH CARE CENTER	209	28%
445110	NHC HEALTHCARE, COOKEVILLE	151	20%
445136	SIGNATURE HEALTHCARE OF PUTNAM COUNTY	99	13%
445363	STANDING STONE CARE AND REHAB	85	11%
445421	LIFE CARE CENTER OF SPARTA	30	4%
445167	LIFE CARE CENTER OF CROSSVILLE	21	2%
445304	WYNDRIDGE HEALTH AND REHAB CTR	20	2%
445272	MABRY HEALTH CARE	15	2%
445419	OVERTON COUNTY NURSING HOME	Less than 11	-
445362	SIGNATURE HEALTHCARE OF FENTRESS COUNTY	Less than 11	-
445130	NHC HEALTHCARE, SPARTA	Less than 11	-
445116	NHC HEALTHCARE, SMITHVILLE	Less than 11	-
445258	SUMMIT VIEW OF FARRAGUT, LLC	Less than 11	-
445172	KINDRED NURSING AND REHABILITATION-SMITH COUNTY	Less than 11	-
445500	PAVILION-THS, LLC	Less than 11	-
445510	WHARTON NURSING HOME	Less than 11	-
185168	MONROE HEALTH AND REHABILITATION CENTER	Less than 11	-

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Section C – General Criteria – I.A. 4

Service Area JAR Report

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

	Nursing Homes	Beds Set Up and Staffed	# of Beds in Pvt Rooms	# of Beds in Semi-Pvt Rooms	# of Beds In Ward
1	Bethesda-Health Care Center	120	0	120	0
2	NHC HealthCare, Cookeville	94	0	94	0
4	Signature Healthcare of Putnam County	175	1	174	0
5	Standing Stone Care and Rehabilitation Center	115	5	102	8
	Total	504	6	490	8

Source: 2014 TN JAR Summary Reports Schedule E - Beds

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

	2015 Licensed Beds	2012 Patient Days	2013 Patient Days	2014 Patient Days	'12 - '14 % of Change	2012 % Occ.	2013 % Occ.	2014 % Occ.
1 Bethesda Health Care Center	120	32,090	39,670	28,554	-11.0%	73.3%	90.6%	65.2%
2 NHC HealthCare, Cookeville	94	33,229	30,169	31,670	-4.7%	96.8%	87.9%	92.3%
4 Signature Healthcare of Putnam County*	175	61,552	59,259	19,147	-68.9%	96.4%	92.8%	91.1%
5 Standing Stone Care and Rehabilitation Center	115	33,363	33,860	34,759	4.2%	79.5%	80.7%	82.8%

* Signature reporting period 1/1/14 - 4/30/14. Occupancy is based on 3 months of data.

Source: 2012 - 2014 JAR Reports

**Putnam County Nursing Homes
2014**

	NURSING HOMES	Licensed Beds	SNF Beds - Medicare	SNF/NF Beds Dually Certified	NF Beds - Medicaid	Licensed Only Beds - Non Certified	SNF Medicare/ Level II ADC	NF - ADC (Medicaid/ Level I Only)	Licensed Occupancy
1	Bethesda Health Care Center	120	0	120	0	0	28	42	65.2%
2	NHC HealthCare, Cookeville	94	0	94	0	0	24	0	92.3%
4	Signature Healthcare of Putnam County*	175	0	175	0	0	23	0	91.1%
5	Standing Stone Care and Rehabilitation Center	115	0	115	0	0	25	0	82.8%

* Signature reporting period 1/1/14 - 4/30/14. Occupancy is based on 3 months of data.

Source: 2014 TN JAR Summary Reports

**Putnam County Nursing Homes
2013**

	NURSING HOMES	Licensed Beds	SNF Beds - Medicare	SNF/NF Beds Dually Certified	NF Beds - Medicaid	Licensed Only Beds - Non Certified	SNF Medicare/ Level II ADC	NF - ADC (Medicaid/ Level I Only)	Licensed Occupancy
1	Bethesda Health Care Center	120	0	120	0	0	28	77	90.6%
2	NHC HealthCare, Cookeville	94	0	94	0	0	25	0	87.9%
4	Signature Healthcare of Putnam County	175	0	175	0	0	29	0	92.8%
5	Standing Stone Care and Rehabilitation Center	115	0	78	37	0	21	0	80.7%

Source: 2013 TN JAR Summary Reports

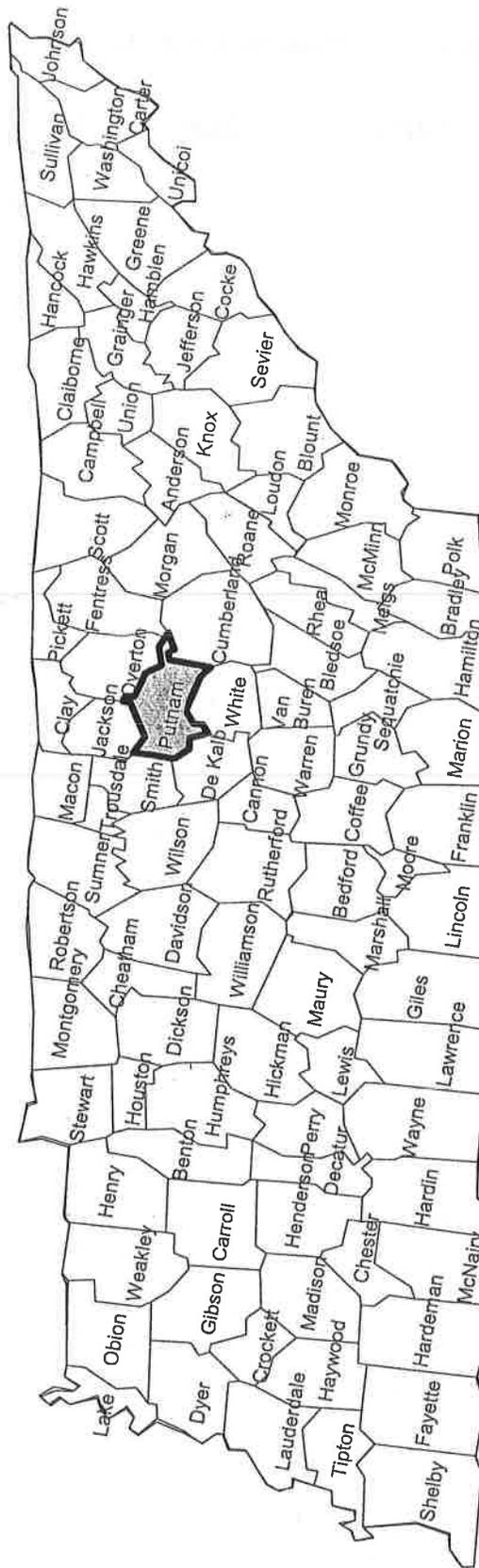
**Putnam County Nursing Homes
2012**

NURSING HOMES		Licensed Beds	SNF Beds - Medicare	SNF/NF Beds Dually Certified	NF Beds - Medicaid	Licensed Only Beds - Non Certified	SNF Medicare/ Level II ADC	NF - ADC (Medicaid/ Level I Only)	Licensed Occupancy
1	Bethesda Health Care Center	120	0	120	0	0	23	62	73.3%
2	NHC HealthCare, Cookeville	94	0	48	46	0	25	0	96.8%
4	Signature Healthcare of Putnam County	175	0	175	0	0	31	123	96.4%
5	Standing Stone Care and Rehabilitation Center	115	0	78	37	0	22	0	79.5%

Source: 2012 TN JAR Summary Reports

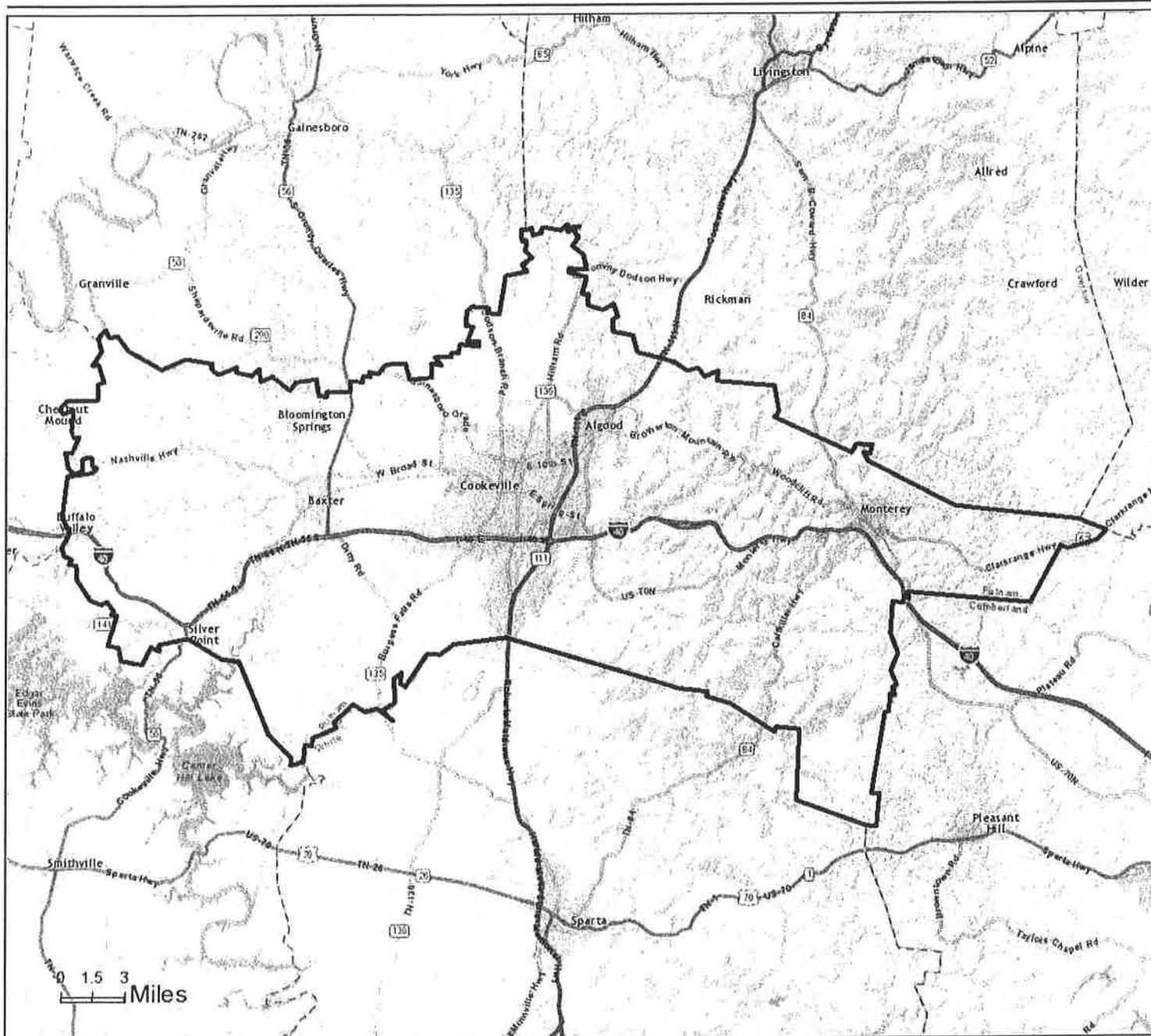
Section C – General Criteria - 3

Service Area Map



Putnam County, TN
Putnam County, TN (47141)
Geography: County

Prepared by Esri

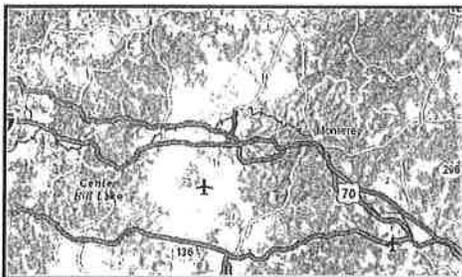
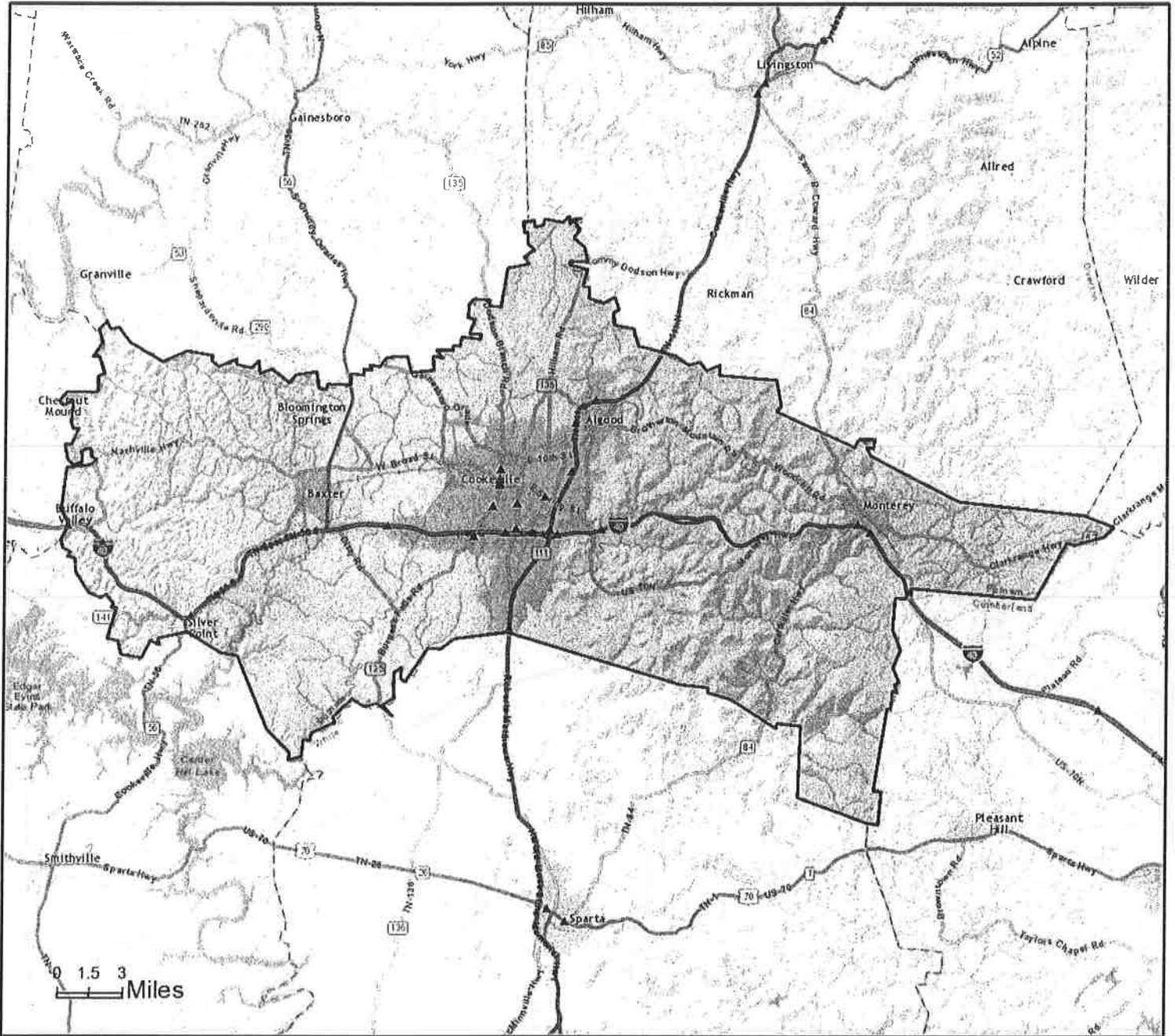
**This site is located in:**

City: Cookeville city
County: Putnam County
State: Tennessee
ZIP Code: 38501
Census Tract: 47141000600
Census Block Group: 471410006001
CBSA: Cookeville, TN Micropolitan Statistical Area

February 17, 2016

Putnam County, TN
 Putnam County, TN (47141)
 Geography: County

Prepared by Esri



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



Source: ©2015 Market Planning Solutions, Inc.

February 17, 2016

Section C, General Criteria – 6

Historical & Projected Utilization

NHC HealthCare, Cookeville Projected Utilization

Year	Licensed Beds	SNF/NF Beds Dually Certified	SNF Medicare/ Level II ADC	SNF Medicaid Level II ADC	All Other Payors ADC	Medicaid NF ADC	Total ADC	Average Length of Stay	Licensed Occupancy
2013	94	94	21	0.34	20	42	83	108.5	87.9%
2014	94	94	19	0.45	14	53	87	108.1	92.3%
2015	94	94	24	0.16	15	47	87	89.7	92.0%
2019 (Projected)	104	104	31	0.16	17	47	95	75.1	85.5%
2020 (Projected)	104	104	32	0.16	17	47	96	73.8	95.1%

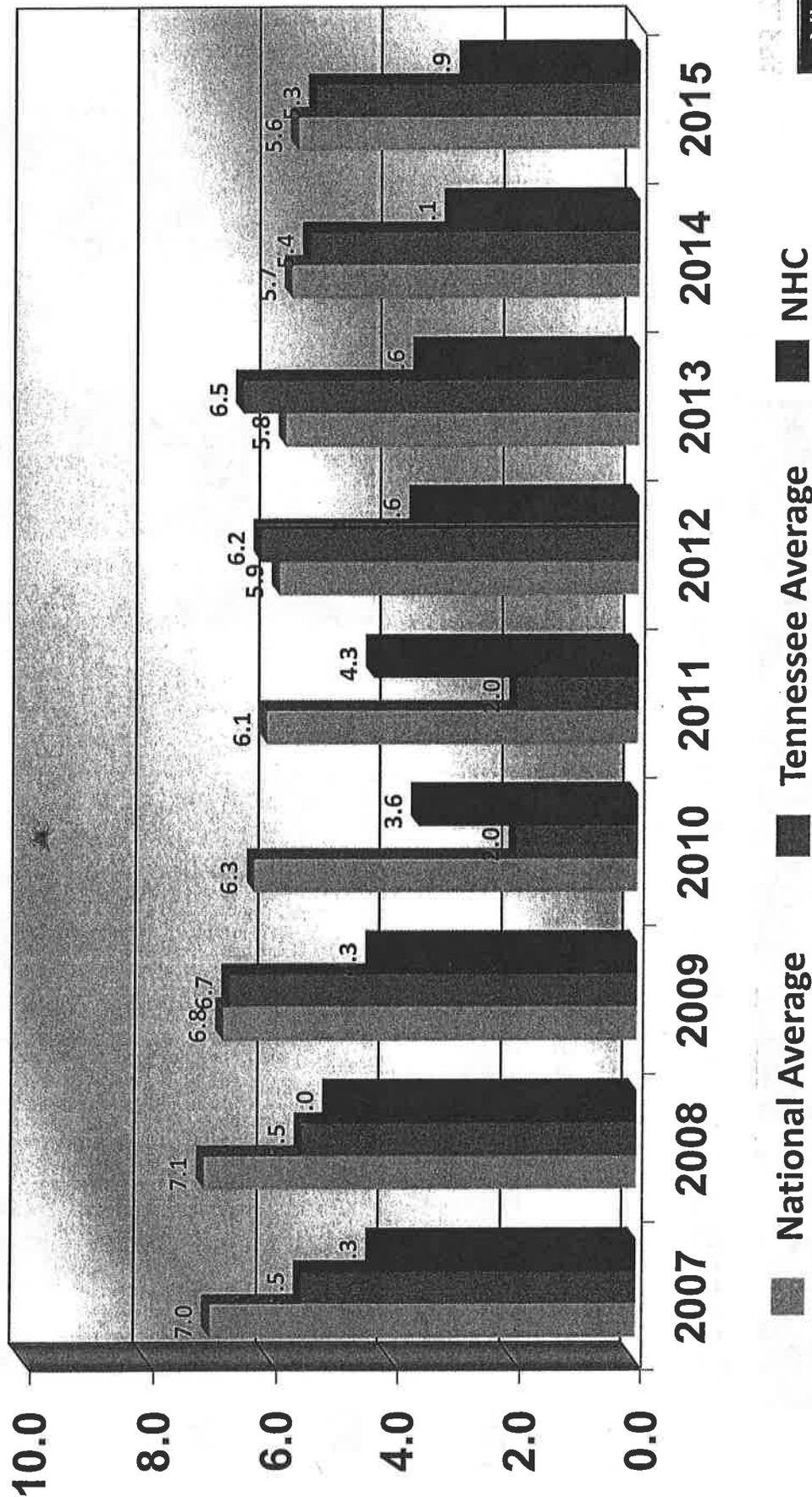
Source: NHC Internal Documents

Section C, General Criteria – 12

Quality Control and Monitoring

Deficiencies per Survey

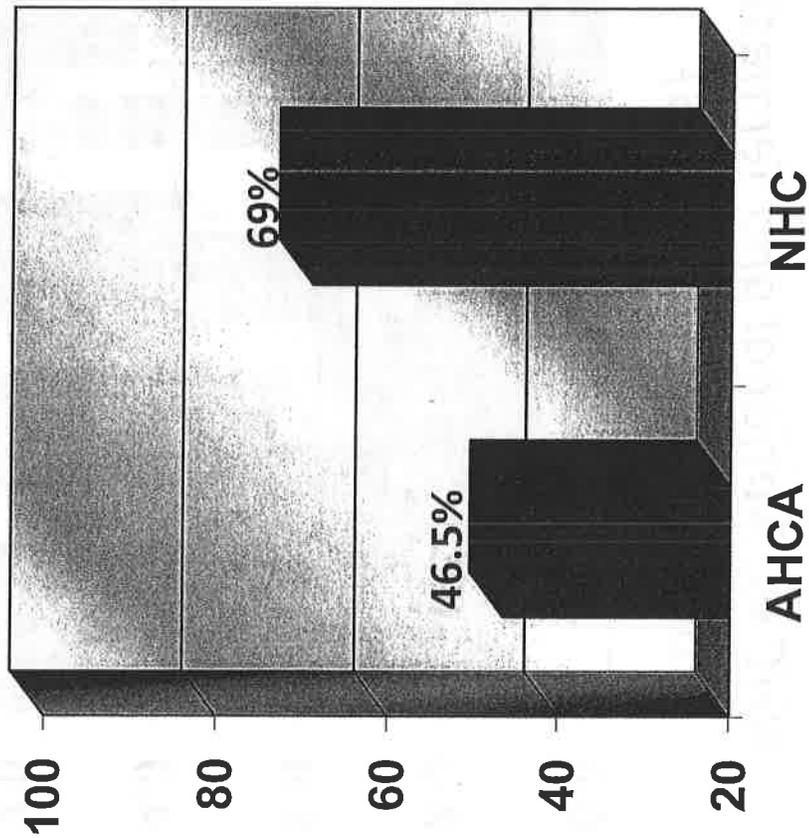
*NHC vs. National and Tennessee Average
(2007 – November 2015)*



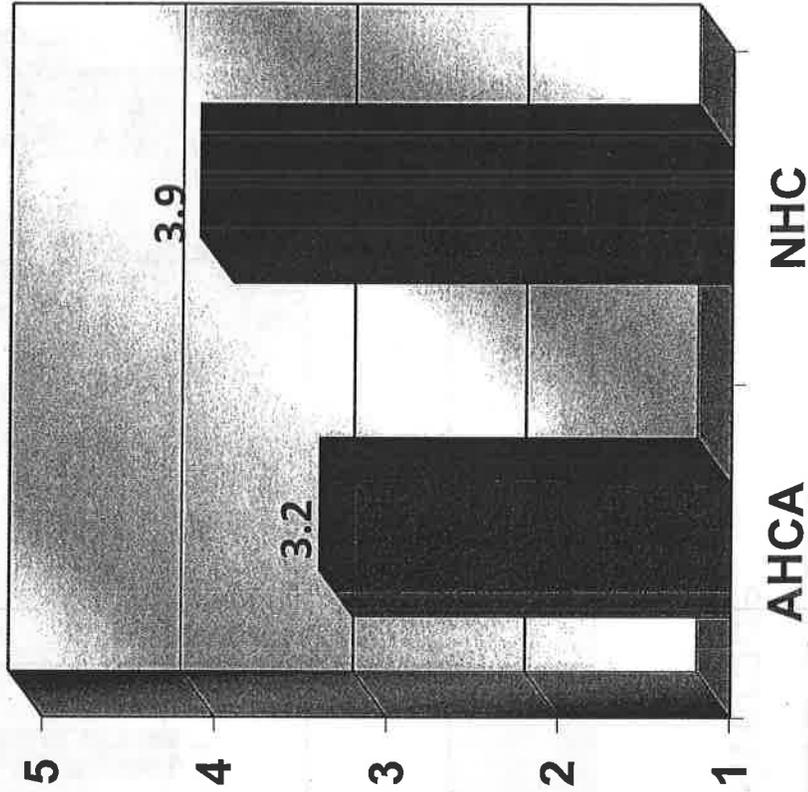
CMS Five-Star Ratings

Operational Excellence – November 2015

Four and Five-Star Ratings % AHCA vs. NHC



Average Overall Scores AHCA vs. NHC



* Note: System change effective January 2015.



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

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Section C, General Criteria – 14(b)

Additional Occupancy Rate Standards

Putnam County Nursing Facilities State Survey Results by
Number of Deficiencies

2/24/2016

Facility	CMS Star Rating	Survey Date	Number of Health Deficiencies	Average Number of Hlth Deficiencies in TN	Difference in Avg Number of Hlth Deficiencies in TN	Average Number of Hlth Deficiencies in US	Difference in Avg Number of Hlth Deficiencies in US
Bethesda Health Care Center	4	4/29/2015	5	5.3	(0)	6.9	(2)
		2/20/2014	1	5.8	(5)	7.0	(6)
		2/12/2013	11	6.9	4	7.1	4
NHC HealthCare, Cookeville	4	3/11/2015	2	5.3	(3)	6.9	(5)
		1/23/2014	6	5.8	0	7.0	(1)
		11/15/2012	0	6.9	(7)	7.1	(7)
Signature Healthcare of Putnam Co.	1	2/4/2015	7.5	5.3	2	6.9	1
		12/11/2013	7	5.8	1	7.0	0
		7/12/2012	5	6.9	(2)	7.1	(2)
Standing Stone Care & Rehab	1	10/21/2015	6	5.3	1	6.9	(1)
		7/30/2014	3	5.8	(3)	7.0	(4)
		3/27/2013	8	6.9	1	7.1	1

Source: Medicare web site - Nursing Home Compare

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

PROJECT COSTS CHART

A. Construction and equipment acquired by purchase:	
1. Architectural and Engineering Fees	<u>268,100</u>
2. Legal, Administrative, Consultant Fees	<u>37,500</u>
3. Acquisition of Site (Building, including estimated closing costs)	<u> </u>
4. Preparation of Site	<u>575,000</u>
5. Construction Costs	<u>3,023,500</u>
6. Contingency Fund	<u>151,175</u>
7. Fixed Equipment (Not included in Construction Contract)	<u>398,660</u>
8. Moveable Equipment (List all equipment over \$50,000)	<u>126,500</u>
9. Other (Specify) Landscaping, pre-opening, impact fees	<u>122,500</u>
B. Acquisition by gift, donation or lease:	
1. Facility (Inclusive of building and land)	<u> </u>
2. Building Only	<u> </u>
3. Land Only	<u> </u>
4. Equipment (Specify)	<u> </u>
5. Other (Specify)	<u> </u>
C. Financing costs and Fees:	
1. Interim Financing	<u>92,765</u>
2. Underwriting Costs	<u> </u>
3. Reserve for One Year's Debt Service	<u> </u>
4. Other (Specify)	<u> </u>
D. Total Estimated Project Cost (A + B + C)	<u>4,795,700</u>
E. CON Filing Fee	<u>10,790.33</u>
F. Total Estimated Project Cost (D + E)	<u>\$ 4,806,490</u>

NHC HealthCare, Cookeville
10 Bed Addition
Project Costs Charts Assumptions

Architectural/Engineering		
Architect		\$ 186,100
Civil and Landscaping		21,000
Landscape Architect		11,000
Materials and SWWP Inspection		20,000
Test & balance study		30,000
Total		<u>\$ 268,100</u>
Fixed Equipment		
Kitchen, Laundry, Asst. Bathing, Signage		<u>\$ 398,660</u>
Other Costs		
Landscaping		\$ 35,000
Impact Fees		50,000
Survey & Topo		6,500
Geotechnical Study		6,000
Start up costs (pre-opening)		25,000
Total		<u>\$ 122,500</u>

Johnson + Bailey Architects P.C.



March 21, 2016

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

Re: 10 Bed Addition
NHC HealthCare Cookeville
J+B No. NHC Gen.

Dear Bruce:

Based upon a new construction total building area of 14,200 sq. ft. at \$187.05/sf for a total of \$2,656,110, and a 2,200 sq. ft. 2 story office/storeroom building at \$96.75/sf for a total of \$212,850, and renovations to 12 patient rooms being converted from semi-private to private at \$26.87/sf for a total of \$68,518, plus approximately \$86,013 for renovations to the existing kitchen dish room, it is my opinion, based upon recently completed similar projects, that the total construction costs for the referenced project should be \$3,023,491 exclusive of site development, equipment, and other soft costs.

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

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

Sincerely,

JOHNSON + BAILEY ARCHITECTS P.C.

A handwritten signature in black ink, appearing to read 'James H. Bailey III'.

James H. Bailey III AIA
President

Section C – Economic Feasibility - 2

Project Funding

April 8, 2016

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

RE: National Health Corporation d/b/a NHC HealthCare, Cookeville (Putnam County),
10 Bed Addition and Center Renovations \$4,806,490

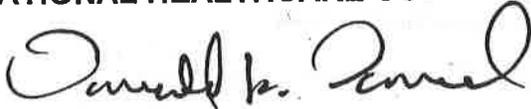
Dear Ms. Hill:

National HealthCare Corporation, a NYSE Amex publicly traded company with over \$38,000,000 of cash and cash equivalents, as stated in the December 31, 2015 10-K, will make available all the necessary funds for the operation and working capital for the above referenced project. These funds are available on immediate notice.

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

Sincerely,

NATIONAL HEALTHCARE CORPORATION



Donald K. Daniel
Senior Vice President and Controller

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

FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 2015

OR

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

For the transition period from _____ to _____

Commission File No. 001-13489



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

Delaware
(State of Incorporation)

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

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

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

Title of Each Class Shares of Common Stock	Name of Each Exchange on which Registered NYSE MKT
---	---

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

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

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

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such period that the registrant was required to submit and post such files).

Yes No

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

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

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

The aggregate market value of Common Stock held by non-affiliates on June 30, 2015 (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 16, 2016 was 15,005,616.

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 2016 shareholder's meeting

131

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, 2015 and 2014 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, 2015. Our audits also included the financial statement schedule listed in the Index and Item 15(a). These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of National HealthCare Corporation at December 31, 2015 and 2014 and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2015, 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 deferred tax assets and liabilities as a result of the adoption of the amendments to the FASB Accounting Standards Codification resulting from Accounting Standards Update 2015-17, *Income Taxes: Balance Sheet Classification of Deferred Taxes*, effective December 31, 2015.

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, 2015, 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 19, 2016, expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Nashville, Tennessee
February 19, 2016

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

	Year Ended December 31,		
	2015	2014	2013
Revenues:			
Net patient revenues	\$ 864,846	\$ 829,287	\$ 735,837
Other revenues	41,776	42,396	53,120
Net operating revenues	<u>906,622</u>	<u>871,683</u>	<u>788,957</u>
Costs and Expenses:			
Salaries, wages and benefits	532,735	510,249	453,560
Other operating	227,072	217,143	194,989
Facility rent	39,967	39,731	39,449
Depreciation and amortization	37,114	34,384	28,547
Interest	2,608	2,165	331
Total costs and expenses	<u>839,496</u>	<u>803,672</u>	<u>716,876</u>
Income Before Non-Operating Income	67,126	68,011	72,081
Non-Operating Income	<u>18,148</u>	<u>17,182</u>	<u>30,095</u>
Income Before Income Taxes	85,274	85,193	102,176
Income Tax Provision	<u>(32,131)</u>	<u>(31,824)</u>	<u>(37,563)</u>
Net Income	53,143	53,369	64,613
Dividends to Preferred Stockholders	<u>(6,819)</u>	<u>(8,670)</u>	<u>(8,671)</u>
Net Income Available to Common Stockholders	<u>\$ 46,324</u>	<u>\$ 44,699</u>	<u>\$ 55,942</u>
Earnings Per Common Share:			
Basic	\$ 3.34	\$ 3.24	\$ 4.05
Diluted	\$ 3.20	\$ 3.14	\$ 3.87
Weighted Average Common Shares Outstanding:			
Basic	13,889,134	13,816,095	13,829,626
Diluted	14,491,433	14,222,133	16,698,803
Dividends Declared Per Common Share	\$ 1.54	\$ 1.34	\$ 1.26

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

133
NATIONAL HEALTHCARE CORPORATION
Consolidated Statements of Comprehensive Income
(in thousands)

	Year Ended December 31,		
	2015	2014	2013
Net Income	\$ 53,143	\$ 53,369	\$ 64,613
Other Comprehensive Income (Loss):			
Unrealized gains (losses) on investments in marketable securities	(17,740)	30,416	(7,211)
Reclassification adjustment for realized gains on sale of securities	(566)	(379)	(39)
Income tax (expense) benefit related to items of other comprehensive income (loss)	7,062	(11,614)	2,627
Other comprehensive income (loss), net of tax	(11,244)	18,423	(4,623)
Comprehensive Income	\$ 41,899	\$ 71,792	\$ 59,990

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,	
	2015	2014
Assets		
Current Assets:		
Cash and cash equivalents	\$ 38,208	\$ 69,767
Restricted cash and cash equivalents	8,793	7,020
Marketable securities	116,168	132,535
Restricted marketable securities	18,276	19,805
Accounts receivable, less allowance for doubtful accounts of \$5,583 and \$5,738, respectively	84,095	78,843
Inventories	7,568	7,127
Prepaid expenses and other assets	2,171	2,260
Notes receivable, current portion	460	441
Federal income tax receivable	3,203	4,727
Total current assets	<u>278,942</u>	<u>322,525</u>
Property and Equipment:		
Property and equipment, at cost	875,287	821,792
Accumulated depreciation and amortization	(339,241)	(307,048)
Net property and equipment	<u>536,046</u>	<u>514,744</u>
Other Assets:		
Restricted cash and cash equivalents	2,313	3,631
Restricted marketable securities	151,590	138,468
Deposits and other assets	8,451	8,791
Goodwill	17,600	17,600
Notes receivable, less current portion	12,704	12,548
Deferred income taxes	-	18,700
Investments in limited liability companies	37,683	37,116
Total other assets	<u>230,341</u>	<u>236,854</u>
Total assets	<u>\$ 1,045,329</u>	<u>\$ 1,074,123</u>

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

135
NATIONAL HEALTHCARE CORPORATION
Consolidated Balance Sheets
(in thousands, except share and per share amounts)

	December 31,	
	2015	2014
Liabilities and Stockholders' Equity		
Current Liabilities:		
Trade accounts payable	\$ 20,128	\$ 15,877
Capital lease obligations, current portion	3,279	3,088
Accrued payroll	65,338	59,859
Amounts due to third party payors	16,654	22,931
Accrued risk reserves, current portion	27,069	26,825
Deferred income taxes	-	35,506
Other current liabilities	12,192	12,472
Dividends payable	5,996	7,000
Total current liabilities	150,656	183,558
Long-term debt	120,000	10,000
Capital lease obligations, less current portion	30,228	33,508
Accrued risk reserves, less current portion	71,439	79,393
Refundable entrance fees	9,865	10,219
Obligation to provide future services	3,440	3,927
Deferred income taxes	9,096	-
Other noncurrent liabilities	16,294	16,011
Deferred revenue	3,315	3,359
Stockholders' Equity:		
Series A convertible preferred stock; \$.01 par value; 25,000,000 shares authorized; -0- and 10,836,659 shares, respectively, issued and outstanding; stated at liquidation value of \$15.75 per share	-	170,494
Common stock, \$.01 par value; 30,000,000 shares authorized; 15,000,616 and 14,110,859 shares, respectively, issued and outstanding	150	140
Capital in excess of par value	209,469	154,965
Retained earnings	368,013	343,941
Accumulated other comprehensive income	53,364	64,608
Total stockholders' equity	630,996	734,148
Total liabilities and stockholders' equity	\$ 1,045,329	\$ 1,074,123

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

136
NATIONAL HEALTHCARE CORPORATION
Consolidated Statements of Cash Flows
(in thousands)

	Year Ended December 31,		
	2015	2014	2013
Cash Flows From Operating Activities:			
Net income	\$ 53,143	\$ 53,369	\$ 64,613
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	37,114	34,384	28,547
Provision for doubtful accounts	6,583	6,228	5,226
Equity in earnings of unconsolidated investments	(5,845)	(6,675)	(14,188)
Distributions from unconsolidated investments	6,505	10,288	15,473
Gains on sale of marketable securities	(566)	(379)	(39)
Gain on recovery of notes receivable	—	—	(5,454)
Deferred income taxes	(648)	(1,434)	(2,404)
Stock-based compensation	1,982	2,021	2,298
Changes in operating assets and liabilities, net of the effect of acquisitions:			
Restricted cash and cash equivalents	(9,392)	(6,245)	(10,405)
Accounts receivable	(11,835)	(5,215)	(13,778)
Income tax receivable	1,524	(4,727)	5,933
Inventories	(441)	19	(486)
Prepaid expenses and other assets	89	(2,587)	(76)
Trade accounts payable	4,251	2,827	2,495
Accrued payroll	5,479	(3,603)	26,219
Amounts due to third party payors	(6,277)	1,312	2,352
Other current liabilities and accrued risk reserves	(7,455)	(5,652)	(6,401)
Obligation to provide future services	(487)	238	1,898
Other noncurrent liabilities	283	1,486	635
Deferred revenue	(44)	39	(110)
Net cash provided by operating activities	<u>73,963</u>	<u>75,694</u>	<u>102,348</u>
Cash Flows From Investing Activities:			
Additions to property and equipment	(58,416)	(53,298)	(43,438)
Investments in unconsolidated limited liability companies	(674)	(1,975)	—
Acquisition of real estate of six skilled nursing facilities	—	—	(21,000)
Acquisition of non-controlling interest	—	(768)	—
Investments in notes receivable	(5,676)	(767)	—
Collections of notes receivable	4,948	3,156	11,865
Decrease in restricted cash and cash equivalents	8,937	9,523	8,039
Purchases of marketable securities	(60,540)	(62,165)	(93,155)
Sale of marketable securities	47,574	48,786	81,389
Net cash used in investing activities	<u>(63,847)</u>	<u>(57,508)</u>	<u>(56,300)</u>
Cash Flows From Financing Activities:			
Borrowings under credit facility	110,000	—	—
Redemption of preferred shareholders	(130,538)	—	—
Tax benefit (expense) from stock-based compensation	1,942	201	(225)
Principal payments under capital lease obligations	(3,089)	(2,436)	—
Dividends paid to preferred stockholders	(8,986)	(8,670)	(8,671)
Dividends paid to common stockholders	(21,089)	(18,704)	(17,469)
Issuance of common shares	10,634	7,429	991
Repurchase of common shares	—	(6,995)	(4,700)
Debt issuance costs	(601)	—	—
Entrance fee deposits (refunds)	(354)	(501)	40
Increase in deposits	406	(448)	(1,010)
Net cash used in financing activities	<u>(41,675)</u>	<u>(30,124)</u>	<u>(31,044)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>(31,559)</u>	<u>(11,938)</u>	<u>15,004</u>
Cash and Cash Equivalents, Beginning of Period	<u>69,767</u>	<u>81,705</u>	<u>66,701</u>
Cash and Cash Equivalents, End of Period	<u>\$ 38,208</u>	<u>\$ 69,767</u>	<u>\$ 81,705</u>

137
NATIONAL HEALTHCARE CORPORATION
Consolidated Statements of Cash Flows
(continued)

<i>(in thousands)</i>	Year Ended December 31,		
	2015	2014	2013
Supplemental Information:			
Cash payments for interest	\$ 2,965	\$ 2,242	\$ 497
Cash payments for income taxes	29,183	36,642	34,273
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 C Economic Feasibility – 4
Historical & Projected Data Charts w/Assumptions

HISTORICAL DATA CHART

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

	2013	2014	2015
A. Utilization Data (Specify unit of measure) Patient Days	30,170	31,671	31,573
% Occupancy	87.93%	92.31%	92.02%
B. Revenue from Services to Patients			
1. Inpatient Services	\$ 9,928,469	\$ 10,922,317	\$ 12,042,453
2. Outpatient Services			
3. Emergency Services			
4. Other Operating Revenue (Specify) Cafateria Sales, interest, etc.	2,908	10,925	7,204
Gross Operating Revenue	\$ 9,931,377	\$ 10,933,242	\$ 12,049,657
C. Deductions for Operating Revenue			
1. Contractual Adjustments	\$ (2,347,468)	\$ (2,886,127)	\$ (3,170,207)
2. Provision for Charity Care	(39,879)	(61,520)	(85,037)
3. Provisions for Bad Debt	(41,440)	(71,717)	(12,837)
Total Deductions	\$ (2,428,787)	\$ (3,019,364)	\$ (3,268,081)
NET OPERATING REVENUE	\$ 7,502,590	\$ 7,913,878	\$ 8,781,576
D. Operating Expenses			
1. Salaries and Wages	\$ 2,840,931	\$ 2,891,948	\$ 3,178,905
2. Physician's Salaries and Wages (Medical Services)	48,773	49,972	48,272
3. Supplies	120,993	147,023	150,705
4. Taxes	37,311	37,534	37,851
5. Depreciation	202,402	222,098	232,438
6. Rent			
7. Interest, other than Capital	16		
8. Management Fees:			
a. Fees to Affiliates	450,155	474,833	526,895
a. Fees to Non-Affiliates			
9. Other Expenses (Specify)	3,690,783	3,908,182	4,502,694
Total Operating Expenses	\$ 7,391,364	\$ 7,731,590	\$ 8,677,760
E. Other Revenue (Expenses)--Net (Specify)			
NET OPERATING INCOME (LOSS)	\$ 111,226	\$ 182,288	\$ 103,816
F. Capital Expenditures			
1. Retirement of Principal			
2. Interest	113,336	113,177	113,534
Total Capital Expenditures	\$ 113,336	\$ 113,177	\$ 113,534
NET OPERATING INCOME (LOSS) LESS CAPITAL EXPENDITURES	\$ (2,110)	\$ 69,111	\$ (9,718)

NHC HealthCare, Cookeville
HISTORICAL DATA CHART SUPPLEMENT
ANALYSIS OF HISTORICAL OPERATING EXPENSES

	2013			2014		
	Salaries	Other	Total	Salaries	Other	Total
Nursing	\$ 1,833,594	\$ 680,928	\$ 2,514,522	\$ 1,908,077	\$ 676,123	\$ 2,584,200
Social Services	89,735	13,336	103,071	101,148	52,031	153,179
Activities	43,799	10,693	54,492	47,927	22,483	70,410
Dietary	221,445	287,899	509,344	219,477	356,223	575,700
Plant Operations	72,666	197,422	270,088	67,287	212,287	279,574
Housekeeping	136,650	41,419	178,069	113,780	35,714	149,494
Laundry	76,478	36,171	112,649	67,745	33,026	100,771
Medical Records	48,031	21,410	69,441	50,990	22,385	73,375
Administrative & General	283,061	446,142	729,203	265,810	418,433	684,243
State License Fee		209,150	209,150		242,406	242,406
Insurance		6,509	6,509		6,703	6,703
IV Therapy		28,580	28,580		24,307	24,307
Pharmacy		518,297	518,297		527,906	527,906
Occupational Therapy		348,336	348,336		361,240	361,240
Speech Therapy		140,109	140,109		132,890	132,890
Inhalation Therapy		69,317	69,317		74,380	74,380
Physical Therapy	35,472	569,164	604,636	49,707	577,562	627,269
Transportation		22,828	22,828		85,314	85,314
Laboratory		22,063	22,063		25,368	25,368
X-Ray		11,808	11,808		10,557	10,557
Beauty and Barber		9,202	9,202		10,844	10,844
Miscellaneous						
TOTAL	\$ 2,840,931	\$ 3,690,783	\$ 6,531,714	\$ 2,891,948	\$ 3,908,182	\$ 6,800,130

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

	2015		Total
	Salaries	Other	
Nursing	\$2,127,059	\$ 684,413	\$2,811,472
Social Services	120,391	60,099	180,490
Activities	42,837	25,923	68,760
Dietary	208,664	320,612	529,276
Plant Operations	71,240	206,275	277,515
Housekeeping	118,511	44,000	162,511
Laundry	74,828	41,128	115,956
Medical Records	56,509	23,235	79,744
Administrative & General	301,699	485,736	787,435
State License Fee		315,951	315,951
Insurance		7,031	7,031
IV Therapy		94,680	94,680
Pharmacy		649,793	649,793
Occupational Therapy		450,072	450,072
Speech Therapy		140,218	140,218
Inhalation Therapy		67,524	67,524
Physical Therapy	57,167	755,186	812,353
Transportation		71,969	71,969
Laboratory		33,598	33,598
X-Ray		17,031	17,031
Beauty and Barber		8,220	8,220
Miscellaneous			
TOTAL	\$3,178,905	\$4,502,694	\$7,681,599

PROJECTED DATA CHART

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

	Apr-19	Apr-20
A. Utilization Data (Specify unit of measure) (Patient Days)	3,119	3,471
(Specify unit of measure) (% Occupancy)	85.45%	95.10%
B. Revenue from Services to Patients		
1. Inpatient Services	\$1,975,324	\$2,286,232
2. Outpatient Services		
3. Emergency Services		
4. Other Operating Revenue (Specify)		
Gross Operating Revenue	\$ 1,975,324	\$ 2,286,232
C. Deductions for Operating Revenue		
1. Contractual Adjustments	\$ (560,292)	\$ (679,978)
2. Provision for Charity Care	(3,266)	(3,707)
3. Provisions for Bad Debt	(3,807)	(4,322)
Total Deductions	\$ (567,365)	\$ (688,007)
NET OPERATING REVENUE	\$ 1,407,959	\$ 1,598,225
D. Operating Expenses		
1. Salaries and Wages	\$ 298,590	\$ 306,869
2. Physician's Salaries and Wages	5,501	5,665
3. Supplies	32,451	37,197
4. Taxes	18,800	19,364
5. Depreciation	163,698	163,698
6. Rent		
7. Interest, other than Capital		
8. Management Fees		
a. Fees to Affiliates	67,888	75,387
b. Fees to Non-Affiliates		
9. Other Expenses (Specify) - SEE ATTACHED SCHEDULE	861,821	977,255
Total Operating Expenses	\$ 1,448,749	\$ 1,585,435
E. Other Revenue (Expenses)--Net (Specify)		
NET OPERATING INCOME (LOSS)	\$ (40,790)	\$ 12,790
F. Capital Expenditure		
1. Retirement of Principal		
2. Interest		
Total Capital Expenditures	\$ -	\$ -
NET OPERATING INCOME (LOSS)	\$ (40,790)	\$ 12,790
LESS CAPITAL EXPENDITURES	\$ (40,790)	\$ 12,790

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

	<u>Salaries</u>	<u>Other</u>	<u>Total</u>
Inhalation Therapy		\$ 21,890	\$ 21,890
Occupational Therapy		158,629	158,629
Physical Therapy		158,396	158,396
Speech Pathology		134	134
Pharmacy		189,393	189,393
Lab and Radiology		38,467	38,467
IV Therapy		25,266	25,266
Nursing Service	220,899	77,114	298,013
Social Service	-	8,656	8,656
Activities	-	4,211	4,211
Dietary	21,425	37,184	58,609
Plant Operations	-	79,221	79,221
Housekeeping	42,599	11,541	54,140
Laundry and Linen	7,100	4,622	11,722
Medical Records	6,567	2,656	9,223
Adminstrative and General	-	44,441	44,441
Totals	<u>\$ 298,590</u>	<u>\$ 861,821</u>	<u>\$ 1,160,411</u>

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

	<u>Salaries</u>	<u>Other</u>	<u>Total</u>
Inhalation Therapy		\$ 25,092	\$ 25,092
Occupational Therapy		162,731	162,731
Physical Therapy		190,868	190,868
Speech Pathology		153	153
Pharmacy		217,091	217,091
Lab and Radilology		44,092	44,092
IV Therapy		28,961	28,961
Nursing Service	\$ 227,236	81,065	308,301
Social Service	-	9,922	9,922
Activities	-	2,375	2,375
Dietary	21,961	42,108	64,069
Plant Operations	-	79,807	79,807
Housekeeping	43,664	12,239	55,903
Laundry and Linen	7,277	5,135	12,412
Medical Records	6,731	2,977	9,708
Adminstrative and General	-	72,639	72,639
Totals	<u>\$ 306,869</u>	<u>\$ 977,255</u>	<u>\$ 1,284,124</u>

PROJECTED DATA CHART

Existing 94 Beds

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

	<u>Apr-19</u>	<u>Apr-20</u>
A. Utilization Data (Specify unit of measure) (Patient Days)	31,573	31,573
(Specify unit of measure) (% Occupancy)	92.02%	92.02%
B. Revenue from Services to Patients		
1. Inpatient Services	\$13,204,712	\$13,574,444
2. Outpatient Services		
3. Emergency Services		
4. Other Operating Revenue (Specify)	\$7,899	\$8,120
Gross Operating Revenue	\$ 13,212,611	\$ 13,582,564
C. Deductions for Operating Revenue		
1. Contractual Adjustments	\$ (3,476,175)	(\$3,573,507)
2. Provision for Charity Care	(93,244)	(95,575)
3. Provisions for Bad Debt	(14,076)	(14,428)
Total Deductions	\$ (3,583,495)	\$ (3,683,510)
NET OPERATING REVENUE	\$ 9,629,116	\$ 9,899,054
D. Operating Expenses		
1. Salaries and Wages	\$ 3,451,861	\$ 3,538,157
2. Physician's Salaries and Wages	53,276	54,607
3. Supplies	166,326	170,484
4. Taxes	41,774	42,819
5. Depreciation	232,438	232,438
6. Rent		
7. Interest, other than Capital		
8. Management Fees		
a. Fees to Affiliates	577,747	593,943
b. Fees to Non-Affiliates		
9. Other Expenses (Specify) - SEE ATTACHED SCHEDULE	4,969,417	5,118,500
Total Operating Expenses	\$ 9,492,839	\$ 9,750,948
E. Other Revenue (Expenses)--Net (Specify)		
NET OPERATING INCOME (LOSS)	\$ 136,277	\$ 148,105
F. Capital Expenditure		
1. Retirement of Principal		
2. Interest	113,534	113,534
Total Capital Expenditures	\$ 113,534	\$ 113,534
NET OPERATING INCOME (LOSS)		
LESS CAPITAL EXPENDITURES	\$ 22,743	\$ 34,571

PROJECTED DATA CHART SUPPLEMENT
 NHC HealthCare, Cookeville
 PROJECTED DATA
 YEAR 1 94 Beds

	<u>Salaries</u>	<u>Other</u>	<u>Total</u>
Inhalation Therapy		\$ 74,523	\$ 74,523
Occupational Therapy	-	496,724	496,724
Physical Therapy	62,076	833,464	895,540
Speech Pathology	-	154,752	154,752
Pharmacy		717,147	717,147
Lab and Radiology		55,877	55,877
IV Therapy		104,494	104,494
Nursing Service	2,309,698	755,355	3,065,054
Social Service	130,728	66,329	197,057
Activities	46,515	28,610	75,125
Dietary	226,581	353,845	580,426
Plant Operations	77,357	227,656	305,013
Housekeeping	128,687	48,561	177,248
Laundry and Linen	81,253	45,391	126,644
Medical Records	61,361	25,643	87,005
Administrative and General	<u>327,604</u>	<u>981,046</u>	<u>1,308,650</u>
Totals	<u>\$3,451,861</u>	<u>\$4,969,417</u>	<u>\$ 8,421,278</u>

PROJECTED DATA CHART SUPPLEMENT
 NHC HealthCare, Cookeville
 PROJECTED DATA
 YEAR 2 94 Beds

	<u>Salaries</u>	<u>Other</u>	<u>Total</u>
Inhalation Therapy	-	76,759	\$ 76,759
Occupational Therapy	-	511,626	511,626
Physical Therapy	63,628	858,468	922,096
Speech Pathology	-	159,395	159,395
Pharmacy	-	738,661	738,661
Lab and Radilology	-	57,553	57,553
IV Therapy	-	107,629	107,629
Nursing Service	2,367,441	778,016	3,145,457
Social Service	133,997	68,318	202,315
Activities	47,678	29,468	77,146
Dietary	232,245	364,460	596,706
Plant Operations	79,291	234,486	313,777
Housekeeping	131,904	50,018	181,922
Laundry and Linen	83,284	46,753	130,037
Medical Records	62,895	26,413	89,308
Adminstrative and General	<u>335,794</u>	<u>1,010,477</u>	<u>1,346,272</u>
Totals	<u>\$3,538,157</u>	<u>\$5,118,500</u>	<u>\$ 8,656,657</u>

PROJECTED DATA CHART
94 Existing Beds and 10 Bed Addition

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

	<u>Apr-19</u>	<u>Apr-20</u>
A. Utilization Data (Specify unit of measure) (Patient Days)	34,692	35,044
(Specify unit of measure) (% Occupancy)	91.39%	92.32%
B. Revenue from Services to Patients		
1. Inpatient Services	\$15,180,036	\$15,860,676
2. Outpatient Services		
3. Emergency Services		
4. Other Operating Revenue (Specify)	\$7,899	\$8,120
Gross Operating Revenue	\$ 15,187,935	\$ 15,868,796
C. Deductions for Operating Revenue		
1. Contractual Adjustments	\$ (4,036,467)	\$ (4,253,485)
2. Provision for Charity Care	(96,510)	(99,282)
3. Provisions for Bad Debt	(17,883)	(18,750)
Total Deductions	\$ (4,150,860)	\$ (4,371,517)
NET OPERATING REVENUE	\$ 11,037,075	\$ 11,497,279
D. Operating Expenses		
1. Salaries and Wages	\$ 3,750,451	\$ 3,845,026
2. Physician's Salaries and Wages	58,777	60,272
3. Supplies	198,777	207,681
4. Taxes	60,574	62,183
5. Depreciation	396,136	396,136
6. Rent	-	-
7. Interest, other than Capital	-	-
8. Management Fees	-	-
a. Fees to Affiliates	645,635	669,330
b. Fees to Non-Affiliates	-	-
9. Other Expenses (Specify) - SEE ATTACHED SCHEDULE	5,831,238	6,095,755
Total Operating Expenses	\$ 10,941,588	\$ 11,336,383
E. Other Revenue (Expenses)--Net (Specify)		
NET OPERATING INCOME (LOSS)	\$ 95,487	\$ 160,895
F. Capital Expenditure		
1. Retirement of Principal		
2. Interest	113,534	113,534
Total Capital Expenditures	\$ 113,534	\$ 113,534
NET OPERATING INCOME (LOSS)		
LESS CAPITAL EXPENDITURES	\$ (18,047)	\$ 47,361

PROJECTED DATA CHART SUPPLEMENT
NHC HealthCare, Cookeville
PROJECTED DATA

YEAR 1 94 Existing Beds plus 10 Bed Addition

	<u>Salaries</u>	<u>Other</u>	<u>Total</u>
Inhalation Therapy	-	96,413	\$ 96,413
Occupational Therapy	-	655,353	655,353
Physical Therapy	62,076	991,860	1,053,936
Speech Pathology	-	154,886	154,886
Pharmacy	-	906,540	906,540
Lab and Radiology	-	94,344	94,344
IV Therapy	-	129,760	129,760
Nursing Service	2,530,597	832,469	3,363,067
Social Service	130,728	74,985	205,713
Activities	46,515	32,821	79,336
Dietary	248,006	391,029	639,035
Plant Operations	77,357	306,877	384,234
Housekeeping	171,286	60,102	231,388
Laundry and Linen	88,353	50,013	138,366
Medical Records	67,928	28,299	96,228
Administrative and General	<u>327,604</u>	<u>1,025,487</u>	<u>1,353,091</u>
Totals	<u>\$3,750,451</u>	<u>\$5,831,238</u>	<u>\$ 9,581,689</u>

PROJECTED DATA CHART SUPPLEMENT
NHC HealthCare, Cookeville
PROJECTED DATA

YEAR 2 94 Existing Beds plus 10 Bed Addition

	<u>Salaries</u>	<u>Other</u>	<u>Total</u>
Inhalation Therapy	-	101,851	\$ 101,851
Occupational Therapy	-	674,357	674,357
Physical Therapy	63,628	1,049,336	1,112,964
Speech Pathology	-	159,548	159,548
Pharmacy	-	955,752	955,752
Lab and Radilology	-	101,645	101,645
IV Therapy	-	136,590	136,590
Nursing Service	2,594,677	859,081	3,453,758
Social Service	133,997	78,240	212,237
Activities	47,678	31,843	79,521
Dietary	254,206	406,568	660,775
Plant Operations	79,291	314,293	393,584
Housekeeping	175,568	62,257	237,825
Laundry and Linen	90,561	51,888	142,449
Medical Records	69,626	29,390	99,016
Adminstrative and General	<u>335,794</u>	<u>1,083,116</u>	<u>1,418,911</u>
Totals	<u>\$ 3,845,026</u>	<u>\$ 6,095,755</u>	<u>\$ 9,940,781</u>

NHC HealthCare, Cookeville
 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
May-18	0.00	4.00	4.00	2.00	31	62	310	20.00%
Jun-18	4.00	4.00	8.00	6.00	28	168	280	60.00%
Jul-18	8.00	1.50	9.50	8.75	31	271	310	87.42%
Aug-18	9.50	0.00	9.50	9.50	30	285	300	95.00%
Sep-18	9.50	0.00	9.50	9.50	31	295	310	95.16%
Oct-18	9.50	0.00	9.50	9.50	30	285	300	95.00%
Nov-18	9.50	0.00	9.50	9.50	31	295	310	95.16%
Dec-18	9.50	0.00	9.50	9.50	31	295	310	95.16%
Jan-19	9.50	0.00	9.50	9.50	30	285	300	95.00%
Feb-19	9.50	0.00	9.50	9.50	31	295	310	95.16%
Mar-19	9.50	0.00	9.50	9.50	30	285	300	95.00%
Apr-19	9.50	0.00	9.50	9.50	31	298	310	96.13%
YEAR 1	0.00	9.50	9.50	9.50	365	3,119	3,650	85.45%
May-19	9.50	0.00	9.50	9.50	31	295	310	95.16%
Jun-19	9.50	0.00	9.50	9.50	28	266	280	95.00%
Jul-19	9.50	0.00	9.50	9.50	31	295	310	95.16%
Aug-19	9.50	0.00	9.50	9.50	30	285	300	95.00%
Sep-19	9.50	0.00	9.50	9.50	31	295	310	95.16%
Oct-19	9.50	0.00	9.50	9.50	30	285	300	95.00%
Nov-19	9.50	0.00	9.50	9.50	31	295	310	95.16%
Dec-19	9.50	0.00	9.50	9.50	31	295	310	95.16%
Jan-20	9.50	0.00	9.50	9.50	30	285	300	95.00%
Feb-20	9.50	0.00	9.50	9.50	31	295	310	95.16%
Mar-20	9.50	0.00	9.50	9.50	30	285	300	95.00%
Apr-20	9.50	0.00	9.50	9.50	31	295	310	95.16%
YEAR 2	9.50	0.00	9.50	9.50	365	3,471	3,650	95.10%

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

	PVT -PVT (1)	SP - Comp (2)	Semi PVT (3)	Medicaid (4)	MEDICARE (5)	Managed Care (6)	Hospice (7)	MEDICARE PART B (8)	MISC (9)	RESTRICTED GRANTS & DONATIONS (10)	NON NURSING HOME REVENUE (11)	TOTAL (12)
1 ROUTINE SERVICES					620,748	155,249						775,997
2 PHYSICAL THERAPY					377,892	94,980						472,872
3 SPEECH THERAPY					61,427	14,989						76,416
4 OCCUPATIONAL THERAPY					277,909	71,388						349,297
5 MEDICAL SERVICES/TRANSPORTATION					24,822	6,212						31,034
6 MEDICAL SUPPLIES					10,982	3,272						14,254
7 PHARMACY					147,429	50,253						197,682
8 LAB					8,948	2,531						11,479
9 RADIOLOGY/MEDICAL SERVICES					5,236	877						6,113
10 OTHER - INHALATION THERAPY					5,356	1,849						7,205
11 OTHER ANCILLARY - IV THERAPY					24,353	8,178						32,531
12 UNRESTRICTED GRANTS/DONATIONS												1,520
13 OUTPATIENT CLINIC												444
14 OTHER NURSING HOME REVENUE												(7,073)
15 ALLOWANCE FOR BAD DEBTS					(5,779)	(1,294)			444			(560,292)
16 CONTRACTUAL ADJUSTMENTS					(409,335)	(150,957)						
17 PRIVATE ROOM REVENUE												
18 TOTAL NURSING HOME REVENUE					1,149,988	257,527						1,407,515
19 TOTAL RESTRICTED GRANTS/DONATIONS									444			444
20 NON NURSING HOME REVENUES												
21 TOTAL REVENUE					1,149,988	257,527			444			1,407,959
22 % OF NURSING HOME REVENUE					81.68%	18.29%			0.03%			100.00%
23 PATIENT DAYS					2,495	624						3,119
24 % OF PATIENT DAYS					80.00%	20.00%						100.00%
25 REVENUE PER PATIENT DAY					460.92	412.70			0.14			451.41
26 TOTAL NUMBER NURSING HOME BEDS												10
27 TOTAL NUMBER OTHER BEDS												
28 AVERAGE OCCUPANCY NURSING HOME												85.45%
29 AVERAGE OCCUPANCY OTHER												

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

	PROJECTED OPERATING YEAR 2 ENDING										TOTAL (12)	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)		(11)
	PVT -PVT	SP - Comp	Semi PVT	ICF Mcaid	MEDICARE	Managed Care	Hospice	MEDICARE PART B	MISC	RESTRICTED GRANTS & DONATIONS	NON NURSING HOME REVENUE	
1 ROUTINE SERVICES					718,545	179,572						898,117
2 PHYSICAL THERAPY					437,377	109,930						547,307
3 SPEECH THERAPY					71,093	17,348						88,441
4 OCCUPATIONAL THERAPY					321,644	82,623						404,267
5 MEDICAL SERVICES/TRANSPORTATION					28,734	7,191						35,925
6 MEDICAL SUPPLIES					12,702	3,785						16,487
7 PHARMACY					170,643	58,166						228,809
8 LAB					10,363	2,931						13,294
9 RADIOLOGY/MEDICAL SERVICES					6,065	1,016						7,081
10 OTHER - INHALATION THERAPY					6,192	2,138						8,330
11 OTHER ANCILLARY - IV THERAPY					28,192	9,468						37,660
12 UNRESTRICTED GRANTS/DONATIONS												5
13 OUTPATIENT CLINIC												3
14 ALLOWANCE FOR BAD DEBTS					(6,561)	(1,468)			514			514
15 CONTRACTUAL ADJUSTMENTS					(499,422)	(180,556)						(8,029)
16 PRIVATE ROOM REVENUE												(679,978)
17 TOTAL NURSING HOME REVENUE					1,305,567	292,144			514			1,598,225
18 TOTAL RESTRICTED GRANTS/DONATIONS												
19 NON NURSING HOME REVENUES												
20 TOTAL REVENUE					1,305,567	292,144			514			1,598,225
22 % OF NURSING HOME REVENUE					81.69%	16.28%			0.03%			100.00%
23 PATIENT DAYS					2,777	694						3,471
24 % OF PATIENT DAYS					80.00%	20.00%						100.00%
25 REVENUE PER PATIENT DAY					470.14	420.96			0.15			460.45
26 TOTAL NUMBER NURSING HOME BEDS												10
27 TOTAL NUMBER OTHER BEDS												
28 AVERAGE OCCUPANCY NURSING HOME												95.10%
29 AVERAGE OCCUPANCY OTHER												

EFFECT ON PATIENT CHARGE RATES (TOTAL FACILITY)

Patient Charge/Reimbursement type:	Present Charge per Patient Day	Projected Charge per Patient Day During Construction	Projected Charge per Patient Day Year 1	Projected Charge per Patient Day Year 2
Private/Private pay	-	-	-	-
Semi-private/Private pay			248.80	258.75
Semi Private - Companion			-	-
Medicare Reimbursement	440.11		463.23	472.50
ICF Medicaid			-	-
Managed Care	396.03		414.78	423.07
Hospice				

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 NHC HealthCare, Cookeville
 ESTIMATED PPS PAYMENTS

<u>PROJECTED PPS RATE</u>	<u>PERIOD</u>	2.00%
440.11	10/1/15 - 9/30/16	
448.91	10/1/16 - 9/30/17	2% Increase
457.89	10/1/17 - 9/30/18	2% Increase
467.05	10/1/18 - 9/30/19	2% Increase
476.39	10/1/19 - 9/30/20	2% Increase

YEAR 1 = 5/18 - 4/19

	<u># OF MONTHS IN PERIOD</u>	<u>PPS RATE FOR PERIOD</u>	<u>YEAR 1 PROJECTED PPS RATE</u>
10/1/17 - 9/30/18	5	457.89	190.79
10/1/18 - 9/30/19	7	467.05	272.45
	<u>12</u>		<u>463.23</u>

YEAR 2 = 5/19 - 4/20

	<u># OF MONTHS IN PERIOD</u>	<u>PPS RATE FOR PERIOD</u>	<u>YEAR 2 PROJECTED PPS RATE</u>
10/1/18 - 9/30/19	5	467.05	194.60
10/1/19 - 9/30/20	7	476.39	277.89
	<u>12</u>		<u>472.50</u>

NHC Health Care Cookeville
ESTIMATED PPS PAYMENTS - 10/1/15 - 9/30/16

RUGS Category	Therapy Minutes	Rate	% of Medicare Residents in RUGS Category	Estimated Medicare Reimbursement
RUX	720	655.29	0.17%	1.11
RUL	720	641.95	1.02%	6.55
RVX	500	575.76	0.25%	1.44
RVL	500	519.76	0.29%	1.53
RHX	325	515.63	0.14%	0.70
RHL	325	462.29		-
RMX	150	468.60		-
RML	150	431.26		-
RLX	45	407.86		-
RUC	720	507.27	23.94%	121.44
RUB	720	507.27	32.37%	164.22
RUA	720	431.26	5.23%	22.54
RVC	500	429.08	8.38%	35.94
RVB	500	375.74	10.94%	41.10
RVA	500	374.41	3.04%	11.37
RHC	325	368.95	1.12%	4.14
RHB	325	334.28	1.65%	5.53
RHA	325	296.94	0.31%	0.91
RMC	150	320.58	0.15%	0.47
RMB	150	301.92	0.42%	1.27
RMA	150	251.24	0.05%	0.11
RLB	45	306.52		-
RLA	45	201.17		-
ES3		564.73		-
ES2		443.39		-
ES1		396.71	0.52%	2.07
HE2		383.38		-
HE1		319.36	0.90%	2.86
HD2		359.37		-
HD1		300.70	0.48%	1.43
HC2		339.37		-
HC1		284.69	1.27%	3.61
HB2		335.37		-
HB1		282.03	0.18%	0.51
LE2		348.70		-
LE1		292.70	0.58%	1.69
ID2		335.37		-
ID1		282.03	1.14%	3.23
IC2		295.37		-
IC1		250.03	1.29%	3.23
IB2		280.70		-
IB1		239.35		-
CE2		311.37	0.06%	0.18
CE1		287.37	0.40%	1.14
CD2		295.37		-
CD1		271.36	0.73%	1.97
CC2		259.36		-
CC1		240.69	1.04%	2.51
CB2		240.69		-
CB1		223.36	0.11%	0.25
CA2		204.69		-
CA1		191.35	0.59%	1.13
BB2		216.69		-
BB1		207.36		-
BA2		180.68		-
BA1		172.69		-
PE2		287.37		-
PE1		274.03	0.18%	0.50
PD2		271.36		-
PD1		258.03	0.29%	0.76
PC2		234.02	0.16%	0.37
PC1		223.36	0.44%	0.99
PB2		199.36		-
PB1		191.35		-
PA2		166.01		-
PA1		159.35	0.18%	0.29
DEFAULT RATE		159.35		-
Projected Medicare Reimbursement			100.00%	449.09

Less: 2% Sequestration 440.11

1.57
 NHC HealthCare, Cookeville
 10 Bed Addition
 Expense Projection
 Year 1

			Amount In \$'s	Amount Per Day
INHALATION THERAPY			\$ 21,890.34	\$ 7.02
INHALATION THERAPY			-	-
TOTAL INHALATION THERAPY			<u>21,890.34</u>	<u>7.02</u>
MEDICAL SUPPLIES			\$ 23,494.52	7.53
MEDICAL SUPPLIES			-	-
MEDICAL SUPPLIES			<u>23,494.52</u>	<u>7.53</u>
PHARMACY			\$ 186,218.28	59.70
PHARMACY			-	-
TOTAL PHARMACY			<u>186,218.28</u>	<u>59.70</u>
IV THERAPY			\$ 25,265.80	8.10
IV THERAPY			-	-
TOTAL IV THERAPY			<u>25,265.80</u>	<u>8.10</u>
LABORATORY			\$ 11,964.49	3.84
RADIOLOGY/Medical Services			\$ 26,502.35	8.50
PHYSICAL THERAPY	FTE	Rate		
Purchased Service - RPT	0.50	68.87	71,624.80	22.96
Purchased Service - LPTA	0.75	55.09	85,935.20	27.55
Purchased Service - Aides			-	-
ETO & SICK DAYS			-	-
PAYROLL TAXES			-	-
OTHER FRINGE			-	-
OTHER			835.51	0.27
TOTAL PHYSICAL THERAPY			<u>158,395.51</u>	<u>50.78</u>
OCCUPATIONAL THERAPY				
Purchased Service - OTR	0.50	68.87	71,624.80	22.96
Purchased Service - COTA	0.75	55.09	85,935.20	27.55
Purchased Service - Aides			-	-
ETO & SICK DAYS			-	-
PAYROLL TAXES			-	-
OTHER FRINGE			-	-
OTHER			1,069.45	0.34
TOTAL OCCUPATIONAL THERAPY			<u>158,629.45</u>	<u>50.86</u>
SPEECH THERAPY				
Purch Serv - SLP-CCC		68.87	-	-
Purch Serv - STA			-	-
Purchased Service - Aides			-	-
ETO & SICK DAYS			-	-
PAYROLL TAXES			-	-
OTHER FRINGE			-	-
OTHER			133.68	0.04
TOTAL SPEECH THERAPY			<u>133.68</u>	<u>0.04</u>
TOTAL ANCILLARY EXPENSES			612,494.41	196.38
NURSING SERVICE				
ICF RN			\$ -	-
ICF LPN			-	-
ICF AIDES			-	-
SNF RN			-	-
SNF LPN			123,452.76	39.58
SNF AIDES			97,446.36	31.24
REHAB AIDES			-	-
PAYROLL TAXES			16,296.11	5.22
OTHER FRINGE			8,197.24	2.63
NURSING ADMIN SUPPLIES			2,773.89	0.89
PROFESSIONAL LIABILITY INSURANCE			38,250.00	12.26
SMALL EQUIPMENT			-	-
OTHER			2,773.89	0.89
TOTAL NURSING SERVICE			<u>298,013.22</u>	<u>95.54</u>

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 NHC Health Care Cookeville
 10 Bed Addition
 Expense Projection
 Year 1

			Amount In \$'s	Amount Per Day
ROUTINE CENTRAL SUPPLIES			8,956.66	2.87
NON LEGEND DRUGS			3,174.93	1.02
SOCIAL SERVICE	FTE	108.59% Rate		
SALARIES - Director			-	-
SALARIES - Assistant			-	-
PAYROLL TAXES			-	-
OTHER FRINGE			-	-
MANAGEMENT FEE			-	-
OTHER			8,655.87	2.78
TOTAL SOCIAL SERVICE			8,655.87	2.78
ACTIVITIES	FTE	RATE		
SALARIES - Director			-	-
SALARIES - Assistant			-	-
PAYROLL TAXES			-	-
OTHER FRINGE			-	-
MANAGEMENT FEE			-	-
OTHER			4,210.65	1.35
TOTAL ACTIVITIES			4,210.65	1.35
DIETARY	FTE	Rate		
SALARIES - Reg Dietitian			-	-
SALARIES - Supervisor			-	-
SALARIES - Cooks	0.35	12.24	8,352.23	2.68
SALARIES - Aides	0.70	9.58	13,073.05	4.19
ETO & SICK DAYS - 8%			1,714.02	0.55
PAYROLL TAXES			1,710.15	0.55
OTHER FRINGE			806.67	0.26
FOOD			26,736.29	8.57
MANAGEMENT FEE			-	-
SUPPLIES			3,041.25	0.98
OTHER			3,174.93	1.02
TOTAL DIETARY			58,608.61	18.79
PLANT OPERATIONS				
SALARIES - Supervisor			-	-
SALARIES - Assistant			-	-
PAYROLL TAXES			-	-
OTHER FRINGE			-	-
UTILITIES			70,177.00	22.50
REPAIRS & MAINTENANCE			3,776.50	1.21
GROUND MAINTENANCE			5,000.00	1.60
MANAGEMENT FEE			-	-
OTHER			267.36	0.09
TOTAL PLANT OPERATIONS			79,220.86	25.40
HOUSEKEEPING				
SALARIES - Supervisor			-	-
SALARIES - Staff	2.10	10.40	42,598.58	13.66
ETO & SICK - 8%			3,407.89	1.09
PAYROLL TAXES			3,058.94	0.98
OTHER FRINGE			1,699.41	0.54
SUPPLIES			2,339.43	0.75
MANAGEMENT FEE			-	-
OTHER			1,036.03	0.33
TOTAL HOUSEKEEPING			54,140.28	17.36

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 NHC Health Care, Cookeville
 10 Bed Addition
 Expense Projection
 Year 1

			Amount In \$'s	Amount Per Day
LAUNDRY AND LINEN				
			-	-
			7,099.76	2.28
	0.35	10.40	567.98	0.18
			569.18	0.18
			209.70	0.07
			2,005.22	0.64
			-	-
			1,269.97	0.41
TOTAL LAUNDRY & LINEN			11,721.82	3.76
MEDICAL SERVICES			5,500.00	1.76
MEDICAL RECORDS				
			-	-
			6,566.88	2.11
	0.25	12.63	476.92	0.15
			73.37	0.02
			434.46	0.14
			-	-
			1,671.02	0.54
TOTAL MEDICAL RECORDS			9,222.66	2.96
ADMINISTRATIVE AND GENERAL				
			-	-
			-	-
			-	-
			-	-
			-	-
			-	-
			24,864.75	7.97
			67,888.00	21.77
			1,671.02	0.54
			1,704.44	0.55
			-	-
			1,403.66	0.45
			2,339.43	0.75
			-	-
			9,424.54	3.02
TOTAL ADMINISTRATIVE EXPENSES			109,295.83	35.04
TOTAL OPERATING EXPENSES			1,263,215.80	405.00
NET OPERATING INCOME			144,743.60	46.41
FIXED EXPENSES				
			-	-
			-	-
			163,698.00	52.48
			3,033.00	0.97
			18,800.00	6.03
TOTAL FIXED EXPENSES			185,531.00	59.48
TOTAL NURSING HOME COSTS			\$1,448,746.80	\$464.49

DAILY NURSING SERVICE STAFFING PATTERN

CENTER NHC HealthCare, Cookeville

PERIOD: Apr-19

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	10.00	3,650	5	-	-	0.00%*	-	-	-	-	30	-
	RN	8.55	3,119	7	-	-	8.00%*	-	-	-	-	30	-
	LPN			7	-	-	6.00%*	-	-	-	-	30	-
	CNA			7	-	-	5.00%*	-	-	-	-	30	-
SECOND	RN			7	-	-	-	-	-	-	-	30	-
	LPN			7	-	-	-	-	-	-	-	30	-
	CNA			7	-	-	-	-	-	-	-	30	-
	ADON			7	-	-	-	-	-	-	-	30	-
THIRD	RN			7	-	-	5.00%*	-	-	-	-	30	-
	LPN			7	-	-	5.00%*	-	-	-	-	30	-
	CNA			7	-	-	0.00%*	-	-	-	-	30	-
	ADON			5	-	-	8.00%*	-	-	-	-	30	-
TOTAL HRS. ICF: #DVI/OI													\$

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	10.00	3,650	5	-	-	0.00%*	-	-	-	-	30	-
	RN	8.55	3,119	7	-	-	8.00%*	-	-	\$27.07	-	30	-
	LPN	1.00	8.00	7	8.00	16.00	6.00%*	0.96	16.96	\$19.86	336.83	30	10,104.90
	CNA	1.00	7.50	7	7.50	22.50	5.00%*	1.13	23.63	\$11.25	265.83	30	7,974.90
SECOND	RN			7	-	-	-	-	-	-	-	30	-
	LPN			7	-	-	-	-	-	-	-	30	-
	CNA			7	-	-	-	-	-	-	-	30	-
	ADON			7	-	-	-	-	-	-	-	30	-
THIRD	RN			7	-	-	5.00%*	-	-	-	-	30	-
	LPN			7	-	-	5.00%*	-	-	-	-	30	-
	CNA			7	-	-	8.00%*	-	-	-	-	30	-
	ADON			5	-	-	8.00%*	-	-	-	-	30	-
TOTAL HRS. SNF: 38.50													\$ 18,079.80
HRS. PPD. ICF: 4.51													

REHAB AIDES	(FTE'S) NUMBER OF EMPLOYEES	% OF TURNOVER	NEW EMPLOYEES	ANNUAL ORIENTATION HOURS	DAILY ORIENTATION HOURS	AVG PAY RATE	DAILY TOTAL	MO PAY TOTAL	
RN	2.80	100.00%	2.80	112.00	0.31	\$27.07	-	-	
LPN	4.20	100.00%	4.20	157.50	0.43	\$19.86	6.09	182.83	
CNA	7.00	100.00%	7.00	269.50	0.74	\$11.25	4.85	145.63	
REHAB AIDES							-	-	
							5.00%*	30.00	328.46

(A) TOTAL HRS. (ICF, SNF, REHAB)	(B) TOTAL ORIENTATION HOURS	(C) TOTAL "DIRECT" HOURS	(D) TOTAL "DIRECT" HOURS PPD	(E) TOTAL ETO / SICK HOURS	(F) TOTAL HRS. (C+E)	(G) TOTAL PATIENT DAYS	(H) TOTAL HRS. PPD.:
38.50	0.74	39.24	4.51	2.09	41.33	8.55	4.84
TOTAL NURSING SALARIES \$ 18,408.26							

NHC HealthCare, Cookeville

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	0.17%	2,495	4	103	412
RUL	720	1.02%	2,495	25	103	2,575
RVX	500	0.25%	2,495	6	71	426
RVL	500	0.29%	2,495	7	71	497
RHX	325	0.14%	2,495	3	46	138
RHL	325		2,495	-	46	-
RMX	150		2,495	-	21	-
RML	150		2,495	-	21	-
RLX	45		2,495	-	6	-
RUC	720	23.94%	2,495	597	103	61,491
RUB	720	32.37%	2,495	808	103	83,224
RUA	720	5.23%	2,495	130	103	13,390
RVC	500	8.38%	2,495	209	71	14,839
RVB	500	10.94%	2,495	273	71	19,383
RVA	500	3.04%	2,495	76	71	5,396
RHC	325	1.12%	2,495	28	46	1,288
RHB	325	1.65%	2,495	41	46	1,886
RHA	325	0.31%	2,495	8	46	368
RMC	150	0.15%	2,495	4	21	84
RMB	150	0.42%	2,495	10	21	210
RMA	150	0.05%	2,495	1	21	21
RLB	45		2,495	-	6	-
RLA	45		2,495	-	6	-
ESTIMATED PART A RESIDENTS RECEIVING THERAPY				2,230		

ESTIMATED THERAPY MINUTES REQUIRED FOR PART A RESIDENTS **205,628**
ESTIMATED THERAPY STAFF REQUIRED FOR PART A RESIDENTS **1.65**

TOTAL MEDICARE RESIDENTS 6.84
TOTAL MANAGED CARE RESIDENTS 1.71
ADDITIONAL THERAPY STAFF FOR MANAGED CARE RESIDENTS **0.41**

ESTIMATED PART B AND PRIVATE THERAPY REVENUE \$ -
ESTIMATED "FEE SCREEN AMOUNT" PER 15 MINUTE PART B TREATMENT 18.75
ESTIMATED PART B TREATMENTS (15 MINUTES PER TREATMENT) -
ESTIMATED MINUTES REQUIRED FOR PART B TREATMENTS -
ESTIMATED THERAPY STAFF REQUIRED FOR PART B TREATMENTS -
ESTIMATED TOTAL THERAPY STAFF REQUIRED FOR PART A, PART B AND MANAGED CARE 2.06
NON PRODUCTIVE FACTOR (20%) 0.41
TOTAL THERAPY STAFF REQUIRED **2.47**

PROPOSED THERAPY STAFF					
POSITION	HOURS PPD	PATIENT DAYS	BUDGETD HOURS	BUDGETED STAFF	
OTR	0.3334	9	1,040	0.50	
COTA	0.5002	9	1,560	0.75	
OT AIDES	-	9	-	-	
Purch Service		9			
RPT	0.3334	9	1,040	0.50	
LPTA	0.5002	9	1,560	0.75	
PT AIDES	-	9	-	-	
Purch Service		9			
SLP - CCC	-	9	-	-	
STA	-	9	-	-	
ST AIDE	-	9	-	-	
Purch Service		9			
TOTAL THERAPY STAFF PER BUDGET				2.50	

NHC HealthCare
10 Bed Addition
Expense Projection
Year 2

			Amount In \$'s	Amount Per Day
INHALATION THERAPY			\$ 25,091.64	\$ 7.23
INHALATION THERAPY			-	-
TOTAL INHALATION THERAPY			\$ 25,091.64	\$ 7.23
MEDICAL SUPPLIES			\$ 26,930.41	7.76
MEDICAL SUPPLIES			-	-
TOTAL MEDICAL SUPPLIES			\$ 26,930.41	7.76
PHARMACY			\$ 213,451.28	61.50
PHARMACY			-	-
TOTAL PHARMACY			213,451.28	61.50
IV THERAPY - Medicare/Managed Care			\$ 28,960.73	8.34
IV THERAPY - Private/Medicaid			-	-
TOTAL IV THERAPY			28,960.73	8.34
LABORATORY			13,714.21	3.95
RADIOLOGY			30,378.12	8.75
PHYSICAL THERAPY	FTE	Rate		
Purchased Service - RPT	0.50	70.59	73,417.07	21.15
Purchased Service - LPTA	1.00	56.47	117,450.67	33.84
Purchased Service - Aides	-	-	-	-
ETO & SICK DAYS			-	-
PAYROLL TAXES			-	-
OTHER FRINGE			-	-
OTHER			-	-
TOTAL PHYSICAL THERAPY			190,867.73	54.99
OCCUPATIONAL THERAPY				
Purchased Service - OTR	0.50	70.59	73,417.07	21.15
Purchased Service - COTA	0.75	56.47	88,088.00	25.38
Purchased Service - Aides	-	-	-	-
ETO & SICK DAYS			-	-
PAYROLL TAXES			-	-
OTHER FRINGE			-	-
OTHER			1,225.85	0.35
TOTAL OCCUPATIONAL THERAPY			162,730.92	46.88
SPEECH THERAPY				
Purch Serv - SLP-CCC	-	70.59	-	-
Purch Serv - STA	-	-	-	-
Purchased Service - Aides	-	-	-	-
ETO & SICK DAYS			-	-
PAYROLL TAXES			-	-
OTHER FRINGE			-	-
OTHER			153.23	0.04
TOTAL SPEECH THERAPY			153.23	0.04
TOTAL ANCILLARY EXPENSES			692,278.26	199.45
NURSING SERVICE				
ICF RN				
ICF LPN			-	-
ICF AIDES			-	-
SNF RN			-	-
SNF LPN			127,355.16	36.69
SNF AIDES			99,880.44	28.78
REHAB AIDES			-	-
PAYROLL TAXES			16,763.56	4.83
OTHER FRINGE			8,432.37	2.43
NURSING ADMIN SUPPLIES			3,179.55	0.92
PROFESSIONAL LIABILITY INSURANCE			39,397.50	11.35
SMALL EQUIPMENT			3,179.55	0.92
OTHER			10,113.27	2.91
TOTAL NURSING SERVICE			308,301.40	88.82

NHC HealthCare Cookeville
10 Bed Addition
Expense Projection
Year 2

			Amount In \$'s	Amount Per Day
ROUTINE CENTRAL SUPPLIES			10,266.50	2.96
NON LEGEND DRUGS			3,639.24	1.05
SOCIAL SERVICE	FTE	111.30% Rate		
SALARIES - Director			-	-
SALARIES - Assistant			-	-
PAYROLL TAXES			-	-
OTHER FRINGE			-	-
MANAGEMENT FEE			-	-
OTHER			9,921.73	2.86
TOTAL SOCIAL SERVICE			9,921.73	2.86
ACTIVITIES	FTE	RATE		
SALARIES - Director			-	-
SALARIES - Assistant			-	-
PAYROLL TAXES			-	-
OTHER FRINGE			-	-
MANAGEMENT FEE			-	-
OTHER			2,375.09	0.68
TOTAL ACTIVITIES			2,375.09	0.68
DIETARY	FTE	Rate		
SALARIES - Reg Dietitian			-	-
SALARIES - Supervisor			-	-
SALARIES - Cooks	0.35	12.54	8,561.03	2.47
SALARIES - Aides	0.70	9.82	13,399.88	3.86
ETO & SICK DAYS - 8%			1,756.87	0.51
PAYROLL TAXES			1,752.90	0.51
OTHER FRINGE			826.84	0.24
FOOD			30,646.27	8.83
MANAGEMENT FEE			-	-
SUPPLIES			3,486.01	1.00
OTHER			3,639.24	1.05
TOTAL DIETARY			64,069.06	18.46
PLANT OPERATIONS				
SALARIES - Supervisor			-	-
SALARIES - Assistant			-	-
PAYROLL TAXES			-	-
OTHER FRINGE			-	-
UTILITIES			72,282.31	20.82
REPAIRS & MAINTENANCE			2,068.62	0.60
GROUND MAINTENANCE			5,150.00	1.48
MANAGEMENT FEE			-	-
OTHER			306.46	0.09
TOTAL PLANT OPERATIONS			79,807.40	22.99
HOUSEKEEPING				
SALARIES - Supervisor			-	-
SALARIES - Staff	2.10	10.66	43,663.55	12.58
ETO & SICK - 8%			3,493.08	1.01
PAYROLL TAXES			3,135.41	0.90
OTHER FRINGE			1,741.90	0.50
SUPPLIES			2,681.55	0.77
MANAGEMENT FEE			-	-
OTHER			1,187.54	0.34
TOTAL HOUSEKEEPING			55,903.03	16.11

NHC Health Care Cookeville
10 Bed Addition
Expense Projection
Year 2

			Amount In \$'s	Amount Per Day
LAUNDRY AND LINEN				
SALARIES - Supervisor			-	-
SALARIES - Staff	0.35	10.66	7,277.26	2.10
ETO & SICK - 8%			582.18	0.17
PAYROLL TAXES			583.41	0.17
OTHER FRINGE			214.94	0.06
SUPPLIES & LINEN			2,298.47	0.66
MANAGEMENT FEE			-	-
OTHER			1,455.70	0.42
TOTAL LAUNDRY & LINEN			12,411.96	3.58
MEDICAL SERVICES			5,665.00	1.63
MEDICAL RECORDS				
SALARIES - Director			-	-
SALARIES - Staff	0.25	12.94	6,731.05	1.94
PAYROLL TAXES			488.85	0.14
OTHER FRINGE			75.21	0.02
SUPPLIES			498.00	0.14
MANAGEMENT FEE			-	-
OTHER			1,915.39	0.55
TOTAL MEDICAL RECORDS			9,708.50	2.80
ADMINISTRATIVE AND GENERAL				
SALARIES - Administrator			-	-
SALARIES - Bookkeeper			-	-
SALARIES - Bookkeeper			-	-
SALARIES - Secretary			-	-
SALARIES - Receptionist			-	-
PAYROLL TAXES			-	-
OTHER FRINGE			-	-
HEALTH INSURANCE			28,501.03	8.21
MANAGEMENT FEES			75,387.00	21.72
PARTNER/PUBLIC RELATIONS			1,915.39	0.55
TELEPHONE			1,755.57	0.51
EDUCATION			-	-
SUPPLIES			1,608.93	0.46
SMALL EQUIPMENT			2,681.55	0.77
STATE TAX FEE			22,250.00	6.41
OTHER			10,802.81	3.11
TOTAL ADMINISTRATIVE EXPENSES			144,902.29	41.75
TOTAL OPERATING EXPENSES			1,399,249.45	403.13
NET OPERATING INCOME			198,975.55	57.33
FIXED EXPENSES				
NHR LEASE PAYMENT			-	-
INTEREST - WORKING CAPITAL			-	-
DEPRECIATION			163,698.00	47.16
PROPERTY INSURANCE			3,123.99	0.90
PROPERTY TAXES			19,364.00	5.58
TOTAL FIXED EXPENSES			186,185.99	53.64
TOTAL NURSING HOME COSTS			\$1,585,435.44	\$456.77

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	10.00	3,650	5	7.30	-	0.00%	-	-	-	-	30	-
	RN	9.51	3,471	7	4.98	-	8.00%	-	-	-	-	30	-
	LPN			7		-	6.00%	-	-	-	-	30	-
	CNA			7		-	5.00%	-	-	-	-	30	-
SECOND	RN			7		-	5.00%	-	-	-	-	30	-
	LPN			7		-	5.00%	-	-	-	-	30	-
	CNA			7		-	0.00%	-	-	-	-	30	-
	ADON			5		-	8.00%	-	-	-	-	30	-
THIRD	RN			7		-	5.00%	-	-	-	-	30	-
	LPN			7		-	5.00%	-	-	-	-	30	-
	CNA			7		-	0.00%	-	-	-	-	30	-
	ADON			5		-	8.00%	-	-	-	-	30	-
TOTAL HRS. ICF: \$													
HRS. PPD. ICF: #DIV/0!													

SHIFT	CATEGORY	NUMBER	HOURS	DAYS PER WEEK	AVERAGE HOURS PER DAY	AVERAGE HRS. BY CATEGORY	ETO & SICK %	ETO/SICK HOURS	TOTAL HOURS	AV. PAY RATE	DAILY TOTAL	AV. DAYS IN MONTH	MO. PAY CATEGORY
FIRST	DON	10.00	3,650	5	7.30	-	0.00%	-	-	-	-	30	-
	RN	9.51	3,471	7	4.98	-	8.00%	-	-	\$27.75	345.25	30	10,357.50
	LPN			7		8.00	6.00%	0.96	16.96	\$20.36	345.25	30	8,174.10
	CNA			7		7.50	5.00%	1.13	23.63	\$11.53	272.47	30	-
SECOND	RN			7		-	5.00%	-	-	-	-	30	-
	LPN			7		-	5.00%	-	-	-	-	30	-
	CNA			7		-	8.00%	-	-	-	-	30	-
	ADON			5		-	8.00%	-	-	-	-	30	-
THIRD	RN			7		-	5.00%	-	-	-	-	30	-
	LPN			7		-	5.00%	-	-	-	-	30	-
	CNA			7		-	8.00%	-	-	-	-	30	-
	ADON			5		-	8.00%	-	-	-	-	30	-
TOTAL HRS. SNF: \$ 18,531.60													
HRS. PPD. SNF: 4.05													

REHAB AIDES										ORIENTATION							
CATEGORY	(FTEs) NUMBER OF EMPLOYEES	% OF TURNOVER	NEW EMPLOYEES	ANNUAL ORIENTATION HOURS	DAILY ORIENTATION HOURS	AVG PAY RATE	DAILY TOTAL	DAILY TOTAL	MO PAY TOTAL	(A) TOTAL HRS. (ICF, SNF, REHAB)	(B) TOTAL ORIENTATION HOURS	(C) TOTAL DIRECT HOURS	(D) TOTAL DIRECT HOURS PPD	(E) TOTAL ETO / SICK HOURS	(F) TOTAL HRS. (C+E)	(G) TOTAL PATIENT DAYS	(H) TOTAL HRS. PPD.
RN	2.80	100.00%	2.80	112.00	0.31	\$27.75	8.51	8.51	255.43	38.50	0.74	39.24	4.13	2.09	41.33	9.51	4.35
LPN	4.20	100.00%	4.20	157.50	0.43	\$11.53	4.98	4.98	149.27	-	-	-	-	-	-	-	-
CNA	7.00	100.00%	7.00	269.50	0.74	-	-	-	404.70	-	-	-	-	-	-	-	-
REHAB AIDES	7.00	100.00%	7.00	269.50	0.74	-	-	-	404.70	-	-	-	-	-	-	-	-
TOTAL NURSING SALARIES										\$ 18,936.30							

NHC HealthCare, Cookeville

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	0.17%	2,777	5	103	515
RUL	720	1.02%	2,777	28	103	2,884
RVX	500	0.25%	2,777	7	71	497
RVL	500	0.29%	2,777	8	71	568
RHX	325	0.14%	2,777	4	46	184
RHL	325		2,777	-	46	-
RMX	150		2,777	-	21	-
RML	150		2,777	-	21	-
RLX	45		2,777	-	6	-
RUC	720	23.94%	2,777	665	103	68,495
RUB	720	32.37%	2,777	899	103	92,597
RUA	720	5.23%	2,777	145	103	14,935
RVC	500	8.38%	2,777	233	71	16,543
RVB	500	10.94%	2,777	304	71	21,584
RVA	500	3.04%	2,777	84	71	5,964
RHC	325	1.12%	2,777	31	46	1,426
RHB	325	1.65%	2,777	46	46	2,116
RHA	325	0.31%	2,777	8	46	368
RMC	150	0.15%	2,777	4	21	84
RMB	150	0.42%	2,777	12	21	252
RMA	150	0.05%	2,777	1	21	21
RLB	45		2,777	-	6	-
RLA	45		2,777	-	6	-
ESTIMATED PART A RESIDENTS RECEIVING THERAPY				2,484		

ESTIMATED THERAPY MINUTES REQUIRED FOR PART A RESIDENTS 229,033
 ESTIMATED THERAPY STAFF REQUIRED FOR PART A RESIDENTS 1.84

TOTAL MEDICARE RESIDENTS 7.61
 TOTAL MANAGED CARE RESIDENTS 1.90
 ADDITIONAL THERAPY STAFF FOR MANAGED CARE RESIDENTS 0.46

ESTIMATED PART B AND PRIVATE THERAPY REVENUE \$ -
 ESTIMATED "FEE SCREEN AMOUNT" PER 15 MINUTE PART B TREATMENT 18.75
 ESTIMATED PART B TREATMENTS (15 MINUTES PER TREATMENT) -
 ESTIMATED MINUTES REQUIRED FOR PART B TREATMENTS -
 ESTIMATED THERAPY STAFF REQUIRED FOR PART B TREATMENTS -
 ESTIMATED TOTAL THERAPY STAFF REQUIRED FOR PART A, PART B AND MANAGED CARE 2.30
 NON PRODUCTIVE FACTOR (20%) 0.46
TOTAL THERAPY STAFF REQUIRED 2.76

PROPOSED THERAPY STAFF					
POSITION	HOURS PPD	PATIENT DAYS	BUDGETD HOURS	BUDGETED STAFF	
OTR	0.2996	10	1,040	0.50	
COTA	0.4494	10	1,560	0.75	
OT AIDES	-	10	-	-	
Purch Service		10			
RPT	0.2996	10	1,040	0.50	
LPTA	0.5993	10	2,080	1.00	
PT AIDES	-	10	-	-	
Purch Service		10			
SLP - CCC	-	10	-	-	
STA	-	10	-	-	
ST AIDE	-	10	-	-	
Purch Service		10			
TOTAL THERAPY STAFF PER BUDGET				2.75	

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

YEAR 1									
Payor/Care Level	Patient Admissions	Days of Care	Average Daily Census	Gross Revenue	Cont Adj/ Bad Debt	Net Revenue	% of Total Revenue	PPD	
Medicare/Skilled Care	88	2,495	6.84	1,565,102	(415,114)	1,149,988	81.68%	460.92	
Managed Care/Insurance	22	624	1.71	409,778	(152,251)	257,527	18.29%	412.70	
Tenn Care Skilled	-	-	-	-	-	-	0.00%	-	
Private Pay - Skilled	-	-	-	-	-	-	0.00%	-	
Managed Care/Tenn Care ICF	-	-	-	-	-	-	0.00%	-	
Hospice	-	-	-	-	-	-	0.00%	-	
Private Pay - ICF	0	-	-	-	-	-	0.00%	-	(1)
Medicare Part B	-	-	-	444	-	444	0.03%	0.14	(1)
Other Revenue	-	-	-	-	-	-	100.00%	-	
Total - Skilled	110	3,119	8.55	1,974,880	(567,365)	1,407,515	99.97%	451.27	
Total - ICF	0	-	-	444	-	444	0.03%	0.14	
Total Other Revenue	110	3,119	8.55	1,975,324	(567,365)	1,407,959	100.00%	451.41	
Grand Total									

YEAR 2									
Payor/Care Level	Patient Admissions	Days of Care	Average Daily Census	Gross Revenue	Cont Adj/ Bad Debt	Net Revenue	% of Total Revenue	PPD	% Inflation
Medicare/Skilled Care	98	2,777	7.61	1,811,550	(505,983)	1,305,567	81.69%	470.14	2.00%
Managed Care/Insurance	25	694	1.90	474,168	(182,024)	292,144	18.28%	420.96	2.00%
Tenn Care Skilled	-	-	-	-	-	-	0.00%	-	
Private Pay - Skilled	-	-	-	-	-	-	0.00%	-	
Managed Care/Tenn Care ICF	-	-	-	-	-	-	0.00%	-	
Hospice	0	-	-	-	-	-	0.00%	-	
Private Pay - ICF	-	-	-	-	-	-	0.00%	-	
Medicare Part B	-	-	-	514	-	514	0.03%	0.15	3.93%
Other Revenue	-	-	-	-	-	-	100.00%	-	
Total - Skilled	123	3,471	9.51	2,285,718	(688,007)	1,597,711	99.97%	460.30	2.00%
Total - ICF	0	-	-	514	-	514	0.03%	0.15	3.93%
Total Other Revenue	123	3,471	9.51	2,286,232	(688,007)	1,598,225	100.00%	460.45	2.00%
Grand Total									

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

**NHC HealthCare, Cookeville
10 Bed Addition**

Staffing - Full Time Equivalents
Year 2

	<u>8 Beds</u>
Administrator	
Medical Director	*
Secretary	
Receptionist	
Bookkeeper	
RN's	
LPN's	2.80
Aides	4.00
DON	
Nursing Supply Clerk	
Nursing Secretary	
MDS Coordinator	
Alzheimer Nursing Coordinator	
ADON	
Rehab Aides	
Assisted Living	
Medical Records - Head	
Medical Records - Staff	0.25
Speech Therapy	*
Occupational Therapy	*
Physical Therapy	*
Dietary	1.05
Laundry	0.35
Housekeeping	2.10
Maintenance - Dept Head	
Maintenance - Staff	
Other (spec.)	
Activities - Dept Head	
Activiteis - Alzheimer	
Activities Staff	
Social Services - Dept Head	
Social Services - Staff	
	<hr/>
Total	10.55

* Consultants

Section C – Economic Feasibility – 6b

Estimated Rates

Putnam County 2014 Nursing Home Rates

NURSING HOMES	2014 Rates							
	SNF/Medicare (Avg Daily Charge)		Medicaid		Private Pay/Private Room		Private Pay Semi/Pvt	
	Level II	Level I	Level II	Level I	Level II	Level I	Level II	Level I
1 Bethesda Health Care Center	\$454.00	N/A	\$170.00	\$238.00	\$206.00	\$238.00	\$206.00	\$206.00
2 NHC HealthCare, Cookeville	\$457.00	\$234.00	\$206.00	N/A	N/A	\$234.00	\$206.00	\$206.00
3 Signature Healthcare of Putnam County	\$432.00	\$140.00	\$134.00	\$267.00	N/A	N/A	N/A	N/A
4 Standing Stone Care and Rehabilitation C	\$198.00	\$207.00	\$190.00	N/A	\$187.00	N/A	\$187.00	\$187.00
Average Rates	\$385.25	\$193.67	\$175.00	\$252.50	\$196.50	\$236.00	\$199.67	

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

Putnam County 2017 Nursing Home Rates

NURSING HOMES	2014 Inflated Rates							
	SNF/Medicare (Avg Daily Charge)		Medicaid		Private Pay/Private Room		Private Pay Semi/Pvt	
	Level II	Level I	Level II	Level I	Level II	Level I	Level II	Level I
1 Bethesda Health Care Center	\$518.09	\$194.00	N/A	\$271.60	\$235.08	\$271.60	\$271.60	\$235.08
2 NHC HealthCare, Cookeville	\$521.51	\$235.08	\$267.03	N/A	N/A	\$267.03	\$267.03	\$235.08
3 Signature Healthcare of Putnam County	\$492.98	\$152.92	\$159.76	\$304.69	N/A	N/A	N/A	N/A
4 Standing Stone Care and Rehabilitation Center	\$225.95	\$216.82	\$236.22	N/A	\$213.40	N/A	N/A	\$213.40
Average Rates	\$439.63	\$199.70	\$221.01	\$288.14	\$224.24	\$269.32	\$269.32	\$227.85

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

Putnam County 2018 Nursing Home Rates

NURSING HOMES	2014 Inflated Rates							
	SNF/Medicare (Avg Daily Charge)	Medicaid		Private Pay/Private Room		Private Pay Semi/Pvt		
		Level II	Level I	Level II	Level I	Level II	Level I	
1 Bethesda Health Care Center	\$541.40	N/A	\$202.73	\$283.82	\$245.66	\$283.82	\$245.66	
2 NHC HealthCare, Cookeville	\$544.98	\$279.05	\$245.66	N/A	N/A	\$279.05	\$245.66	
3 Signature Healthcare of Putnam County	\$515.17	\$166.95	\$159.80	\$318.40	N/A	N/A	N/A	
4 Standing Stone Care and Rehabilitation Center	\$236.12	\$246.85	\$226.58	N/A	\$223.00	N/A	\$223.00	
Average Rates	\$459.42	\$230.95	\$208.69	\$301.11	\$234.33	\$281.43	\$238.11	

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

Putnam County 2019 Nursing Home Rates

NURSING HOMES	2014 Inflated Rates							
	SNF/Medicare (Avg Daily Charge)	Medicaid		Private Pay/Private Room		Private Pay Semi/Pvt		
		Level II	Level I	Level II	Level I	Level II	Level I	
1 Bethesda Health Care Center	\$565.77	N/A	\$211.85	\$296.59	\$256.71	\$296.59	\$256.71	
2 NHC HealthCare, Cookeville	\$569.51	\$291.61	\$256.71	N/A	N/A	\$291.61	\$256.71	
3 Signature Healthcare of Putnam County	\$538.35	\$174.47	\$166.99	\$332.73	N/A	N/A	N/A	
4 Standing Stone Care and Rehabilitation Center	\$246.74	\$257.96	\$236.77	N/A	\$233.04	N/A	\$233.04	
Average Rates	\$480.09	\$241.34	\$218.08	\$314.66	\$244.87	\$294.10	\$248.82	

Source: 2014 Joint Annual Report Schedule H - Financial Data - Daily Charge Inflated 4.5% to 2019

Section III – Contribution of Orderly Development – 3

Salary Comparison

Nursing	2015 Wages	NHC HealthCare, Cookeville 2019 Average Wages
RN	\$27.20	\$27.07
LPN	\$16.11	\$19.86
C N A	\$9.74	\$11.25

Source: Tennessee Department of Labor & Workforce Development 2015 Occupational Employment and Wages
North Central Tennessee Balance of State

176
Section C Economic Feasibility – 7(c)

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



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

April 23, 2015

Mr. Jeremy Stoner, Administrator
NHC Healthcare, Cookeville
815 S. Walnut Avenue
Cookeville TN 38501

Re: 44-5110

Dear Mr. Stoner:

The East Tennessee Regional Office of Health Care Facilities conducted a Health and Life Safety recertification survey/complaint investigation on March 9 – 11, 2015. An on-site revisit and desk review of the facilities plan of correction for the deficiencies cited as a result of the survey was conducted on April 8 and 15, 2015. 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 March 30, 2015.

If you have any questions concerning this letter, please contact our office at (865) 594-9396.

Sincerely,

Karen B. Kirby, R.N.
Regional Administrator
ETRO Health Care Facilities

KK: afl



April 2, 2015

Karen Kirby
Office of Health Licensure and Regulation
East Tennessee Region
5904 Lyons View Pike, Bldg 1
Knoxville, TN 37919

Dear Ms. Kirby:

On March 24, 2014 I received your cover letter and the CMS-2567 requesting our plan of correction for the deficiencies cited by the surveyors on the March 9-11, 2015 survey conducted by your office.

I respectfully submit our plan of correction. Please consider this Plan of Correction as our credible allegation of compliance.

Sincerely,

A handwritten signature in black ink that reads "J. Stoner, NHA". The signature is written in a cursive style.

Jeremy Stoner
Administrator

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: 445110	(X2) MULTIPLE CONSTRUCTION A. BUILDING _____ B. WING _____	(X3) DATE SURVEY COMPLETED 03/11/2015
NAME OF PROVIDER OR SUPPLIER NHC HEALTHCARE, COOKEVILLE			STREET ADDRESS, CITY, STATE, ZIP CODE 815 SOUTH WALNUT AVENUE COOKEVILLE, TN 38501	
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE
F 000	INITIAL COMMENTS	F 000	(No deficiencies were cited therefore no provider plan of correction has been submitted for F 000)	
F 280 SS=D	<p>483.20(d)(3), 483.10(k)(2) RIGHT TO PARTICIPATE PLANNING CARE-REVISE CP</p> <p>The resident has the right, unless adjudged incompetent or otherwise found to be incapacitated under the laws of the State, to participate in planning care and treatment or changes in care and treatment.</p> <p>A comprehensive care plan must be developed within 7 days after the completion of the comprehensive assessment; prepared by an interdisciplinary team, that includes the attending physician, a registered nurse with responsibility for the resident, and other appropriate staff in disciplines as determined by the resident's needs, and, to the extent practicable, the participation of the resident, the resident's family or the resident's legal representative; and periodically reviewed and revised by a team of qualified persons after each assessment.</p> <p>This REQUIREMENT is not met as evidenced by: Based on medical record review and interview, the facility failed to revise a care plan for one resident (#134) of thirty sampled residents.</p>	F 280	<p>(Begin Tag F280) Under the direction of the Director of Nursing (DON) the care plan for the affected resident was updated on March 10, 2015 to include documentation related to infectious disease and isolation.</p> <p>Under the direction of the DON the residents who were on the surveillance listing for infection control were crossed checked to ensure that their plan of care included infections. No other residents were found to be affected by the same deficient practice. This was completed on March 13, 2015.</p> <p>Under the direction of the DON the center made the following changes, in order to prevent a reoccurrence of the deficient practice. The 3rd shift Nursing Supervisor, who prepares the daily Surveillance Report, will observe the plan of care for any new listings to the report, any non-addressed issues will be care planned at that time. The training for this new practice was completed on March 30, 2015, and the practice was put into place. Additionally these new practices have been incorporated into our new employee orientation. (continue F280 POC on the next page)</p>	F280 3/30/2015
LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE			TITLE	(X6) DATE

Any deficiency statement ending with an asterisk (*) denotes a deficiency which the institution may be excused from correcting providing it is determined that other safeguards provide sufficient protection to the patients. (See instructions.) Except for nursing homes, the findings stated above are disclosable 90 days following the date of survey whether or not a plan of correction is provided. For nursing homes, the above findings and plans of correction are disclosable 14 days following the date these documents are made available to the facility. If deficiencies are cited, an approved plan of correction is requisite to continued program participation.

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

PRINTED: 03/23/2015
FORM APPROVED
OMB NO. 0938-0391

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: 445110	(X2) MULTIPLE CONSTRUCTION A. BUILDING _____ B. WING _____		(X3) DATE SURVEY COMPLETED 03/11/2015
NAME OF PROVIDER OR SUPPLIER NHC HEALTHCARE, COOKEVILLE			STREET ADDRESS, CITY, STATE, ZIP CODE 815 SOUTH WALNUT AVENUE COOKEVILLE, TN 38501		
(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 280	Continued From page 1 The findings included: Resident #134 was admitted to the facility on December 8, 2014, with diagnoses including Senile Dementia with Delusional Features, Cervicalgia, and Dysphagia. Medical record review of a laboratory report dated March 8, 2015, revealed, "Specimen: Stool...Report Final: 03/08/2015 (7:29 p.m.)...C. diff (Clostridium Difficile)...positive." Medical record review of a physician's order dated March 8, 2015, revealed, "Isolation Precaution." Medical record review of a physician's order dated March 9, 2015, revealed, "Isolation...related to C-Diff." Medical record review of the resident's current care plan, effective through March 19, 2015, revealed no documentation regarding infectious disease and/or isolation. Interview with the Assistant Director of Nursing (ADON) on March 10, 2015, at 3:12 p.m, at the 400 wing nurse's station, revealed the ADON was responsible for revising the resident's care plan. Continued interview confirmed the facility failed to revise the care plan to address the resident's infectious disease and isolation.	F 280	Under the direction of the DON the Assistant Director of Nursing will monitor the Surveillance Report daily and address any new listing by direct observation of the Care Plan for updates. The aforementioned monitoring will occur 5 times a week for 3 weeks, then the monitoring will transition to weekly for 3 more weeks. A report will be given to the Quality Assurance Process Improvement (QAPI) committee in May of 2015 and follow up will be directed by the QAPI committee based upon those findings. (End Tag F280)	F280 3/30/2015	
F 371 SS=F	483.35(i) FOOD PROCURE, STORE/PREPARE/SERVE - SANITARY The facility must - (1) Procure food from sources approved or considered satisfactory by Federal, State or local	F 371	(Provider Plan of Correction for F 371 will begin on the next page.)		

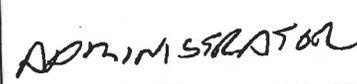
DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: 445110	(X2) MULTIPLE CONSTRUCTION A. BUILDING _____ B. WING _____		(X3) DATE SURVEY COMPLETED 03/11/2015
NAME OF PROVIDER OR SUPPLIER NHC HEALTHCARE, COOKEVILLE			STREET ADDRESS, CITY, STATE, ZIP CODE 815 SOUTH WALNUT AVENUE COOKEVILLE, TN 38501		
(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	<p>Continued From page 2 authorities; and (2) Store, prepare, distribute and serve food under sanitary conditions</p> <p>This REQUIREMENT is not met as evidenced by: Based on observation, facility policy review, review of manufacturer's recommendations, and interview, the facility failed to ensure dishes and utensils were cleaned under sanitary conditions in the dietary department.</p> <p>The findings included: Observation on March 10, 2015, at 8:41 a.m., in the kitchen, revealed dietary employee #1 washed kitchen utensils using the three compartment sink. Continued observation revealed the dietary employee washed a large skillet, food scoop, and two quarter pans by dipping the kitchen items in the chemical sanitizer and then immediately placing them on a rack.</p> <p>Review of the facility policy Chemical Sanitizing, revised January 2011, revealed "...4. Chemical sanitizing may be accomplished...by immersing a clean object in a specific concentration of sanitizing solution for a required period of contact time..."</p> <p>Review of the chemical product manufacturer's recommendations and interview with the dietary manager on March 10, 2015, at 3:56 p.m., in the dietary office, confirmed a 1 minute contact time was needed for chemical sanitizing, and the</p>	F 371	<p>(Begin Tag F371) It is the policy of this facility to 1. Procure food from sources approved or considered satisfactory by Federal, State, or local authorities; and 2. Store, prepare, distribute and serve food under sanitary conditions. Some of the many ways that this has been achieved for our residents is by ordering food from vendors who adhere to dietary guidelines outlined by the FDA. All food is stored in sanitary conditions, and is neatly organized. Food stored in our freezers are frozen solid and food stored in refrigerators are kept at temperatures at or below 41 degrees Fahrenheit. Dry storage food is left in original containers until needed and our stock is regularly rotated. We use proper procedures when washing dishes in our dish machine, paying careful attention that clean dishware does not contact unclean dishware.</p> <p>Under the supervision of the Director of Dietary it was determined that all residents could have been affected by the same deficient practice, because the kitchen prepares food for all residents.</p> <p>(continue F371 on the next page)</p>	F371 3/30/2015	

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: 445110	(X2) MULTIPLE CONSTRUCTION A. BUILDING _____ B. WING _____		(X3) DATE SURVEY COMPLETED 03/11/2015
NAME OF PROVIDER OR SUPPLIER NHC HEALTHCARE, COOKEVILLE			STREET ADDRESS, CITY, STATE, ZIP CODE 815 SOUTH WALNUT AVENUE COOKEVILLE, TN 38501		
(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 3 facility policy and manufacturer's recommendations were not followed for chemical sanitizing.	F 371	On March 10, 2015 the Director of Dietary reviewed the proper method for using the three compartment sink and placed additional emphasis on the need to follow manufacturer's instructions. Additionally all dietary employees were in-serviced on the proper procedures regarding the three compartment sink. All employees were shown the proper procedure and were then able to repeat the correct procedure under observation. The additional training was on-going and concluded March 30, 2014. Additionally the center has incorporated the new practice training into our new employee orientation. The Director of Dietary will conduct monthly Quality Assurance (QA) studies to ensure compliance and report her findings to the center Quality Assurance Performance Improvement (QAPI) meeting that occurs monthly. Our QAPI committee will direct the Director of Dietary regarding the need for additional training and/or ongoing QA studies. (End Tag F371)	F371 3/30/2015	

Division of Health Care Facilities

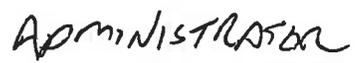
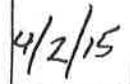
STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: TN7103	(X2) MULTIPLE CONSTRUCTION A. BUILDING: _____ B. WING _____	(X3) DATE SURVEY COMPLETED 03/11/2015
NAME OF PROVIDER OR SUPPLIER NHC HEALTHCARE, COOKEVILLE		STREET ADDRESS, CITY, STATE, ZIP CODE 815 SOUTH WALNUT AVENUE COOKEVILLE, TN 38501		
(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 During the annual Licensure survey and investigation of complaint #33202, conducted on March 9-11, 2015, at NHC Cookeville, no deficiencies were cited under 1200-8-6, Standards for Nursing Homes.	N 000	(No deficiencies were cited therefore no provider plan of correction has been submitted for N 000)	
				4/2/15

Division of Health Care Facilities
LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE

TITLE

(X6) DATE

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: 445110	(X2) MULTIPLE CONSTRUCTION A. BUILDING 01 - MAIN BUILDING 01 B. WING _____		(X3) DATE SURVEY COMPLETED 03/09/2015
NAME OF PROVIDER OR SUPPLIER NHC HEALTHCARE, COOKEVILLE			STREET ADDRESS, CITY, STATE, ZIP CODE 815 SOUTH WALNUT AVENUE COOKEVILLE, TN 38501		
(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 147 SS=E	<p>NFPA 101 LIFE SAFETY CODE STANDARD</p> <p>Electrical wiring and equipment is in accordance with NFPA 70, National Electrical Code. 9.1.2</p> <p>This STANDARD is not met as evidenced by: Based on observations, it was determined the facility failed to maintain the electrical system..</p> <p>The Findings included:</p> <p>Observation on 3/11/15 at 10:26 AM, revealed of 4 of 12 resident rooms located in the 200 corridor had oxygen concentrators plugged into power strips.</p> <p>This findings were verified by the maintenance director and acknowledged by the administrator during the exit conference on 3/11/15</p>	K 147	<p>Under the direction of the Maintenance Director it was determined that only 4 residents were affected by this deficient practice.</p> <p>The oxygen concentrators were unplugged from the power strips and plugged into their own outlet.</p> <p>Under the direction of the Maintenance Director the 200 hall staff were in-serviced on the proper use of power strips. This training was concluded on 3/30/2015. The center will take an additional step of adding electrical outlets.</p> <p>The Maintenance Director will conduct monthly Quality Assurance studies and report his finding the Quality Assurance Performance Improvement committee. The QAPI committee meets each month and they will direct whether additional studies and training are necessary.</p>	K 147 3/30/2015	
					
LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE			TITLE		(X6) DATE

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.

Division of Health Care Facilities

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: TN7103	(X2) MULTIPLE CONSTRUCTION A. BUILDING: 01 - MAIN BUILDING 01 B. WING _____	(X3) DATE SURVEY COMPLETED 03/09/2015
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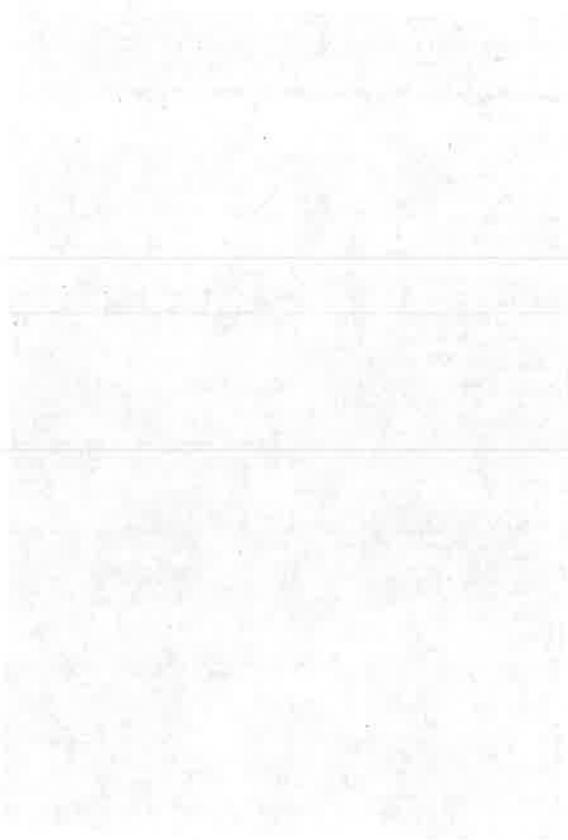
NAME OF PROVIDER OR SUPPLIER NHC HEALTHCARE, COOKEVILLE	STREET ADDRESS, CITY, STATE, ZIP CODE 815 SOUTH WALNUT AVENUE COOKEVILLE, TN 38501
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(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETE DATE
N 002	<p>1200-8-6 No Deficiencies</p> <p>Based on observation, testing and records review it was determined the facility had no life safety deficiencies.</p> <p><i>J. Stone, NHA</i></p>	N 002	<p>(No deficiencies were cited therefore no provider plan of correction has been submitted for N 002)</p> <p><i>ADMINISTRATOR 4/2/15</i></p>	

Division of Health Care Facilities
LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE TITLE (X6) DATE

Attachment – Proof of Publication

Attachment – Letters of Support



[Faint, illegible text, likely bleed-through from the reverse side of the page]



Ryan Williams
State Representative

Legislative Office:
114 War Memorial Building
Nashville, Tennessee 37243
(615) 741-1875

rep.ryan.williams@capitol.tn.gov
1-800-449-8366 EXT 1-1875

House of Representatives
State of Tennessee

NASHVILLE

CHAIRMAN
House Health Subcommittee

MEMBER OF COMMITTEES
House Education Instruction and Programs
House Health

District Office:
1843 Foreman Drive; Suite 200
Cookeville, TN 38501
(931) 881-1279

February 25, 2016

NHC HealthCare
Attn: Jeremy Stoner
815 South Walnut Ave
Cookeville, TN 38501

Dear Mr. Stoner,

This letter expresses my support for NHC HealthCare, Cookeville's CON application for the addition of ten (10) skilled beds. NHC is filing this CON based on the bed need projection for additional skilled beds in Putnam County. We need to meet the demand 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,

Ryan Williams
State Representative



Office of the Mayor

February 25, 2016

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

Dear Ms. Hill:

This letter expresses my support for NHC HealthCare, Cookeville's CON application for the addition of ten (10) skilled beds. NHC is filing this CON based on the bed need projection for additional skilled beds in Putnam County. We need to meet the demand of our senior population with quality care and NHC is a great resource.

NHC is to be commended for their care and for their 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,

A handwritten signature in black ink, appearing to read "Ricky Shelton".

Ricky Shelton
Mayor

Putnam

RANDY PORTER

C O U N T Y E X E C U T I V E

February 18, 2016

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

Dear Ms. Hill:

I am writing to express my support for NHC HealthCare Cookeville's Certificate of Need (CON) application for the addition of 10 additional nursing beds. As County Executive of a County with over 75,000 people and a growing aging population, the need for more skilled beds is in the best interest of our citizens.

Before being elected to my current position, I served as the Emergency Medical Services director of our County for over 30 years. I saw firsthand the need for more skilled nursing care, as the waiting list for this type of care can be very long. Also NHC HealthCare has established itself as a quality facility in our County and has a great reputation with our citizens.

Putnam County citizens deserve to have skilled nursing care readily available to them, so I encourage you to approve the CON for NHC Healthcare.

Sincerely,



Randy Porter
County Executive
Putnam County

March 9, 2016

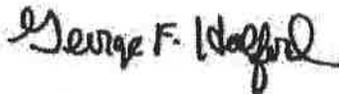
Ms. Melanie Hill, Executive Director
State of Tennessee
Health Services and Development Agency
502 Deaderick Street, 9th Floor
Nashville, TN 37243

Dear Ms. Hill:

I am writing to express the Cookeville-Putnam County Chamber's support for NHC HealthCare Certificate of Need (CON) application for the addition of ten skilled beds in the Cookeville facility. We need to meet the demands of our senior population with quality care and NHC HealthCare is a great resource.

I ask you to favorably consider this proposal. If you have any questions, please do not hesitate to contact me.

Sincerely,



George F. Halford, CCE, CEcD
President/CEO

YOUR VISION. OUR VOICE.

o (931) 526-2211
(800) 264-5541
f (931) 526-4023

1 WEST FIRST ST., COOKEVILLE, TN 38501

www.CookevilleChamber.com



COOKEVILLE
C H A M B E R
PUTNAM COUNTY, TENNESSEE



February 26, 2016

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

Dear Ms. Hill:

This letter expresses my support for NHC HealthCare, Cookeville's CON application for the addition of ten (10) skilled beds. NHC is filing its CON based on Putnam County's projected skilled needs. I am a physician practicing in Putnam County and given my experience in the local market, I believe these additional skilled nursing beds are needed to accommodate out 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 at 931-520-8457.

Sincerely,

Emilie B. Riddle, M.D.

315 North Washington Ave Suite 230

Cookeville, Tennessee, 38501

James Gregory Staggs, D.O.

Board Certified Family Practice

753-B Humble Drive, Cookeville, Tennessee 38501

Phone 931-520-1800 • Fax 931-520-1844

March 3, 2016

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

Dear Ms. Hill:

This letter expresses my support for NHC HealthCare - Cookeville's CON application for the addition of ten (10) skilled beds. NHC is filing its CON based on Putnam County's projected skilled bed need. I am a physician practicing in Putnam 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,



James G. Staggs, D.O.

JGS:gg



UPPER CUMBERLAND
FAMILY PHYSICIANS

1101 Neal St., Cookeville, TN 38501 | (931) 528-7797

STEVEN G. FLATT, M.D.
JANE ANNE GOTCHER, M.D.
ERNEST G. BUCHANAN IV, M.D.
TRACY EPPS, F.N.P.
JEANNETTA STEPHENS, F.N.P.
MARGAUX MAYNARD, F.N.P.

March 03, 2016

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

Dear Ms. Hill:

This letter expresses my support for NHC Healthcare, Cookeville's CON application for the addition of ten (10) skilled beds. NHC is filing its CON based on Putnam County's projected skilled bed need. I am a physician practicing in Putnam 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.

My patients have received excellent quality of care at NHC for the past 20 years. I ask you to favorably consider this proposal.

If you have any questions, please do not hesitate to call me.

Sincerely,

Jane Anne Gotcher, M.D.



Medical Specialists

Lori Austin, MD, Internal Medicine
Katherine Bertram, MD, Internal Medicine
Sandra Bailiff, NP, Nurse Practitioner

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

Dear Ms. Hall:

This letter expresses my support for NHC HealthCare, Cookeville's CON application for the addition of ten (10) skilled beds. NHC is filing its CON based on Putnam County's projected skilled need. As Medical Director of NHC, Cookeville, and given my experience in the local market, I believe these additional skilled nursing beds are needed to accommodate out 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,

Katherine Bertram M.D.
Medical Director
NHC HealthCare
Cookeville, TN

MORNINGSIDE
OF COOKEVILLE



February 29, 2016

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

Dear Ms. Hill:

This letter expresses my support for NHC HealthCare, Cookeville's CON application for the addition of ten (10) skilled beds. NHC is filing this CON based on the bed need projection for additional skilled beds in Putnam County. We need to meet the demand 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,

A handwritten signature in black ink, appearing to read 'Sherry Smith, Ed.'.

Sherry Smith-Norrod
Executive Director

ssn



999 18 16 11 27 14



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, Cookeville's CON application for the addition of ten (10) skilled beds. NHC is filing this CON based on the bed need projection for additional skilled beds in Putnam County. We need to meet the demand 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. Please feel free to contact me at anytime if I may be of further assistance.

Sincerely,

Jenene Jones
Executive Director
Cedar Hills Senior Living

JJ/cll

Supplemental #1 -COPY-

NHC Healthcare Cookeville

CN1604-014

April 25, 2016**11:01 am****1. Section B, Applicant Profile, Item 13**

The applicant notes the proposed project will involve the treatment of TennCare participants; however there are no TennCare Managed Care plans listed as currently being contracted. In addition, the 2014 NHC Cookeville JAR indicates the applicant provided 19,921 days of Level I Care/Intermediate Care reimbursed by TennCare. Please clarify.

NHC HealthCare, Cookeville does participate in all TennCare MCO's. Please see the revised page four (4) from our CON application. NHC HealthCare, Cookeville provides both Level I and Level II Nursing care.

Please clarify if the proposed 10 new Medicare certified SNF nursing home beds will be dually certified.

The proposed 10 new Medicare certified SNF nursing home beds will be dually certified.

April 25, 2016**11:01 am****2. Section B, Project Description, Item 1**

On page 6 the applicant lists the Zip Code for NHC HealthCare Cookeville as 38502; however, the published Letter of Intent lists the zip code as 38501. Please clarify.

NHC HealthCare, Cookeville has two mailing zip codes, 38501 is the physical mailing address zip code and 38502-2829 is the centers P.O. Box. Please see the attached revised CON page 6.

It is noted the applicant will add 2,000 sq. ft. of therapy space. Please describe the current therapy space including square footage.

The current therapy space consists of two areas, 159 square feet of office space, and 600 square feet of patient treatment area for a therapy room total of 759 square feet. The office space is irregularly shaped and has no private offices, with four desks situated in the area. The second area is the gymnasium, used for patient care, which comprises a total of 600 square feet, and includes spaces for two therapy mats, parallel bars, a work table, a closet and our e-stim equipment.

The requested additional square footage is greatly needed.

April 25, 2016**11:01 am****3. Section B, Project Description Item II.A.**

On page 8 the applicant notes the Medical Director will be Dr. Katherine Betram. Please clarify if the last name of the physician is "Bertram".

The correct spelling of the Medical Directors last name is Bertram. Please see the revised CON page 8 with the corrected spelling.

April 25, 2016**11:01 am**

The square footage and cost per square footage chart is noted. Please revise the chart according to the following:

- Please complete the "existing SF" column that reflects a total of 29,286 total GSF.
- The 2 columns listing "new" and "total" under the heading "Proposed Final Square Footage" is not calculated correctly. Please revise.
- Please include a proposed Final Cost/SF for line E. for the columns labeled "renovated", "new", and "total".

Please see the revised square footage and cost per square footage chart.

April 25, 2016**11:01 am****4. Section C., Need, Item I.a. (Nursing Home-Service Specific Criteria-)
Determination of Need**

It is noted the applicant applied population statistics to the nursing home service specific criteria other than those published by the Tennessee Department of Health. Please revise all responses including tables to reflect the most recent 2016 and 2018 population statistics published by the Tennessee Department of Health and submit replacement pages.

The latest publically available Tennessee Department of Health population statistics were used when the original CON application was filed. Based on the recently received Tennessee Department of Health population projections for Tennessee Counties and the State, 2010-2020, the tables and responses have been updated. Please note that other population data supplied, specifically ESRI, is done to supplement the Tennessee Department of Health data and is not used in calculations relating to bed need projections or the official population statistics for the State or county.

Please note that with the revised population projections the bed need calculation was also updated. The corresponding pages that discuss bed need have also been updated and replaced.

Population Projections,
Tennessee Counties and the State,
2010-2020

COUNTY- Putnam
RACE-ETHNICITY/SEX- Total

AGE	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
0 to 4	4,332	4,322	4,357	4,414	4,500	4,599	4,703	4,795	4,887	4,981	5,070
5 to 9	4,338	4,431	4,444	4,501	4,522	4,531	4,521	4,557	4,620	4,709	4,812
10 to 14	4,301	4,305	4,417	4,435	4,492	4,527	4,620	4,638	4,694	4,718	4,727
15 to 19	5,976	5,399	5,174	5,392	5,653	5,838	5,842	5,950	5,968	6,022	6,054
20 to 24	7,441	8,416	8,813	8,544	7,942	7,155	6,545	6,288	6,483	6,722	6,893
25 to 29	4,827	5,073	5,467	6,078	6,898	7,939	8,924	9,321	9,037	8,417	7,621
30 to 34	4,168	4,043	3,968	3,991	4,089	4,212	4,418	4,758	5,288	5,997	6,889
35 to 39	4,180	4,071	3,927	3,857	3,749	3,663	3,555	3,488	3,503	3,582	3,674
40 to 44	4,428	4,435	4,445	4,357	4,275	4,146	4,036	3,893	3,829	3,726	3,641
45 to 49	4,718	4,716	4,661	4,568	4,525	4,532	4,539	4,546	4,460	4,379	4,249
50 to 54	4,630	4,652	4,734	4,805	4,809	4,833	4,823	4,765	4,670	4,619	4,623
55 to 59	4,304	4,413	4,556	4,634	4,791	4,819	4,843	4,923	4,992	4,997	5,016
60 to 64	4,113	4,294	4,242	4,310	4,323	4,500	4,612	4,756	4,835	4,991	5,023
65 to 69	3,394	3,557	3,856	3,989	4,172	4,315	4,503	4,457	4,530	4,554	4,733
70 to 74	2,525	2,607	2,727	2,970	3,182	3,331	3,483	3,780	3,919	4,098	4,237
75 to 79	1,999	2,055	2,079	2,158	2,218	2,305	2,381	2,492	2,713	2,902	3,035
80 to 84	1,443	1,472	1,556	1,571	1,604	1,639	1,682	1,710	1,774	1,827	1,900
85 plus	1,204	1,279	1,345	1,427	1,493	1,572	1,628	1,721	1,770	1,822	1,890
ALL AGES	72,321	73,540	74,768	76,001	77,237	78,456	79,658	80,838	81,972	83,063	84,087

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.

**Population Projections,
Tennessee Counties and the State,
2010-2020**

Tennessee
RACE-ETHNICITY/SEX- Total

AGE	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
0 to 4	407,813	410,337	412,423	414,111	419,229	426,572	430,744	434,474	437,900	441,223	444,546
5 to 9	412,181	413,193	416,708	421,894	423,136	423,029	425,128	426,815	428,118	432,951	439,998
10 to 14	418,941	423,901	427,941	430,028	431,163	430,282	431,515	435,423	440,928	442,250	442,215
15 to 19	437,186	440,833	444,026	449,267	456,956	467,223	472,164	476,203	478,354	479,597	478,732
20 to 24	426,244	436,480	446,864	455,003	459,484	459,190	461,016	463,219	468,027	475,366	485,392
25 to 29	417,683	415,699	413,832	412,457	415,853	421,072	431,779	441,747	448,670	451,865	450,165
30 to 34	406,314	414,354	420,163	424,911	427,751	427,741	426,101	424,532	423,380	426,818	431,897
35 to 39	423,622	409,949	403,302	402,872	406,269	412,286	420,479	426,561	431,468	434,308	434,298
40 to 44	430,508	437,043	440,886	442,049	437,646	429,231	415,588	409,028	408,691	412,151	418,268
45 to 49	467,087	461,737	454,382	444,764	436,665	435,317	441,816	445,677	446,835	442,483	434,070
50 to 54	459,349	464,251	466,694	468,823	472,505	471,779	466,294	458,901	449,311	441,246	440,022
55 to 59	414,991	427,640	438,942	449,850	456,344	463,407	468,452	471,032	473,228	476,910	476,134
60 to 64	370,724	389,799	392,822	396,069	404,923	416,715	429,413	440,935	451,978	458,708	465,999
65 to 69	280,538	289,005	312,773	331,747	349,160	366,482	384,861	387,947	391,662	400,720	412,613
70 to 74	206,536	213,123	224,115	238,599	251,208	262,389	270,344	293,099	311,079	327,510	343,650
75 to 79	154,517	158,651	161,217	166,421	172,797	178,918	184,856	194,494	207,383	218,446	228,208
80 to 84	111,954	114,253	116,702	118,162	119,780	122,466	125,914	128,173	132,513	137,690	142,747
85 plus	99,917	104,963	109,373	113,909	117,663	121,607	125,541	129,312	132,506	135,330	139,077
ALL AGES	6,346,105	6,425,211	6,503,165	6,580,936	6,658,532	6,735,706	6,812,005	6,887,572	6,962,031	7,035,572	7,108,031

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.

April 25, 2016**11:01 am**

**5. Section C., Need, Item I.a. (Nursing Home-Service Specific Criteria-)
Nursing Home Occupancy, A.4.**

The table (Putnam County Nursing Home Occupancy) on page 21 is noted. However, the applicant based the 2014 occupancy of Signature Healthcare of Putnam County on 3 months of data, but lists a reporting period of four months (1/1/14-4/30/14. Please clarify.

Please see the revised pages 21 and 41 which reflects the corrected statement of four (4) months of data.

It is noted "Signature Healthcare of Putnam County" is listed as "Kindred Transitional Care and Rehabilitation-Masters" in the Joint Annual Reports. Please clarify.

Please note that Signature Healthcare of Putnam Co. reported a change of ownership on 5/1/14 from the previously licensed Kindred Transitional Care and Rehabilitation-Masters.

Please clarify the statement on page 22 that reads "Bethesda Health Care Center has reported a lower occupancy rate that appears to be centered around a 2013 survey where Standing Stone received 11 deficiencies which exceeds both the Tennessee and federal average of number of deficiencies".

Please note that a portion of the sentence was not printed. The corrected statement should read:

Bethesda Health Care Center's reported lower occupancy rate in 2014, could in part, be centered around a 2013 survey where Bethesda received 11 deficiencies which exceeds both the Tennessee and federal average of number of deficiencies.

April 25, 2016**11:01 am**

**6. Section C., Need, Item I.a. (Nursing Home-Service Specific Criteria-)
Adequate Staffing, A.9.**

Please clarify the reason registered nurses will not be added as a result of adding 10 skilled nursing beds.

The existing center presently staffs the center with an RN 24 hours a day, 7 days a week, 365 days a year. In addition to this RN staffing, the center also staffs RNs in the following positions

DON	40 hours/week
ADON	40 hours/week
Falls/Wound Care Nurse	40 hours/week
MDS Coordinator	60 hours/week

Based upon existing RN staffing, center management believes there is adequate RN staffing, and no additional RN's are needed for this 10 bed addition.

Please note, Year 2 Direct Nursing Hours PPD is 4.13

April 25, 2016**11:01 am**

7. Section C., Need, Item I.a. (Nursing Home-Service Specific Criteria-) Quality Control and Monitoring, A.12.

The NHC Quality Improvement Program Manual is noted in the Attachments. Please clarify why it was last revised on December 20, 2011. How often is the Quality Improvement Program Manual reviewed to include requirements in the Affordable Care Act?

NHC uses "The Model for Improvement" as the basis for our QI Program. This framework is timeless. We adjust our practices to incorporate specific regulations when guidelines are finalized. The ACA of 2010 led CMS to launch a prototype QAPI, a demonstration project, which resulted in publication of a generalized framework and various resources in 2013. It was not until July 2015 that proposed rules (that include QAPI) were published (final rules are expected in 2016).

NHC center partners have been and continue to be focused on quality improvement. The manual will be modified when regulations are finalized but the core of quality improvement and the NHC process remain valid.

April 25, 2016**11:01 am****8. Section C. (Need) Item 4 (Population Demographics)**

Your response to this item is noted. Using population data from the Department of Health, enrollee data from the Bureau of TennCare, and demographic information from the US Census Bureau, please complete the following table and include data for each county in your proposed service area.

<i>Variable</i>	<i>Putnam County</i>	<i>Tennessee</i>
<i>Current Year (CY), Age 65+</i>		
<i>Projected Year (PY), Age 65+</i>		
<i>Age 65+, % Change</i>		
<i>Age 65+, % Total (PY)</i>		
<i>CY, Total Population</i>		
<i>PY, Total Population</i>		
<i>Total Pop. % Change</i>		
<i>TennCare Enrollees</i>		
<i>TennCare Enrollees as a % of Total Population</i>		
<i>Median Age</i>		
<i>Median Household Income</i>		
<i>Population % Below Poverty Level</i>		

Please see the attached table.

<i>Variable</i>	<i>Putnam County</i>	<i>Tennessee</i>
2016, Age 65+	13,677	1,091,516
2018, Age 65+	14,706	1,175,143
Age 65+, % Change	7.52%	7.66%
Age 65+, % Total (2016)	17.94%	16.88%
2016, Total Population	79,658	6,812,005
2018, Total Population	81,972	6,962,031
Total Pop. % Change	2.90%	2.20%
TennCare Enrollees (2016)	17,977	1,525,548
TennCare Enrollees as a % of Total Population (2016)	22.57%	22.39%
Median Age (2014)	36.3	37.4
Median Household Income (2010-2014)	34,780	44,621
Population % Below Poverty Level (2008-2012)	20.8%	18.3%

Source: TN Health Statistics, US Census Bureau and TennCare Enrollment

9. Section C, Need, Item 5.---Nursing Homes

Please complete the following chart for all Putnam County nursing homes:

Service Area Nursing Home Utilization --2014 JAR

Facility	Lic. Beds	SNF Beds- Medicare	SNF Beds- Medicare/ Medicaid	Other Lic. Beds	SNF Medicare ADC	SNF Medicaid ADC	NF ADC	Total ADC
Total								

Please see the attached completed table.

**Putnam County Nursing Homes
2014**

NURSING HOMES	Licensed Beds	SNF Beds - Medicare	SNF Beds Medicare/Medicaid	Other Licensed Beds	SNF Medicare/Level II ADC	SNF Medicaid ADC	NF-ADC	Total ADC
1 Bethesda Health Care Center	120	0	120	0	28	0	50	78
2 NHC HealthCare, Cookeville	94	0	94	0	24	0.4	62	87
4 Signature Healthcare of Putnam County*	175	0	175	0	23	3.4	132	160
5 Standing Stone Care and Rehabilitation Center	115	0	115	0	25	0	70	95
TOTAL	504	0	504	0	100	3.9	315	420

* Formerly Kindred Transitional Care. CHOW effective 5/1/14 to Signature Healthcare. Kindred reported data from 1/1/14 - 4/30/14. Occupancy is based on 4 months of data.

Source: 2014 TN JAR Summary Reports

April 25, 2016**11:01 am****10. Section C., Need, Item 6**

Please indicate if the applicant has documentation from referral sources to support projected utilization in Year One and Year Two of the proposed project.

Utilization projections have been based on historical admission data, local physician support based on past referrals and physician support letters, and the historical and projected acute care discharges to NHC Cookeville from acute care providers as documented in the original CON application on page 92a-92b. This referenced information, along with the documented growing elderly population of Putnam County all help to indicate how the center plans on supporting the 10 additional beds requested.

11. Section C, Economic Feasibility, Item 1

Please briefly discuss the \$575,000 preparation of site cost.

Please note that site costs are estimated costs for land development including demolition, grading, and utility installation, paving and sidewalks.

12. Section C, Economic Feasibility, Item 1 and 2

The Project Costs Chart indicates Interim Financing in the amount of \$92,765. If this facility is being financed through cash reserves why are there finance charges?

NHC will finance the project through cash reserves. This method of finance has costs associated to the funds used. NHC lends the project capital and charges each project an imputed cost of capital. Interim financing reflects this cost.

13. Section C, Economic Feasibility, Item 3

Please complete the following table:

	Renovated Construction	New Construction	Total Construction
Square Feet	2,646	16,400	19,046
Total Cost	\$154,531	\$2,868,960	\$3,023,491
Cost Per Square Foot	\$58.40	\$174.94	\$158.75

14. Section C, Economic Feasibility, Item 4 Historical and Projected Data Charts

It is noted the applicant placed the amounts under "C. Deductions for Operating Revenue" in parenthesis in the Historical and Projected Data Charts indicating a negative amount for each line item. However, if the amount is not a negative amount, please remove the parenthesis in the charts and submit revised charts.

The amounts reflected under "C. Deductions for Operating Revenue" are negative amounts. These amounts are deductions from revenue, thus they are reflected as negative amounts.

15. Section C, Economic Feasibility, Item 6

The applicant provided proposed patient charges for Managed Care, Medicare, and Private Pay plans. However the applicant plans to be dually certified. If so, please explain why TennCare patient charges were not also included.

The applicant did not provide any TennCare patient charges for the proposed 10 bed addition since the applicant is reflecting only Medicare revenue or revenue from Managed Care. The applicant does not anticipate any charges and/revenue from TennCare for the 10 bed addition.

April 25, 2016**11:01 am****16. Section C, Economic Feasibility, Item 9**

Please calculate the estimated dollar revenue and percentage of gross revenue anticipated from TennCare, Medicare, or other state and federal sources for the proposal's first year of operation.

Gross Revenue	Amount	Percentage
Medicare	1,565,102	79.23%
TennCare	0	0%
Managed Care	409,778	20.75%
Other Revenue	444	0.02%
Total	\$1,975,324	100%

It is noted in the 2014 Nursing Home JAR summary report NHC Cookeville received \$4,333,565 in TennCare gross revenue. Please indicate the percentage of 2014 total gross revenue TennCare revenue represented in 2014.

Gross revenue per the 2014 JAR is \$10,922,317. Thus, the percentage of gross TennCare revenue to total revenue is 39.7%

Also, please explain why the applicant received a sizeable amount of TennCare gross revenue in 2014, but did not project any TennCare gross revenue for the proposed 10 bed addition.

The applicant did not project any TennCare gross revenue for the proposed 10 bed addition since the applicant is reflecting only Medicare revenue or revenue from Managed Care. The applicant does not anticipate any revenue from TennCare for the 10 bed addition.

17. Section C, Economic Feasibility, Item 10

The consolidated Balance Sheets for National Healthcare Corporation in the attachment are noted. However, please explain why cash and cash equivalents decreased from \$69,767,000 in 2014 to \$38,208,000 in 2015. Also, please explain why there were deferred income taxes paid in the amount of \$35,506,000 in 2014 and none paid in 2015.

The decrease in cash and cash equivalents was due to the redemption on November 3, 2015, of the Company's Series A Convertible Preferred Stock. The funding for the redemption was partially funded with cash on hand.

In November 2015, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2015-17, "Income Taxes" which requires that deferred tax assets and liabilities be "netted" and classified as noncurrent in a classified balance sheet. Therefore, the computation of the Company's deferred taxes did not change, but the presentation on our balance sheet is what changed. Prior to the issuance of the standard, deferred tax assets and liabilities were required to be separately classified (record both assets and liabilities) into a current amount and a noncurrent amount in the balance sheet. The Company adopted this guidance as of December 31, 2015 and applied the guidance prospectively to the 2015 presentation. Because the application of this guidance affects classification only, such reclassifications did not have a material effect on the Company's consolidated financial position or results of operations.

April 25, 2016**11:01 am****18. Section C, Orderly Development, Item 4**

The table in the attachments on page 197 is noted. However, the applicant calculated 10.55 FTEs on 8 beds rather than 10 as reflected in the chart. Please clarify.

Please see revised chart reflecting 10 beds rather than 8 beds.

April 25, 2016**11:01 am**

**NHC HealthCare, Cookeville
10 Bed Addition**

Staffing - Full Time Equivalents
Year 2

	<u>10 Beds</u>
Administrator	
Medical Director	*
Secretary	
Receptionist	
Bookkeeper	
RN's	
LPN's	2.80
Aides	4.00
DON	
Nursing Supply Clerk	
Nursing Secretary	
MDS Coordinator	
Alzheimer Nursing Coordinator	
ADON	
Rehab Aides	
Assisted Living	
Medical Records - Head	
Medical Records - Staff	0.25
Speech Therapy	*
Occupational Therapy	*
Physical Therapy	*
Dietary	1.05
Laundry	0.35
Housekeeping	2.10
Maintenance - Dept Head	
Maintenance - Staff	
Other (spec.)	
Activities - Dept Head	
Activiteis - Alzheimer	
Activities Staff	
Social Services - Dept Head	
Social Services - Staff	
	<hr/>
Total	10.55

* Consultants

APR 25 '16 11:01 AM

AFFIDAVIT

STATE OF TENNESSEE

COUNTY OF Rutherford

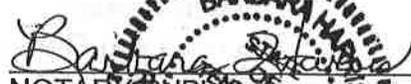
NAME OF FACILITY: National HealthCare Corporation d/b/a NHC HealthCare, Cookeville

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



Signature/Title Assistant Vice President

Sworn to and subscribed before me, a Notary Public, this the 22nd day of April, 2016, witness my hand at office in the County of Rutherford, State of Tennessee.



NOTARY PUBLIC OF TENNESSEE
RUTHERFORD COUNTY

My commission expires 9-25, 2019

HF-0043

Revised 7/02

ADDITIONAL INFORMATION
-COPY-

NHC HealthCare Cookeville

CN1604-014

APR 27 16 09:29

AFFIDAVIT

STATE OF TENNESSEE

COUNTY OF Rutherford

NAME OF FACILITY: National Health Corporation d/b/a NHC HealthCare, Cookeville

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



Assistant Vice President

Signature/Title

Sworn to and subscribed before me, a Notary Public, this the 26th day of April, 2016, witness my hand at office in the County of Rutherford, State of Tennessee.



NOTARY PUBLIC

My commission expires 11/18, 2018

HF-0043

Revised 7/02





State of Tennessee
Health Services and Development Agency

Andrew Jackson Building, 9th Floor
 502 Deaderick Street
 Nashville, TN 37243
www.tn.gov/hstda Phone: 615-741-2364 Fax: 615-741-9884

LETTER OF INTENT

The Publication of Intent is to be published in the Herald-Citizen which is a newspaper
(Name of Newspaper)
 of general circulation in Putnam, Tennessee, on or before April 8, 2016,
(County) (Month / day) (Year)
 for one day.

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

NHC HealthCare, Cookeville Nursing Home
(Name of Applicant) (Facility Type-Existing)

owned by: National Health Corporation with an ownership type of For Profit Corporation

and to be managed by: Tennessee HealthCare Advisors, LLC. intends to file an application for a Certificate of Need for: **the addition of 10 new Medicare certified SNF nursing home beds. The project includes the renovation and construction of a total of 22 private rooms, the 10 previously mentioned and 12 existing patient rooms being converted from semi-private to private rooms. Other renovations include the kitchen, dish room and the addition of a two story office/storeroom building all to the existing 94 bed nursing home called NHC HealthCare, Cookeville, located at 815 South Walnut Avenue, Cookeville (Putnam Co.) TN 38501. When finished, the center will have a total of 104 nursing home beds. NHC HealthCare, Cookeville is certified for Medicare and Medicaid participation. The estimated project costs is \$4,806,490.**

The anticipated date of filing the application is: April 12, 2016

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

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

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

 4/5/16 bduncan@nhccare.com
(Signature) (Date) (E-mail Address)

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

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

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

**RULES
OF
HEALTH SERVICES AND DEVELOPMENT AGENCY**

**CHAPTER 0720-11
CERTIFICATE OF NEED PROGRAM – GENERAL CRITERIA**

TABLE OF CONTENTS

0720-11-.01 General Criteria for Certificate of Need

0720-11-.01 GENERAL CRITERIA FOR CERTIFICATE OF NEED. The Agency will consider the following general criteria in determining whether an application for a certificate of need should be granted:

- (1) Need. The health care needed in the area to be served may be evaluated upon the following factors:
 - (a) The relationship of the proposal to any existing applicable plans;
 - (b) The population served by the proposal;
 - (c) The existing or certified services or institutions in the area;
 - (d) The reasonableness of the service area;
 - (e) The special needs of the service area population, including the accessibility to consumers, particularly women, racial and ethnic minorities, TennCare participants, and low-income groups;
 - (f) Comparison of utilization/occupancy trends and services offered by other area providers;
 - (g) The extent to which Medicare, Medicaid, TennCare, medically indigent, charity care patients and low income patients will be served by the project. In determining whether this criteria is met, the Agency shall consider how the applicant has assessed that providers of services which will operate in conjunction with the project will also meet these needs.

- (2) Economic Factors. The probability that the proposal can be economically accomplished and maintained may be evaluated upon the following factors:
 - (a) Whether adequate funds are available to the applicant to complete the project;
 - (b) The reasonableness of the proposed project costs;
 - (c) Anticipated revenue from the proposed project and the impact on existing patient charges;
 - (d) Participation in state/federal revenue programs;
 - (e) Alternatives considered; and
 - (f) The availability of less costly or more effective alternative methods of providing the benefits intended by the proposal.

- (3) Contribution to the Orderly Development of Adequate and Effective Healthcare Facilities and/or Services. The contribution which the proposed project will make to the orderly development of an adequate and effective health care system may be evaluated upon the following factors:

(Rule 0720-11-.01, continued)

- (a) The relationship of the proposal to the existing health care system (for example: transfer agreements, contractual agreements for health services, the applicant's proposed TennCare participation, affiliation of the project with health professional schools);
 - (b) The positive or negative effects attributed to duplication or competition;
 - (c) The availability and accessibility of human resources required by the proposal, including consumers and related providers;
 - (d) The quality of the proposed project in relation to applicable governmental or professional standards.
- (4) Applications for Change of Site. When considering a certificate of need application which is limited to a request for a change of site for a proposed new health care institution, The Agency may consider, in addition to the foregoing factors, the following factors:
- (a) Need. The applicant should show the proposed new site will serve the health care needs in the area to be served at least as well as the original site. The applicant should show that there is some significant legal, financial, or practical need to change to the proposed new site.
 - (b) Economic factors. The applicant should show that the proposed new site would be at least as economically beneficial to the population to be served as the original site.
 - (c) Contribution to the orderly development of health care facilities and/or services. The applicant should address any potential delays that would be caused by the proposed change of site, and show that any such delays are outweighed by the benefit that will be gained from the change of site by the population to be served.
- (5) Certificate of need conditions. In accordance with T.C.A. § 68-11-1609, The Agency, in its discretion, may place such conditions upon a certificate of need it deems appropriate and enforceable to meet the applicable criteria as defined in statute and in these rules.

Authority: T.C.A. §§ 4-5-202, 68-11-1605, and 68-11-1609. *Administrative History:* Original rule filed August 31, 2005; effective November 14, 2005.

**CERTIFICATE OF NEED
REVIEWED BY THE DEPARTMENT OF HEALTH
DIVISION OF POLICY, PLANNING AND ASSESSMENT
615-741-1954**

DATE: June 30, 2016

APPLICANT: NHC Health Care, Cookeville
815 Walnut Avenue
Cookeville, Tennessee 38501

CONTACT PERSON: Bruce Duncan
National Health Corporation
100 Vine Street
Murfreesboro, Tennessee 37130

COST: \$4,806,490

In accordance with Section 68-11-1608(a) of the Tennessee Health Services and Planning Act of 2002, the Tennessee Department of Health, Division of Policy, Planning, and Assessment, reviewed this certificate of need application for financial impact, TennCare participation, compliance with *Tennessee's State Health Plan*, and verified certain data. Additional clarification or comment relative to the application is provided, as applicable, under the heading "Note to Agency Members."

SUMMARY:

NHC Health Care, Cookeville located 815 South Walnut Avenue, Cookeville, Tennessee 38501, seeks Certificate of Need approval for the addition of 10 new Medicare certified SNF nursing home beds. The project includes the renovation and construction of a total of 22 private rooms, the 10 previously mentioned and 12 existing patient rooms being converted from semi-private to private rooms. Other renovations include kitchen, dish room, and the addition of a two-story office/storage room building to the existing 94 bed nursing home. When the project is completed the center will have a total of 104 beds. NHC Health Care, Cookeville is certified for Medicare and Medicaid participation.

The total square feet to be renovated is 2,646 and will cost \$154,531 or \$58.40 per square feet. The total square feet of new construction 16,400 and will cost \$2,868,960, or \$174.94 per square foot. The total square footage for the project is 19,046 and will cost \$3,023,492, of \$158.75 per square foot.

NHC Health Care-Cookeville, LLC has one member, NHC/OP, L.P. NHC/OP, L.P. owns 100% of The Health Center of Hermitage, LLC NHC/OP, L.P., also owns 100% in other nursing facilities in various states. The applicant provides information regarding ownership in Attachment Section A, Applicant Profile-4 Type of Ownership or Control.

The total estimated project cost is \$4,806,490 and will be funded through cash reserves as indicated in a letter from the Senior Vice President and Controller of NHC in Section C-Economic Feasibility-2.

GENERAL CRITERIA FOR CERTIFICATE OF NEED

The applicant responded to all of the general criteria for Certificate of Need as set forth in the document *Tennessee's State Health Plan*.

NEED:

The applicant's service area is Putnam County. The age 65+ population is 13,677 in 2016, increasing to 14,706 in 2018, and increase of 7.52%.

NHC Health Care-Cookeville is a skilled nursing center with 94 beds complemented by PT/OT and Speech Rehabilitation space offering state-of-the-art equipment and therapies. NHC Health Care-Cookeville was originally constructed in 1975 and contains 29,286 square feet. The proposed project involves the construction of 10 new private rooms and the renovation and conversion of 12 existing semi-private rooms to private rooms. Once the project is complete, the center will have 34 private rooms and 104 total licensed beds. In addition, the project will add 2,000 square feet of therapy space to bring the center more in line with patient needs. Currently the therapy space consists of 159 square feet of office space and 600 square feet of patient treatment area.

NHC Health Care-Cookeville services include: nursing services, rehabilitation services, dietary services, and consultant services such as medical director, dietitians, pharmacists, gerontologists, therapists, and social workers, housekeeping, laundry, patient assessment program, Discharge planning, respite care, and sub-acute care.

NHC Health Care-Cookeville will provide services to individuals with decubiti ulcers, feeding tubes, catheters, tracheotomies, and medical problems requiring IV's, or other individuals requiring sub-acute care. It is the applicant's policy to make available heavy skilled nursing services to patient requiring such services.

The applicant states the CON should be granted for the following reasons: NHC has a long history of providing quality long term care services in Putnam County. The additional beds will help local residents in need of skilled/rehab services to receive those services in their center of choice.

Putnam County Nursing Home Utilization, 2014

County	Nursing Home	Licensed Beds	Total Days of Care	Licensed Occupancy
Putnam	Bethesda Health Care Center	120	28,554	65.23%
Putnam	Kindred Transitional Care and Rehabilitation*	175	18,147	30.0%
Putnam	NHC Health Care-Cookeville	94	31,670	92.3%
Putnam	Standing Stone Care and Rehabilitation Center	115	34,759	82.8%
Total		504	114,130	62.0%

Joint Annual Report of Nursing Homes, 2014 Final, Tennessee Department of Health Division of Policy, Planning, and Assessment
 NHC Indian Path Transitional Care closed in 12/2014 and NHC HealthCare was licensed on 12/4/2014.

*Now Signature Healthcare of Putnam County and has a 91.1% occupancy based on 3 months of data.

The Department of Health, Division of Policy, Planning, and Assessment calculated the nursing home bed need for Putnam County to be 670. Subtracting the current 504 beds in the service area, a need exists for 166 beds.

TENNCARE/MEDICARE ACCESS:

NHC HealthCare-Cookeville participates in the Medicare and TennCare/Medicaid programs. The applicant contracts with TennCare MCO's AmeriGroup, BlueCare, United Healthcare, and TennCare Select.

In year one, the applicant projects Medicare revenues of \$1,975,102 or 79.23% of total net operating revenues.

ECONOMIC FACTORS/FINANCIAL FEASIBILITY:

The Department of Health, Division of Policy, Planning, and Assessment have reviewed the Project Costs Chart, the Historical Data Chart, and the Projected Data Chart to determine if they are mathematically accurate and if the projections are based on the applicant's anticipated level of utilization. The location of these charts may be found in the following specific locations in the Certificate of Need Application or the Supplemental material:

Project Costs Chart: The Project Costs Chart is located on page 154 of the application. The total project cost is \$4,806,490.

Historical Data Chart: The Historical Data Chart is located on page 168 of the application. The applicant reports 30,170, 31,671, and 31,573 patient days with respective occupancies of 87.93%, 92.31%, and 92.02% in 2013, 2014, and 2015, with net operating revenues (\$2,110), \$69,111, and (\$9,718) each year, respectively.

Projected Data Chart: The Projected Data Chart is located on page 171 of the application. The applicant projects 34,692 and 35,044 patient days with respective occupancies of 91.39% and 92.32% in years one and two of the project, with net operating revenues of (\$18,047) and \$47,361 each year, respectively.

The following table provides the proposed facilities charges below.

Proposed Medicaid, Medicare, and Private Pay Charges		
	Year 1	Year 2
Managed Care	\$414.78	\$423.07
Medicare	\$463.23	\$472.50
Private Pay	\$248.80	\$258

The applicant considered several options to this project. One option was to do nothing which was rejected based on the center's occupancy; another option was to request more than 10 beds. This was rejected as well. Fewer than 10 beds was also considered but rejected because CON criteria show a greater need (166 beds). The addition of 10 beds was chosen it makes the best use of the existing resources that are available.

CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTHCARE:

The applicant has transfer agreements with Cookeville Regional Medical Center, Saint Thomas, Vanderbilt, Saint Thomas-Highlands, Livingston Regional Hospital, Erlanger-Chattanooga and other area Putnam County and surrounding healthcare providers. Additionally, NHC-Kingsport has contractual relationships with the Medical Director, Dietary Consultant, Physical Therapist, Medical Records Consultant, and various therapists, physicians, Pharmacist, dentists, optometrists, gerontologists and specialists.

This project will not have any negative effects on the health care system because it does not duplicate services, cause undo coopetition, and it meets a small portion of the need 166 beds calculated for Putnam County. This project will serve as a referral source for home health agencies, assisted living cents, doctors, and area hospitals.

The proposed project will require the following staff additions.

Position	FTE
LPN	2.8
Housekeeping	2.10
Nurse's aides	4.0
Medical Records staff	0.25
Dietary	1.05
Laundry	0.35
Total	10.55
Direct Patient Care Staffing ratio (hours per patient per day)	4.13

NHC HealthCare-Cookeville has established relationships with Tennessee Tech University and the Tennessee College of Applied Technology-Livingston.

NHC HealthCare-Cookeville is licensed by the Tennessee Department of Health, Board for Licensing Healthcare Facilities.

STATE HEALTH PLAN CERTIFICATE OF NEED STANDARDS AND CRITERIA FOR NURSING HOME SERVICES

The Health Services and Development Agency (HSDA) may consider the following standards and criteria for applications seeking to provide nursing home services as defined by Tennessee Code Annotated (TCA) Section 68-11-201(28). Rationale statements are provided for standards to explain the Division of Health Planning's (Division) underlying reasoning and are meant to assist stakeholders in responding to these Standards and to assist the HSDA in its assessment of certificate of need (CON) applications. Existing providers of nursing home services are not affected by these Standards and Criteria unless they take an action that requires a new CON for such services.

NOTE: TCA Section 68-11-1622 states that the HSDA "shall issue no certificates of need for new nursing home beds, including the conversion of hospital beds to nursing home beds or swing beds," other than a designated number of such beds per fiscal year, "to be certified as Medicare skilled nursing facility (SNF) beds...." Additionally, this statute states that the number of Medicare SNF beds issued under this section shall not exceed the allotted number of such beds per applicant. The applicant should also specify in the application the skilled services to be provided and how the applicant intends to provide such skilled services.

NOTE: An applicant that is not requesting a CON to add new nursing home beds shall have its application reviewed by the HSDA staff and considered by the HSDA pursuant to TCA Section 68-11-1609.

Standards and Criteria

1. Determination of Need.

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

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

The Department of Health, Division of Policy, Planning, and Assessment calculated the nursing home bed need for Putnam County to be 670. Subtracting the current 504 beds in the service area, a need exists for 166 beds.

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

The age 65+ population is 13,677 in 2016, increasing to 14,706 in 2018, and increase of 7.52%.

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

The applicant's service area is within 30 minutes travel time from the facility.

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

Putnam County Nursing Home Utilization, 2014

County	Nursing Home	Licensed Beds	Total Days of Care	Licensed Occupancy
Putnam	Bethesda Health Care Center	120	28,554	65.23%
Putnam	Kindred Transitional Care and Rehabilitation*	175	18,147	30.0%
Putnam	NHC Health Care-Cookeville	94	31,670	92.3%
Putnam	Standing Stone Care and Rehabilitation Center	115	34,759	82.8%
Total		504	114,130	62.0%

Joint Annual Report of Nursing Homes, 2014 Final, Tennessee Department of Health Division of Policy, Planning, and Assessment
 NHC Indian Path Transitional Care closed in 12/2014 and NHC HealthCare was licensed on 12/4/2014.

*Now Signature Healthcare of Putnam County and has a 91.1% occupancy based on 3 months of data.

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

There are no outstanding CONs in the service area.

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

The applicant complies.

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

Not applicable.

8. **Encouraging Facility Modernization:** The HSDA may give preference to an application that:

- a. Proposes a replacement facility to modernize an existing facility.
- b. Seeks a certificate of need for a replacement facility on or near its existing facility operating location. The HSDA should evaluate whether the replacement facility is being located as closely as possible to the location of the existing facility and, if

not, whether the need for a new, modernized facility is being impacted by any shift in the applicant's market due to its new location within the Service Area.

- c. Does not increase its number of operating beds.

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

The project involves the construction of 10 new private rooms and the renovation and conversion of 12 existing semi-private rooms to private rooms. NHC Health Care-Cookeville was originally constructed in 1975 and currently has no private rooms.

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

The proposed project will require the following staff additions.

<i>Position</i>	<i>FTE</i>
<i>LPN</i>	<i>2.8</i>
<i>Housekeeping</i>	<i>2.10</i>
<i>Nurse's aides</i>	<i>4.0</i>
<i>Medical Records staff</i>	<i>0.25</i>
<i>Dietary</i>	<i>1.05</i>
<i>Laundry</i>	<i>0.35</i>
<i>Total</i>	<i>10.55</i>
<i>Direct Patient Care Staffing ratio (hours per patient per day)</i>	<i>4.13</i>

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

The applicant has transfer agreements with Cookeville Regional Medical Center, Saint Thomas, Vanderbilt, Saint Thomas-Highlands, Livingston Regional Hospital, Erlanger-Chattanooga and other area Putnam County and surrounding healthcare providers. Additionally, NHC-Kingsport has contractual relationships with the Medical Director, Dietary Consultant, Physical Therapist, Medical Records Consultant, and various therapists, physicians, Pharmacist, dentists, optometrists, gerontologists and specialists.

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 from acute care hospitals. NHC is focused on decreasing hospital readmission rates to acute care providers which not only saves the healthcare system money, but 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.

The applicant currently meets the Quality Assessment and Assurance requirements by their survey regulations. There are proposed Quality Assurance and Performance Improvement (QAPI) mandated by the Affordable Care Act but these have not yet been finalized. IN the interim, NHC has asked their centers to review CMS documents about QAPI and NHC has drafted a QAPI purpose statement and principles for NHC centers to follow and they develop their own QAPI plan once regulations are finalized.

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

The applicant agrees to provide data to HSDA and TDH.

14. **Additional Occupancy Rate Standards:**

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

The applicant projects occupancies of 91.39% and 92.32% in years one and two of the project.

- 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.

NHC Healthcare-Cookeville is the only facility in Putnam County over 90% occupancy.

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

The applicant provides an occupancy summary on page 180 of the application.