

Original

NHC Healthcare,
Kingsport, LLC

CN1601-003

JAN 13 11 16 AM '16

January 13, 2016

VIA: Hand Delivery

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

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

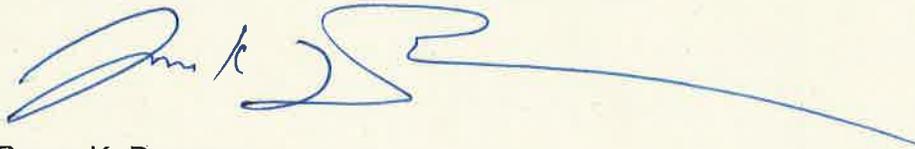
Dear Ms. Hill:

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

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

Sincerely,

NATIONAL HEALTHCARE CORPORATION



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

Enclosure

CERTIFICATE OF NEED APPLICATION

APPLICANT: **NHC HEALTHCARE/KINGSPORT, LLC**

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

PROJECT: The Addition of 8 SNF Medicare Beds to the Existing 52
bed Nursing Home called, NHC HealthCare, Kingsport,
located in Sullivan County, Tennessee.

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

January 12, 2016

SECTION A:

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

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

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

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

Not Applicable

Name _____

Street or Route _____

County _____

City _____

State _____

Zip Code _____

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

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

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

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

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

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

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

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

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

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

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

10. Medicare Provider Number 445517
 Certification Type Nursing Home

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

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

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

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

NHC HealthCare, Kingsport has contracts with the following:

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

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

SECTION B: PROJECT DESCRIPTION

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

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

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

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

Need: Based on the Skilled Bed Need methodology found in the Certificate of Need Standards and Criteria, Nursing Home Services, there is a need for an additional 785 nursing home beds in Sullivan County projected for 2018. Eight (8) new beds are being requested as part of this CON which represents 1.0 percent of the beds projected to be needed in the Certificate of Need Standards and Criteria, Nursing Home Services for 2018. The 125 bed pool which is effective from July 1, 2015 through June 30, 2016 will be affected. There are currently 125 beds left in the pool as of this filing.

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

Project Cost: \$109,800

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

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

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

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

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

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

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

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

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

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

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

SERVICES:

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

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

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

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

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

- I. Transportation: NHC HealthCare, Kingsport will provide non-medical transportation to and from locations in the county for patients and/or volunteers who need such a service.

- m. Community Service - NHC HealthCare, Kingsport offers a number of Community Services such as health fairs and telephone reassurance for the local community.

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

The proposed project is for the addition of eight (8) SNF Medicare only beds to an existing 52 bed nursing home known as NHC HealthCare, Kingsport. NHC HealthCare, Kingsport will promote the orderly development of the health care system in that it is utilizing existing health care bed space and adds needed SNF beds in Sullivan County where there is a projected need for an additional 785 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										
Kitchen										
Employee Break										
Laundry										
Storage/Central Supply										
Housekeeping										
Classroom										
Beauty/Barber										
PT/OT/Speech										
Nursing Support										
Dining/Rec										
Sun Porch										
Public/Staff Toilets										
Patient Rms & Baths		2,304			2,304		2,304	\$6.51		\$15,000
B. Unit/Depart. GSF		2,304			2,304		2,304	\$6.51		
Sub-Total										
C. Mechanical/ Electrical GSF										
D. Circulation /Structure GSF										
E. Total GSF		2,304			2,304		2,304	\$6.51		\$15,000

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

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

NHC's need to provide long term care services in Sullivan County is based on two primary points. First, we are responding to ongoing discussions we have had with MSHA and other providers to deliver the increasingly needed skilled Medicare nursing home beds in the community, and specifically in proximity to their hospital, Indian Path Medical Centers. Second, NHC independently verified the need for said beds and the projected need, based on the population and currently bed inventory, but also with the State Health Plan's projected need for an additional 785 beds by 2018. Since this bed need formula projects the need for skilled Medicare beds, this need projection is not diminished by the Choices and/or Options programs. For patients being discharged from a hospital via Medicare, quite often the best and most cost effective option is a short term nursing home stay for rehab follow by home care after discharge. NHC request is being drive entirely by the local market conditions and demand for our services.

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

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

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

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

III. (A) Attach a copy of the plot plan of the site on an 8 1/2" x 11" sheet of white paper which **must include:**
Please see drawing included in the Attachment "Section B, Project Description - III (A) Plot Plan" on page 57 at the end of the application.

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

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

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

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

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

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

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

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

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

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

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

SECTION C: GENERAL CRITERIA FOR CERTIFICATE OF NEED

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

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

Five Principles for Achieving Better Health

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

1. Healthy Lives

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

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

2. Access to Care

Every citizen should have reasonable access to health care.

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

3. Economic Efficiencies

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

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

4. Quality of Care

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

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

5. Health Care Workforce

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

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

QUESTIONS

NEED

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

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

NURSING HOME SERVICES

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

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

A. Determination of Need

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

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

As stated above, Public Chapter No. 1112, Senate Bill No. 2463, amended and changed the code sections establishing the bed need formula that the Health Services and Development Agency must follow when granting certificates of need for nursing home beds in Tennessee. Based on the above referenced bed need methodology and a Nursing Facility Bed Need: Comparison of Tennessee's Health: Guidelines for Growth 2000 vs. Statute, By Total State and County 2000, there is a need in Sullivan County of nursing home beds projected for 2018, or a need for an additional 785 beds in Sullivan County. **Please see Nursing Facility Bed Need Report located in Attachment "Section C. General Criteria - 1.A. Need" located on page 65 at the end of the application.** This information, which is the most current available to the department, was provided and is included here for reference.

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

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

**SNF Need Formula
Sullivan County Bed Need**

Sullivan County – SNF Formula

County Bed Need	2018 Population	Rate	Needed Beds By Age
Population 65 & under	123,771	0.0005	62
Population 65-74	21,089	0.012	253
Population 75-84	11,912	0.06	715
Population 85+	<u>4,364</u>	0.15	<u>655</u>
	161,136		1,685
Outstanding CON's for new beds			0
Existing Beds =			900
Need =			785

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 785 nursing beds, per this report, well in excess of NHC's requested eight (8) 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 Sullivan County. However, we do expect that some residents will come from outside our primary service area. Nevertheless, we have confined our need justification to Sullivan County where the majority of the population of the service area is within 30 minutes travel time from the proposed facility.

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

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

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

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

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

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

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

Source: 2012 - 2014 JAR Reports Utilization

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

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

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

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

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

So noted by the applicant.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Methodology:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Home Health Agencies

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

Hospice

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

Meals on Wheels

Area Meals on Wheels

Assisted Living Centers

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

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

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

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

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

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

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

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

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

Source: The Advisory Board Company, 2014 Hospital Discharges

* NHC HealthCare, Kingsport 2015 Internal Documents

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

NHC HealthCare/Kingsport, LLC

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

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

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

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

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

483.75(o) Quality Assessment and Assurance

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

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

(2) The quality assessment and assurance committee –

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

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

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

NHC Quality Assurance and Performance Improvement (QAPI)

Purpose Statement:

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

Guiding Principles:

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

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

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

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

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

14. Additional Occupancy Rate Standards:

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

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

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

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

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

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

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

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

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

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

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

1. Health Inspection Domain

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

Facility ratings are determined using these criteria:

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

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

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

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

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

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

January	26
February	28
March	44
April	44
May	43
June	49
July	52
August	49
September	58
October	55
November	63
December	<u>55</u>
Total	<u>566</u>

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

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

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

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

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

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

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

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

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

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

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

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

Sullivan County Population Projections

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

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

B.

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

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

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

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

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

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

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

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

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

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

Source: 2012 - 2014 JAR Reports Utilization

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

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

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

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

ECONOMIC FEASIBILITY

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

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

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

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

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

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.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- (a) Do nothing. This option was rejected based on the centers occupancy and growing demand for our services. Our desire is to continue to serve the local hospitals and Sullivan County residents' health care needs for years to come.
- (b) Request more than 8 beds. This proposal was considered but rejected because the proposed eight (8) beds with allow maximum efficiency of operation and design by bringing the center to 60 beds. The projected need in Sullivan County is for an additional 785 Medicare beds in 2018.
- (c) Request fewer than 8 beds. This proposal was considered but rejected based on project financial feasibility and our goal to increase operational efficiency. To accommodate the projected growth and need for skilled beds for the year 2018, additional beds should be added. The bed need projected by the new Nursing Home Services, Certificate of Need Standards and Criteria shows a need for 785 additional skilled beds by year 2018. Our request is for 8 beds to open by 2017.
- (d) Add 8 new Medicare beds to the existing 52 bed center. This proposal was considered and accepted. The proposed project will be able to use existing resources and continue to offer the skilled nursing services. The centers site is adjacent to an existing hospital location in an area of town which is part of a medical center of town, and offers good access to other areas of Sullivan County. This proposal is being pursued because it meets the projected needs and orderly development of the health care community in Sullivan County.
- b. The applicant should document that consideration has been given to alternatives to new construction, e.g., modernization or sharing arrangements. It should be documented that superior alternatives have been implemented to the maximum extent practicable.**

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

(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:

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

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

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

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

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

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

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

Methodology:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Home Health Agencies

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

Hospice

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

Meals on Wheels

Area Meals on Wheels

Assisted Living Centers

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

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

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

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

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

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

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

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

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

This project will serve as an expansion of needed skilled nursing home beds and services to the residents of Sullivan County. The proposed project will serve as a referral source for home health agencies, assisted living centers, doctors and area hospitals. This project will not have negative effects on the health care system of duplication or competition because the 8 beds represent only a fraction of the 785 beds projected in the State's formula to be needed by 2018 in Sullivan County. In addition, these beds, which will be located adjacent to Indian Path Medical Center, will serve the growing quality care long term care bed needs in the acute care delivery system.

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 thirty years, NHC has been staffing and providing nursing home care in Sullivan 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 Sullivan County as well as all of 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, Kingsport, 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 180 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 186 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 180 at the end of the application for a listing of projected human resources required by the proposal per the licensing requirements of the Department of Health. The proposed project will require a total of 4.0 FTE's of which 4.0 FTE's are in nursing (Aides) (Year 2). NHC is approved to provide CNA training programs in-house at many of its centers; it currently does not have that need at NHC HealthCare, Kingsport, but nevertheless maintains the ability to staff the projected FTE increase based on its current staff and potential employees on file.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Currently NHC includes the following recruiting incentives in its package:

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

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

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

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

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

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

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

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

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

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

Specifically, the effectiveness of the Recruitment Plan is measured:

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

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

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

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

NHC HealthCare, Kingsport has 24-hour RN coverage.

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

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

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

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

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

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

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

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

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

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

Not Applicable, None.

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

Not Applicable, None.

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

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

PROOF OF PUBLICATION

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

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

DEVELOPMENT SCHEDULE

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

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

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

PROJECT COMPLETION FORECAST CHART

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

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

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

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

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

AFFIDAVIT

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 9/25, 2019.
(Month/Day) (Year)

ATTACHMENTS

Section A. Applicant Profile - 4

Type of Ownership or Control

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



STATE OF TENNESSEE
Tre Hargett, Secretary of State
 Division of Business Services
 William R. Snodgrass Tower
 312 Rosa L. Parks AVE, 6th FL
 Nashville, TN 37243-1102

NHC HealthCare/Kingsport, LLC
 PO BOX 1398
 MURFREESBORO, TN 37133-1398

August 26, 2014

Filing Acknowledgment

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

Control # : 736149 Status: Active
 Filing Type: Limited Liability Company - Domestic

Document Receipt

Receipt # : 1622132	Filing Fee:	\$20.00
Payment-Check/MO - NHC/OP, L.P., MURFREESBORO, TN		\$20.00

Amendment Type: Articles of Amendment Image # : 7373-3019
 Filed Date: 08/26/2014 9:15 AM

This will acknowledge the filing of the attached articles of amendment with an effective date as indicated above. When corresponding with this office or submitting documents for filing, please refer to the control number given above.

You must also file this document in the office of the Register of Deeds in the county where the entity has its principal office if such principal office is in Tennessee.

Tre Hargett
 Secretary of State

Processed By: Jeff Cook

Field Name	Changed From	Changed To
Filing Name	NHC at Indian Path, LLC	NHC HealthCare/Kingsport, LLC

State of Tennessee



Department of State
Corporate Filings
312 Rosa L. Parks Ave.
6th Floor, William R. Snodgrass Tower
Nashville, TN 37243

ARTICLES OF AMENDMENT
TO ARTICLES OF ORGANIZATION
(LLC)

For Office Use Only

LIMITED LIABILITY COMPANY CONTROL NUMBER (IF KNOWN) 659883 736149

PURSUANT TO THE PROVISIONS OF §48-209-104 OF THE TENNESSEE LIMITED LIABILITY COMPANY ACT OR §48-249-204 OF THE TENNESSEE REVISED LIMITED LIABILITY COMPANY ACT, THE UNDERSIGNED ADOPTS THE FOLLOWING ARTICLES OF AMENDMENT TO ITS ARTICLES OF ORGANIZATION:

PLEASE MARK THE BLOCK THAT APPLIES:

- AMENDMENT IS TO BE EFFECTIVE WHEN FILED BY THE SECRETARY OF STATE.
 - AMENDMENT IS TO BE EFFECTIVE _____, _____ (DATE) _____ (TIME).
- (NOT TO BE LATER THAN THE 90TH DAY AFTER THE DATE THIS DOCUMENT IS FILED.) IF NEITHER BLOCK IS CHECKED, THE AMENDMENT WILL BE EFFECTIVE AT THE TIME OF FILING.

1. PLEASE INSERT THE NAME OF THE LIMITED LIABILITY COMPANY AS IT APPEARS ON RECORD: NHC at Indian Path, LLC

IF CHANGING THE NAME, INSERT THE NEW NAME ON THE LINE BELOW:
NHC HealthCare/Kingsport, LLC

2. PLEASE INSERT ANY CHANGES THAT APPLY:

A. PRINCIPAL ADDRESS: _____ STREET ADDRESS

_____ CITY STATE/COUNTY ZIP CODE

B. REGISTERED AGENT: _____

C. REGISTERED ADDRESS: _____ STREET

_____ TN _____ CITY STATE ZIP CODE COUNTY

D. OTHER CHANGES:

3. THE AMENDMENT WAS DULY ADOPTED ON August 14 2014
MONTH DAY YEAR

(If the amendment is filed pursuant to the provision of §48-209-104 of the TN LLC Act, please also complete the following by checking one of the two boxes:) AND THE AMENDMENT WAS DULY ADOPTED BY THE

- BOARD OF GOVERNORS WITHOUT MEMBER APPROVAL AS SUCH WAS NOT REQUIRED
- MEMBERS

Secretary of Member - NHC/OP, LP
SIGNER'S CAPACITY

K. Hulsey
SIGNATURE

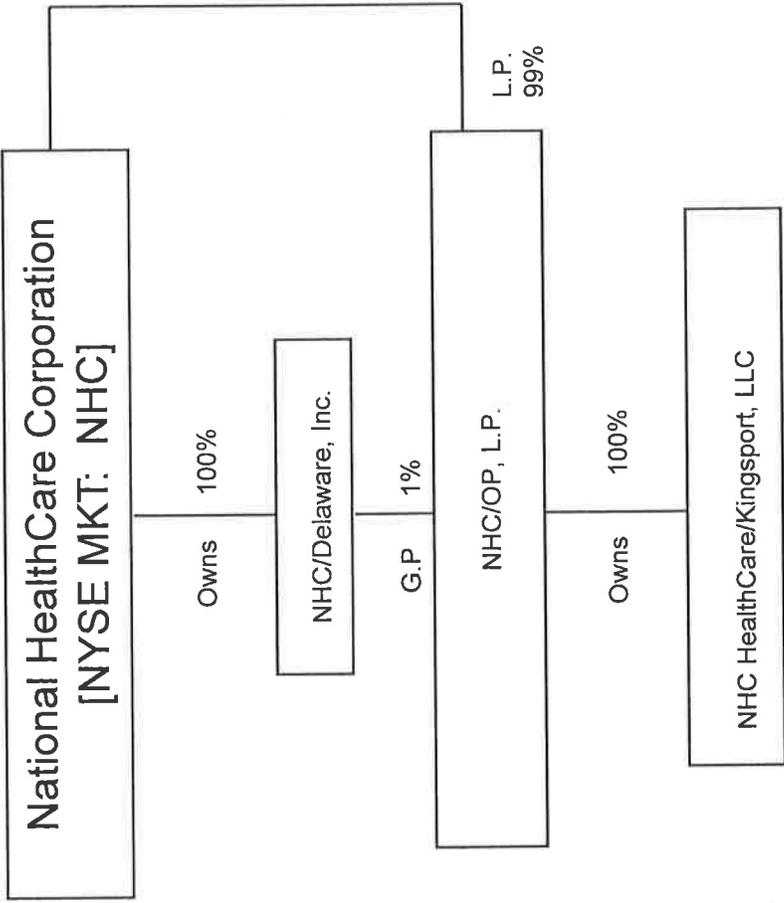
Kristina Hulsey
NAME OF SIGNER (TYPED OR PRINTED)

SS-4247 (REV. 01/06)

Filing Fee: \$20.00

RDA 2458

7373.0270, 08/20/2014, 09:14:03, Received by Tennessee Secretary of State Tru Hargett



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

12/2/15

Alabama

NHC HealthCare, Anniston
2300 Coleman Road
Anniston, AL 36207

NHC HealthCare, Moulton
300 Hospital Street
Moulton, AL 35650

Georgia

NHC HealthCare, Rossville
1425 McFarland Avenue
Rossville, GA 30741

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

Kentucky

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

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

Massachusetts

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

Holyoke HealthCare Center
282 Cabot Street
Holyoke, MA 01040

John Adams HealthCare Center
211 Franklin Street
Quincy, MA 02169

Longmeadow of Taunton
68 Dean Street
Taunton, MA 02780

Missouri

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

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

NHC HealthCare, Kennett
1120 Falcon Drive
Kennett, MO 63857

Macon Health Care Center
29612 Kellogg Avenue
Macon, MO 63552

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

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

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

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

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

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

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

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

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

New Hampshire

Epsom HealthCare Center
901 Suncook Valley Highway
Epsom, NH 03234

Maple Leaf HealthCare Center
198 Pearl Street
Manchester, NH 03104

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

South Carolina

NHC HealthCare, Anderson
1501 East Greenville
Anderson, SC 29622

NHC HealthCare, Bluffton
3039 Okatie Highway
Bluffton, SC 29910

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

NHC HealthCare, Clinton
304 Jacobs Highway
Clinton, SC 29325

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

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

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

NHC HealthCare, Laurens
301 Pinehaven Ext
Laurens, SC 29360

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

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

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

NHC HealthCare, Parklane
7601 Parklane Road
Columbia, SC 29223

Tennessee

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

NHC HealthCare, Athens
1204 Frye Street
Athens, TN 37303

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

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

NHC HealthCare, Columbia
101 Walnut Lane
Columbia, TN 38401

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

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

NHC HealthCare, Franklin
216 Fairground St
Franklin, TN 37064

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

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

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

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

NHC HealthCare, Kingsport
2300 Pavilion Drive
Kingsport, TN 37660

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

NHC HealthCare, Lewisburg
1653 Mooresville Highway
Lewisburg, TN 37091

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

NHC HealthCare, Milan
8017 Dogwood Lane
Milan, TN 38358

NHC HealthCare, Oakwood
244 Oakwood Drive
Lewisburg, TN 37091

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

NHC HealthCare, Scott
2380 Buffalo Road
Lawrenceburg, TN 38464

NHC HealthCare, Sequatchie
405 Dell Trail
Dunlap, TN 37327

NHC HealthCare, Somerville
308 Lake Drive
Somerville, TN 38068

NHC HealthCare, Smithville
825 Fisher Avenue
Smithville, TN 37166

NHC HealthCare, Sparta
34 Gracey Street
Sparta, TN 38583

NHC HealthCare, Tullahoma
1321 Cedar Lane
Tullahoma, TN 37388

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

Virginia

NHC Place, Sumner
140 Thorne Boulevard
Gallatin, TN 37066

NHC HealthCare, Bristol
245 North Street
Bristol, VA 24201

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

Missouri

Caris Healthcare
13995 Clayton Rd
Town and Country MO 63017

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

South Carolina

Caris Healthcare, LLC
208 Adley Way
Greenville, SC 29607

Tennessee

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

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

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

Caris Healthcare, Springfield
2308 A Memorial Boulevard
Springfield TN 37172

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

Caris Healthcare, Somerville
17410 Highway 64
Somerville TN 38068

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

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

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

Assisted Living Facility:

Missouri

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

South Carolina

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

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

Palmettos of Parklane
7811 Parklane Road
Columbia, SC 29223

Tennessee

AdamsPlace
1927 Memorial Blvd.
Murfreesboro, TN 37129

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

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

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

NHC HealthCare, Smithville
825 Fisher Avenue
Smithville, TN 37166

NHC HealthCare, Somerville
308 Lake Drive
Somerville, TN 38068

NHC Place, Sumner
140 Thorne Boulevard
Gallatin, TN 37066

Home for the Aged:

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

Home Health Agencies

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

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

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

NHC HomeCare-Beaufort
3039 Okatie Highway
Bluffton, SC 29910

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

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

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

**HomeCare Agencies
Tennessee**

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

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

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

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

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

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

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

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

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

NHC HomeCare, Lawrenceburg
399 Tripp Road
Lawrenceburg, TN 38464

NHC HomeCare, Lewisburg
493 Cornersville Road
Lewisburg, TN 37091

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

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

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

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

NHC HomeCare, Somerville
17985 Highway 64
Somerville, TN 38068

NHC HomeCare, Sparta
456 Vista Drive
Sparta, TN 38583

NHC HomeCare, Springfield
506 Northcrest Drive
Springfield, TN 37172

South Carolina

NHC HomeCare, Aiken
30 Physician Drive
Aiken, SC 29801

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

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

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

Florida

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

NHC HomeCare, Chipley
1513 Hwy 90
Chipley, FL 32428

NHC HomeCare, Crawfordville
3034 Coastal Hwy
Crawfordville, FL 32327

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

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

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

NHC HomeCare, Quincy
860 Strong Rd
Quincy, FL 32351

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

Section A. - Applicant Profile - Item 6 Legal Interest in the Site
Lease Agreement

BK/PG: 3089/62-102
13014818

EXECUTION VERSION

THIS INSTRUMENT PREPARED BY
AND RETURN TO:
BASS, BERRY & SIMS PLC (MSP)
150 Third Avenue South, Suite 2800
Nashville, TN 37201

GROUND LEASE

Between

MOUNTAIN STATES HEALTH ALLIANCE

as Landlord

and

NHC AT INDIAN PATH, LLC

as Tenant

**BK/PG: 3089/62-102
13014818**



41 PGS : AL - LEASE	
RHONDA BATCH: 47234	
08/02/2013 - 09:51:05 AM	
VALUE	0.00
MORTGAGE TAX	0.00
TRANSFER TAX	0.00
RECORDING FEE	205.00
DP FEE	2.00
REGISTER'S FEE	0.00
TOTAL AMOUNT	207.00

STATE OF TENNESSEE, SULLIVAN COUNTY
BART LONG
REGISTER OF DEEDS

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GROUND LEASE

THIS GROUND LEASE ("**Lease**") is made and entered into by MOUNTAIN STATES HEALTH ALLIANCE, a Tennessee non-profit corporation ("**Landlord**") and NHC AT INDIAN PATH, LLC, a Delaware limited liability company ("**Tenant**"), dated as of August 1, 2013 (the "**Effective Date**").

RECITALS

This Lease is entered into upon the basis of the following facts, understandings and intentions of the parties:

A. Landlord is the fee owner of certain real property located at 2300 Pavilion Drive, Kingsport, TN 37660, upon which there is currently located a one story unoccupied building consisting of approximately 48,600 square feet of space and related facilities known as the Indian Path Pavilion, which building Tenant desires to acquire and convert for use as a long-term care skilled nursing facility (the "**Facility**"). Such real property consists of approximately 11.030 acres of land and is legally described and depicted on **Exhibit "A"** attached hereto and incorporated herein by reference (the "**Ground Leased Premises**").

B. Landlord desires to lease to Tenant, and Tenant desires to lease from Landlord, the Ground Leased Premises, together with the related parking facilities and all rights associated therewith, and all appurtenant easement rights and privileges inuring to the benefit of the Ground Leased Premises and the Facility.

C. The parties desire to establish the terms and conditions of the Lease to fulfill the foregoing objectives.

NOW, THEREFORE, in consideration of the mutual covenants and promises of the parties, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree that the foregoing recitals are true and correct and incorporated herein by this reference, and further agree as follows:

ARTICLE 1 - DEMISE OF GROUND LEASED PREMISES

Section 1.1. Ground Leased Premises. Landlord, for and in consideration of the rents, covenants and conditions herein set forth, does hereby lease to Tenant, and Tenant does hereby lease from Landlord, the Ground Leased Premises, subject to the terms, conditions and provisions hereof.

Section 1.2. Warranty of Title and Permitted Encumbrances.

(a) Landlord does hereby represent and warrant to Tenant that Landlord has good and indefeasible title to the Ground Leased Premises, free and clear of any

liens or encumbrances, other than those encumbrances set out on **Exhibit "B"** attached hereto and incorporated herein by reference (herein the "**Fee Title Encumbrances**").

(b) During the Term (hereinafter defined) hereof, Landlord will not permit any encumbrance to be placed upon the title to the Ground Leased Premises other than:

- (i) The Fee Title Encumbrances;
- (ii) The Mortgages (hereinafter defined) in accordance with Section 5 below; and
- (iii) Such encumbrances as Tenant shall request and Landlord shall approve from time to time for the development, construction and/or operation of the Facility in accordance with the provisions of Sections 1.4 hereof (the "**Development Encumbrances**").

The Fee Title Encumbrances, Mortgages and the Development Encumbrances are herein collectively referred to as the "**Permitted Encumbrances**". Any modifications, renewals or replacements to the Fee Title Encumbrances shall be considered Permitted Encumbrances if they are incurred in the normal course of business of Landlord or Landlord's parent and so long as such modifications and replacements do not materially interfere with Tenant's business operations on the Ground Leased Premises. Any modifications, renewals or replacements to the Mortgages or the Development Encumbrances shall be considered Permitted Encumbrances if they are incurred in the normal course of the ownership and operation of the Facility by Tenant. Notwithstanding the foregoing, in no event shall Landlord agree to any amendment or modification to any Fee Title Encumbrance or Development Encumbrance, or consent to any matter under any present or future existing encumbrance, that could adversely affect the rights, or increase the obligations, of Tenant hereunder, including, without limitation, any action that (i) grants any easement that could interfere with the business operations of Tenant, or (ii) grants any access easements or other rights of ingress or egress to third parties onto or through the Ground Leased Premises without Tenant's prior written consent.

(c) Tenant shall not undertake to place any encumbrance upon the Ground Leased Premises other than the Permitted Encumbrances, without the prior written consent of Landlord.

(d) Landlord covenants and agrees to defend any claim against or encumbrance upon the title to the Ground Leased Premises other than a Permitted Encumbrance.

(e) Landlord represents and warrants to Tenant, with the understanding that Tenant is entering into this Lease in reliance thereon, that as of the Effective Date:

- (i) Landlord has the full power and authority to enter into and perform this Lease according to its terms and the individual executing this Lease on behalf of Landlord is authorized to do so;

(ii) Landlord has not granted to any third party the right to use or occupy any portion of the Ground Leased Premises (other than the Fee Title Encumbrances), and Landlord is not aware of any claim by any third party of the right to do so;

(iii) Landlord has not received notice of and has no knowledge of any existing or threatened action, suit or proceeding affecting the Ground Leased Premises (including, without limitation, proposed or threatened condemnation), in any court or before or by any federal, state, county or municipal or other governmental instrumentality; and

(iv) There are no leases, rental or other contracts or agreements affecting the Ground Leased Premises that are not identified herein as a Permitted Encumbrance.

Section 1.3. Quiet Enjoyment. Landlord covenants and agrees that Tenant, upon paying the rent and other charges herein provided and observing and keeping the covenants, conditions, and terms of this Lease on Tenant's part to be kept or performed, shall lawfully and quietly hold, occupy and enjoy the Ground Leased Premises during the Term of this Lease without hindrance of Landlord or any person claiming by, through or under Landlord. Notwithstanding the foregoing, Landlord hereby retains the right to enter upon and inspect the Ground Leased Premises at reasonable times and upon reasonable prior notice. Landlord further reserves the right to enter upon the Ground Leased Premises, without prior notice, in the event of an emergency condition or situation, as reasonably determined by Landlord. Notwithstanding any of Landlord's rights to enter the Ground Leased Premises pursuant to the terms of this Lease, Landlord shall not cause Tenant to in any way violate any laws, regulations or ordinances intended to protect the rights and privacy of Tenant's patients or residents, including those relating to any and all patient or resident records, which at any time Tenant shall have the right to secure in locked storage units or remove from the Ground Leased Premises.

Section 1.4. Utility Easements. Tenant shall have the right to enter into agreements with utility companies creating easements in favor of such companies as are reasonably necessary in order to service the Facility; provided, however, that any such easements: (i) shall not materially interfere with any improvements now located upon that certain real property owned by Landlord consisting of approximately 13.24 acres (the "**Land**"), as further described in **Exhibit "C"** attached hereto, or constructed in connection with the improvements, or the location of easements and utilities servicing the improvements existing upon the Land; (ii) have been approved by Landlord as to their location and the form of the easement agreement, which approval shall not be unreasonably withheld, conditioned or delayed; and (iii) may only be granted as non-exclusive easements. Landlord agrees to join in the grant of any such utility easements and to execute any and all documents, agreements and instruments in order to effectuate the same, all at Tenant's cost and expense. Landlord agrees not to unreasonably withhold its consent to any proposed utility easement joinder so long as the easement is approved by and reasonably acceptable to Landlord as described above. In addition, Tenant agrees, when requested by Landlord, to join in the grant of such easements and to execute any and all documents, agreements, and instruments and to take all other reasonable and necessary actions in order to effectuate the same in the event Tenant's joinder is required in connection with any easements affecting any portion of the Land; provided, however, that Tenant shall not be

required to join in or execute any easement that will be located within those areas of the Ground Leased Premises such that the easement will interfere with any improvements located upon the Ground Leased Premises, the location of easements and utilities servicing the improvements existing upon the Ground Leased Premises or Tenant's business operations on the Ground Leased Premises or any areas within the Ground Leased Premises that are available for expansion of the Facility by Tenant or its successors or assigns. The parties agree to use reasonable efforts to cause any encumbrances on the Ground Leased Premises to be subordinate to such easements, as may be required by any utility companies.

Section 1.5. Use of the Land. Notwithstanding anything contained herein to the contrary, if at any time during the Term, an acute care hospital ceases to be in operation on the Land, not counting reasonable periods of time for repairs, casualty, condemnation, alterations, renovations or unavoidable delays, Tenant shall have the right to terminate the Lease upon providing thirty (30) days prior written notice to Landlord, and upon such termination Tenant shall have no further obligations hereunder. Upon termination of the Lease under this Section 1.5 by Tenant, Landlord shall be obligated to pay Tenant an amount equal to the then fair market value of the Facility and other Improvements located on the Ground Leased Premises at the time the Lease is terminated in accordance with Section 14.22 hereof.

Section 1.6. Subdivision. Landlord and Tenant acknowledge that the Ground Leased Premises are included in a parcel that includes a portion of the Land. In the event Tenant exercises its rights under Section 14.23 below to purchase the Property, Landlord shall subdivide the Ground Leased Premises from the Land and obtain any necessary approval of applicable governmental authorities to effectuate the subdivision of the Ground Leased Premises and the Land, and cooperate with the Tenant in, and consent to, the recordation of any subdivision plat.

ARTICLE 2 - LEASE TERM

Section 2.1. Lease Commencement. The effective commencement date of this Lease ("Lease Commencement Date") shall be August 1, 2013.

Section 2.2. Lease Term. The term of this Lease shall be for a period of ninety-nine (99) years, commencing on the Lease Commencement Date (the "Term"). The last day of the Term of this Lease shall be the day immediately preceding the ninety-ninth (99th) anniversary of the Lease Commencement Date (the "Expiration Date"), unless sooner terminated as herein provided.

Section 2.3. Rent Commencement. Rental payments shall commence on the Lease Commencement Date.

ARTICLE 3 - RENT, TAXES AND UTILITIES

Section 3.1. Base Rent. Tenant agrees to pay Landlord, for the use and occupancy of the Ground Leased Premises, "Base Rent" in the amount of Three Hundred Fifty Thousand Dollars (\$350,000.00), payable in a single installment in advance on the Lease Commencement Date. The term "Rent," as used herein, shall mean Base Rent and any additional taxes, utility

charges, insurance premiums or other liquidated sums from time to time becoming due and payable by Tenant under the terms of this Lease. Landlord hereby acknowledges receipt of payment in full of all Base Rent payable under the Lease.

Section 3.2. Taxes.

Section 3.2.1. Real and Personal Property. From and after the Lease Commencement Date of this Lease, Tenant shall pay or cause to be paid, without abatement, deduction, or offset, all real and personal property taxes, general and special assessments, and all other charges, assessments and taxes of every description, levied on or assessed against (a) the Ground Leased Premises, the Facility and other improvements located on the Ground Leased Premises; (b) any personal property located on or in the Ground Leased Premises or the Facility; and (c) the leasehold estate, or any subleasehold estate, to the full extent of installments assessed during the Term. Tenant shall make all such payments directly to the appropriate charging or taxing authority before delinquency and before any fine, interest, or penalty shall become due or be imposed by operation of law for their nonpayment. If, however, the law expressly permits the payment of any or all of the above items in installments (whether or not interest accrues on the unpaid balance), Tenant may, at Tenant's election, utilize the permitted installment method, but shall pay each installment with any interest before delinquency and before any fine, interest, or penalty shall become due or be imposed by operation of law for their nonpayment. All payments of taxes or assessments or both, including permitted installment payments, shall be prorated for the initial Lease year and for the year in which the Lease terminates, based on the actual number of days in each such year that are included in the Term. Notwithstanding the foregoing, Tenant shall not be responsible for the payment of (i) any income, profit, franchise, excise or similar taxes that may be imposed upon or assessed against Landlord with respect to the Ground Leased Premises or Land, the Rent or income derived from this Lease, under any law now in force or hereafter enacted, or (ii) any inheritance, estate, succession, gift or any form of property transfer tax or indebtedness tax which may be assessed or levied against Landlord or any mortgagee of Landlord.

Section 3.2.2. Calculation of Real Estate Taxes. In the event that there is no separate real estate tax bill for the Ground Leased Premises, Landlord and Tenant agree that Tenant shall be responsible for the real estate taxes attributable to the Ground Leased Premises as improved with the Facility. During any period following the Lease Commencement Date that the Ground Leased Premises is not separately assessed, Tenant shall be obligated to pay to Landlord the taxes due on its pro rata share, on a square footage basis, of the assessed value of the Land and Ground Leased Premises (or portion thereof constituting the platted lot of which the Ground Leased Premises area a part), together with the taxes due on one hundred percent (100%) of the assessed value of the Facility. If Tenant objects to Landlord's determination of the amount of such tax allocated to the Ground Leased Premises and the Facility, then the determination of the amount of such allocation shall be submitted to an accounting firm reasonably acceptable to both Landlord and Tenant. Tenant shall pay the cost of such determination by such accounting firm, unless the amount of taxes allocated to the Ground Leased Premises and Facility as determined by Landlord exceeds by more than five percent (5%) the amount determined by such firm, in which event the cost of such determination by such accounting firm shall be paid by Landlord at its sole expense.

Section 3.2.3. Proof of Compliance. Upon request by Landlord, Tenant shall provide Landlord with copies of all tax receipts relating to the Ground Leased Premises for the three (3) most recent tax years during the Term.

Section 3.2.4. Contesting Taxes. Tenant shall have the right to contest or review by legal proceedings, as permitted under applicable law, any assessed valuation, real estate tax, or assessment; provided that, unless Tenant has paid such tax or assessment under protest, Tenant shall furnish to Landlord (i) proof reasonably satisfactory to Landlord that such protest or contest may be maintained without payment under protest, and (ii) a surety bond or other security reasonably satisfactory to Landlord securing the payment of such contested item or items and all interest, penalty and cost in connection therewith upon the final determination of such contest or review. Landlord shall, if so requested by Tenant, join in any proceeding for contest or review of such taxes or assessments, but the entire cost of such joinder in the proceedings (including all costs, expenses, and attorneys' fees reasonably sustained by Landlord in connection therewith) shall be borne by Tenant. Any amount already paid by Tenant and subsequently recovered as the result of such contest or review shall be for the account of Tenant.

Section 3.3. Utilities. From and after the Lease Commencement Date, Tenant shall pay or cause to be paid all charges for water, heat, gas electricity, cable, trash disposal, sewers and any and all other utilities used upon the Ground Leased Premises throughout the Term, including without limitation any connection and servicing fees, permit fees, inspection fees, and fees to reserve utilities capacity.

Section 3.4. No Security Deposit. No security deposit is required hereunder.

Section 3.5. Triple Net Rent. All Base Rent payable hereunder shall be paid as "triple net" rent without deduction or offset. It is the intent of the parties, except as is otherwise provided in this Lease, that Base Rent provided to Landlord shall be absolutely net to Landlord, and Tenant shall pay all costs, charges, insurance premiums, taxes, utilities, expenses and assessments of every kind and nature incurred for, against, or in connection with the Ground Leased Premises, including without limitation all assessments, both regular and special, which may be due to any property association by virtue of recorded declarations, covenants and restrictions affecting the Ground Leased Premises, as same may be amended from time to time, from and after the Lease Commencement Date, except as expressly stated herein. All such costs, charges, insurance premiums, taxes, utilities, expenses and assessments covering the Ground Leased Premises shall be approximately prorated upon the Lease Commencement Date and upon the expiration of this Lease, except for any expenses such as insurance premiums which are not being assumed by or transferred for the benefit of Landlord.

ARTICLE 4 - USE OF PREMISES

Section 4.1. Permitted Use. Neither Tenant nor any subtenant shall use or cause the use of the Ground Leased Premises for any purpose other than as an assisted living, Alzheimer care, skilled nursing, long term care, rehabilitation, hospice services or transitional care facility and any future equivalents of such a facility, and/or independent living facility, which may

include integrated dining services, together with those uses customarily ancillary to the operation of any such facilities, including without limitation, therapy services, long-term care pharmacy, hospice care, sundry shops and medical office space, or for the provision of any other healthcare services other than acute care hospital services (collectively, the "Permitted Use"), without the prior written consent of Landlord, which consent shall not be unreasonably withheld, conditioned or delayed.

Section 4.2. Non-Competition Covenant.

Until the earlier to occur of (x) August 1, 2028 or (y) a time when neither Tenant nor an Affiliate of National HealthCare Corporation ("NHC") leases or controls the Ground Leased Property, Landlord will not, nor will Landlord authorize or permit any Affiliate to:

(i) apply to the Tennessee Health Services and Development Agency ("THSDA") (or the successor applicable Tennessee healthcare regulatory authority) to obtain a certificate of need to operate "nursing facility" beds, a "nursing home" or additional "swing" beds (as such terms are currently used by the THSDA in its form CON Application) in Sullivan County, Tennessee; or

(ii) operate, develop or acquire any skilled nursing beds in Sullivan County, Tennessee or any nursing homes in Sullivan County, Tennessee (for purposes of this subparagraph (ii), the term "nursing home" shall mean a facility subject to licensure as a "nursing home" by the Tennessee Department of Health Board for Licensing Health Care Facilities).

Notwithstanding the provisions of this Section 4.2, the restrictions of this Section 4.2 shall not apply to, and Landlord may continue to own and/or operate: (1) the 22 skilled nursing beds at the acute care hospital known as Indian Path Medical Center located at 2000 Brookside Drive in Kingsport, TN 37660 (the "Hospital") for the transition period pending Tenant's obtaining its certificate of occupancy for the one story unoccupied building located on the Ground Leased Premises and consisting of approximately 48,600 square feet of space and related facilities known as the Indian Path Pavilion (the "Facility") in accordance with the terms of the Skilled Nursing License Assignment Agreement with respect to the Facility executed by Landlord and Tenant; and (2) the existing skilled nursing operations in Sullivan County, Tennessee, described on Schedule 4.2 of this Lease. As used in this Section 4.2, "Affiliate" shall mean any entity or individual directly or indirectly controlling, controlled by or under direct or indirect common control with either Landlord or NHC, including (a) any entity or individual who is a director or beneficial holder of at least 10% of any class of the then outstanding capital stock (or other shares of beneficial interest) of Landlord or NHC and any parent, spouse, child, spouse of a child, brother or sister of such individual (each a "Family Member"), as applicable, (b) any entity or individual of which either Landlord or NHC or an Affiliate under clause (a) above of Landlord or NHC shall, directly or indirectly, either beneficially own at least 10% of any class of the then outstanding capital stock (or other shares of beneficial interest) or constitute at least a 10% equity participant, and (c) in the case of a specified individual, Family Members of such individual.

Section 4.2.1. Landlord acknowledges that all of the foregoing provisions, including the restrictions on time and geographical scope set forth in this Section 4.2, are reasonable and necessary to protect Tenant from unfair competition and to enable Tenant to realize the benefit of its bargain under this Lease. If any of the covenants set forth in this Section 4.2 are held to be invalid or unenforceable, the remainder of such covenants shall not thereby be affected and shall be given full effect, without regard to the invalid portions. If it is determined that any of the restrictive covenants, or any part thereof, are unenforceable because of the duration of such provision, the geographical area covered thereby, or any other determination of unreasonableness of the provision, the court making such determination shall have the power to reduce the duration, area or scope of such provision and, in its reduced form, such provision shall then be enforceable and shall be enforced.

Section 4.2.2. Landlord acknowledges that any violation of any of the restrictive covenants contained in this Section 4.2 would cause continuing and irreparable harm to Tenant for which monetary damages would not be adequate compensation. Landlord agrees that, if it violates or threatens to violate any of these restrictive covenants, Tenant shall be entitled, in addition to any other legal or equitable remedies available to it, to entry of an injunction, temporary and permanent, enjoining such breach and securing specific performance of this Section 4.2.

Section 4.2.3. If a final judgment of a court determines that any term or provision contained in this Section 4.2 is invalid or unenforceable, then the parties agree that a court or tribunal will have the power to reduce the scope, duration or geographic area of the term or provision, to delete specific words or phrases or to replace any invalid or unenforceable term or provision with a term or provision that is valid and enforceable and that comes closest to expressing the intention of the invalid or unenforceable term or provision. This Section 4.2 will be enforceable as so modified after the expiration of the time within which the judgment may be appealed. Landlord acknowledges that: (i) this Section 4.2 is reasonable and necessary to protect and preserve Tenant's legitimate business interests and to prevent any unfair advantage from being conferred on Landlord; (ii) Tenant would not have entered into this Lease or made the payments to Landlord unless Landlord agreed to be subject to all the restrictions set forth in this Section 4.2; and (iii) the State of Tennessee bears a reasonable connection to the transactions contemplated by this Lease. Landlord further acknowledges that it has been represented by counsel of its choosing in the negotiation of this Lease, including this Section 4.2 and that it is voluntarily agreeing to this Section 4.2.

Section 4.2.4. This covenant shall run with the land and shall be binding upon Landlord and any affiliate of Landlord and their respective successors, assigns and successors in title to the Ground Leased Premises and the Land during the Term.

Section 4.3. Compliance With Law. Landlord represents and warrants to Tenant that, as of the date hereof, the use of the Ground Leased Premises for the operation of the Facility does not violate any applicable law. From and after the date hereof, Tenant shall comply in all material respects with all applicable laws, rules, ordinances, orders and regulations of all

governmental authorities, including laws, rules, ordinances, orders and regulations regarding environmental protection, that are applicable to (a) the operation and leasing of the Facility, and (b) the use, occupancy and enjoyment of the Ground Leased Premises and the Facility by Tenant. Tenant will indemnify Landlord against and hold Landlord harmless from any liability, loss, claim or expense, including reasonable attorney's fees, suffered or incurred by Landlord as a result of Tenant's breach of this covenant. Landlord will indemnify Tenant against and hold Tenant harmless from any liability, loss, claim or expense, including reasonable attorney's fees, suffered or incurred by Tenant arising out of the inaccuracy of Landlord's representations and warranties contained in this Section.

Section 4.4. Termination if Use Becomes Unlawful. If it becomes unlawful for Tenant, or anyone holding under Tenant directly or indirectly, to use the Ground Leased Premises for the Permitted Use, or such use is declared unlawful, then Tenant shall have the right to terminate this Lease at any time thereafter by giving Landlord thirty (30) days prior written notice of such termination. In such event, Rent, including without limitation, taxes and all other expenses directly related to the Ground Leased Premises, will be prorated as of the date of termination.

Section 4.5. Hazardous Materials.

Section 4.5.1. Definitions. "Hazardous Materials" shall mean any material, substance or waste that is hazardous, toxic, ignitable, reactive or corrosive, including, without limitation, petroleum, PCBs, asbestos, materials known to cause cancer or reproductive problems and those materials, substances and/or wastes, including infectious waste, medical waste, and potentially infectious biomedical waste, which are or later become regulated by any local governmental authority, the State of Tennessee or the United States Government, including, but not limited to, substances, defined as "hazardous substances," "hazardous materials," "toxic substances" or "hazardous wastes" in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 U.S.C. § 9601, et seq.; the Hazardous Materials Transportation Act, 49 U.S.C. 5 § 1801, et seq. the Resource Conservation and Recovery Act, 42 U.S.C. § 6901, et seq.; all corresponding and related State of Tennessee and local statutes, ordinances and regulations, including without limitation any dealing with underground storage tanks; and in any other environmental law, regulation or ordinance now existing or hereinafter enacted (collectively, "Hazardous Materials Laws").

Section 4.5.2. Use of Premises by Tenant: Remediation of Contamination Caused by Tenant.

(a) Use. Tenant hereby agrees that Tenant and Tenant's officers, directors, employees, representatives, agents, contractors, subcontractors, successors, assigns, Tenants, subtenants, concessionaires, invitees and any other occupants of the Ground Leased Premises (for purpose of this Section 4.5.2, referred to collectively herein as "Tenant's Representatives") shall not use, generate, manufacture, refine, produce, process, store or dispose of, on, under or about the Ground Leased Premises or transport to or from the Ground Leased Premises in the future for the purpose of generating, manufacturing, refining, producing, storing, handling, transferring, processing or transporting Hazardous Materials, except in

compliance with all applicable Hazardous Materials Laws. Furthermore, Tenant shall, at its own expense, procure, maintain in effect and comply with all conditions of any and all permits, licenses and other governmental and regulatory approvals required for the storage or use by Tenant or any of Tenant's Representatives of Hazardous Materials on the Ground Leased Premises, including without limitation, discharge of (appropriately treated) materials or wastes into or through any sanitary sewer serving the Ground Leased Premises.

(b) Remediation. If at any time during the Term any contamination of the Ground Leased Premises by Hazardous Materials shall occur where such contamination is directly caused by the act or omission of Tenant or Tenant's Representatives ("**Tenant Contamination**"), then Tenant, at its sole cost and expense, shall promptly and diligently remove such Hazardous Materials from the Ground Leased Premises, or the groundwater underlying the Ground Leased Premises, to the extent reasonably possible in accordance with the requirements of the applicable Hazardous Materials Laws and industry standards then prevailing in the Hazardous Materials management and remediation industry in Tennessee. However, Tenant shall not take any required remedial action in response to any Tenant Contamination in or about the Ground Leased Premises or enter into any settlement agreement, consent, decree or other compromise in respect to any claims relating to any Tenant Contamination without first notifying Landlord of Tenant's intention to do so and affording Landlord the opportunity to appear, intervene or otherwise appropriately assert and protect Landlord's interest with respect thereto. In addition to all other rights and remedies of the Landlord hereunder, if Tenant does not promptly and diligently take all steps to prepare and obtain all necessary approvals of a remediation plan for any Tenant Contamination, and thereafter commence the required remediation of any Hazardous Materials released or discharged in connection with Tenant Contamination within thirty (30) days after Landlord has reasonably approved such remediation plan and all necessary approvals and consents have been obtained and thereafter continue to prosecute said remediation to completion in accordance with the approved remediation plan, then Landlord, at its sole discretion, shall have the right, but not the obligation, to cause said remediation to be accomplished, and Tenant shall reimburse Landlord within fifteen (15) business days of Landlord's demand for reimbursement of all amounts reasonably paid by Landlord (together with interest on said amounts at the highest lawful rate until paid), when said demand is accompanied by proof of payment by Landlord of the amounts demanded. Tenant shall promptly deliver to Landlord copies of hazardous waste manifests reflecting the legal and proper disposal of all Hazardous Materials removed from the Ground Leased Premises as part of Tenant's remediation of any Tenant Contamination.

(c) Disposition of Hazardous Materials. Except as discharged into the sanitary sewer or otherwise removed from the Ground Leased Premises in accordance and conformity with all applicable Hazardous Materials Laws, Tenant shall cause any and all Hazardous Materials removed from the Ground Leased Premises as part of the required remediation of Tenant Contamination to be removed and transported solely by duly licensed haulers to duly licensed facilities for final disposal of such materials and wastes.

Section 4.5.3. Notice of Hazardous Materials Matters. Tenant shall immediately notify Landlord in writing of: (a) any enforcement, clean-up, removal or other governmental or regulatory action instituted, contemplated or threatened concerning the Ground

Leased Premises pursuant to any Hazardous Materials Laws; (b) any claim made or threatened by any person against Tenant or the Ground Leased Premises relating to damage contribution, cost recovery, compensation, loss or injury resulting from or claimed to result from any Hazardous Materials on or about the Ground Leased Premises; and (c) any reports made to any environmental agency arising out of or in connection with any Hazardous Materials in or removed from the Ground Leased Premises including any complaints, notices, warnings or asserted violations in connection therewith, all upon receipt by the Tenant of actual knowledge of any of the foregoing matters. Tenant shall also supply to Landlord as promptly as possible, and in any event within fifteen (15) business days after Tenant first receives or sends the same, with copies of all claims, reports, complaints, notices, warnings or asserted violations relating in any way to the Ground Leased Premises or Tenant's use thereof.

Section 4.5.4. Indemnification by Tenant. Tenant shall indemnify, defend (by counsel reasonably acceptable to Landlord), protect, and hold Landlord, and each of Landlord's partners (if applicable), employees, agents, attorneys, shareholders, officers, successors and assigns, free and harmless from and against any and all claims, actions, causes of action, liabilities, penalties, forfeitures, damages, losses or expenses (including, without limitation, attorneys' fees and costs through litigation and all appeals) resulting from death of or injury to any person or damage to any property whatsoever, arising from or directly caused by (a) any Tenant Contamination, (b) Tenant's failure to comply with any Hazardous Materials Laws with respect to the Ground Leased Premises, or (c) a breach of any covenant, warranty or representation of Tenant under this Section. Tenant's obligations hereunder shall include, without limitation, and whether foreseeable or unforeseeable, all reasonable costs of any required or necessary repair, clean-up or detoxification or decontamination of the Ground Leased Premises, and the preparation and implementation of any closure, remedial action or other required plans in connection therewith. Tenant's indemnification set forth above shall not extend to conditions attributable to Landlord or Landlord's employees, agents, tenants, subtenants, contractors or subcontractors, the presence of Hazardous Materials in, on or under the Land or with respect to the condition of the Ground Leased Premises prior to the commencement of the Term. In this regard, Landlord represents and warrants to Tenant that to Landlord's knowledge, no Hazardous Materials exist on or under the Ground Leased Premises or anywhere on the Hospital campus or the Land, except as may presently exist in connection with the operation of the Hospital, all of which are being stored, used and disposed of in accordance with applicable Hazardous Materials Laws.

Section 4.5.5. Underground Storage Tank. Landlord and Tenant acknowledge and agree that a petroleum underground storage tank system, including without limitation a storage tank, valves, piping, dispensers and other related components (collectively, "UST"), is located on the Ground Leased Premises. Landlord represents and warrants that (i) the UST is not having, and has not had, a release of materials into the environment, including without limitation, spills, overfills or leaks into the soil and/or groundwater; (ii) there are no outstanding notices of violation or notices of deficiency or similar instruments issued by the Tennessee Department of Environment and Conservation ("TDEC") or other governmental regulatory authority with respect to the ownership, operation and/or existence of the UST; (iii) the UST is eligible for reimbursement from the UST Fund (defined below), and no act or omission by any person together with the passage of time or lack of action or both, has caused or

threatened the loss of eligibility for reimbursement from the Petroleum Underground Storage Tank Fund (“UST Fund”), created pursuant to § 68-215-110 of the Tennessee Petroleum Underground Storage Tank Act, § 68-215-101 *et seq.* (“UST Act”); (iv) no pending or threatened action, demand, claim or right has been asserted against Landlord or another party related to the ownership and/or operation of the UST or releases therefrom; and (v) the UST is in full compliance with all applicable federal, state and local laws (including local fire and safety rules) and all provisions of the UST Act, including without limitation, the registration requirements, and the payment of all fees, assessments and charges arising under the UST Act. Landlord shall indemnify, defend (by counsel reasonably acceptable to Tenant), protect, and hold Tenant, and each of Tenant’s partners (if applicable), employees, agents, attorneys, shareholders, officers, successors and assigns, free and harmless from and against any and all claims, actions, causes of action, liabilities, penalties, forfeitures, damages, losses or expenses (including, without limitation, attorneys’ fees and costs through litigation and all appeals) arising from, related to or directly caused by the UST and any petroleum contamination existing or having previously existed at the Ground Leased Premises prior to the date hereof.

ARTICLE 5 - ENCUMBRANCE OF LEASEHOLD AND FEE ESTATE

Section 5.1. Tenant's Right to Encumber. Without Landlord’s consent, Tenant may, at any time, encumber all or any portion of its interest in this Lease and the leasehold estate by deed of trust, mortgage or other security instrument (herein, a “Mortgage”). Except as provided elsewhere in this Article 5, each such Mortgage or other security instrument in favor of a holder of the Mortgage (a “Mortgagee”) (a) shall be subject and subordinate to all rights and interests of Landlord herein, (b) shall be a lien only on Tenant's interests in and to this Lease and the leasehold estate and any easements and/or rights appurtenant thereto, (c) shall not be a lien on Landlord's fee interest in the Ground Leased Premises or any portion of the Land or reversionary interest in the Facility or other improvements, and (d) shall not afford Mortgagee or anyone claiming by, through or under a Mortgagee any greater rights hereunder than Tenant and such Mortgagee may have under this Lease. Tenant shall deliver to Landlord copies of all documents recorded to evidence any and all Mortgages and all notices of default received by Tenant from any Mortgagee. Landlord agrees to cooperate with Tenant and execute such consents, approvals and estoppels as shall be reasonably requested by Tenant or any Mortgagee in connection with the pledge, sale, mortgage, grant of security interest in, or collateral assignment of the Tenant’s right, title and interest in the leasehold estate created hereunder.

Section 5.2. Rights of Mortgagee. Any Mortgagee may enforce its rights under its Mortgage and acquire title to the Tenant's leasehold estate in any lawful way, and upon foreclosure of such Mortgage and issuance of a trustee’s deed, take possession of the Ground Leased Premises; subject, however, to the Lease, including, without limitation, the “Use” provisions hereof, all other terms, provisions and conditions of the Lease, and any Mortgage that is senior in lien to the Mortgage in question. During such time as the Mortgagee or any successor in interest is the owner and holder of the leasehold estate and Tenant's interest hereunder, whether by foreclosure or otherwise, such interests acquired hereunder shall be subject to all of the terms, conditions and provisions of this Lease. If any Mortgage is in effect, Landlord will not accept a voluntary surrender of this Lease without the applicable Mortgagee’s prior written consent nor will Landlord terminate this Lease without providing such Mortgagee with such

prior written notice thereof and right to cure as are provided for in this Lease. The provisions of this Article 5 are for the benefit of Mortgagee and may be relied upon and shall be enforceable by Mortgagee. Neither Mortgagee nor any other holder or owner of the indebtedness secured by the Mortgage or otherwise shall be liable upon the covenants, agreements or obligations of Tenant contained in this Lease, unless and until Mortgagee or that holder or owner acquires the interest of Tenant.

Section 5.3. Notices. Any Mortgagee may give notice to Landlord of its name and address (such holder of the leasehold mortgage is sometimes referred to herein as a "**Recognized Mortgagee**"), and if such notice is given, Landlord shall give to such Recognized Mortgagee a copy of each notice of default by Tenant at the same time as and whenever any such notice of default shall thereafter be given by Landlord to Tenant, addressed to such Recognized Mortgagee at its address last furnished to Landlord. No such notice by Landlord to Tenant hereunder shall be deemed to have been duly given unless and until a copy thereof has been served on such Recognized Mortgagee in the manner provided in this Lease:

- (i) Such Recognized Mortgagee shall (subject to unavoidable delays) thereupon have a period of an additional sixty (60) days within which to cure or correct such default (or if such default cannot be cured or corrected within that time, then such additional time as may be necessary if such Recognized Mortgagee has commenced such cure within such additional sixty (60) day period and is diligently pursuing to completion the remedies or steps necessary to cure or correct such default, but in no event more than ninety (90) days after notice is given by Landlord to such Recognized Mortgagee, without Landlord's prior written consent. If Tenant defaults with respect to the performance of its obligations hereunder, such Recognized Mortgagee shall have the right to remedy such default or cause the same to be remedied within the period and otherwise as provided herein. Landlord will accept performance by any such Recognized Mortgagee of any covenant, condition or agreement on Tenant's part to be performed hereunder with the same force and effect as though performed by Tenant. No event of default with respect to the performance of work required to be performed, or asked to be done, or conditions to be remedied, shall be deemed to exist, so long as any such Recognized Mortgagee shall, in good faith, have commenced promptly to cure such matter and to prosecute the same to completion with diligence and continuity under the terms hereof.
- (ii) The time of the Recognized Mortgagee to cure any default by Tenant which reasonably requires that said Recognized Mortgagee be in possession of the Ground Leased Premises to do so shall be deemed extended to include the period of time required by said Recognized Mortgagee to obtain such possession (by foreclosure or otherwise) with due diligence: provided, however, that such

Recognized Mortgagee shall have delivered to Landlord its written commitment to cure outstanding defaults reasonably requiring possession of the Ground Leased Premises; and further provided, however, that during such period all other obligations of Tenant under this Lease, including payment of rent pursuant to Article 3, are being duly performed (whether by Tenant, Mortgagee or otherwise).

Section 5.4. New Lease. In the event of the termination of this Lease as a result of Tenant's default, Landlord shall provide each Recognized Mortgagee with written notice that this Lease has been terminated, together with a statement of all sums that would at that time be due under this Lease but for such termination, and of all other defaults, if any, then known to Landlord. Landlord agrees to enter into a new lease of the Ground Leased Premises with such Recognized Mortgagee or its designee for the remainder of the Term, effective as of the date of termination, at the rent and additional rent, and upon the terms, covenants and conditions (excluding requirements that are not applicable or that already have been satisfied) of this Lease, provided that:

(a) Such Recognized Mortgagee shall make written request upon Landlord for such new lease within thirty (30) days after the date such Recognized Mortgagee receives Landlord's notice of termination of this Lease;

(b) Such Recognized Mortgagee or its designee shall pay or cause to be paid to Landlord, at the time of the execution and delivery of such new lease, any and all sums that would at the time of execution and delivery thereof be due pursuant to this Lease but for such termination and, in addition thereto, all reasonable expenses, including reasonable attorney's fees, that Landlord shall have incurred by reason of such termination and the execution and delivery of the new lease and that have not otherwise been received by Landlord from Tenant or a party in interest under Tenant. Upon execution of such new lease, Landlord shall allow to the tenant named therein as an offset against the sums otherwise due under this subsection (b) or under the new lease, an amount equal to the net income derived by Landlord from the Ground Leased Premises and the Facility during the period from the date of termination of the Lease to the date of the beginning of the Lease term of such new lease.

(c) Such Recognized Mortgagee or its designee shall agree to remedy any of Tenant's defaults, of which said Recognized Mortgagee was notified by Landlord's notice of termination and that are reasonably susceptible of being so cured by said Recognized Mortgagee or its designee (for purposes of this sub-section, any cure that can not be undertaken until such Recognized Mortgagee is in possession of the Ground Leased Premises shall not be deemed reasonably susceptible of cure until possession of the Ground Leased Premises is obtained by such Recognized Mortgagee).

(d) Any new lease made pursuant to this Section 5.4 shall be prior to any mortgage or other lien, charge or encumbrance on the fee of the Ground Leased Premises, and the tenant under such new lease shall have the same right, title and interest in and to the Ground Leased Premises and the Facility as Tenant had under this Lease, provided, however,

that any new tenant that is the designee of the Recognized Mortgagee shall be subject to Landlord's reasonable approval, which approval shall not be unreasonably withheld, conditioned or delayed.

(e) The tenant under any such new lease shall be liable to perform the obligations imposed on the Tenant by such new lease only during the period such person has ownership of such leasehold estate.

(f) If more than one Recognized Mortgagee shall request a new lease, Landlord shall enter into such new lease with the Recognized Mortgagee whose Mortgage is prior in lien.

(g) Notwithstanding any other provision of this Lease to the contrary, the Facility shall be deemed not to have become the property of Landlord upon termination of this Lease but shall be deemed to have continued to be the property of the Tenant, subject to the applicable Recognized Mortgagee's interest therein, and subsequently thereafter the property of the applicable Recognized Mortgagee during the term of the new lease.

Section 5.5. Subordination, Non-Disturbance and Attornment. No later than thirty (30) days prior to the Lease Commencement Date, Landlord will obtain from every senior mortgagee and holder of a deed of trust upon the Ground Leased Premises, an agreement in recordable form acceptable to Tenant wherein the senior mortgagee(s) and holder(s) of the deed(s) of trust agree not to disturb Tenant's possession, deprive Tenant of any rights or increase Tenant's obligations under the Lease, in a customary form Subordination, Non-Disturbance and Attornment Agreement. Landlord agrees not to further mortgage or encumber the fee or its leasehold estate from the Effective Date unless Landlord obtains a Subordination, Non-Disturbance and Attornment Agreement from such senior mortgagee(s) and holder(s) of the deed(s) of trust. Upon the failure of Landlord to timely provide Tenant with an acceptable Subordination, Non-Disturbance and Attornment Agreement pertaining to every senior mortgage and deed of trust prior to the Lease Commencement Date, then subject to the provisions of Section 12.6 hereof, Tenant may exercise any and all remedies available to it under applicable law for Landlord's default, including, without limitation suits for equitable relief and money damages.

ARTICLE 6 - MAINTENANCE AND ALTERATIONS

Section 6.1. Maintenance of Ground Leased Premises. Tenant agrees that it will, at its own cost and expense, maintain or cause to be maintained the Ground Leased Premises, Facility and any other improvements thereon and appurtenances thereto and every part thereof, in reasonably good order, condition and repair and in accordance with all applicable laws, rules, ordinances, orders and regulations of all governmental authorities, and any applicable recorded declaration of covenants and restrictions.

Section 6.2. Alterations and Subsequent Improvements. During the Term, Tenant shall have the right to make any additions, alterations, changes and improvements, structural and nonstructural, including but not limited to construction of additional buildings and additions to the then existing buildings, if any, as Tenant shall desire; provided, however, that (i) Tenant shall

submit plans of all structural changes to Landlord at least thirty (30) days in advance of the proposed construction date, and (ii) all such construction shall be completed in a workmanlike manner and in full compliance with all laws, building codes and ordinances applicable thereto, and with all restrictive covenants and other matters of record, all at Tenant's sole expense. Notwithstanding the provisions of Section 6.1, Tenant shall have the right, at any time during the Term, to demolish the Facility and any other improvements now or hereafter constructed on the Ground Leased Premises. In such event, Tenant shall have the right to construct new improvements thereon in accordance with the above requirements or to convert the Ground Leased Premises to a grassy area pending future development; provided, however, that if Tenant has not commenced construction of new improvements on the Ground Leased Premises within five (5) years following the date of completion of the demolition of the Facility and all improvements located on the Ground Leased Premises, Landlord shall have the right to terminate this Lease by giving Tenant thirty (30) days prior written notice thereof.

ARTICLE 7 - MECHANICS' LIENS

Section 7.1. Prohibition of Liens on Fee or Leasehold Interest. Unless removed as set forth in Section 7.2, Tenant shall not suffer, create or permit any mechanic's, materialmen's, laborers' or other similar liens to be filed against the fee of the Ground Leased Premises nor against Tenant's leasehold interest in the Ground Leased Premises, the Facility, this Lease or the leasehold estate hereunder by reason of any work, labor, services or materials supplied or claimed to have been supplied to Tenant or anyone holding the Ground Leased Premises or any part thereof through or under Tenant. Landlord's interest in the Ground Leased Premises, the Facility, this Lease and the leasehold estate hereunder shall not be subject to liens for improvements made by Tenant or any subtenant.

Section 7.2. Removal of Liens by Tenant. If any such mechanic's or laborer's liens or materialman's lien shall be recorded against the Ground Leased Premises or the Facility, then within sixty (60) days after notice of the filing thereof, or fifteen (15) days after Tenant is served with a complaint to foreclose said lien or Landlord advises Tenant in writing that Landlord has been served with such a complaint, whichever is earlier, Tenant shall cause such lien to be removed, or will bond off the lien pursuant to applicable Tennessee law. If Tenant in good faith desires to contest the lien, Tenant shall be privileged to do so, but in such case Tenant hereby agrees to indemnify and save Landlord harmless from all liability for damages, including attorneys' fees and costs, occasioned thereby and shall, in the event of a judgment of foreclosure upon any mechanic's lien, cause the same to be discharged and removed prior to the execution of such judgment. Landlord may, in its sole discretion, require that the lien be bonded off as a condition precedent to Tenant's privilege to contest any lien.

ARTICLE 8 - CONDEMNATION

Section 8.1. Interests of Parties on Condemnation. If the Ground Leased Premises or any part thereof shall be taken for public purpose by condemnation as a result of any action or proceeding in eminent domain, or shall be transferred in lieu of condemnation to any authority entitled to exercise the power of eminent domain, the interests of Landlord and Tenant in the

award or consideration for such transfer, and the allocation of the award and the other effect of the taking or transfer upon this Lease, shall be as provided by this Article 8.

Section 8.2. Total Taking - Termination. If the entire Ground Leased Premises is taken or so transferred, this Lease and all of the right, title and interest of Tenant hereunder shall cease on the date title to such land so taken or transferred vests in the condemning authority. In such event, Tenant shall be relieved of its obligation to pay Rent and perform its other covenants hereunder from and after the date of such taking or transfer; provided that such release and surrender in no way shall prejudice or interfere with Tenant's right to an award for its loss or damage as herein provided. The Rent for the last Lease Year of Tenant's possession of the Ground Leased Premises shall be prorated and the appropriate portion of the prepaid Rent, if any, shall be refunded to Tenant.

Section 8.3. Partial Taking - Termination. In the event of the taking or transfer of only a part of the Ground Leased Premises, leaving the remainder of the Ground Leased Premises in such location, or in such form, shape or reduced size as to be not effectively and practicably usable in the good faith opinion of Tenant for the operation thereon of Tenant's business, this Lease and all right, title and interest of Tenant hereunder may be terminated by Tenant giving, within ninety (90) days of the occurrence of such event, thirty (30) days' notice to Landlord of Tenant's intention to terminate. In such event, Tenant shall be relieved of its obligation to pay Rent and perform its other covenants hereunder from and after the date of such taking or transfer, and Tenant shall surrender the remaining portion of the Ground Leased Premises, if any, to Landlord as of such date; provided that such release and surrender in no way shall prejudice or interfere with Tenant's right to an award for its loss or damage as herein provided. The Rent for the Lease Year of Tenant's possession of the Ground Leased Premises shall be prorated the appropriate portion of the prepaid Rent, if any, shall be refunded to Tenant.

Section 8.4. Partial Taking - Continuation. In the event of such taking or transfer of only a part of the Ground Leased Premises leaving the remainder of the Ground Leased Premises in such location and in such form, shape or size as to be used effectively and practicably in the good faith opinion of Tenant for the purpose of operation thereon of Tenant's business, this Lease shall terminate only as to the portion of the Ground Leased Premises so taken or transferred as of the date title to such portion vests in the condemning authority, and shall continue in full force and effect as to the portion of the Ground Leased Premises not so taken or transferred. In such event, (a) this Lease and all its provisions shall continue in full force and effect, and (b) Tenant shall restore or replace the Facility and other improvements that are part of the remaining portion of the Ground Leased Premises (including necessary grading and land preparation), with such changes in the use of the Ground Leased Premises or in the design, type or character of the Facility and other improvements as Tenant may deem desirable to a complete unit or units of quality and value as near as possible to that existing immediately prior to such taking, except that Tenant shall not be obligated to expend funds beyond the amount of the net condemnation award (after legal expenses) actually paid to Tenant.

Section 8.5. Partial Taking -- Award. If title and possession of a portion of the Ground Leased Premises is taken under the power of eminent domain, and the Lease continues as to the portion remaining, all compensation and damages ("**Compensation**") payable to Tenant by

reason of any portion of the Ground Leased Premises or Facility so taken shall be available to be used, to the extent reasonably needed, by Tenant in replacing any portion of the Facility so taken with improvements of the same type as the remaining portion of the Ground Leased Premises. All plans and specifications for such replacement and improvements and all repairs and replacements pursuant thereto shall be in compliance with all then existing codes, zoning ordinances, rules and regulations governing the Ground Leased Premises.

Section 8.6. Allocation of Award. Any compensation awarded or payable because of the taking of all or any portion of the Ground Leased Premises by eminent domain shall be awarded in accordance with the values of the respective interests in the Ground Leased Premises and the Facility thereon immediately prior to the taking. The value of Landlord's interest in the Ground Leased Premises immediately prior to a taking shall include the then value of its interest in the Ground Leased Premises prior to the Expiration Date of this Lease, together with the value of its reversionary interest in the Ground Leased Premises after the Expiration Date. The value of Tenant's interest in the Ground Leased Premises and the Facility immediately prior to a taking shall include the then value of its interest in the Ground Leased Premises and the Facility for the remainder of the Term of this Lease. Such values shall be those determined in the proceeding relating to such taking or, if no separate determination of the values is made in such proceeding, those determined by agreement between Landlord and Tenant. If such agreement cannot be reached, such values shall be determined by an appraiser or appraisers appointed in the manner provided below. The time of taking shall mean 12:01 a.m. of, whichever shall first occur, the date of title or the date physical possession of the portion of the Ground Leased Premises on which the Facility is located is taken by the taking agency or entity. If the appointment of an appraiser or appraisers is required, Landlord and Tenant will each select an MAI real estate appraiser licensed in the State of Tennessee and having experience in the appraisal of commercial real estate, senior living facilities and nursing homes to conduct an appraisal of the Ground Leased Premises or applicable portion thereof, taking into account the then use of the Ground Leased Premises by Tenant, together with the appurtenances to the Ground Leased Premises such as access, parking, landscaping and its location proximate to the Hospital, but including such value only as appurtenances to the Ground Leased Premises, and excluding the value of Landlord's fee simple interest in the acreage of the Land which is not subject to this Lease. If the two appraisers shall agree, the agreed value shall be the fair market value of the Ground Leased Premises or applicable-portion thereof. If the appraisers do not agree and the difference between the two appraisals does not exceed ten percent (10%) of the greater appraisal, then the average of the two (2) fair market values as determined by the two appraisals shall determine the fair market value of the Ground Leased Premises or applicable portion thereof. If the difference between the two appraisals is greater than ten percent (10%) of the greater appraisal, then the two appraisers shall select a third MAI appraiser licensed in the State of Tennessee, and the average of the three appraisals shall be the fair market value of the Ground Leased Premises or applicable portion thereof. Each party shall pay the cost of its chosen appraiser and should a third appraiser be necessary, Landlord and Tenant shall each pay one-half (½) of the costs of the third appraiser.

Section 8.7. Voluntary Conveyance. A voluntary conveyance by Landlord to a public utility, agency or authority under threat of a taking under the power of eminent domain in lieu of formal proceedings shall be deemed a taking within the meaning of this Article 8.

ARTICLE 9 - ASSIGNMENT AND SUBLEASE

Section 9.1. Assignment and Subletting. Tenant shall have the right to assign this Lease or sublet all or any portion of the Ground Leased Premises without the prior written consent of Landlord, provided that each such sublease shall be subject and subordinate to this Lease and Tenant shall remain liable for the performance of all of its covenants and agreements under this Lease. Additionally, Tenant shall have the right to enter into residency agreements or leases with residents and patients of the Facility without Landlord's consent.

Section 9.2. Right of First Offer to Assume the Lease or Sublet the Facility. Without limiting the foregoing rights of Tenant, if Tenant at any time hereafter desires to assign its interest under this Lease or sublet a portion of the Facility to an entity primarily engaged in the provision of acute care hospital services (a "Competitor"), Tenant shall provide Landlord with written notice of such intention (the "Assignment Notice"). Within fifteen (15) days after receiving the Assignment Notice, Landlord shall have (and is hereby granted) the right to commit in writing (the "Assignment Commitment") to (i) accept an assignment of the Lease from Tenant and purchase the improvements then remaining on the Ground Leased Premises if the Assignment Notice relates to a proposed assignment of the Lease or (ii) sublet the portion of the Facility specified in the Assignment Notice if it relates to a proposed sublease, and in each case at the price and under such other material terms as are set forth in the Assignment Commitment. If Landlord elects to exercise the Assignment Commitment, notice thereof shall be delivered to Tenant within such fifteen (15) day period and shall constitute a binding obligation of Landlord, subject to Tenant's acceptance thereof. Landlord shall not be required to exercise the Assignment Commitment. If Landlord fails to deliver to Tenant the Assignment Commitment within such fifteen (15) day period, Landlord shall be deemed to have waived the right of first offer contained in this Section 9.2, and Tenant may proceed to assign the Lease or sublet the Facility to the Competitor.

Section 9.2.1. If Landlord timely submits to Tenant an Assignment Commitment under Section 9.2, such Assignment Commitment must remain open for Tenant's acceptance for not less than fifteen (15) days. Unless waived in writing by Landlord, Tenant shall not conduct negotiations concerning an assignment or sublease with any Competitor during such fifteen (15) day period, nor shall Tenant enter into an agreement respecting an assignment or sublease with any Competitor other than Landlord until such fifteen (15) day period has expired. If Landlord and Tenant are unable to reach a final agreement within such fifteen (15) day period, then Landlord shall have no further rights, and Tenant shall have no further obligations, under this Section 9.2 with respect to the foregoing Assignment Commitment, and Tenant shall be entitled to accept an offer from such Competitor on the same or more favorable terms to Tenant.

ARTICLE 10 - INSURANCE AND INDEMNIFICATION

Section 10.1. Comprehensive Liability Insurance. Tenant shall, at its cost and expense, at all times during the Term, maintain in force, for the joint benefit of Landlord and Tenant, and any holder of a mortgage on the Ground Leased Premises, a broad form comprehensive coverage

policy of public liability insurance licensed to do business the State of Tennessee with a Best's Insurance Guide Rating of A+, by the terms of which Landlord and Tenant are named as insureds, and any holder of a Mortgage on the Ground Leased Premises is named an additional insured, and are indemnified against liability for damage or injury to the property or person (including death) of Tenant, its invitee or any other person entering upon or using the Ground Leased Premises, or any structure thereon or any part thereof. Such insurance policy or policies shall be maintained in reasonable and customary amounts as determined by Tenant. Such insurance policy or policies shall be stated to be primary and noncontributing with any insurance which may be carried by Landlord. A certificate of said insurance, together with proof of payment of the premium thereof shall be delivered to Landlord on the Lease Commencement Date, effective from and after the Lease Commencement Date, and renewal certificates and proof of payment of premium therefor shall be delivered to Landlord upon Landlord's written request. Such insurance shall be cancelable only after thirty (30) days' prior written notice to Landlord, Tenant and the holder of any Mortgage on the Ground Leased Premises.

Section 10.2. Fire and Extended Coverage Property Insurance. Tenant shall, at its cost and expense and at all times during the Term, maintain in force, a policy of insurance against loss or damage by fire and lightning, and such other perils as are covered under the broadest form of the "extended coverage" or "all risk" endorsements available in Tennessee, including, but not limited to, damage by wind storm, explosion, smoke, sprinkler leakage, vandalism, malicious mischief and such other risks as are normally covered by such endorsements. Any holder of a Mortgage on the Ground Leased Premises shall be named as an additional insured on such policy of insurance, and subject to terms of the Mortgage any insurance proceeds shall be applied in the manner as set forth in this Lease. The insurance shall be carried and maintained to the extent of full (actual) replacement cost of the Facility.

Section 10.3. Waiver of Subrogation. Landlord and Tenant and all parties claiming under them mutually release and discharge each other from all claims and liabilities arising from or caused by any casualty or hazard covered or required hereunder to be covered in whole or in part by the casualty and liability insurance to be carried on the Facility, the Ground Leased Premises or in connection with any improvements on or activities conducted in or on the Ground Leased Premises or the Facility, and waive any right of subrogation which might otherwise exist in or accrue to any person on account thereof, and evidence such waiver by endorsement to the required insurance policies, provided that such release shall not operate in any case where the effect is to invalidate or increase the cost of such insurance coverage (provided that in the case of increased cost, the other party shall have the right, within thirty (30) days following written notice, to pay such increased cost, thereby keeping such release and waiver in full force and effect).

Section 10.4. Indemnification. Tenant hereby agrees to indemnify, protect, defend and save Landlord, its agents, officers, shareholders, employees, and attorneys harmless from and against any and all losses, damages, actions, fines, penalties, demands, damages, liability and expense, including reasonable attorneys' fees and costs through litigation and all appeals, in connection with the loss of life, personal injury and damage to property arising from or out of (i) any occurrence in, upon, at or about the Ground Leased Premises or the Facility; (ii) the occupancy, use, construction upon and maintenance of the Ground Leased Premises or the

Facility, by Tenant and its subtenants, guests and invitees, and any party acting by, through or under any of them: (iii) the operation of the business of the Tenant thereon; and (iv) any act or failure to act, occasioned wholly or in part by Tenant and its agents, contractors, employees, invitees or any other person. Nothing contained herein shall be construed to make Tenant liable for any injury or loss caused by the negligence or willful misconduct of Landlord or any agent or employee of Landlord, Landlord agreeing to indemnify and hold Tenant harmless therefrom on the same terms as the foregoing indemnity by Tenant. Landlord hereby agrees to indemnify, protect, defend and save Tenant, its agents, officers, shareholders, employees, and attorneys harmless from and against any and all losses, damages, actions, fines, penalties, demands, damages, liability and expense, including reasonable attorneys' fees and costs through litigation and all appeals, in connection with the loss of life, personal injury and damage to property arising from or out of (i) any occurrence in, upon, at or about the Land (other than the Ground Leased Premises) and the Hospital; (ii) the occupancy, use, construction upon and maintenance of the Land (other than the Ground Leased Premises) or the Hospital by Landlord and its tenants, subtenants, guests and invitees, and any party acting by, through or under any of them: (iii) the operation of the business of the Landlord thereon; and (iv) any act or failure to act, occasioned wholly or in part by Landlord and its agents, contractors, employees, invitees or any other person. Nothing contained herein shall be construed to make Landlord liable for any injury or loss caused by the negligence or willful misconduct of Tenant or any agent or employee of Tenant, Tenant agreeing to indemnify and hold Landlord harmless therefrom on the same terms as the foregoing indemnity by Landlord.

ARTICLE 11 - DAMAGE AND DESTRUCTION

Section 11.1. Tenant's Option to Restore Premises or Terminate Lease. At any time during the Term, if any buildings or the Facility now or hereafter on the Ground Leased Premises are damaged and/or destroyed in whole or in material part by fire, theft, the elements, or any other cause, Tenant shall have the option, upon providing written notice to Landlord within sixty (60) days following the occurrence of such event, to either (i) keep this Lease in full force and effect, in which case Tenant, at its sole cost and expense, shall repair, restore and/or replace the damaged or destroyed Facility and related improvements to the extent of insurance proceeds received by Tenant to cover the repair, restoration and replacement expense, or (ii) terminate this Lease, in which event Tenant's sole obligation shall be to remove, at its own cost and expense, all debris and remains of the damaged Facility and related improvements from the Ground Leased Premises. If Tenant fails to provide any notice to Landlord within the time provided above, Tenant shall be deemed to have elected to keep this Lease in full force and effect. In the event Tenant elects to terminate this Lease as provided above, but Landlord prefers that Tenant leave the Facility and related improvements in place rather than removing same, then Landlord shall provide notice thereof to Tenant within ten (10) days following Landlord's receipt of notice from Tenant as provided above, in which case Tenant shall leave such Facility and related improvements in place AS IS WHERE IS AND WITH ALL FAULTS, and Landlord shall be obligated pay to Tenant the then fair market value of the Facility and any and all improvements then remaining on the Ground Leased Premises based on their then current condition in accordance with Section 14.22 hereof.

Section 11.2. Application of Insurance Proceeds. Any and all fire or other insurance proceeds that become payable at any time during the Term because of damage to or destruction of the Facility or any other improvements on the Ground Leased Premises shall be paid solely to Tenant and applied toward the cost of repairing, restoring and/or replacing the damaged or destroyed Facility and other improvements in the manner required by Section 11.1 of this Lease, subject to the applicable provisions of any Mortgage; provided, however, that should Tenant exercise its option granted by Section 11.1 of this Lease to terminate this Lease because of damage to or destruction of buildings or Facility on the Ground Leased Premises, then, in that event, any and all fire or other insurance proceeds that become payable because of such damage or destruction shall be paid to Tenant.

ARTICLE 12 - DEFAULTS AND REMEDIES

Section 12.1. Defaults. Each of the following events shall be a default by Tenant and a breach of this Lease and constitute an "Event of Default":

Section 12.1.1. Default in Payment of Rent, Etc. Tenant shall fail to pay any payment of Rent required to be paid by Tenant under this Lease when due and payable and such payment shall not be made during the period of thirty (30) days after written notice thereof is given by Landlord and received by Tenant.

Section 12.1.2. Nonperformance of Covenants and Agreements by Tenant. Tenant shall fail to perform or observe any of its covenants, conditions or agreements under this Lease (other than those to which Section 12.1.1 applies), and such default shall continue unremedied for a period of sixty (60) days after notice thereof is given by Landlord and received by Tenant; provided, however, that if cure is commenced promptly but cannot reasonably be completed within such sixty (60) day cure period, then the cure period shall be extended for ninety (90) additional days so long as Tenant's cure efforts are diligently prosecuted to completion.

Section 12.1.3. Abandonment. Tenant shall abandon the Ground Leased Premises and the same shall continue for a period of ninety (90) consecutive days after notice thereof is given by Landlord and received by Tenant.

Section 12.1.4. Attachment or Other Levy. Any right or interest of Tenant in the Ground Leased Premises shall be subjected to attachment, execution or other levy, or to seizure under legal process, and the same shall not be released or stayed within ninety (90) days after Tenant has actual knowledge thereof.

Section 12.1.5. Voluntary Bankruptcy or Insolvency Proceedings. Tenant (a) shall commence a voluntary case or other proceeding seeking dissolution, liquidation, reorganization or other relief with respect to itself or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a receiver, trustee, liquidator, custodian or other similar official with respect to it or any substantial part of its property, (b) shall consent to any such relief or to the appointment of, or the taking of possession of any of its property by, any such official in any involuntary case or other proceeding

commenced against it, (c) shall make a general assignment for the benefit of creditors, (d) shall take any action to authorize any of the foregoing, or (e) shall become insolvent or fail generally to pay its debts as they become due.

Section 12.1.6. Involuntary Bankruptcy or Insolvency Proceedings. Any involuntary case or other proceeding shall be commenced against Tenant seeking dissolution, liquidation, reorganization or other relief with respect to it or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a receiver, trustee, liquidator, custodian or other similar official with respect to it or any substantial part of its property, and (a) an order for relief (or the equivalent) shall be entered in such involuntary case or other proceeding or (b) such involuntary case or other proceeding shall remain undismissed and unstayed for a period of ninety (90) days after the commencement thereof.

Section 12.2. Remedies. If any Event of Default on the part of Tenant shall continue uncured or unwaived upon expiration of the applicable cure period, Landlord may exercise any one or all of the following remedies, from time to time, to which Landlord may resort cumulatively or in the alternative, subject in all events to the provisions of Article 5 hereof:

Section 12.2.1. Termination. Landlord may, at Landlord's election, and with notice to Tenant and every Recognized Mortgagee, terminate this Lease, whereupon all of Tenant's rights in the Ground Leased Premises, the Facility and other improvements shall terminate. Promptly after any such termination, Tenant shall surrender and vacate the Ground Leased Premises, the Facility and other improvements, and Landlord may re-enter and take possession of the Ground Leased Premises, the Facility and other improvements. Termination under this section shall not relieve Tenant from the payment of any sum then due to Landlord, or from any claim for damages previously accrued, or then accruing, against Tenant. Promptly following such termination, Landlord shall pay to Tenant the then fair market value of any and all improvements then located on the Ground Leased Premises in accordance with Section 14.22 below.

Section 12.2.2. Appointment of Receiver. Landlord may, if Landlord elects to file suit to enforce this Lease or protect its rights hereunder, in addition to the other remedies provided in this Lease, obtain the appointment of a receiver of the Ground Leased Premises, the Facility and other improvements.

Section 12.2.3. Recovery of Damages. Landlord may recover from Tenant, as damages, all Rent and other sums then due hereunder, if any, together with the amount by which all Rent and other sums payable hereunder during the remainder of the Term exceed the reasonable rental value of the Ground Leased Premised during such period.

Section 12.2.4. Tenant's Personal Property. Tenant's personal property and trade fixtures are and shall remain the sole and exclusive property of Tenant, and Landlord shall have no rights with respect thereto except to store them for the account and at the cost of Tenant if Tenant fails to remove them within thirty (30) days following termination of the Lease.

Section 12.3. Remedies Cumulative. Suit or suits for the recovery of such damages, or any installments thereof, may be brought by Landlord from time to time at its election, and nothing contained herein shall be deemed to require Landlord to postpone suit until the date when the term of this Lease would have expired nor limit or preclude recovery by Landlord against Tenant of any sums or damages provided above. All the remedies hereinbefore given to Landlord shall be cumulative and concurrent.

Section 12.4. Tenant's Liability After Default. If Tenant shall default in the performance of any of its obligations under this Lease, Landlord, without thereby waiving such default, may (but shall not be obligated to) perform the same for the account and at the expense of Tenant, without notice in a case of emergency, and in any other case only if such default continues after the expiration of the applicable curing period, if any. Any reasonable expenses incurred by Landlord in connection with any such performance, and all reasonable costs, expenses, and disbursements of every kind and nature whatsoever, including reasonable attorneys' fees, including appellate, bankruptcy, arbitration and post-judgment proceedings involved in collecting or endeavoring to collect the rent or any additional rent or any part thereof or enforcing or endeavoring to enforce any rights against Tenant or Tenant's obligations hereunder, shall be due and payable upon Landlord's submission of an invoice therefor. All reasonable sums advanced by Landlord on account of Tenant under this section, or pursuant to any other provision of this Lease, and all rent, if delinquent or not paid by Tenant and received by Landlord when due hereunder, shall bear interest at the rate of ten percent (10%) per annum, from the due date thereof until paid and the same shall be and constitute additional rent and be due and payable upon Landlord's demand therefor.

Section 12.5. Holdover. If Tenant remains in possession of the Ground Leased Premises or any part thereof after the expiration or sooner termination of the Term or any extension thereof, Tenant shall become a tenant at sufferance and shall pay the Landlord a rent per annum equal to 125% of the annualized Base Rent during the Term. Notwithstanding that Landlord may allow Tenant to continue in possession after the expiration or sooner termination of this Lease, neither that nor the provisions of this section shall constitute a waiver of any of Landlord's rights under this section or this Lease. Further, notwithstanding the payment of rent by Tenant and acceptance thereof by Landlord as provided in this section, Tenant shall be in continuing breach of this Lease at any time or during any period in which Tenant is a holdover tenant.

Section 12.6. Arbitration. Except for a claim to enforce the provisions of Section 4.2 or to obtain equitable relief for specific performance or like remedies, all disputes, claims or controversies arising from or relating to this Lease, or the relationships resulting from this Lease, whether now or hereafter arising, and whether sounding in contract, tort or otherwise, shall be resolved by binding arbitration under the Commercial Arbitration Rules and Mediation Procedures of the American Arbitration Association ("AAA"). In addition, the arbitrator(s) selected according to procedures set forth below shall determine the arbitrability of any matter brought to them, and their decision shall be binding on the parties thereto.

Section 12.6.1. Arbitration may be initiated by any party hereto by the filing of an arbitration claim (an "**Arbitration Claim**") with AAA. The arbitration hearing shall be conducted in Knoxville, Tennessee.

Section 12.6.2. There will be three arbitrators, unless the parties to any dispute are able to agree on a single arbitrator. In the absence of such agreement within ten days after the filing of an Arbitration Claim, the party(ies) on one side of the dispute shall select one arbitrator and the party(ies) on other side of the dispute shall select one arbitrator, and those two arbitrators shall then select within ten days a third arbitrator. If those two arbitrators are unable to select a third arbitrator within such ten day period, a third arbitrator shall be appointed by the commercial panel of the AAA.

Section 12.6.3. The decision in writing of at least two of the three arbitrators will be final and binding upon the parties (or, in the case there is one arbitrator, the decision in writing of such one arbitrator). The written award of the arbitrator(s) shall include reasons supporting the award. The arbitrator(s) will have power and authority to award any remedy or judgment that could be awarded by a court of law in the State of Tennessee. The award rendered by arbitration will be final and binding upon the parties hereto, and final judgment on the arbitration award may be entered in any court of competent jurisdiction.

Section 12.6.4. The arbitrator(s) will be bound by and strictly enforce the terms of this Lease, and may not limit, expand or otherwise modify its terms. The arbitrator(s) shall make a good faith effort to apply substantive applicable law, but an arbitration decision will not be subject to review because of errors of law. The arbitrator(s) will be bound to honor claims of privilege or work product doctrine recognized at law, but the arbitrator(s) will have the discretion to determine whether any such claim of privilege or work product doctrine applies.

Section 12.6.5. The rules of arbitration will be the Commercial Arbitration Rules of the American Arbitration Association, as modified by any other instructions that the parties may agree upon at the time, except that each party will have the right to conduct discovery in any manner and to the extent authorized by the Federal Rules of Civil Procedure.

Section 12.6.6. The arbitration shall be governed by the laws of the State of Tennessee, excluding any conflict-of-laws rules or principles that might refer the governance or the construction of this Lease to the law of another jurisdiction.

Section 12.6.7. The arbitrator(s) shall determine the identity of the non-prevailing party, and the non-prevailing party shall be responsible for payment of the expenses and reasonable attorneys' fees of the prevailing party. The party initiating the arbitration shall pay the fees and expenses of the AAA and the arbitrator(s), but if the prevailing party is the initiating party it shall be entitled to full reimbursement for such advanced fees and expenses from the non-prevailing party.

Section 12.6.8. All documents, briefs, testimony, transcripts and arbitrators' decisions shall be kept confidential unless disclosure is required by law or in connection with enforcement or appeal of a decision or award hereunder to a court of proper jurisdiction.

ARTICLE 13 - SURRENDER AND REMOVAL

Section 13.1. Surrender of Possession. Upon the expiration of the Term or any earlier termination thereof, Tenant shall surrender to Landlord possession of the Ground Leased Premises and any improvements thereon in their then present condition, AS IS, WHERE IS AND WITH ALL FAULTS. Tenant may remove, or cause to be removed, all personal property trade fixtures and equipment of Tenant from the Ground Leased Premises on or before the Expiration Date or earlier termination date of this Lease or within thirty (30) days thereafter. All such personal property, trade fixtures and equipment not so removed shall belong to Landlord without the payment of any consideration.

Section 13.2. Tenant's Quitclaim. Upon the expiration of the Term, or any sooner termination of this Lease, Tenant agrees to execute, acknowledge and deliver to Landlord a proper instrument in writing, releasing and quitclaiming to Landlord all right, title and interest of Tenant in and to the Ground Leased Premises and any improvements then located on the Ground Leased Premises upon receipt from Landlord of the amount determined to be the fair market value of such improvements, if required by Sections 1.5, 11.1 or 12.2.1 hereof.

ARTICLE 14 - GENERAL PROVISIONS

Section 14.1. Conditions and Covenants. All of the provisions of this Lease shall be deemed as running with the land, and construed to be "conditions" as well as "covenants" as though the words specifically expressing or imparting covenants and conditions were used in each separate provision.

Section 14.2. Survival of Indemnities. All representations, warranties and indemnities of Tenant and Landlord under this Lease shall survive the expiration or sooner termination of this Lease.

Section 14.3. No Waiver of Breach. No failure by either Landlord or Tenant to insist upon the strict performance by the other of any covenant, agreement, term or condition of this Lease, or to exercise any right or remedy consequent upon a breach thereof, shall constitute a waiver of any such breach or of such covenant, agreement, term or condition. No waiver of any breach shall affect or alter this Lease, but each and every covenant, condition, agreement and term of this Lease shall continue in full force and effect with respect to any other then existing or subsequent breach.

Section 14.4. Unavoidable Delay - Force Majeure. If either party shall be delayed or prevented from the performance of any act required by this Lease by reason of acts of God, strikes, lockouts, labor troubles, inability to procure materials, restrictive governmental laws, war, terrorist activity or regulations or other cause, without fault and beyond the reasonable control of the party obligated (financial inability excepted), performance of such act shall be excused for the period of the delay; and the period for the performance of any such act shall be extended for a period equivalent to the period of such delay; provided, however, nothing in this section shall excuse Tenant from the prompt payment of any Rent as may be expressly provided elsewhere in this Lease.

Section 14.5. Notices. Unless otherwise specifically provided in this Lease or by law, any and all notices or other communications required or permitted by this Lease or by law to be served on, given to, or delivered to any party to this Lease shall be in writing and shall be deemed duly served, given, delivered and received when personally delivered (including confirmed overnight delivery service to the party to whom it is directed), or in lieu of such personal delivery, when three (3) business days have elapsed following deposit thereof in the United States mail, first-class postage prepaid, certified, return receipt requested, addressed to:

LANDLORD: Mountain States Health Alliance
303 Med Tech Parkway, Suite #330
Johnson City, TN 37640
Attention: Tony Benton, Vice President
Telephone: (423) 302-3379
Facsimile: (423) 302-3448

TENANT: NHC at Indian Path, LLC
c/o National HealthCare Corporation
100 Vine Street
Murfreesboro, TN 37130
Attention: John K. Lines, Senior Vice President and General
Counsel
Telephone: (615) 890-2020
Facsimile: (615) 890-0123

Either party may change its address for the purpose of this paragraph by giving written notice of such change to the other party in the manner provided in its paragraph.

Section 14.6. Gender. The use herein of (1) any gender includes all others, and (2) the singular number includes the plural and vice-versa, whenever the context so requires.

Section 14.7. Captions. Captions in this Lease are inserted for convenience of reference only and do not define, describe or limit the scope or the intent of this Lease or any of the terms hereof.

Section 14.8. Entire Agreement. This Lease contains the entire agreement between the parties regarding the subject matter hereof. Any oral or written representations, agreements, understandings and/or statements shall be of no force and effect.

Section 14.9. Waiver; Amendment. No modification, waiver, amendment, discharge or change of this Lease shall be valid unless the same is in writing and signed by the party against which the enforcement of such modification, waiver, amendment, discharge or change is or may be sought.

Section 14.10. Attorney's Fees. If either party retains an attorney to enforce or interpret this Lease, the prevailing party shall be entitled to recover, in addition to all other items of

recovery permitted by law, reasonable attorneys' fees and costs incurred through litigation, bankruptcy proceedings and all appeals.

Section 14.11. Time. Time is of the essence of each obligation of each party hereunder.

Section 14.12. Governing Law. This Lease shall be construed and enforced in accordance with the laws of the State of Tennessee.

Section 14.13. Binding Effect. Subject to any provision of this Lease that may prohibit or curtail assignment of any rights hereunder, this Lease shall bind and inure to the benefit of the respective heirs, assigns, personal representatives, and successors of the parties hereto.

Section 14.14. Execution of Other Instruments. Each party agrees that it shall, upon the other's request, take any and all steps, and execute, acknowledge and deliver to the other party and all further instruments necessary or expedient to effectuate the purpose of this Lease.

Section 14.15. Severability. If any term, provision, covenant or condition of this Lease is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the provisions shall remain in full force and effect and shall in no way be affected, impaired or invalidated.

Section 14.16. Counterparts. This Lease may be executed in one or more counterparts, each of which shall be deemed an original and when taken together will constitute one instrument.

Section 14.17. Estoppel Certificate. Either party shall execute, acknowledge and deliver to the other party, within twenty (20) days after requested by the other party, a statement in writing certifying, if such is the case, that this Lease is unmodified and in full force and effect (or if there have been modifications that the same is in full force and effect as modified); the date of commencement of this Lease; the dates for which the rent and other charges have been paid; any alleged defaults and claims against the other party and providing such other information as shall be reasonably requested.

Section 14.18. Brokers. Each of Landlord and Tenant represents and warrants to the other that it has not entered into any agreement with, or otherwise had any dealings with any broker or agent to which any commission, fee, or other compensation of any kind will be payable by the other party in connection with this Lease. Each party will indemnify, defend, and hold the other party harmless against any loss, liability, damage, cost, or expense (including reasonable attorneys' fees and costs of litigation), or any claim therefore resulting from the untruth or inaccuracy of the foregoing warranty and representation made by such party.

Section 14.19. Authority. Tenant warrants that as of the date of execution of this Lease by Tenant, all consents or approvals (including approvals required of any board of directors or partners) required for Tenant's execution, delivery, and performance of this Lease have been obtained, that Tenant has the right and authority to enter into and perform this Lease, and that this Lease is valid and binds Tenant. Landlord warrants that as of the date of execution of this

Lease by Landlord, all consents or approvals (including approvals required of any board of directors or partners) required for Landlord's execution, delivery, and performance of this Lease have been obtained, that Landlord has the right and authority to enter into and perform this Lease, and that this Lease is valid and binds Landlord.

Section 14.20. Intentionally Omitted

Section 14.21. Waiver of Trial by Jury. In the event of any judicial action or proceeding to enforce the provisions of Section 4.2, to enforce the remedy of specific performance or to enforce an arbitration award pursuant to Section 12.6, LANDLORD AND TENANT, TO THE FULL EXTENT PERMITTED BY LAW, EACH HEREBY KNOWINGLY, INTENTIONALLY AND VOLUNTARILY, WITH AND UPON THE ADVICE OF COMPETENT COUNSEL, WAIVES, RELINQUISHES AND FOREVER FORGOES HEREBY THE RIGHT TO A TRIAL BY JURY IN ANY ACTION OR PROCEEDING, INCLUDING, WITHOUT LIMITATION, ANY TORT ACTION, BASED UPON, ARISING OUT OF OR IN ANY WAY RELATING TO OR IN CONNECTION WITH THIS LEASE AND ANY DOCUMENT OR CERTIFICATE EXECUTED IN CONNECTION HEREWITH, INCLUDING, WITHOUT LIMITATION, ANY COUNTERCLAIM WHICH ANY PARTY MAY BE PERMITTED TO ASSERT THEREUNDER, WHETHER SOUNDING IN CONTRACT, TORT OR OTHERWISE.

Section 14.22. Fair Market Value Determination. The fair market value of the improvements located on the Ground Leased Premises shall be determined as follows: Upon Landlord or Tenant's receipt of the other parties' notice of its intent to terminate under any of Sections 1.5, 11.1 and 12.2.1 (each a "Termination Notice"), as applicable, the parties shall immediately commence negotiations in good faith to determine the fair market value purchase price of the improvements then located on the Ground Leased Premises. In the event that the parties are unable to agree upon the fair market value of the improvements then located on the Ground Leased Premises within thirty (30) days from the date such Termination Notice is received by the non-terminating party, then within thirty (30) days thereafter, Landlord and Tenant will each select an MAI real estate appraiser licensed in the State of Tennessee and having experience in the appraisal of commercial real estate, senior living facilities and nursing homes to conduct an appraisal of the improvements then located on the Ground Leased Premises. If the two appraisers shall agree, the agreed value shall be the fair market value of the improvements then located on the Ground Leased Premises. If the appraisers do not agree and the difference between the two appraisals does not exceed ten percent (10%) of the greater appraisal, then the average of the two (2) fair market values as determined by the two appraisals shall determine the fair market value of the improvements then located on the Ground Leased Premises. If the difference between the two appraisals is greater than ten percent (10%) of the greater appraisal, then the two appraisers shall select a third MAI appraiser licensed in the State of Tennessee, and the average of the three appraisals shall be the fair market value of the improvements then located on the Ground Leased Premises. Each party shall pay the cost of its chosen appraiser and should a third appraiser be necessary, Landlord and Tenant shall each pay one-half (1/2) of the costs of the third appraiser.

Section 14.23. Right of First Offer.

Section 14.23.1. If Landlord at any time hereafter desires to sell, transfer or convey (each a "Transfer") Landlord's interest in the Ground Leased Premises to any third party, Landlord shall provide Tenant with written notice of such intention (the "Offer Notice"). Within thirty (30) days after receiving the Offer Notice, Tenant shall have (and is hereby granted) the right to commit in writing (the "First Offer Commitment") to purchase the Ground Leased Premises at a certain price and under such other material terms as are set forth in the First Offer Commitment. If Tenant pursues the First Offer Commitment, it shall be delivered to Landlord within such thirty (30) day period and shall constitute a binding obligation of Tenant, subject to Landlord's acceptance thereof. Tenant shall not be required to make the First Offer Commitment, and Landlord shall not be required to accept the First Offer Commitment. If Tenant fails to deliver to Landlord the First Offer Commitment within such thirty (30) day period, Tenant shall, subject to Sections 14.12.3 and 14.23.4 below, be deemed to have waived the right of first offer contained in this Section 14.23 as to the Ground Leased Premises, and Landlord may proceed to transfer the Ground Leased Premises to another party.

Section 14.23.2. If Tenant timely submits to Landlord a First Offer Commitment under Section 14.23.1, such First Offer Commitment must remain open for Landlord's acceptance for not less than thirty (30) days. During such thirty (30) day period, Tenant shall have the exclusive right to negotiate with Landlord concerning the terms of the First Offer Commitment. Unless Tenant waives in writing such exclusive negotiating rights, Landlord shall not conduct negotiations concerning a Transfer with any third party during such thirty (30) day period, nor shall Landlord enter into an agreement respecting a Transfer with any person or entity other than Tenant until such thirty (30) day period has expired.

Section 14.23.3. Notwithstanding any failure by Landlord and Tenant to finalize an agreement for a Transfer to Tenant under Section 14.23.2 above, commencing on the date of Landlord's receipt of the First Offer Commitment until the date that is one (1) year after such date of receipt, Landlord shall not enter into any letter of intent, sales term sheet or purchase and sale agreement with respect to a Transfer (or consummate a Transfer) on terms that are less favorable to Landlord than the proposed terms and conditions set forth in the First Offer Commitment, but may enter into any letter of intent, sales term sheet or purchase and sale agreement on terms that are more favorable to Landlord. If Landlord desires to accept within such one (1) year period a less favorable offer, Landlord will so notify Tenant and provide to Tenant the terms thereof (the "Renewal Notice"). Landlord and Tenant shall endeavor diligently and in good faith within the ensuing thirty (30) day period to negotiate and complete a purchase and sale agreement regarding the Transfer with terms not less favorable to Landlord than those contained in the Renewal Notice. If Landlord and Tenant are unable to reach a final agreement within such thirty (30) day period, then Tenant shall have no further rights, and Landlord shall have no further obligations, under this Section 14.23 with respect to either the foregoing First Offer Commitment or Renewal Notice, respectively, and Landlord shall be entitled to accept an offer from another party on the same or more favorable terms to Landlord.

Section 14.23.4. If Landlord fails to consummate a Transfer to any party within one (1) year after the date it receives the First Offer Commitment, then the provisions of

this Section 14.23 shall thenceforth again apply (and shall continue to apply from time to time as provided above).

[Signature page to follow.]

TENANT:

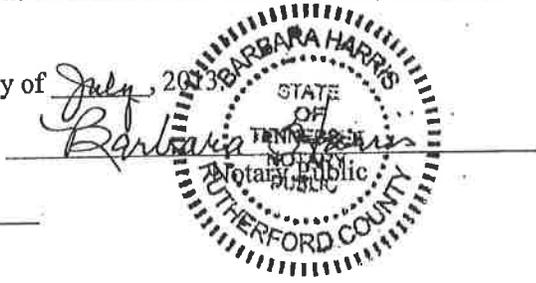
NHC AT INDIAN PATH, LLC

By: [Signature]
Name: John K. Lines
Title: Secretary
Date: August 1, 2013

STATE OF TENNESSEE)
)
COUNTY OF Rutherford)

Personally appeared before me, the undersigned, a Notary Public having authority within the State and County aforesaid, John K. Lines, with whom I am personally acquainted, and who acknowledged that he executed the within instrument for the purposes therein contained, and who further acknowledged that he is a(n) Secretary of NHC AT INDIAN PATH, LLC, a Delaware limited liability company, and is authorized by the limited liability company to execute this instrument on behalf of the limited liability company.

WITNESS my hand, at office, this 3rd day of July, 2013



My commission Expires: 9-20-15

EXHIBIT "A"

LEGAL DESCRIPTION AND DEPICTION OF GROUND LEASED PREMISES

Located in the 11th Civil District of Sullivan County, Tennessee and being more particularly described as follows.

BEGINNING at an iron rod on the northerly side of Pavilion Drive, said iron rod being located South 86 degrees 12 minutes 55 seconds West – 355.07 feet from the intersection of the northerly side of Pavilion Drive and the westerly side of John B. Dennis Highway;

Thence, with Pavilion Drive three courses:

- (1) South 86 degrees 12 minutes 55 seconds West – 174.50 feet to a concrete monument;
- (2) Around a curve to the right (Chord North 81 degrees 54 minutes 35 seconds West – 185.20 feet, Radius 449.99 feet, Delta 23 degrees 45 minutes 00 seconds, Length 186.53 feet) to an iron rod;
- (3) North 70 degrees 02 minutes 08 seconds West – 352.70 feet to an iron rod;

Thence, with Pavilion Drive and continuing with Mountain States Properties, Inc. North 29 degrees 30 minutes 28 seconds East – 800.18 feet to an iron rod on the line of Pave-Well Paving Company;

Thence, with Pave-Well Paving Company South 59 degrees 55 minutes 00 seconds East – 666.12 feet to an iron rod;

Thence, a new course through Indian Path Pavilion Section 1 South 29 degrees 30 minutes 28 seconds West – 571.60 feet to THE POINT OF BEGINNING.

Containing 11.030 acres, more or less.

Being a portion of Tax Assessor's Property ID No.: Map 47-I, Group A, Parcel #28.60

Being part of the same property conveyed to Johnson City Medical Center Hospital, Inc., a non-profit corporation of the State of Tennessee by Special Warranty Deed dated August 30, 1998 from Indian Path, LLC, a Delaware Limited Liability Company, of record in Book 1343C, page 287, Register's Office for Sullivan County, Tennessee. The said Johnson City Medical Center Hospital, Inc. having since changed its name to Mountain States Health Alliance by Articles of Amendment to the Charter of Johnson City Medical Center Hospital, Inc., of record in Book 1423C, page 11, Register's Office for Sullivan County, Tennessee.

EXHIBIT "B"

FEE TITLE ENCUMBRANCES

1. Taxes for the year 2013 a lien, but not yet due and payable.
2. Plan of record in Plat Book 29, Page 61, Register's Office for Sullivan County, Tennessee.
3. General Electric Power Easement in favor of Kingsport Power Company dated June 15, 1983, of record in Book 387-C, page 296, Register's Office for Sullivan County, Tennessee.
4. General Electric Power Easement in favor of Kingsport Power Company dated March 1, 1990, of record in Book 721-C, page 614, Register's Office for Sullivan County, Tennessee.
5. Permanent Slope Easement as set forth in Declaration of Easements dated September 20, 1989, of record in Book 692-C, page 603, Register's Office for Sullivan County, Tennessee.

EXHIBIT "C"

LEGAL DESCRIPTION OF LAND

Tract 1

Situated in the 11th Civil District of Sullivan County, Tennessee, and being more particularly described as follows:

BEGINNING at an iron rod on the line of Shirley F. Jackson and Wilburn L. Jackson Revocable Living Trust, said iron rod also being a southeasterly corner to R&I Medical; thence with R&I Medical and continuing with Mountain States Properties, Inc., N. 22°12' 05" W., 407.30 feet to an iron rod; thence with Mountain States Properties, Inc. the following six courses and distances: N. 86° 27' 13" W., 119.29 feet to an iron rod; N. 33° 36' 28" E., 310.88 feet to an iron rod; N. 59° 52' 14" E., 150.00 feet to an iron rod; N. 24° 57' 14" E., 95.00 feet to an iron rod; N. 67° 22' 14" E., 267.00 feet to an iron rod; and S. 22° 52' 46" E., 675.23 feet to an iron rod on the line of Jackson Trust Property; thence with Jackson Trust Property S. 63° 42' 50" W., 644.54 feet to the point of BEGINNING, containing 9.598 acres, more or less.

TOGETHER WITH all easements appurtenant to said property, either public or private, for ingress and egress or utilities.

Tax Assessor's Property ID No.: Map 47-I, Group A, Parcel #3.0
2000 Brookside Drive in Kingsport, TN 37660

Tract 2

Located in the 11th Civil District of Sullivan County, Tennessee and being more particularly described as follows:

BEGINNING at a iron rod on the westerly side of John B. Dennis Highway, said iron rod being a southeast corner to Pave-Well Paving Company;

Thence, with John B. Dennis Highway three courses:

- (1) South 49 degrees 01 minutes 21 seconds West – 120.61 feet to a right-of-way monument;
- (2) South 19 degrees 09 minutes 39 seconds West – 60.17 feet to a right-of-way monument;
- (3) South 47 degrees 11 minutes 56 seconds West – 209.61 feet to an iron rod at the intersection of John B. Dennis Highway and the northerly side of Pavillion Drive;

Thence, with Pavillion Drive South 86 degrees 12 minutes 55 seconds West – 355.07 feet to a point;

Thence, a new course through Indian Path Pavillion Section 1 North 29 degrees 30 minutes 28 seconds East – 571.60 feet to a point on the line of Pave-Well Paving Company;

Thence, with Pave-Well Paving Company two courses:

- (1) South 59 degrees 55 minutes 00 seconds East – 364.54 feet to an angle iron;
- (2) South 59 degrees 26 minutes 26 seconds East – 25.46 feet to the BEGINNING.

Containing 3.638 acres, more or less.

Being a portion of Tax Assessor's Property ID No.: Map 47-I, Group A, Parcel #28.60

Being part of the same property conveyed to Johnson City Medical Center Hospital, Inc., a non-profit corporation of the State of Tennessee by Special Warranty Deed dated August 30, 1998 from Indian Path,

LLC, a Delaware Limited Liability Company, of record in Book 1343C, page 287, Register's Office for Sullivan County, Tennessee. The said Johnson City Medical Center Hospital, Inc. having since changed its name to Mountain States Health Alliance by Articles of Amendment to the Charter of Johnson City Medical Center Hospital, Inc., of record in Book 1423C, page 11, Register's Office for Sullivan County, Tennessee.

9668264.8

Section B - Project Description - III (A)

Plot Plan

Section B, Project Description - III (B) Bus Schedule

ABOUT KATS

Select Language ▼

ABOUT KINGSPORT AREA TRANSIT SERVICE

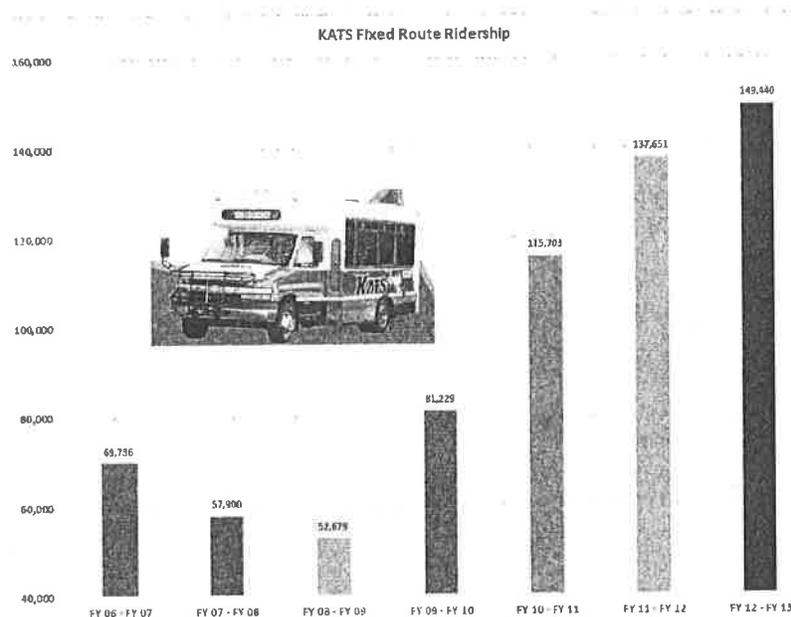
KATS began in 1995 to serve the citizens of Kingsport. Today, KATS has retooled bus routes to provide better and more efficient service to new and growing areas of Kingsport.

KATS operates six vehicles on fixed route service Monday through Friday from 7:30 a.m. until 5:30 p.m. The system also operates four vehicles for Dial-A-Ride passengers during the same service hours.

Kingsport is a popular tourist destination, especially for retirees. Kingsport,s median age is 41.9 years, older than Tennessee,s median age of 35.9 years. In fact, the largest segment of Kingsport,s population is age 50 and over, at 40.6 percent of the population.

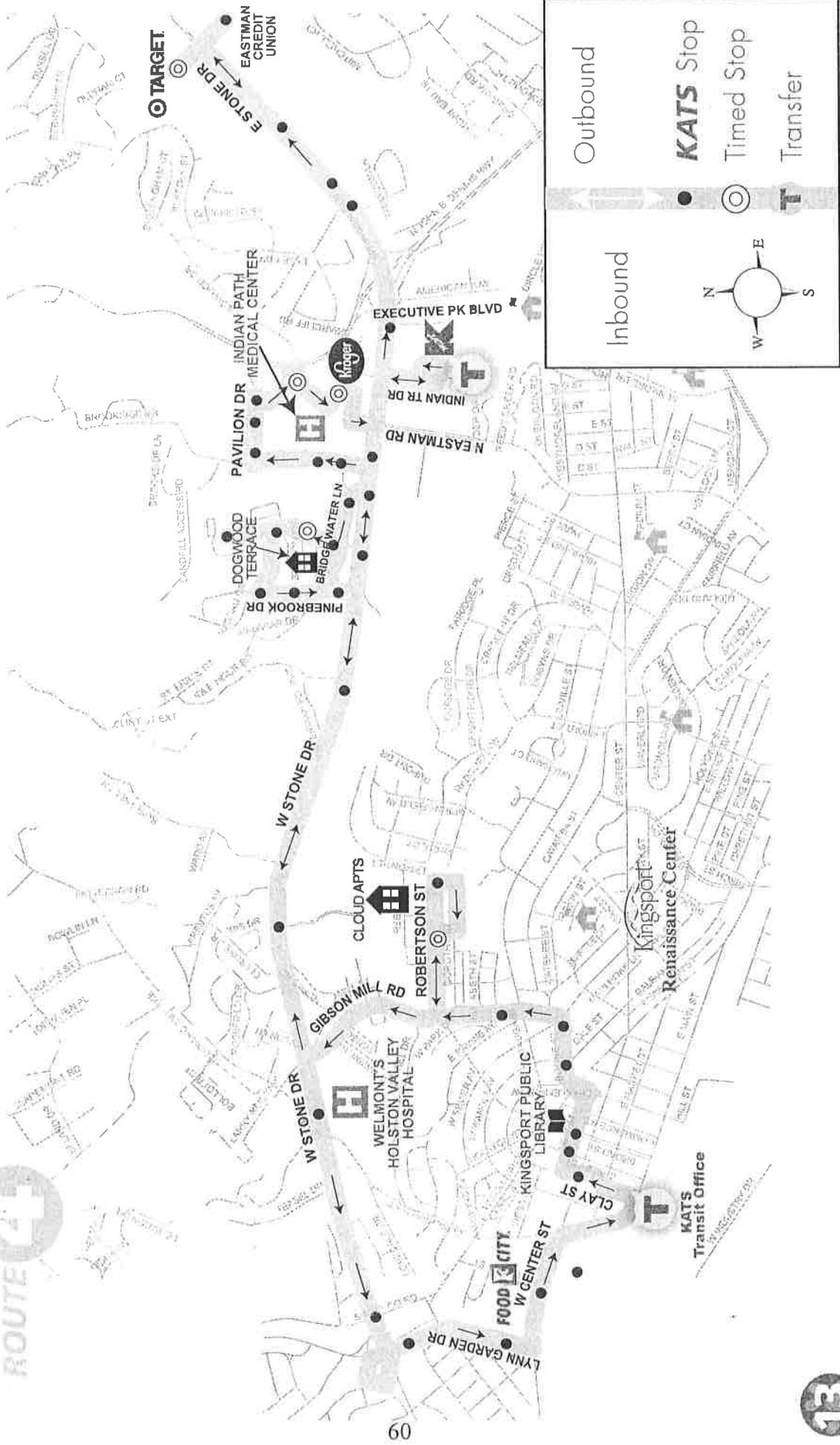
As older adults are large consumers of public transportation, this indicates a strong future for public transit in this segment in Kingsport.

To learn more about our Services and Kingsport as a community, please visit our Media and Links page.



QUICK LINKS TO IMPORTANT KATS INFORMATION

ROUTE 4



Note: "N/S" (no stops) Outbound (Bus leaving station) Inbound (Bus returning to station)

ROUTE	Transit Office	Cloud Apts	Doqwood Terrace	Indian Path Medical Center	Kroger's	K-Mart	Target	
Outbound	7:30 AM	7:36	7:45	7:54	7:55	8:00	8:07	
	8:25	N/S	8:14	N/S	N/S	N/S	N/S	Inbound
Outbound	8:30	8:36	8:45	8:54	8:55	9:00	9:07	
	9:25	N/S	9:14	N/S	N/S	N/S	N/S	Inbound
Outbound	9:30	9:36	9:45	9:54	9:55	10:00	10:07	
	10:25	N/S	10:14	N/S	N/S	N/S	N/S	Inbound
Outbound	10:30	10:36	10:45	10:54	10:55	11:00	11:07	
	11:25	N/S	11:14	N/S	N/S	N/S	N/S	Inbound
Outbound	11:30	11:36	11:45	11:54	11:55	12:00PM	12:07	
	12:25	N/S	12:14	N/S	N/S	N/S	N/S	Inbound
Outbound	12:30	12:36	12:45	12:54	12:55	1:00	1:07	
	1:25	N/S	1:14	N/S	N/S	N/S	N/S	Inbound
Outbound	1:30	1:36	1:45	1:54	1:55	2:00	2:07	
	2:25	N/S	2:14	N/S	N/S	N/S	N/S	Inbound
Outbound	2:30	2:36	2:45	2:54	2:55	3:00	3:07	
	3:25	N/S	3:14	N/S	N/S	N/S	N/S	Inbound
Outbound	3:30	3:36	3:45	3:54	3:55	4:00	4:07	
	4:25	N/S	4:14	N/S	N/S	N/S	N/S	Inbound
Outbound Last Trip	4:30	4:36	4:45	4:54	4:55	5:00	5:07	
	5:25	N/S	5:14	N/S	N/S	N/S	N/S	Inbound

Section B - Project Description - IV

Floor Plan

Section C – General Criteria - 1.A.

Nursing Facility Bed Need

TN Bed Need Formula

SNF Need Formula

1/1/2016

Sullivan County

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

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

General Bed Need Formula

Sullivan County

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

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

NURSING HOME BED POOL STATS

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

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

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

Section C - General Criteria – 1.A.3

Inventory and Utilization

Health Care Facilities

Licensed Facilities**Last Updated: 11/4/2015 11:00:10 PM**

For more information, please contact:

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

Current Listings:*Type* = Nursing Home *County* = SULLIVAN[Click here to return to the search page](#)**Total Facilities:6****Total Beds:900**

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

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

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

This Facility is Managed By:
 Epic Management LLC
 Chesnee SC

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

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

Facility License
Number: 00000264

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

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

3.
HOLSTON MANOR
 3641 MEMORIAL BLVD.
 Kingsport , TN 37664
Attn: LEONARD P SMITH (2232)
 (423) 246-2411
Rank:
- Administrator:* Leonard P. Smith
Owner Information:
HOLSTON NH OPERATIONS,
 LLC
 5005 N. OCEAN BLVD
 PO BOX 71030
 Myrtle Beach, SC 29572
 (423) 246-2411
- Status:* Licensed
Number of Beds: 0204
Date of Last Survey: 10/22/2014
Accreditation Expires:
Date of Original Licensure: 07/01/1992
Date of Expiration: 04/14/2016
- This Facility is Managed By:*
HOLSTON NH
MANAGEMENT LLC
 Myrtle Beach SC
4.
NHC HEALTHCARE
KINGSPORT
 2300 PAVILION DRIVE
 Kingsport , TN 37660
Attn: M. DEBORAH HUBBARD
 (3185)
 (423) 765-9655
Rank:
- Administrator:* M. Deborah Hubbard
Owner Information:
NHC
HEALTHCARE/KINGSPORT
 LLC
 2300 PAVILION DRIVE
 Kingsport, TN 37660
 (423) 765-9655
- Facility License Number:* 00000401
Status: Licensed
Number of Beds: 0052
Date of Last Survey: 11/24/2014
Accreditation Expires:
Date of Original Licensure: 12/02/2014
Date of Expiration: 12/02/2016
- Facility License Number:* 00000262
Status: Licensed
Number of Beds: 0130
Date of Last Survey: 02/11/2015
Accreditation Expires:
Date of Original Licensure: 07/01/1992
Date of Expiration: 06/23/2016
- This Facility is Managed By:*
Alta Care Corp.
 Suite 100 Alpharetta GA
5.
The Cambridge House
 250 BELLEBROOK ROAD
 Bristol , TN 37620
Attn: SUZANNE RICH (728)
 (423) 968-4123
Rank:
- Administrator:* SUZANNE RICH
Owner Information:
HP/Cambridge House, Inc
 250 Bellebrook Road
 Bristol, TN 37620
 423-968-4123
- Facility License Number:* 00000265
Status: Licensed
Number of Beds: 0174
Date of Last Survey: 10/22/2014
Accreditation Expires: 05/22/2017
Date of Original Licensure: 07/01/1992
Date of Expiration: 05/17/2016
6.
THE WEXFORD HOUSE
 2421 JOHN B. DENNIS
 HIGHWAY
 Kingsport , TN 37660
Attn: Gary Sheets (Temporary)
 423-288-3988
Rank:
- Administrator:* Gary Sheets
Owner Information:
WELLMONT WEXFORD
HOUSE
 1905 AMERICAN WAY
 Kingsport, TN 37660
 (423) 230-8200

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

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

* Greystone delicensed 5 beds 7/1/14.
 Indian Path Medical Center TCU closed 12/2014. 2012 - 2014 Occupancy data is based on FYE 6/30.
 NHC HealthCare, Kingsport was licensed 12/4/14 and is not reported in the total utilization.

Source: 2012 - 2014 JAR Reports Utilization



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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

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

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

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PROVIDER SELECTION

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

ACTIONS

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

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

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

HOSPITAL DISCHARGES ⓘ

Selected Provider : 445355 - INDIAN PATH MEDICAL CENTER TRANSITIONAL CARE

ACTIONS

Selected Post-Acute Care Facility Type : Skilled Nursing Facility

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

Selected Year : 2014

Grid Map Excel

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

* RR - Readmission Rate

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

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Section C – General Criteria – I.A. 4

Service Area JAR Report

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

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

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

Source: 2014 TN JAR Summary Reports Schedule E - Beds

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

	NURSING HOMES	2015 Licensed Beds	2012 Patient Days	2013 Patient Days	2014 Patient Days	'12 - '14 % of Change	2012 % Occ.	2013 % Occ.	2014 % Occ.
1	Brookhaven Manor	180	55,390	52,289	43,840	-20.9%	84.3%	79.6%	66.7%
2	Greystone Health Care Center	160	50,565	48,106	43,992	-13.0%	84.0%	79.9%	75.3%
3	Holston Manor	204	63,659	61,640	56,861	-10.7%	85.5%	82.8%	76.4%
4	Indian Path Medical Center - TCU	22	5,917	5,919	6,128	3.6%	73.7%	73.7%	76.3%
	NHC HealthCare, Kingsport	52	N/A	N/A	150	N/A	N/A	N/A	0.8%
5	The Cambridge House	130	43,904	43,134	42,280	-3.7%	92.5%	90.9%	89.1%
6	The Wexford House	174	61,291	62,362	56,610	-7.6%	96.5%	98.2%	89.1%

Source: 2012 - 2014 JAR Reports

**Sullivan County Nursing Homes
2014**

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

Source: 2014 TN JAR Summary Reports

**Sullivan County Nursing Homes
2013**

NURSING HOMES		Licensed Beds	SNF Beds - Medicare	SNF/NF Beds Dually Certified	NF Beds - Medicaid	Licensed Only Beds - Non Certified	SNF Medicare/ Level II ADC	NF - ADC (Medicaid/ Level I Only)	Licensed Occupancy
1	Brookhaven Manor	180	0	180	0	0	24	120	79.6%
2	Greystone Health Care Center	165	0	165	0	0	24	92	79.9%
3	Holston Manor	204	0	204	0	0	28	138	82.6%
4	Indian Path Medical Center - TCU	22	22	0	0	0	15	0	73.7%
5	The Cambridge House	130	0	130	0	0	15	103	90.9
6	The Wexford House	174	0	174	0	0	31	124	98.2%

Source: 2013 TN JAR Summary Reports

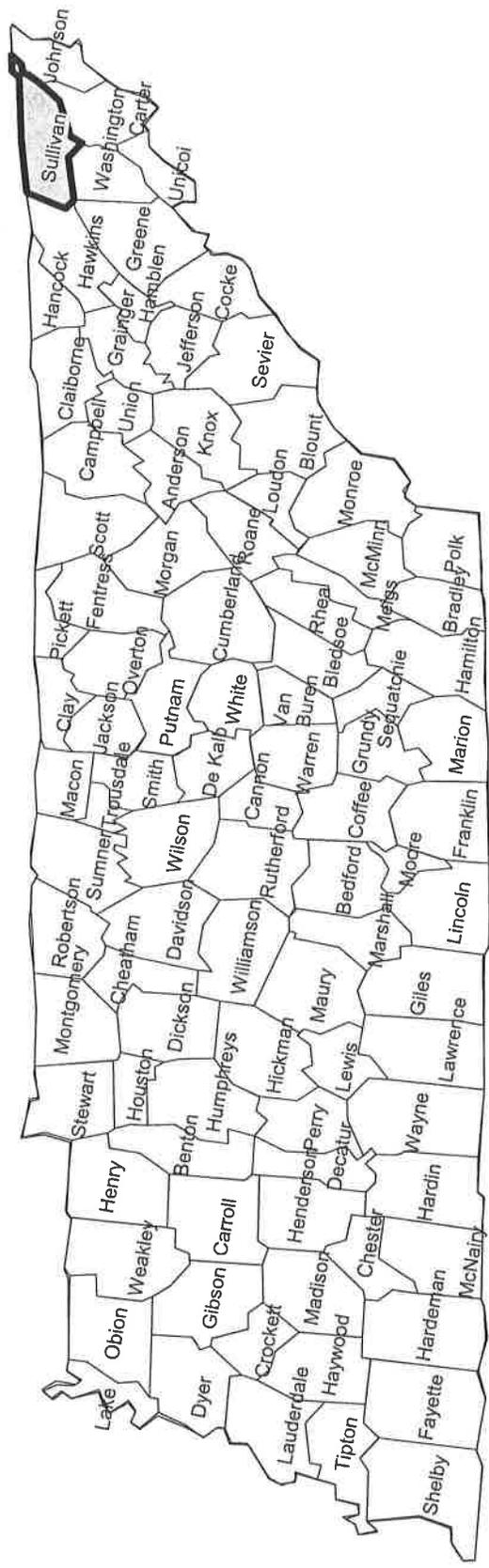
**Sullivan County Nursing Homes
2012**

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

Source: 2012 TN JAR Summary Reports

Section C – General Criteria - 3

Service Area Map

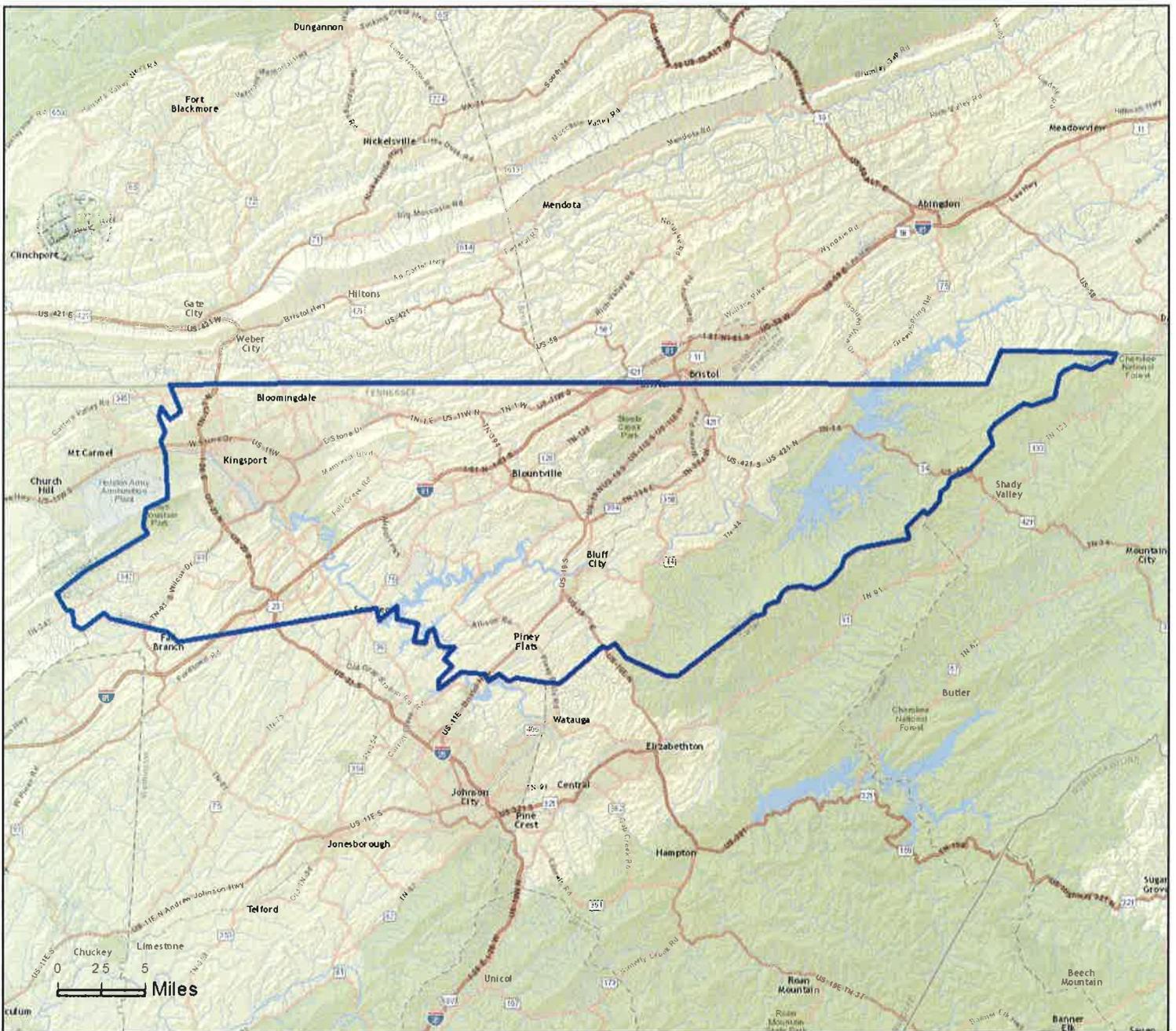




Site Details Map

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

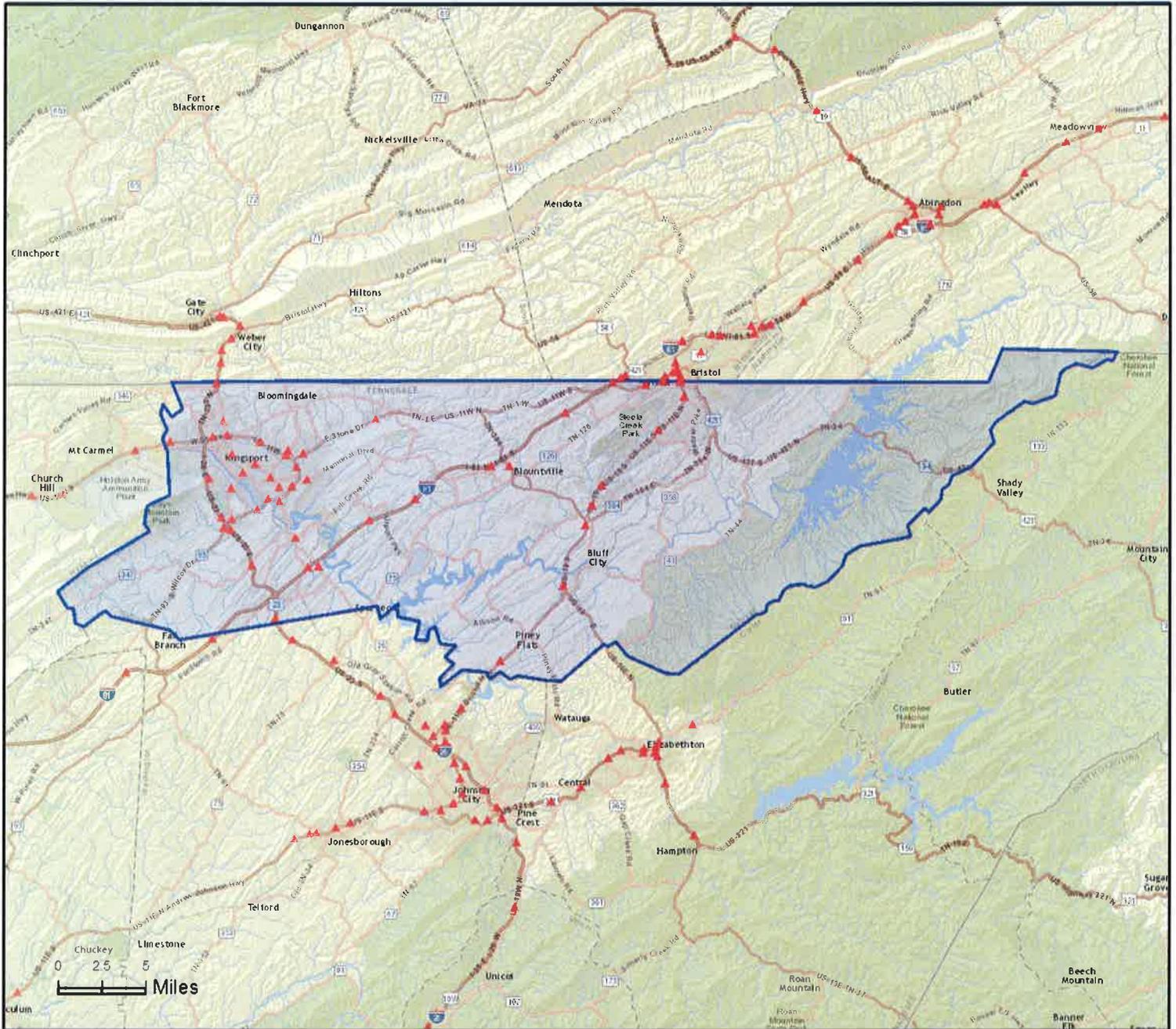
Prepared by Esri



This site is located in:

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

December 09, 2015



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



Source: ©2015 Market Planning Solutions, Inc.

December 09, 2015



Site Map on Satellite Imagery - 1.6 Miles Wide

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

Prepared by Esri



Source: ArcGIS Online World Imagery Basemap

December 09, 2015

Section C – General Criteria – 4A

Demographics of the Population Served

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

COUNTY - SULLIVAN
SEX - Total

AGE	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
0-4	8,232	8,031	7,641	7,221	6,826	6,445	6,136	5,803	5,490	5,203	4,949
5-9	8,734	8,629	8,413	8,218	7,851	7,510	7,049	6,549	6,029	5,536	5,056
10-14	9,380	9,382	9,329	9,127	8,924	8,631	8,304	8,049	7,819	7,409	7,031
15-19	9,678	9,453	9,346	9,266	9,398	9,531	9,561	9,524	9,336	9,164	8,894
20-24	8,098	8,586	7,658	6,796	5,873	5,181	4,960	4,922	4,974	5,128	5,253
25-29	7,890	7,979	7,545	6,902	6,276	5,547	4,871	3,791	3,221	2,851	2,684
30-34	8,422	8,302	8,470	8,498	8,417	8,174	7,929	7,468	6,803	6,152	5,435
35-39	10,105	9,530	9,449	9,617	9,849	10,060	10,201	10,462	10,555	10,539	10,370
40-44	10,883	10,372	11,407	11,786	12,018	12,181	12,138	12,175	12,413	12,699	12,957
45-49	11,912	11,859	11,958	12,225	12,592	13,054	13,727	14,279	14,715	14,968	15,162
50-54	12,050	12,011	12,269	12,674	13,159	13,691	14,042	14,444	14,762	15,140	15,607
55-59	11,493	11,769	12,067	12,527	12,836	13,181	13,565	13,907	14,342	14,826	15,350
60-64	10,731	11,156	11,247	11,271	11,631	12,021	12,507	12,851	13,312	13,615	13,953
65-69	9,220	9,312	9,833	10,269	10,470	10,751	11,212	11,334	11,380	11,720	12,091
70-74	7,014	7,274	7,621	7,997	8,441	8,763	8,809	9,304	9,709	9,892	10,146
75-79	5,255	5,454	5,613	5,893	6,084	6,289	6,487	6,792	7,120	7,483	7,756
80-84	4,158	4,217	4,227	4,175	4,243	4,271	4,451	4,578	4,792	4,937	5,090
85 plus	3,568	3,697	3,846	3,989	4,087	4,213	4,290	4,352	4,364	4,435	4,504
All Ages	156,823	157,413	157,939	158,451	158,975	159,494	160,039	160,584	161,136	161,707	162,288

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, Office of Health Statistics.

Note: These data will not match the University of Tennessee Center for Business of Economic Research data exactly due to rounding.



Executive Summary

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

Prepared by Esri

Sullivan County,...

Population

2000 Population	153,048
2010 Population	156,823
2015 Population	157,848
2020 Population	158,575
2000-2010 Annual Rate	0.24%
2010-2015 Annual Rate	0.12%
2015-2020 Annual Rate	0.09%
2015 Male Population	48.5%
2015 Female Population	51.5%
2015 Median Age	45.2

In the identified area, the current year population is 157,848. In 2010, the Census count in the area was 156,823. The rate of change since 2010 was 0.12% annually. The five-year projection for the population in the area is 158,575 representing a change of 0.09% annually from 2015 to 2020. Currently, the population is 48.5% male and 51.5% female.

Median Age

The median age in this area is 45.2, compared to U.S. median age of 37.9.

Race and Ethnicity

2015 White Alone	94.3%
2015 Black Alone	2.4%
2015 American Indian/Alaska Native Alone	0.3%
2015 Asian Alone	0.8%
2015 Pacific Islander Alone	0.0%
2015 Other Race	0.8%
2015 Two or More Races	1.5%
2015 Hispanic Origin (Any Race)	1.8%

Persons of Hispanic origin represent 1.8% of the population in the identified area compared to 17.6% of the U.S. population. Persons of Hispanic Origin may be of any race. The Diversity Index, which measures the probability that two people from the same area will be from different race/ethnic groups, is 14.3 in the identified area, compared to 63.0 for the U.S. as a whole.

Households

2000 Households	63,556
2010 Households	66,298
2015 Total Households	67,129
2020 Total Households	67,570
2000-2010 Annual Rate	0.42%
2010-2015 Annual Rate	0.24%
2015-2020 Annual Rate	0.13%
2015 Average Household Size	2.31

The household count in this area has changed from 66,298 in 2010 to 67,129 in the current year, a change of 0.24% annually. The five-year projection of households is 67,570, a change of 0.13% annually from the current year total. Average household size is currently 2.31, compared to 2.33 in the year 2010. The number of families in the current year is 44,546 in the specified area.

Data Note: Income is expressed in current dollars

Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2015 and 2020. Esri converted Census 2000 data into 2010 geography.

December 09, 2015



Executive Summary

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

Prepared by Esri

	Sullivan County,...
Median Household Income	
2015 Median Household Income	\$39,359
2020 Median Household Income	\$46,150
2015-2020 Annual Rate	3.23%
Average Household Income	
2015 Average Household Income	\$55,269
2020 Average Household Income	\$63,059
2015-2020 Annual Rate	2.67%
Per Capita Income	
2015 Per Capita Income	\$23,705
2020 Per Capita Income	\$27,074
2015-2020 Annual Rate	2.69%

Households by Income

Current median household income is \$39,359 in the area, compared to \$53,217 for all U.S. households. Median household income is projected to be \$46,150 in five years, compared to \$60,683 for all U.S. households

Current average household income is \$55,269 in this area, compared to \$74,699 for all U.S. households. Average household income is projected to be \$63,059 in five years, compared to \$84,910 for all U.S. households

Current per capita income is \$23,705 in the area, compared to the U.S. per capita income of \$28,597. The per capita income is projected to be \$27,074 in five years, compared to \$32,501 for all U.S. households

Housing

2000 Total Housing Units	69,052
2000 Owner Occupied Housing Units	48,132
2000 Renter Occupied Housing Units	15,424
2000 Vacant Housing Units	5,496
2010 Total Housing Units	73,760
2010 Owner Occupied Housing Units	48,423
2010 Renter Occupied Housing Units	17,875
2010 Vacant Housing Units	7,462
2015 Total Housing Units	74,994
2015 Owner Occupied Housing Units	46,598
2015 Renter Occupied Housing Units	20,531
2015 Vacant Housing Units	7,865
2020 Total Housing Units	75,707
2020 Owner Occupied Housing Units	46,847
2020 Renter Occupied Housing Units	20,723
2020 Vacant Housing Units	8,137

Currently, 62.1% of the 74,994 housing units in the area are owner occupied; 27.4%, renter occupied; and 10.5% are vacant. Currently, in the U.S., 55.7% of the housing units in the area are owner occupied; 32.8% are renter occupied; and 11.6% are vacant. In 2010, there were 73,760 housing units in the area - 65.6% owner occupied, 24.2% renter occupied, and 10.1% vacant. The annual rate of change in housing units since 2010 is 0.74%. Median home value in the area is \$153,006, compared to a median home value of \$200,006 for the U.S. In five years, median value is projected to change by 5.58% annually to \$200,727.

Data Note: Income is expressed in current dollars

Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2015 and 2020. Esri converted Census 2000 data into 2010 geography.

December 09, 2015



Market Profile

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

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	Sullivan County,...
Population Summary	
2000 Total Population	153,048
2010 Total Population	156,823
2015 Total Population	157,848
2015 Group Quarters	2,631
2020 Total Population	158,575
2015-2020 Annual Rate	0.09%
Household Summary	
2000 Households	63,556
2000 Average Household Size	2.36
2010 Households	66,298
2010 Average Household Size	2.33
2015 Households	67,129
2015 Average Household Size	2.31
2020 Households	67,570
2020 Average Household Size	2.31
2015-2020 Annual Rate	0.13%
2010 Families	44,369
2010 Average Family Size	2.84
2015 Families	44,546
2015 Average Family Size	2.83
2020 Families	44,615
2020 Average Family Size	2.82
2015-2020 Annual Rate	0.03%
Housing Unit Summary	
2000 Housing Units	69,052
Owner Occupied Housing Units	69.7%
Renter Occupied Housing Units	22.3%
Vacant Housing Units	8.0%
2010 Housing Units	73,760
Owner Occupied Housing Units	65.6%
Renter Occupied Housing Units	24.2%
Vacant Housing Units	10.1%
2015 Housing Units	74,994
Owner Occupied Housing Units	62.1%
Renter Occupied Housing Units	27.4%
Vacant Housing Units	10.5%
2020 Housing Units	75,707
Owner Occupied Housing Units	61.9%
Renter Occupied Housing Units	27.4%
Vacant Housing Units	10.7%
Median Household Income	
2015	\$39,359
2020	\$46,150
Median Home Value	
2015	\$153,006
2020	\$200,727
Per Capita Income	
2015	\$23,705
2020	\$27,074
Median Age	
2010	43.6
2015	45.2
2020	46.8

Data Note: Household population includes persons not residing in group quarters. Average Household Size is the household population divided by total households. Persons in families include the householder and persons related to the householder by birth, marriage, or adoption. Per Capita Income represents the income received by all persons aged 15 years and over divided by the total population.

Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2015 and 2020. Esri converted Census 2000 data into 2010 geography.

December 09, 2015



Market Profile

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

Prepared by Esri

		Sullivan County,...
2015 Households by Income		
Household Income Base		67,129
<\$15,000		16.8%
\$15,000 - \$24,999		14.8%
\$25,000 - \$34,999		12.5%
\$35,000 - \$49,999		16.1%
\$50,000 - \$74,999		15.6%
\$75,000 - \$99,999		10.4%
\$100,000 - \$149,999		9.5%
\$150,000 - \$199,999		2.5%
\$200,000+		1.9%
Average Household Income		\$55,269
2020 Households by Income		
Household Income Base		67,570
<\$15,000		15.9%
\$15,000 - \$24,999		11.1%
\$25,000 - \$34,999		10.8%
\$35,000 - \$49,999		15.4%
\$50,000 - \$74,999		17.8%
\$75,000 - \$99,999		13.6%
\$100,000 - \$149,999		9.9%
\$150,000 - \$199,999		3.5%
\$200,000+		2.2%
Average Household Income		\$63,059
2015 Owner Occupied Housing Units by Value		
Total		46,598
<\$50,000		8.7%
\$50,000 - \$99,999		19.0%
\$100,000 - \$149,999		21.3%
\$150,000 - \$199,999		18.1%
\$200,000 - \$249,999		11.4%
\$250,000 - \$299,999		6.7%
\$300,000 - \$399,999		7.6%
\$400,000 - \$499,999		3.3%
\$500,000 - \$749,999		2.9%
\$750,000 - \$999,999		0.5%
\$1,000,000 +		0.6%
Average Home Value		\$190,386
2020 Owner Occupied Housing Units by Value		
Total		46,847
<\$50,000		5.2%
\$50,000 - \$99,999		12.3%
\$100,000 - \$149,999		13.6%
\$150,000 - \$199,999		18.6%
\$200,000 - \$249,999		16.8%
\$250,000 - \$299,999		10.7%
\$300,000 - \$399,999		10.4%
\$400,000 - \$499,999		5.1%
\$500,000 - \$749,999		5.5%
\$750,000 - \$999,999		1.0%
\$1,000,000 +		0.7%
Average Home Value		\$238,965

Data Note: Income represents the preceding year, expressed in current dollars. Household income includes wage and salary earnings, interest dividends, net rents, pensions, SSI and welfare payments, child support, and alimony.

Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2015 and 2020. Esri converted Census 2000 data into 2010 geography.

December 09, 2015



Market Profile

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

Prepared by Esri

	Sullivan County,...
2010 Population by Age	
Total	156,823
0 - 4	5.2%
5 - 9	5.6%
10 - 14	6.0%
15 - 24	11.3%
25 - 34	10.4%
35 - 44	13.4%
45 - 54	15.3%
55 - 64	14.2%
65 - 74	10.4%
75 - 84	6.0%
85 +	2.3%
18 +	79.4%
2015 Population by Age	
Total	157,848
0 - 4	4.9%
5 - 9	5.3%
10 - 14	5.5%
15 - 24	11.0%
25 - 34	10.8%
35 - 44	12.2%
45 - 54	14.5%
55 - 64	14.9%
65 - 74	12.0%
75 - 84	6.3%
85 +	2.6%
18 +	80.9%
2020 Population by Age	
Total	158,575
0 - 4	4.7%
5 - 9	5.1%
10 - 14	5.6%
15 - 24	10.1%
25 - 34	10.5%
35 - 44	11.4%
45 - 54	13.8%
55 - 64	15.1%
65 - 74	13.2%
75 - 84	7.7%
85 +	2.7%
18 +	81.3%
2010 Population by Sex	
Males	75,826
Females	80,997
2015 Population by Sex	
Males	76,578
Females	81,270
2020 Population by Sex	
Males	77,128
Females	81,447

Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2015 and 2020. Esri converted Census 2000 data into 2010 geography.



Market Profile

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

Prepared by Esri

	Sullivan County,...
2010 Population by Race/Ethnicity	
Total	156,823
White Alone	95.1%
Black Alone	2.1%
American Indian Alone	0.3%
Asian Alone	0.6%
Pacific Islander Alone	0.0%
Some Other Race Alone	0.6%
Two or More Races	1.3%
Hispanic Origin	1.5%
Diversity Index	12.1
2015 Population by Race/Ethnicity	
Total	157,848
White Alone	94.3%
Black Alone	2.4%
American Indian Alone	0.3%
Asian Alone	0.8%
Pacific Islander Alone	0.0%
Some Other Race Alone	0.8%
Two or More Races	1.5%
Hispanic Origin	1.8%
Diversity Index	14.3
2020 Population by Race/Ethnicity	
Total	158,575
White Alone	93.3%
Black Alone	2.6%
American Indian Alone	0.4%
Asian Alone	1.0%
Pacific Islander Alone	0.0%
Some Other Race Alone	0.9%
Two or More Races	1.7%
Hispanic Origin	2.3%
Diversity Index	16.7
2010 Population by Relationship and Household Type	
Total	156,823
In Households	98.3%
In Family Households	82.2%
Householder	28.3%
Spouse	21.6%
Child	27.9%
Other relative	2.7%
Nonrelative	1.8%
In Nonfamily Households	16.1%
In Group Quarters	1.7%
Institutionalized Population	1.1%
Noninstitutionalized Population	0.6%

Data Note: Persons of Hispanic Origin may be of any race. The Diversity Index measures the probability that two people from the same area will be from different race/ethnic groups.
Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2015 and 2020. Esri converted Census 2000 data into 2010 geography.



Market Profile

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

Prepared by Esri

	Sullivan County,...
2015 Population 25+ by Educational Attainment	
Total	115,661
Less than 9th Grade	6.1%
9th - 12th Grade, No Diploma	8.0%
High School Graduate	27.2%
GED/Alternative Credential	8.3%
Some College, No Degree	21.1%
Associate Degree	7.4%
Bachelor's Degree	13.6%
Graduate/Professional Degree	8.1%
2015 Population 15+ by Marital Status	
Total	132,978
Never Married	21.8%
Married	56.2%
Widowed	8.5%
Divorced	13.5%
2015 Civilian Population 16+ in Labor Force	
Civilian Employed	93.4%
Civilian Unemployed	6.6%
2015 Employed Population 16+ by Industry	
Total	62,828
Agriculture/Mining	1.2%
Construction	7.0%
Manufacturing	17.4%
Wholesale Trade	2.0%
Retail Trade	13.7%
Transportation/Utilities	4.2%
Information	2.2%
Finance/Insurance/Real Estate	4.5%
Services	44.6%
Public Administration	3.3%
2015 Employed Population 16+ by Occupation	
Total	62,828
White Collar	57.4%
Management/Business/Financial	10.9%
Professional	20.7%
Sales	11.9%
Administrative Support	13.8%
Services	17.2%
Blue Collar	25.4%
Farming/Forestry/Fishing	0.4%
Construction/Extraction	5.6%
Installation/Maintenance/Repair	4.7%
Production	8.0%
Transportation/Material Moving	6.7%

Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2015 and 2020. Esri converted Census 2000 data into 2010 geography.



Market Profile

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

Prepared by Esri

		Sullivan County,...
2010 Households by Type		
Total		66,298
Households with 1 Person		28.8%
Households with 2+ People		71.2%
Family Households		66.9%
Husband-wife Families		51.0%
With Related Children		18.4%
Other Family (No Spouse Present)		15.9%
Other Family with Male Householder		4.5%
With Related Children		2.4%
Other Family with Female Householder		11.4%
With Related Children		6.8%
Nonfamily Households		4.3%
All Households with Children		28.1%
Multigenerational Households		3.4%
Unmarried Partner Households		5.2%
Male-female		4.6%
Same-sex		0.5%
2010 Households by Size		
Total		66,298
1 Person Household		28.8%
2 Person Household		37.3%
3 Person Household		16.3%
4 Person Household		11.2%
5 Person Household		4.3%
6 Person Household		1.4%
7 + Person Household		0.7%
2010 Households by Tenure and Mortgage Status		
Total		66,298
Owner Occupied		73.0%
Owned with a Mortgage/Loan		41.6%
Owned Free and Clear		31.4%
Renter Occupied		27.0%

Data Note: Households with children include any households with people under age 18, related or not. Multigenerational households are families with 3 or more parent-child relationships. Unmarried partner households are usually classified as nonfamily households unless there is another member of the household related to the householder. Multigenerational and unmarried partner households are reported only to the tract level. Esri estimated block group data, which is used to estimate polygons or non-standard geography.

Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2015 and 2020. Esri converted Census 2000 data into 2010 geography.

December 09, 2015



Market Profile

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

Prepared by Esri

Top 3 Tapestry Segments

- 1.
- 2.
- 3.

Sullivan County,...

- Small Town Simplicity
- Midlife Constants (5E)
- Rooted Rural (10B)

2015 Consumer Spending

Apparel & Services: Total \$	\$111,288,075
Average Spent	\$1,657.82
Spending Potential Index	72
Computers & Accessories: Total \$	\$12,296,750
Average Spent	\$183.18
Spending Potential Index	70
Education: Total \$	\$64,709,327
Average Spent	\$963.95
Spending Potential Index	63
Entertainment/Recreation: Total \$	\$168,760,984
Average Spent	\$2,513.98
Spending Potential Index	76
Food at Home: Total \$	\$270,659,914
Average Spent	\$4,031.94
Spending Potential Index	77
Food Away from Home: Total \$	\$159,469,281
Average Spent	\$2,375.56
Spending Potential Index	72
Health Care: Total \$	\$261,154,844
Average Spent	\$3,890.34
Spending Potential Index	82
HH Furnishings & Equipment: Total \$	\$92,809,982
Average Spent	\$1,382.56
Spending Potential Index	75
Investments: Total \$	\$130,646,350
Average Spent	\$1,946.20
Spending Potential Index	71
Retail Goods: Total \$	\$1,340,879,696
Average Spent	\$19,974.67
Spending Potential Index	78
Shelter: Total \$	\$753,227,812
Average Spent	\$11,220.60
Spending Potential Index	68
TV/Video/Audio: Total \$	\$68,235,346
Average Spent	\$1,016.48
Spending Potential Index	78
Travel: Total \$	\$91,499,163
Average Spent	\$1,363.03
Spending Potential Index	70
Vehicle Maintenance & Repairs: Total \$	\$56,092,178
Average Spent	\$835.59
Spending Potential Index	75

Data Note: Consumer spending shows the amount spent on a variety of goods and services by households that reside in the area. Expenditures are shown by broad budget categories that are not mutually exclusive. Consumer spending does not equal business revenue. Total and Average Amount Spent Per Household represent annual figures. The Spending Potential Index represents the amount spent in the area relative to a national average of 100.

Source: Consumer Spending data are derived from the 2011 and 2012 Consumer Expenditure Surveys, Bureau of Labor Statistics, Esri.

Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2015 and 2020. Esri converted Census 2000 data into 2010 geography.

December 09, 2015



Age 50+ Profile

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

Prepared by Esri

Demographic Summary				2015-2020	2015-2020
	Census 2010	2015	2020	Change	Annual Rate
Total Population	156,823	157,848	158,575	727	0.09%
Population 50+	63,489	68,474	72,519	4,045	1.15%
Median Age	43.6	45.2	46.8	1.6	0.70%
Households	66,298	67,129	67,570	441	0.13%
% Householders 55+	49.4%	52.7%	56.0%	3.3	1.22%
Owner/Renter Ratio	2.7	2.3	2.3	0.0	0.00%
Median Home Value	-	\$153,006	\$200,727	\$47,721	5.58%
Average Home Value	-	\$190,386	\$238,965	\$48,579	4.65%
Median Household Income	-	\$39,359	\$46,150	\$6,791	3.23%
Median Household Income for Householder 55+	-	\$35,654	\$41,181	\$5,527	2.92%

Population by Age and Sex

	Census 2010		2015		2020	
	Number	% of 50+	Number	% of 50+	Number	% of 50+
Male Population						
Total (50+)	29,026	100.0%	31,593	100.0%	33,713	100.0%
50-54	5,873	20.2%	5,825	18.4%	5,527	16.4%
55-59	5,519	19.0%	5,900	18.7%	5,808	17.2%
60-64	5,108	17.6%	5,428	17.2%	5,784	17.2%
65-69	4,394	15.1%	4,919	15.6%	5,250	15.6%
70-74	3,191	11.0%	3,972	12.6%	4,504	13.4%
75-79	2,255	7.8%	2,623	8.3%	3,383	10.0%
80-84	1,584	5.5%	1,608	5.1%	1,978	5.9%
85+	1,102	3.8%	1,318	4.2%	1,479	4.4%
Female Population						
Total (50+)	34,463	100.0%	36,881	100.0%	38,806	100.0%
50-54	6,177	17.9%	6,110	16.6%	5,571	14.4%
55-59	5,974	17.3%	6,231	16.9%	6,151	15.9%
60-64	5,623	16.3%	5,991	16.2%	6,279	16.2%
65-69	4,826	14.0%	5,554	15.1%	5,949	15.3%
70-74	3,823	11.1%	4,507	12.2%	5,225	13.5%
75-79	3,000	8.7%	3,341	9.1%	4,055	10.4%
80-84	2,574	7.5%	2,418	6.6%	2,790	7.2%
85+	2,466	7.2%	2,729	7.4%	2,786	7.2%
Total Population						
Total(50+)	63,489	40.5%	68,474	43.4%	72,519	45.7%
50-54	12,050	7.7%	11,935	7.6%	11,098	7.0%
55-59	11,493	7.3%	12,131	7.7%	11,959	7.5%
60-64	10,731	6.8%	11,419	7.2%	12,063	7.6%
65-69	9,220	5.9%	10,473	6.6%	11,199	7.1%
70-74	7,014	4.5%	8,479	5.4%	9,729	6.1%
75-79	5,255	3.4%	5,964	3.8%	7,438	4.7%
80-84	4,158	2.7%	4,026	2.6%	4,768	3.0%
85+	3,568	2.3%	4,047	2.6%	4,265	2.7%
65+	29,215	18.6%	32,989	20.9%	37,399	23.6%
75+	12,981	8.3%	14,037	8.9%	16,471	10.4%

Data Note - A "-" indicates that the variable was not collected in the 2010 Census.
 Source: U.S. Census Bureau, Census 2010 Summary File 1, Esri forecasts for 2015 and 2020.



Age 50+ Profile

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

Prepared by Esri

2015 Households by Income and Age of Householder 55+

	55-64	Percent	65-74	Percent	75+	Percent	Total	Percent
Total	13,836	100%	11,926	100%	9,643	100%	35,405	100%
<\$15,000	2,351	17.0%	1,822	15.3%	1,610	16.7%	5,783	16.3%
\$15,000-\$24,999	1,715	12.4%	1,812	15.2%	2,883	29.9%	6,410	18.1%
\$25,000-\$34,999	1,448	10.5%	1,776	14.9%	1,926	20.0%	5,150	14.5%
\$35,000-\$49,999	1,963	14.2%	2,264	19.0%	1,575	16.3%	5,802	16.4%
\$50,000-\$74,999	2,223	16.1%	1,890	15.8%	761	7.9%	4,874	13.8%
\$75,000-\$99,999	1,657	12.0%	1,012	8.5%	406	4.2%	3,075	8.7%
\$100,000-\$149,999	1,602	11.6%	877	7.4%	333	3.5%	2,812	7.9%
\$150,000-\$199,999	499	3.6%	222	1.9%	89	0.9%	810	2.3%
\$200,000+	378	2.7%	251	2.1%	60	0.6%	689	1.9%
Median HH Income	\$44,715		\$37,692		\$26,212		\$35,654	
Average HH Income	\$62,278		\$53,034		\$36,715		\$52,202	

2020 Households by Income and Age of Householder 55+

	55-64	Percent	65-74	Percent	75+	Percent	Total	Percent
Total	13,827	100%	12,895	100%	11,092	100%	37,814	100%
<\$15,000	2,147	15.5%	1,889	14.6%	1,929	17.4%	5,965	15.8%
\$15,000-\$24,999	1,118	8.1%	1,413	11.0%	2,604	23.5%	5,135	13.6%
\$25,000-\$34,999	1,179	8.5%	1,584	12.3%	2,007	18.1%	4,770	12.6%
\$35,000-\$49,999	1,833	13.3%	2,344	18.2%	1,939	17.5%	6,116	16.2%
\$50,000-\$74,999	2,566	18.6%	2,416	18.7%	1,163	10.5%	6,145	16.3%
\$75,000-\$99,999	2,184	15.8%	1,497	11.6%	733	6.6%	4,414	11.7%
\$100,000-\$149,999	1,680	12.2%	1,070	8.3%	463	4.2%	3,213	8.5%
\$150,000-\$199,999	664	4.8%	347	2.7%	160	1.4%	1,171	3.1%
\$200,000+	456	3.3%	335	2.6%	94	0.8%	885	2.3%
Median HH Income	\$54,489		\$43,761		\$29,178		\$41,181	
Average HH Income	\$72,014		\$61,668		\$43,023		\$59,982	

Data Note: Income is reported for July 1, 2015 and represents annual income for the preceding year, expressed in current (2014) dollars, including an adjustment for inflation. Income is reported for July 1, 2020 and represents annual income for the preceding year, expressed in current (2019) dollars, including an adjustment for inflation.

Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2015 and 2020.



Age 50+ Profile

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

Prepared by Esri

2015 Population 50+ by Race

	Number	Percent	% Pop
Total	68,474	100.0%	43.4%
White Alone	65,966	96.3%	44.3%
Black Alone	1,227	1.8%	32.6%
American Indian Alone	237	0.3%	46.8%
Asian Alone	402	0.6%	33.1%
Pacific Islander Alone	15	0.0%	29.4%
Some Other Race Alone	136	0.2%	11.5%
Two or More Races	491	0.7%	21.1%
Hispanic Origin (Any Race)	475	0.7%	16.3%

Census 2010 Households and Age of Householder

	Number	Percent	% Total HHs
Total	32,753	100.0%	49.4%
Family Households	19,719	60.2%	29.7%
Householder Age 55-64	8,861	27.1%	13.4%
Householder Age 65-74	6,706	20.5%	10.1%
Householder Age 75-84	3,309	10.1%	5.0%
Householder Age 85+	843	2.6%	1.3%
Nonfamily Households	13,034	39.8%	19.7%
Householder Age 55-64	4,424	13.5%	6.7%
Householder Age 65-74	3,687	11.3%	5.6%
Householder Age 75-84	3,231	9.9%	4.9%
Householder Age 85+	1,692	5.2%	2.6%

Census 2010 Occupied Housing Units by Age of Householder

	Number	Percent	% Total HHs
Total	32,753	100.0%	49.4%
Owner Occupied Housing Units	26,933	82.2%	40.6%
Householder Age 55-64	10,727	32.8%	16.2%
Householder Age 65-74	8,787	26.8%	13.3%
Householder Age 75-84	5,454	16.7%	8.2%
Householder Age 85+	1,965	6.0%	3.0%
Renter Occupied Housing Units	5,820	17.8%	8.8%
Householder Age 55-64	2,558	7.8%	3.9%
Householder Age 65-74	1,606	4.9%	2.4%
Householder Age 75-84	1,086	3.3%	1.6%
Householder Age 85+	570	1.7%	0.9%

Data Note: A family is defined as a householder and one or more other people living in the same household who are related to the householder by birth, marriage, or adoption. Nonfamily households consist of people living alone and households that do not contain any members who are related to the householder. The base for "% Pop" is specific to the row. A Nonrelative is not related to the householder by birth, marriage, or adoption.

Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2015 and 2020.



Age by Sex Profile

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

Prepared by Esri

Summary	Census 2010	2015	2020	2015-2020 Change	2015-2020 Annual Rate
Population	156,823	157,848	158,575	727	0.09%
Households	66,298	67,129	67,570	441	0.13%
Average Household Size	2.33	2.31	2.31	0.00	0.00%
Median Age	43.6	45.2	46.8	1.6	0.70%
Median Male Age	42.2	43.8	45.4	1.6	0.72%
Median Female Age	45.1	46.6	48.2	1.6	0.68%

Total Population by Age	Census 2010		2015		2020	
	Number	Percent	Number	Percent	Number	Percent
Total	156,823	100.0%	157,848	100.0%	158,575	100.0%
0 - 4	8,232	5.2%	7,796	4.9%	7,440	4.7%
5 - 9	8,734	5.6%	8,338	5.3%	8,022	5.1%
10 - 14	9,380	6.0%	8,736	5.5%	8,941	5.6%
15 - 19	9,678	6.2%	8,754	5.5%	8,770	5.5%
20 - 24	8,098	5.2%	8,563	5.4%	7,315	4.6%
25 - 29	7,890	5.0%	8,498	5.4%	8,013	5.1%
30 - 34	8,422	5.4%	8,535	5.4%	8,692	5.5%
35 - 39	10,105	6.4%	8,711	5.5%	8,909	5.6%
40 - 44	10,883	6.9%	10,513	6.7%	9,229	5.8%
45 - 49	11,912	7.6%	10,930	6.9%	10,725	6.8%
50 - 54	12,050	7.7%	11,935	7.6%	11,098	7.0%
55 - 59	11,493	7.3%	12,131	7.7%	11,959	7.5%
60 - 64	10,731	6.8%	11,419	7.2%	12,063	7.6%
65 - 69	9,220	5.9%	10,473	6.6%	11,199	7.1%
70 - 74	7,014	4.5%	8,479	5.4%	9,729	6.1%
75 - 79	5,255	3.4%	5,964	3.8%	7,438	4.7%
80 - 84	4,158	2.7%	4,026	2.6%	4,768	3.0%
85+	3,568	2.3%	4,047	2.6%	4,265	2.7%
18+	124,530	79.4%	127,750	80.9%	128,862	81.3%
21+	119,056	75.9%	122,361	77.5%	123,764	78.0%

Data Note: Detail may not sum to totals due to rounding.

Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2015 and 2020.



Age by Sex Profile

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

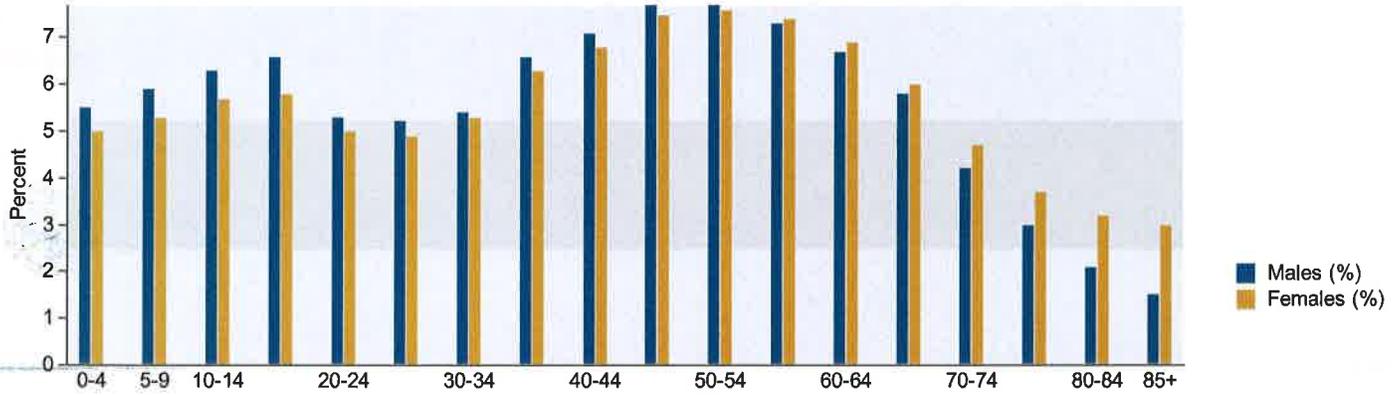
Prepared by Esri

Male Population by Age	Census 2010		2015		2020	
	Number	Percent	Number	Percent	Number	Percent
Total	75,826	100.0%	76,578	100.0%	77,128	100.0%
0 - 4	4,188	5.5%	3,972	5.2%	3,795	4.9%
5 - 9	4,475	5.9%	4,249	5.5%	4,088	5.3%
10 - 14	4,780	6.3%	4,460	5.8%	4,556	5.9%
15 - 19	5,020	6.6%	4,503	5.9%	4,528	5.9%
20 - 24	4,047	5.3%	4,402	5.7%	3,714	4.8%
25 - 29	3,929	5.2%	4,194	5.5%	4,072	5.3%
30 - 34	4,128	5.4%	4,247	5.5%	4,291	5.6%
35 - 39	5,015	6.6%	4,321	5.6%	4,468	5.8%
40 - 44	5,414	7.1%	5,201	6.8%	4,579	5.9%
45 - 49	5,804	7.7%	5,436	7.1%	5,324	6.9%
50 - 54	5,873	7.7%	5,825	7.6%	5,527	7.2%
55 - 59	5,519	7.3%	5,900	7.7%	5,808	7.5%
60 - 64	5,108	6.7%	5,428	7.1%	5,784	7.5%
65 - 69	4,394	5.8%	4,919	6.4%	5,250	6.8%
70 - 74	3,191	4.2%	3,972	5.2%	4,504	5.8%
75 - 79	2,255	3.0%	2,623	3.4%	3,383	4.4%
80 - 84	1,584	2.1%	1,608	2.1%	1,978	2.6%
85+	1,102	1.5%	1,318	1.7%	1,479	1.9%
18+	59,303	78.2%	61,210	79.9%	61,961	80.3%

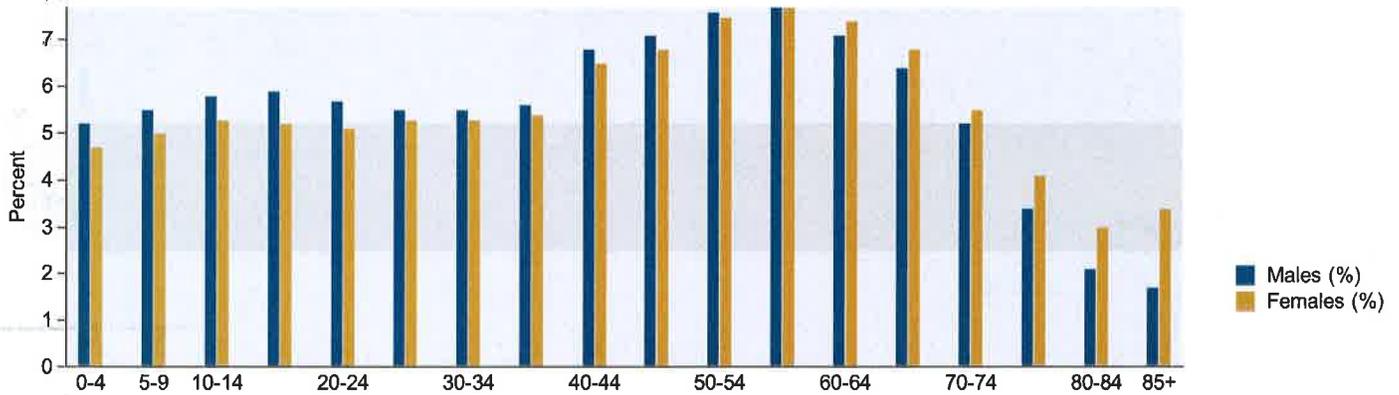
Female Population by Age	Census 2010		2015		2020	
	Number	Percent	Number	Percent	Number	Percent
Total	80,997	100.0%	81,270	100.0%	81,447	100.0%
0 - 4	4,044	5.0%	3,824	4.7%	3,645	4.5%
5 - 9	4,259	5.3%	4,089	5.0%	3,934	4.8%
10 - 14	4,600	5.7%	4,276	5.3%	4,385	5.4%
15 - 19	4,658	5.8%	4,251	5.2%	4,242	5.2%
20 - 24	4,051	5.0%	4,161	5.1%	3,601	4.4%
25 - 29	3,961	4.9%	4,304	5.3%	3,941	4.8%
30 - 34	4,294	5.3%	4,288	5.3%	4,401	5.4%
35 - 39	5,090	6.3%	4,390	5.4%	4,441	5.5%
40 - 44	5,469	6.8%	5,312	6.5%	4,650	5.7%
45 - 49	6,108	7.5%	5,494	6.8%	5,401	6.6%
50 - 54	6,177	7.6%	6,110	7.5%	5,571	6.8%
55 - 59	5,974	7.4%	6,231	7.7%	6,151	7.6%
60 - 64	5,623	6.9%	5,991	7.4%	6,279	7.7%
65 - 69	4,826	6.0%	5,554	6.8%	5,949	7.3%
70 - 74	3,823	4.7%	4,507	5.5%	5,225	6.4%
75 - 79	3,000	3.7%	3,341	4.1%	4,055	5.0%
80 - 84	2,574	3.2%	2,418	3.0%	2,790	3.4%
85+	2,466	3.0%	2,729	3.4%	2,786	3.4%
18+	65,227	80.5%	66,540	81.9%	66,901	82.1%

Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2015 and 2020.

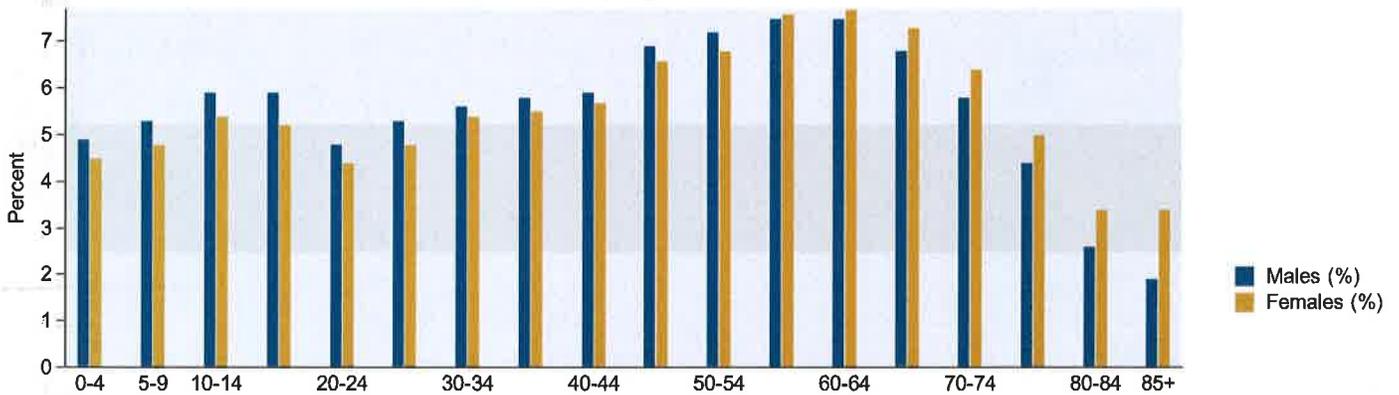
Census 2010 Population by Age and Sex



2015 Population by Age and Sex



2020 Population by Age and Sex



Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2015 and 2020.



Demographic and Income Profile

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

Prepared by Esri

Summary	Census 2010	2015	2020
Population	156,823	157,848	158,575
Households	66,298	67,129	67,570
Families	44,369	44,546	44,615
Average Household Size	2.33	2.31	2.31
Owner Occupied Housing Units	48,423	46,598	46,847
Renter Occupied Housing Units	17,875	20,531	20,723
Median Age	43.6	45.2	46.8
Trends: 2015 - 2020 Annual Rate	Area	State	National
Population	0.09%	0.82%	0.75%
Households	0.13%	0.83%	0.77%
Families	0.03%	0.74%	0.69%
Owner HHs	0.11%	0.81%	0.70%
Median Household Income	3.23%	3.12%	2.66%

Households by Income	2015		2020	
	Number	Percent	Number	Percent
<\$15,000	11,259	16.8%	10,729	15.9%
\$15,000 - \$24,999	9,927	14.8%	7,468	11.1%
\$25,000 - \$34,999	8,423	12.5%	7,272	10.8%
\$35,000 - \$49,999	10,776	16.1%	10,403	15.4%
\$50,000 - \$74,999	10,471	15.6%	12,018	17.8%
\$75,000 - \$99,999	6,973	10.4%	9,161	13.6%
\$100,000 - \$149,999	6,360	9.5%	6,680	9.9%
\$150,000 - \$199,999	1,695	2.5%	2,345	3.5%
\$200,000+	1,245	1.9%	1,494	2.2%
Median Household Income	\$39,359		\$46,150	
Average Household Income	\$55,269		\$63,059	
Per Capita Income	\$23,705		\$27,074	

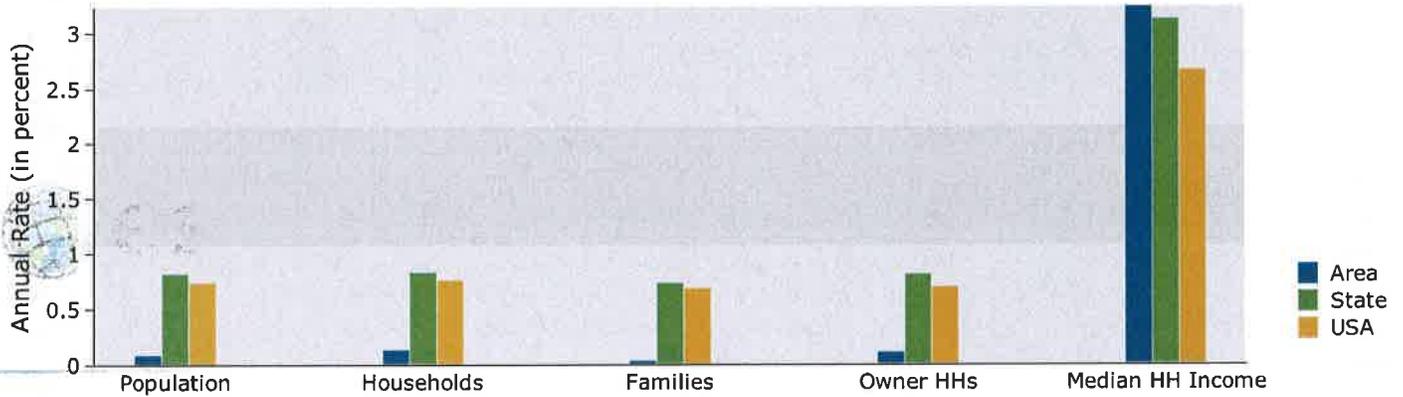
Population by Age	Census 2010		2015		2020	
	Number	Percent	Number	Percent	Number	Percent
0 - 4	8,232	5.2%	7,796	4.9%	7,440	4.7%
5 - 9	8,734	5.6%	8,338	5.3%	8,022	5.1%
10 - 14	9,380	6.0%	8,736	5.5%	8,941	5.6%
15 - 19	9,678	6.2%	8,754	5.5%	8,770	5.5%
20 - 24	8,098	5.2%	8,563	5.4%	7,315	4.6%
25 - 34	16,312	10.4%	17,033	10.8%	16,705	10.5%
35 - 44	20,988	13.4%	19,224	12.2%	18,138	11.4%
45 - 54	23,962	15.3%	22,865	14.5%	21,823	13.8%
55 - 64	22,224	14.2%	23,550	14.9%	24,022	15.1%
65 - 74	16,234	10.4%	18,952	12.0%	20,928	13.2%
75 - 84	9,413	6.0%	9,990	6.3%	12,206	7.7%
85+	3,568	2.3%	4,047	2.6%	4,265	2.7%

Race and Ethnicity	Census 2010		2015		2020	
	Number	Percent	Number	Percent	Number	Percent
White Alone	149,208	95.1%	148,798	94.3%	147,966	93.3%
Black Alone	3,329	2.1%	3,766	2.4%	4,163	2.6%
American Indian Alone	416	0.3%	506	0.3%	593	0.4%
Asian Alone	884	0.6%	1,216	0.8%	1,580	1.0%
Pacific Islander Alone	34	0.0%	51	0.0%	68	0.0%
Some Other Race Alone	958	0.6%	1,186	0.8%	1,447	0.9%
Two or More Races	1,994	1.3%	2,325	1.5%	2,758	1.7%
Hispanic Origin (Any Race)	2,321	1.5%	2,915	1.8%	3,592	2.3%

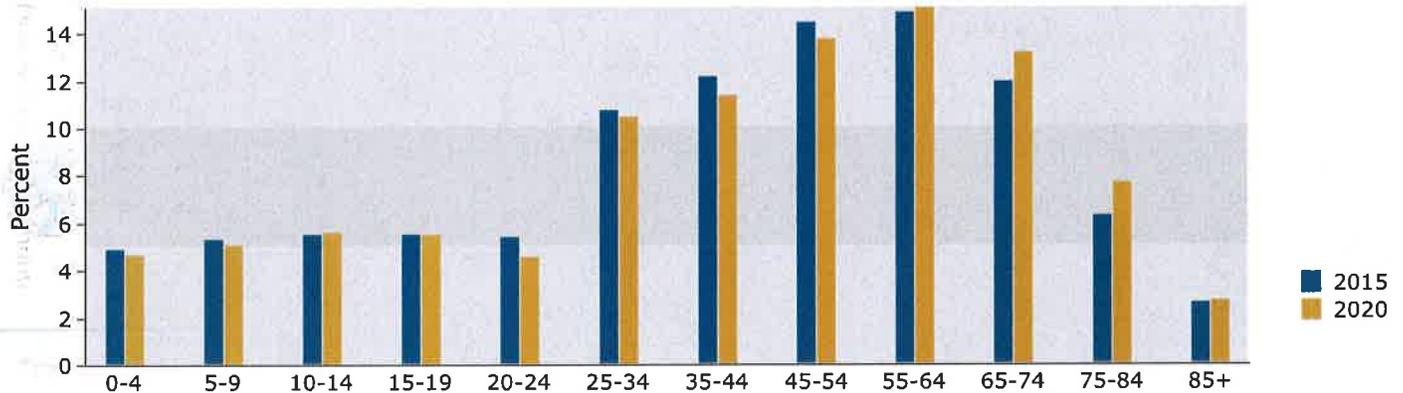
Data Note: Income is expressed in current dollars.

Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2015 and 2020.

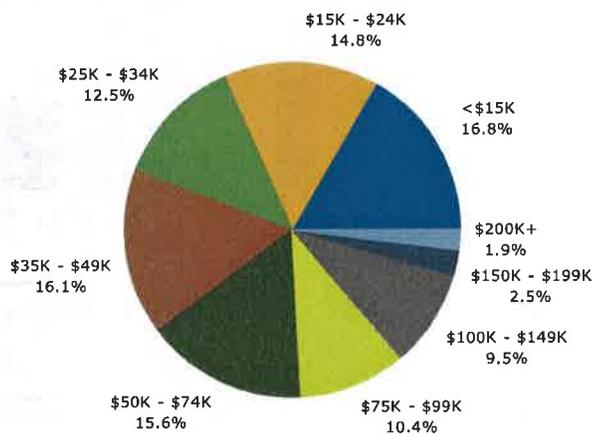
Trends 2015-2020



Population by Age



2015 Household Income



2015 Population by Race



2015 Percent Hispanic Origin: 1.8%

Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2015 and 2020.



Detailed Age Profile

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

Prepared by Esri

Summary	Census 2010	2015	2020	2015-2020 Change	2015-2020 Annual Rate
Population	156,823	157,848	158,575	727	0.09%
Households	66,298	67,129	67,570	441	0.13%
Average Household Size	2.33	2.31	2.31	0.00	0.00%

Total Population by Detailed Age	Census 2010		2015		2020	
	Number	Percent	Number	Percent	Number	Percent
Total	156,823	100.0%	157,848	100.0%	158,575	100.0%
<1	1,548	1.0%	1,481	0.9%	1,435	0.9%
1	1,642	1.0%	1,545	1.0%	1,472	0.9%
2	1,664	1.1%	1,586	1.0%	1,496	0.9%
3	1,713	1.1%	1,597	1.0%	1,509	1.0%
4	1,665	1.1%	1,587	1.0%	1,528	1.0%
5	1,671	1.1%	1,620	1.0%	1,544	1.0%
6	1,755	1.1%	1,649	1.0%	1,569	1.0%
7	1,694	1.1%	1,687	1.1%	1,615	1.0%
8	1,752	1.1%	1,658	1.1%	1,611	1.0%
9	1,862	1.2%	1,724	1.1%	1,683	1.1%
10	1,854	1.2%	1,703	1.1%	1,713	1.1%
11	1,908	1.2%	1,760	1.1%	1,805	1.1%
12	1,838	1.2%	1,785	1.1%	1,832	1.2%
13	1,802	1.1%	1,722	1.1%	1,778	1.1%
14	1,978	1.3%	1,766	1.1%	1,813	1.1%
15	1,870	1.2%	1,678	1.1%	1,717	1.1%
16	1,958	1.2%	1,772	1.1%	1,808	1.1%
17	2,119	1.4%	1,778	1.1%	1,785	1.1%
18	1,997	1.3%	1,792	1.1%	1,788	1.1%
19	1,734	1.1%	1,734	1.1%	1,672	1.1%
20 - 24	8,098	5.2%	8,563	5.4%	7,315	4.6%
25 - 29	7,890	5.0%	8,498	5.4%	8,013	5.1%
30 - 34	8,422	5.4%	8,535	5.4%	8,692	5.5%
35 - 39	10,105	6.4%	8,711	5.5%	8,909	5.6%
40 - 44	10,883	6.9%	10,513	6.7%	9,229	5.8%
45 - 49	11,912	7.6%	10,930	6.9%	10,725	6.8%
50 - 54	12,050	7.7%	11,935	7.6%	11,098	7.0%
55 - 59	11,493	7.3%	12,131	7.7%	11,959	7.5%
60 - 64	10,731	6.8%	11,419	7.2%	12,063	7.6%
65 - 69	9,220	5.9%	10,473	6.6%	11,199	7.1%
70 - 74	7,014	4.5%	8,479	5.4%	9,729	6.1%
75 - 79	5,255	3.4%	5,964	3.8%	7,438	4.7%
80 - 84	4,158	2.7%	4,026	2.6%	4,768	3.0%
85+	3,568	2.3%	4,047	2.6%	4,265	2.7%
<18	32,293	20.6%	30,098	19.1%	29,713	18.7%
18+	124,530	79.4%	127,750	80.9%	128,862	81.3%
21+	119,056	75.9%	122,361	77.5%	123,764	78.0%
Median Age	43.6		45.2		46.8	

Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2015 and 2020.

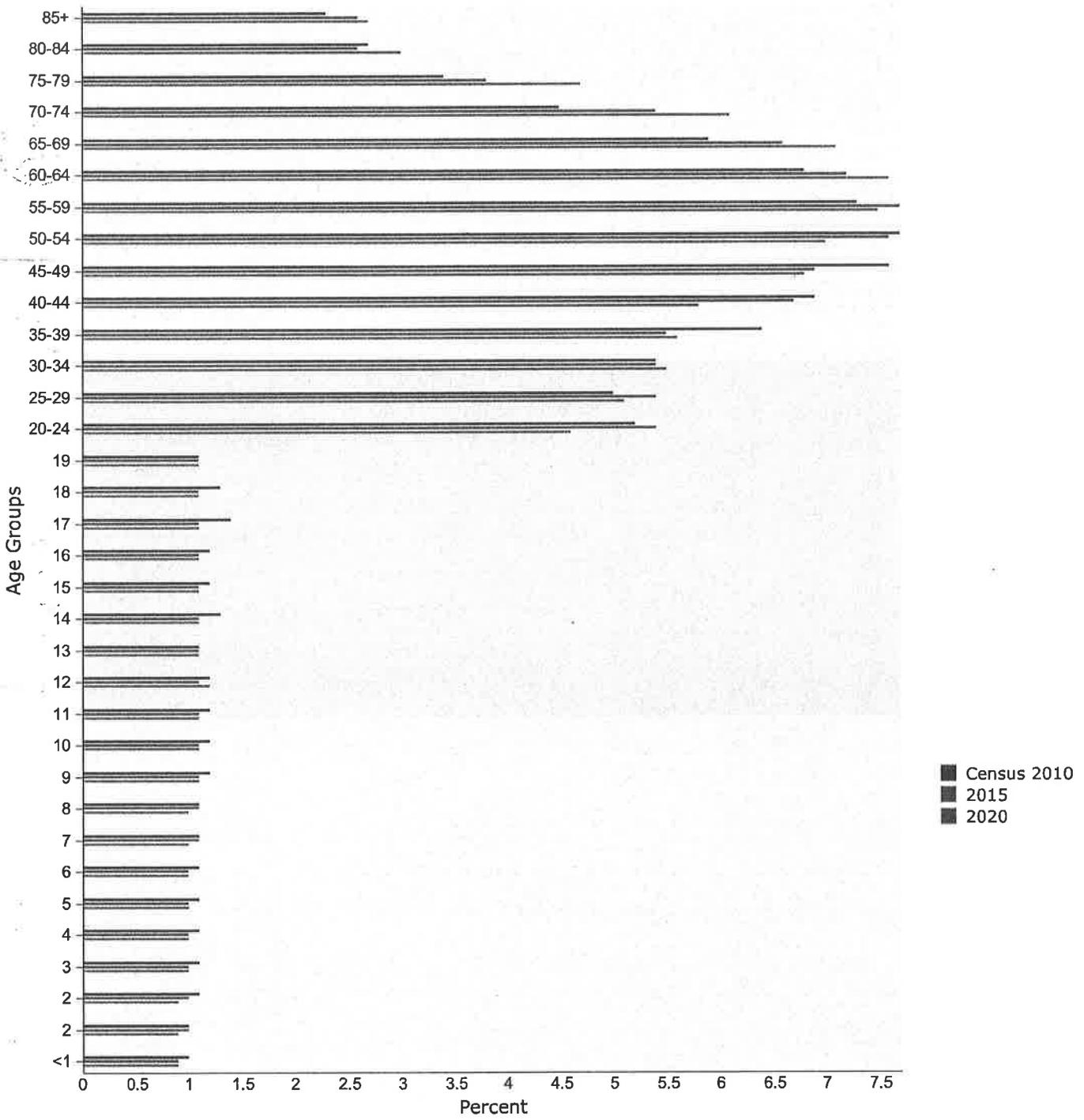


Detailed Age Profile

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

Prepared by Esri

Total Population by Detailed Age



Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2015 and 2020.



Detailed Age Profile

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

Prepared by Esri

Male Population by Detailed Age	Census 2010		2015		2020	
	Number	Percent	Number	Percent	Number	Percent
Total	75,826	100.0%	76,578	100.0%	77,128	100.0%
<1	808	1.1%	758	1.0%	739	1.0%
1	820	1.1%	792	1.0%	754	1.0%
2	861	1.1%	796	1.0%	750	1.0%
3	881	1.2%	821	1.1%	775	1.0%
4	818	1.1%	805	1.1%	777	1.0%
5	843	1.1%	822	1.1%	781	1.0%
6	934	1.2%	840	1.1%	804	1.0%
7	861	1.1%	865	1.1%	829	1.1%
8	890	1.2%	840	1.1%	815	1.1%
9	947	1.2%	882	1.2%	859	1.1%
10	942	1.2%	862	1.1%	862	1.1%
11	919	1.2%	892	1.2%	918	1.2%
12	921	1.2%	905	1.2%	923	1.2%
13	935	1.2%	879	1.1%	912	1.2%
14	1,063	1.4%	922	1.2%	941	1.2%
15	941	1.2%	848	1.1%	862	1.1%
16	1,011	1.3%	908	1.2%	930	1.2%
17	1,128	1.5%	931	1.2%	936	1.2%
18	1,054	1.4%	925	1.2%	927	1.2%
19	886	1.2%	891	1.2%	873	1.1%
20 - 24	4,047	5.3%	4,402	5.7%	3,714	4.8%
25 - 29	3,929	5.2%	4,194	5.5%	4,072	5.3%
30 - 34	4,128	5.4%	4,247	5.5%	4,291	5.6%
35 - 39	5,015	6.6%	4,321	5.6%	4,468	5.8%
40 - 44	5,414	7.1%	5,201	6.8%	4,579	5.9%
45 - 49	5,804	7.7%	5,436	7.1%	5,324	6.9%
50 - 54	5,873	7.7%	5,825	7.6%	5,527	7.2%
55 - 59	5,519	7.3%	5,900	7.7%	5,808	7.5%
60 - 64	5,108	6.7%	5,428	7.1%	5,784	7.5%
65 - 69	4,394	5.8%	4,919	6.4%	5,250	6.8%
70 - 74	3,191	4.2%	3,972	5.2%	4,504	5.8%
75 - 79	2,255	3.0%	2,623	3.4%	3,383	4.4%
80 - 84	1,584	2.1%	1,608	2.1%	1,978	2.6%
85+	1,102	1.5%	1,318	1.7%	1,479	1.9%
<18	16,523	21.8%	15,368	20.1%	15,167	19.7%
18+	59,303	78.2%	61,210	79.9%	61,961	80.3%
21+	56,496	74.5%	58,422	76.3%	59,312	76.9%
Median Age	42.2		43.8		45.4	

Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2015 and 2020.

December 09, 2015

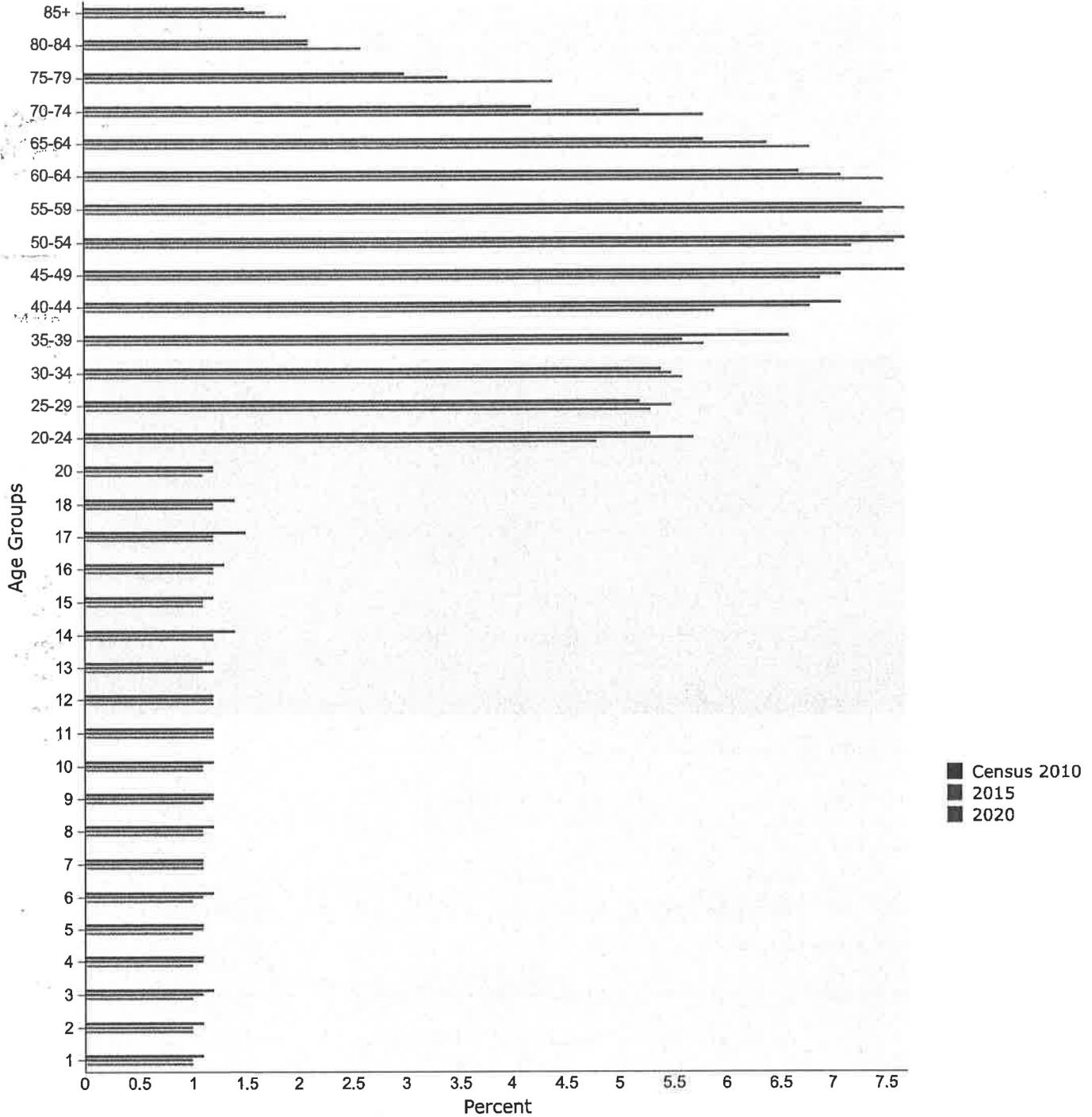


Detailed Age Profile

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

Prepared by Esri

Male Population by Detailed Age



Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2015 and 2020.

December 09, 2015



Detailed Age Profile

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

Prepared by Esri

Female Population by Detailed Age	Census 2010		2015		2020	
	Number	Percent	Number	Percent	Number	Percent
Total	80,997	100.0%	81,270	100.0%	81,447	100.0%
<1	740	0.9%	723	0.9%	696	0.9%
1	822	1.0%	753	0.9%	718	0.9%
2	803	1.0%	790	1.0%	746	0.9%
3	832	1.0%	776	1.0%	734	0.9%
4	847	1.0%	782	1.0%	751	0.9%
5	828	1.0%	798	1.0%	763	0.9%
6	821	1.0%	809	1.0%	765	0.9%
7	833	1.0%	822	1.0%	786	1.0%
8	862	1.1%	818	1.0%	796	1.0%
9	915	1.1%	842	1.0%	824	1.0%
10	912	1.1%	841	1.0%	851	1.0%
11	989	1.2%	868	1.1%	887	1.1%
12	917	1.1%	880	1.1%	909	1.1%
13	867	1.1%	843	1.0%	866	1.1%
14	915	1.1%	844	1.0%	872	1.1%
15	929	1.1%	830	1.0%	855	1.0%
16	947	1.2%	864	1.1%	878	1.1%
17	991	1.2%	847	1.0%	849	1.0%
18	943	1.2%	867	1.1%	861	1.1%
19	848	1.0%	843	1.0%	799	1.0%
20 - 24	4,051	5.0%	4,161	5.1%	3,601	4.4%
25 - 29	3,961	4.9%	4,304	5.3%	3,941	4.8%
30 - 34	4,294	5.3%	4,288	5.3%	4,401	5.4%
35 - 39	5,090	6.3%	4,390	5.4%	4,441	5.5%
40 - 44	5,469	6.8%	5,312	6.5%	4,650	5.7%
45 - 49	6,108	7.5%	5,494	6.8%	5,401	6.6%
50 - 54	6,177	7.6%	6,110	7.5%	5,571	6.8%
55 - 59	5,974	7.4%	6,231	7.7%	6,151	7.6%
60 - 64	5,623	6.9%	5,991	7.4%	6,279	7.7%
65 - 69	4,826	6.0%	5,554	6.8%	5,949	7.3%
70 - 74	3,823	4.7%	4,507	5.5%	5,225	6.4%
75 - 79	3,000	3.7%	3,341	4.1%	4,055	5.0%
80 - 84	2,574	3.2%	2,418	3.0%	2,790	3.4%
85+	2,466	3.0%	2,729	3.4%	2,786	3.4%
<18	15,770	19.5%	14,730	18.1%	14,546	17.9%
18+	65,227	80.5%	66,540	81.9%	66,901	82.1%
21+	62,560	77.2%	63,939	78.7%	64,452	79.1%
Medlan Age	45.1		46.6		48.2	

Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2015 and 2020.

December 09, 2015

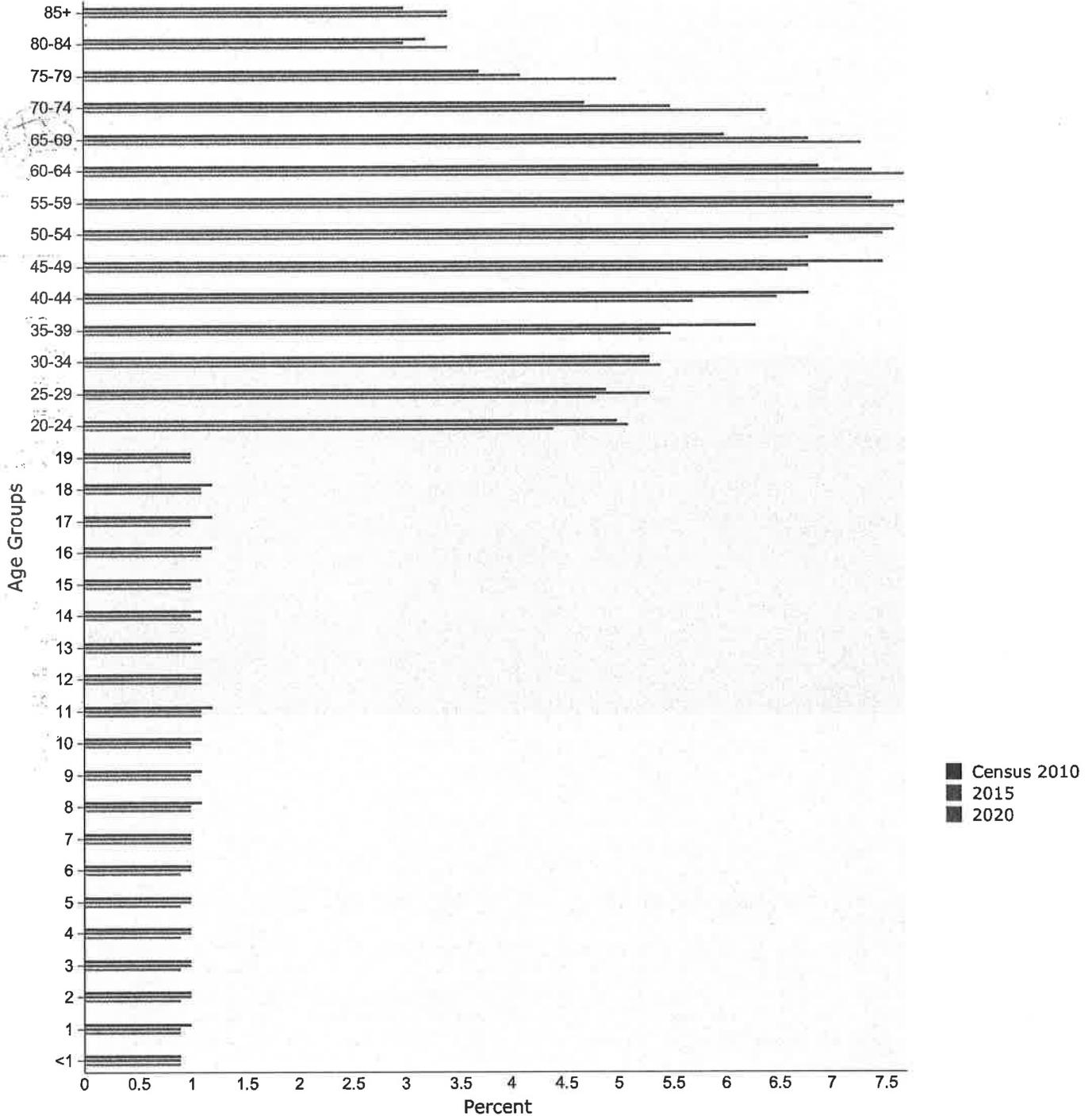


Detailed Age Profile

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

Prepared by Esri

Female Population by Detailed Age



Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2015 and 2020.

December 09, 2015



Household Income Profile

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

Prepared by Esri

Summary	2015	2020	2015-2020	2015-2020
			Change	Annual Rate
Population	157,848	158,575	727	0.09%
Households	67,129	67,570	441	0.13%
Median Age	45.2	46.8	1.6	0.70%
Average Household Size	2.31	2.31	0.00	0.00%

Households by Income	2015		2020	
	Number	Percent	Number	Percent
Household	67,129	100%	67,570	100%
<\$15,000	11,259	16.8%	10,729	15.9%
\$15,000-\$24,999	9,927	14.8%	7,468	11.1%
\$25,000-\$34,999	8,423	12.5%	7,272	10.8%
\$35,000-\$49,999	10,776	16.1%	10,403	15.4%
\$50,000-\$74,999	10,471	15.6%	12,018	17.8%
\$75,000-\$99,999	6,973	10.4%	9,161	13.6%
\$100,000-\$149,999	6,360	9.5%	6,680	9.9%
\$150,000-\$199,999	1,695	2.5%	2,345	3.5%
\$200,000+	1,245	1.9%	1,494	2.2%
Median Household Income	\$39,359		\$46,150	
Average Household Income	\$55,269		\$63,059	
Per Capita Income	\$23,705		\$27,074	

Data Note: Income reported for July 1, 2020 represents annual income for the preceding year, expressed in current (2019) dollars, including an adjustment for inflation.
Source: U.S. Census Bureau, Census 2010 Summary File 1, Esri Forecasts for 2015 and 2020.



Household Income Profile

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

Prepared by Esri

2015 Households by Income and Age of Householder

HH Income Base	<25	25-34	35-44	45-54	55-64	65-74	75+
	1,951	7,372	9,898	12,503	13,836	11,926	9,643
<\$15,000	615	1,487	1,382	1,992	2,351	1,822	1,610
\$15,000-\$24,999	370	951	1,011	1,185	1,715	1,812	2,883
\$25,000-\$34,999	254	804	994	1,221	1,448	1,776	1,926
\$35,000-\$49,999	304	1,207	1,471	1,992	1,963	2,264	1,575
\$50,000-\$74,999	270	1,333	1,902	2,092	2,223	1,890	761
\$75,000-\$99,999	66	800	1,387	1,645	1,657	1,012	406
\$100,000-\$149,999	58	609	1,267	1,614	1,602	877	333
\$150,000-\$199,999	13	107	273	492	499	222	89
\$200,000+	1	74	211	270	378	251	60
Median HH Income	\$24,618	\$39,358	\$50,786	\$48,603	\$44,715	\$37,692	\$26,212
Average HH Income	\$33,447	\$50,697	\$63,335	\$63,669	\$62,278	\$53,034	\$36,715

Percent Distribution

HH Income Base	<25	25-34	35-44	45-54	55-64	65-74	75+
	100%	100%	100%	100%	100%	100%	100%
<\$15,000	31.5%	20.2%	14.0%	15.9%	17.0%	15.3%	16.7%
\$15,000-\$24,999	19.0%	12.9%	10.2%	9.5%	12.4%	15.2%	29.9%
\$25,000-\$34,999	13.0%	10.9%	10.0%	9.8%	10.5%	14.9%	20.0%
\$35,000-\$49,999	15.6%	16.4%	14.9%	15.9%	14.2%	19.0%	16.3%
\$50,000-\$74,999	13.8%	18.1%	19.2%	16.7%	16.1%	15.8%	7.9%
\$75,000-\$99,999	3.4%	10.9%	14.0%	13.2%	12.0%	8.5%	4.2%
\$100,000-\$149,999	3.0%	8.3%	12.8%	12.9%	11.6%	7.4%	3.5%
\$150,000-\$199,999	0.7%	1.5%	2.8%	3.9%	3.6%	1.9%	0.9%
\$200,000+	0.1%	1.0%	2.1%	2.2%	2.7%	2.1%	0.6%

Data Note: Income reported for July 1, 2020 represents annual income for the preceding year, expressed in current (2019) dollars, including an adjustment for inflation.
Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri Forecasts for 2015 and 2020.



Household Income Profile

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

Prepared by Esri

2020 Households by Income and Age of Householder

HH Income Base	<25	25-34	35-44	45-54	55-64	65-74	75+
HH Income Base	1,749	7,119	9,183	11,705	13,827	12,895	11,092
<\$15,000	559	1,353	1,175	1,677	2,147	1,889	1,929
\$15,000-\$24,999	276	677	632	748	1,118	1,413	2,604
\$25,000-\$34,999	215	631	748	908	1,179	1,584	2,007
\$35,000-\$49,999	265	1,108	1,228	1,686	1,833	2,344	1,939
\$50,000-\$74,999	283	1,498	1,950	2,142	2,566	2,416	1,163
\$75,000-\$99,999	78	1,038	1,641	1,990	2,184	1,497	733
\$100,000-\$149,999	54	582	1,220	1,611	1,680	1,070	463
\$150,000-\$199,999	18	146	359	651	664	347	160
\$200,000+	1	86	230	292	456	335	94
Median HH Income	\$26,425	\$46,354	\$57,905	\$57,501	\$54,489	\$43,761	\$29,178
Average HH Income	\$36,852	\$57,577	\$72,078	\$73,176	\$72,014	\$61,668	\$43,023

Percent Distribution

HH Income Base	<25	25-34	35-44	45-54	55-64	65-74	75+
HH Income Base	100%	100%	100%	100%	100%	100%	100%
<\$15,000	32.0%	19.0%	12.8%	14.3%	15.5%	14.6%	17.4%
\$15,000-\$24,999	15.8%	9.5%	6.9%	6.4%	8.1%	11.0%	23.5%
\$25,000-\$34,999	12.3%	8.9%	8.1%	7.8%	8.5%	12.3%	18.1%
\$35,000-\$49,999	15.2%	15.6%	13.4%	14.4%	13.3%	18.2%	17.5%
\$50,000-\$74,999	16.2%	21.0%	21.2%	18.3%	18.6%	18.7%	10.5%
\$75,000-\$99,999	4.5%	14.6%	17.9%	17.0%	15.8%	11.6%	6.6%
\$100,000-\$149,999	3.1%	8.2%	13.3%	13.8%	12.2%	8.3%	4.2%
\$150,000-\$199,999	1.0%	2.1%	3.9%	5.6%	4.8%	2.7%	1.4%
\$200,000+	0.1%	1.2%	2.5%	2.5%	3.3%	2.6%	0.8%

Data Note: Income reported for July 1, 2020 represents annual income for the preceding year, expressed in current (2019) dollars, including an adjustment for inflation.
Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri Forecasts for 2015 and 2020.



Community Profile

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

Prepared by Esri

	Sullivan County,...
Population Summary	
2000 Total Population	153,048
2010 Total Population	156,823
2015 Total Population	157,848
2015 Group Quarters	2,631
2020 Total Population	158,575
2015-2020 Annual Rate	0.09%
Household Summary	
2000 Households	63,556
2000 Average Household Size	2.36
2010 Households	66,298
2010 Average Household Size	2.33
2015 Households	67,129
2015 Average Household Size	2.31
2020 Households	67,570
2020 Average Household Size	2.31
2015-2020 Annual Rate	0.13%
2010 Families	44,369
2010 Average Family Size	2.84
2015 Families	44,546
2015 Average Family Size	2.83
2020 Families	44,615
2020 Average Family Size	2.82
2015-2020 Annual Rate	0.03%
Housing Unit Summary	
2000 Housing Units	69,052
Owner Occupied Housing Units	69.7%
Renter Occupied Housing Units	22.3%
Vacant Housing Units	8.0%
2010 Housing Units	73,760
Owner Occupied Housing Units	65.6%
Renter Occupied Housing Units	24.2%
Vacant Housing Units	10.1%
2015 Housing Units	74,994
Owner Occupied Housing Units	62.1%
Renter Occupied Housing Units	27.4%
Vacant Housing Units	10.5%
2020 Housing Units	75,707
Owner Occupied Housing Units	61.9%
Renter Occupied Housing Units	27.4%
Vacant Housing Units	10.7%
Median Household Income	
2015	\$39,359
2020	\$46,150
Median Home Value	
2015	\$153,006
2020	\$200,727
Per Capita Income	
2015	\$23,705
2020	\$27,074
Median Age	
2010	43.6
2015	45.2
2020	46.8

Data Note: Household population includes persons not residing in group quarters. Average Household Size is the household population divided by total households. Persons in families include the householder and persons related to the householder by birth, marriage, or adoption. Per Capita Income represents the income received by all persons aged 15 years and over divided by the total population.

Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2015 and 2020. Esri converted Census 2000 data into 2010 geography.

December 09, 2015



Community Profile

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

Prepared by Esri

Sullivan County,...

2015 Households by Income

Household Income Base	67,129
<\$15,000	16.8%
\$15,000 - \$24,999	14.8%
\$25,000 - \$34,999	12.5%
\$35,000 - \$49,999	16.1%
\$50,000 - \$74,999	15.6%
\$75,000 - \$99,999	10.4%
\$100,000 - \$149,999	9.5%
\$150,000 - \$199,999	2.5%
\$200,000+	1.9%
Average Household Income	\$55,269

2020 Households by Income

Household Income Base	67,570
<\$15,000	15.9%
\$15,000 - \$24,999	11.1%
\$25,000 - \$34,999	10.8%
\$35,000 - \$49,999	15.4%
\$50,000 - \$74,999	17.8%
\$75,000 - \$99,999	13.6%
\$100,000 - \$149,999	9.9%
\$150,000 - \$199,999	3.5%
\$200,000+	2.2%
Average Household Income	\$63,059

2015 Owner Occupied Housing Units by Value

Total	46,598
<\$50,000	8.7%
\$50,000 - \$99,999	19.0%
\$100,000 - \$149,999	21.3%
\$150,000 - \$199,999	18.1%
\$200,000 - \$249,999	11.4%
\$250,000 - \$299,999	6.7%
\$300,000 - \$399,999	7.6%
\$400,000 - \$499,999	3.3%
\$500,000 - \$749,999	2.9%
\$750,000 - \$999,999	0.5%
\$1,000,000 +	0.6%
Average Home Value	\$190,386

2020 Owner Occupied Housing Units by Value

Total	46,847
<\$50,000	5.2%
\$50,000 - \$99,999	12.3%
\$100,000 - \$149,999	13.6%
\$150,000 - \$199,999	18.6%
\$200,000 - \$249,999	16.8%
\$250,000 - \$299,999	10.7%
\$300,000 - \$399,999	10.4%
\$400,000 - \$499,999	5.1%
\$500,000 - \$749,999	5.5%
\$750,000 - \$999,999	1.0%
\$1,000,000 +	0.7%
Average Home Value	\$238,965

Data Note: Income represents the preceding year, expressed in current dollars. Household income includes wage and salary earnings, interest dividends, net rents, pensions, SSI and welfare payments, child support, and alimony.

Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2015 and 2020. Esri converted Census 2000 data into 2010 geography.

December 09, 2015



Community Profile

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

Prepared by Esri

	Sullivan County,...
2010 Population by Age	
Total	156,823
0 - 4	5.2%
5 - 9	5.6%
10 - 14	6.0%
15 - 24	11.3%
25 - 34	10.4%
35 - 44	13.4%
45 - 54	15.3%
55 - 64	14.2%
65 - 74	10.4%
75 - 84	6.0%
85 +	2.3%
18 +	79.4%
2015 Population by Age	
Total	157,848
0 - 4	4.9%
5 - 9	5.3%
10 - 14	5.5%
15 - 24	11.0%
25 - 34	10.8%
35 - 44	12.2%
45 - 54	14.5%
55 - 64	14.9%
65 - 74	12.0%
75 - 84	6.3%
85 +	2.6%
18 +	80.9%
2020 Population by Age	
Total	158,575
0 - 4	4.7%
5 - 9	5.1%
10 - 14	5.6%
15 - 24	10.1%
25 - 34	10.5%
35 - 44	11.4%
45 - 54	13.8%
55 - 64	15.1%
65 - 74	13.2%
75 - 84	7.7%
85 +	2.7%
18 +	81.3%
2010 Population by Sex	
Males	75,826
Females	80,997
2015 Population by Sex	
Males	76,578
Females	81,270
2020 Population by Sex	
Males	77,128
Females	81,447

Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2015 and 2020. Esri converted Census 2000 data into 2010 geography.



Community Profile

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

Prepared by Esri

	Sullivan County,...
2010 Population by Race/Ethnicity	
Total	156,823
White Alone	95.1%
Black Alone	2.1%
American Indian Alone	0.3%
Asian Alone	0.6%
Pacific Islander Alone	0.0%
Some Other Race Alone	0.6%
Two or More Races	1.3%
Hispanic Origin	1.5%
Diversity Index	12.1
2015 Population by Race/Ethnicity	
Total	157,848
White Alone	94.3%
Black Alone	2.4%
American Indian Alone	0.3%
Asian Alone	0.8%
Pacific Islander Alone	0.0%
Some Other Race Alone	0.8%
Two or More Races	1.5%
Hispanic Origin	1.8%
Diversity Index	14.3
2020 Population by Race/Ethnicity	
Total	158,575
White Alone	93.3%
Black Alone	2.6%
American Indian Alone	0.4%
Asian Alone	1.0%
Pacific Islander Alone	0.0%
Some Other Race Alone	0.9%
Two or More Races	1.7%
Hispanic Origin	2.3%
Diversity Index	16.7
2010 Population by Relationship and Household Type	
Total	156,823
In Households	98.3%
In Family Households	82.2%
Householder	28.3%
Spouse	21.6%
Child	27.9%
Other relative	2.7%
Nonrelative	1.8%
In Nonfamily Households	16.1%
In Group Quarters	1.7%
Institutionalized Population	1.1%
Noninstitutionalized Population	0.6%

Data Note: Persons of Hispanic Origin may be of any race. The Diversity Index measures the probability that two people from the same area will be from different race/ethnic groups.

Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2015 and 2020. Esri converted Census 2000 data into 2010 geography.

December 09, 2015



Community Profile

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

Prepared by Esri

	Sullivan County,...
2015 Population 25+ by Educational Attainment	
Total	115,661
Less than 9th Grade	6.1%
9th - 12th Grade, No Diploma	8.0%
High School Graduate	27.2%
GED/Alternative Credential	8.3%
Some College, No Degree	21.1%
Associate Degree	7.4%
Bachelor's Degree	13.6%
Graduate/Professional Degree	8.1%
2015 Population 15+ by Marital Status	
Total	132,978
Never Married	21.8%
Married	56.2%
Widowed	8.5%
Divorced	13.5%
2015 Civilian Population 16+ in Labor Force	
Civilian Employed	93.4%
Civilian Unemployed	6.6%
2015 Employed Population 16+ by Industry	
Total	62,828
Agriculture/Mining	1.2%
Construction	7.0%
Manufacturing	17.4%
Wholesale Trade	2.0%
Retail Trade	13.7%
Transportation/Utilities	4.2%
Information	2.2%
Finance/Insurance/Real Estate	4.5%
Services	44.6%
Public Administration	3.3%
2015 Employed Population 16+ by Occupation	
Total	62,828
White Collar	57.4%
Management/Business/Financial	10.9%
Professional	20.7%
Sales	11.9%
Administrative Support	13.8%
Services	17.2%
Blue Collar	25.4%
Farming/Forestry/Fishing	0.4%
Construction/Extraction	5.6%
Installation/Maintenance/Repair	4.7%
Production	8.0%
Transportation/Material Moving	6.7%

Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2015 and 2020. Esri converted Census 2000 data into 2010 geography.



Community Profile

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

Prepared by Esri

	Sullivan County,...
2010 Households by Type	
Total	66,298
Households with 1 Person	28.8%
Households with 2+ People	71.2%
Family Households	66.9%
Husband-wife Families	51.0%
With Related Children	18.4%
Other Family (No Spouse Present)	15.9%
Other Family with Male Householder	4.5%
With Related Children	2.4%
Other Family with Female Householder	11.4%
With Related Children	6.8%
Nonfamily Households	4.3%
All Households with Children	28.1%
Multigenerational Households	3.4%
Unmarried Partner Households	5.2%
Male-female	4.6%
Same-sex	0.5%
2010 Households by Size	
Total	66,298
1 Person Household	28.8%
2 Person Household	37.3%
3 Person Household	16.3%
4 Person Household	11.2%
5 Person Household	4.3%
6 Person Household	1.4%
7 + Person Household	0.7%
2010 Households by Tenure and Mortgage Status	
Total	66,298
Owner Occupied	73.0%
Owned with a Mortgage/Loan	41.6%
Owned Free and Clear	31.4%
Renter Occupied	27.0%

Data Note: Households with children include any households with people under age 18, related or not. Multigenerational households are families with 3 or more parent-child relationships. Unmarried partner households are usually classified as nonfamily households unless there is another member of the household related to the householder. Multigenerational and unmarried partner households are reported only to the tract level. Esri estimated block group data, which is used to estimate polygons or non-standard geography.

Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2015 and 2020. Esri converted Census 2000 data into 2010 geography.



Medical Expenditures

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

Prepared by Esri

Demographic Summary

	2015	2020
Population	157,848	158,575
Households	67,129	67,570
Families	44,546	44,615
Median Household Income	\$39,359	\$46,150
Males per 100 Females	94.2	94.7

Population By Age

Population <5 Years	4.9%	4.7%
Population 65+ Years	20.9%	23.6%
Median Age	45.2	46.8

	Spending Potential Index	Average Amount Spent	Total
Health Care	82	\$3,890.34	\$261,154,844
Medical Care	82	\$1,726.88	\$115,923,933
Physician Services	76	\$203.14	\$13,636,696
Dental Services	75	\$292.10	\$19,608,178
Eyecare Services	82	\$45.39	\$3,047,298
Lab Tests, X-Rays	87	\$58.62	\$3,934,845
Hospital Room and Hospital Services	86	\$172.96	\$11,610,719
Convalescent or Nursing Home Care	101	\$31.91	\$2,142,026
Other Medical services (1)	75	\$85.98	\$5,771,719
Nonprescription Drugs	84	\$109.01	\$7,317,460
Prescription Drugs	88	\$436.29	\$29,287,956
Nonprescription Vitamins	80	\$55.95	\$3,755,821
Medicare Prescription Drug Premium	96	\$84.30	\$5,658,875
Eyeglasses and Contact Lenses	80	\$71.82	\$4,820,915
Hearing Aids	87	\$23.51	\$1,578,299
Medical Equipment for General Use	86	\$5.18	\$347,639
Other Medical Supplies (2)	79	\$50.73	\$3,405,487
Health Insurance	82	\$2,163.46	\$145,230,912
Blue Cross/Blue Shield	81	\$690.52	\$46,354,023
Commercial Health Insurance	75	\$371.93	\$24,967,222
Health Maintenance Organization	74	\$328.19	\$22,031,296
Medicare Payments	93	\$487.40	\$32,718,484
Long Term Care Insurance	79	\$79.56	\$5,340,804
Other Health Insurance (3)	93	\$205.86	\$13,819,083

Data Note: The Spending Potential Index (SPI) is household-based, and represents the amount spent for a product or service relative to a national average of 100. Detail may not sum to totals due to rounding.

(1) Other Medical Services includes Services by Medical Professionals other than Physicians, Nursing Services, Therapeutic Treatments, Blood Donation, Ambulance, Emergency Room, and Outpatient Hospital Services

(2) Other Medical Supplies includes Topicals, Dressings, Supportive and Convalescent Medical Equipment, Rental of Medical Equipment for General Use, and Rental of Supportive and Convalescent Medical Equipment.

(3) Other Health Insurance Includes Medicare Supplements and Other Health Insurance excluding Blue Cross/Blue Shield.

Source: Esri forecasts for 2015 and 2020; Consumer Spending data are derived from the 2011 and 2012 Consumer Expenditure Surveys, Bureau of Labor statistics



Net Worth Profile

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

Prepared by Esri

Summary	Census 2010	2015	2020	2015-2020 Change	2015-2020 Annual Rate
Population	156,823	157,848	158,575	727	0.09%
Median Age	43.6	45.2	46.8	1.6	0.70%
Households	66,298	67,129	67,570	441	0.13%
Average Household Size	2.33	2.31	2.31	0.00	0.00%

2015 Households by Net Worth

	Number	Percent
Total	67,129	100.0%
<\$15,000	21,867	32.6%
\$15,000-\$34,999	5,202	7.7%
\$35,000-\$49,999	2,769	4.1%
\$50,000-\$74,999	4,144	6.2%
\$75,000-\$99,999	3,048	4.5%
\$100,000-\$149,999	5,434	8.1%
\$150,000-\$249,999	7,722	11.5%
\$250,000-\$500,000	8,708	13.0%
\$500,000+	8,235	12.3%
Median Net Worth	\$71,837	
Average Net Worth	\$460,960	

2015 Net Worth by Age of Householder	Number of Households						
	<25	25-34	35-44	45-54	55-64	65-74	75+
Total	1,951	7,372	9,898	12,503	13,836	11,926	9,643
<\$15,000	1,444	4,432	4,495	4,738	3,756	1,745	1,257
\$15,000-\$34,999	265	904	1,050	1,184	951	428	420
\$35,000-\$49,999	82	338	620	492	602	449	186
\$50,000-\$99,999	78	821	1,358	1,428	1,394	1,183	930
\$100,000-\$149,999	49	358	688	855	1,104	1,319	1,061
\$150,000-\$249,999	26	261	781	1,207	1,633	1,732	2,082
\$250,000+	7	258	906	2,599	4,396	5,070	3,707
Median Net Worth	\$10,133	\$12,475	\$21,162	\$44,306	\$107,659	\$188,569	\$184,974
Average Net Worth	\$24,924	\$65,355	\$176,332	\$331,293	\$626,791	\$905,113	\$524,649

Data Note: Net Worth is total household wealth minus debt, secured and unsecured. Net worth includes home equity, equity in pension plans, net equity in vehicles, IRAs and Keogh accounts, business equity, interest-earning assets and mutual fund shares, stocks, etc. Examples of secured debt include home mortgages and vehicle loans; examples of unsecured debt include credit card debt, certain bank loans, and other outstanding bills. Forecasts of net worth are based on the Survey of Consumer Finances, Federal Reserve Board.

Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri Forecasts for 2015 and 2020.

Section C, General Criteria – 6
Historical & Projected Utilization

NHC HealthCare, Kingsport Projected Utilization

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

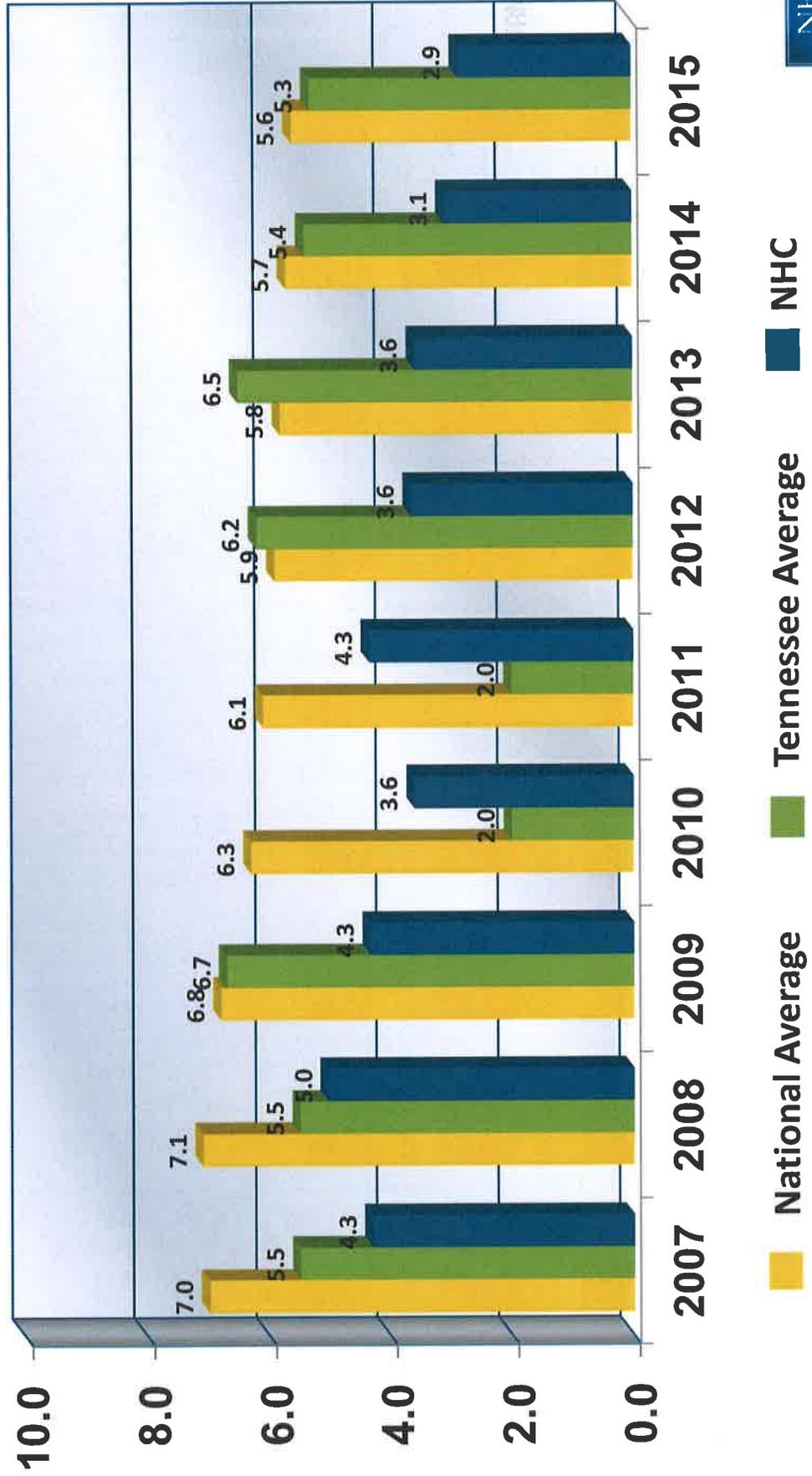
Source: NHC Internal Documents

Section C, General Criteria – 12

Quality Control and Monitoring

Deficiencies per Survey

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



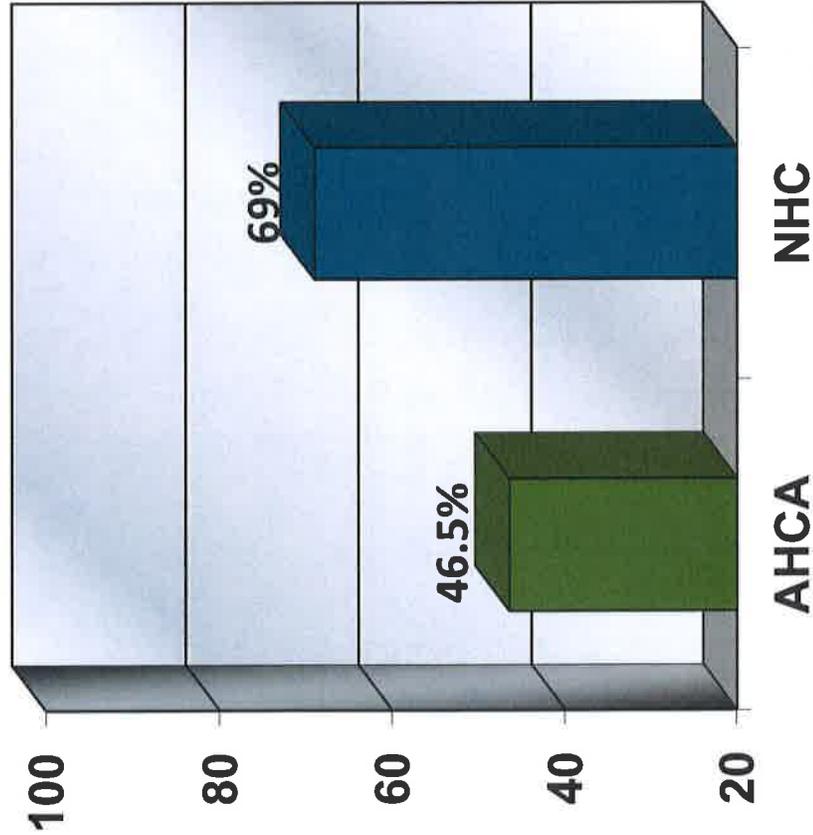
Source: Tennessee Nursing Home Inspection and Enforcement Activities Report
Medicare.gov



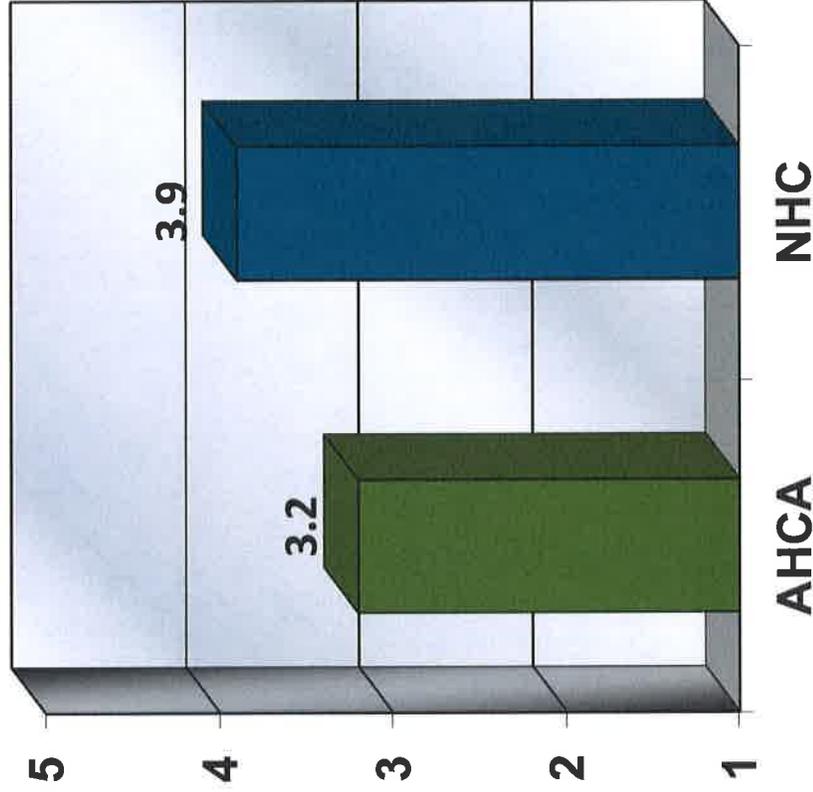
CMS Five-Star Ratings

Operational Excellence – November 2015

Four and Five-Star Ratings %
AHCA vs. NHC



Average Overall Scores
AHCA vs. NHC



*** Note: System change effective January 2015.**





QUALITY IMPROVEMENT PROGRAM MANUAL		
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X. QUALITY IMPROVEMENT

10.0 Quality Assurance Performance Improvement (QAPI)

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

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

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

10.1 PHARMACY COMMITTEE

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

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

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

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

(CFR 483.60, Pharmacy Services)

10.2 INFECTION CONTROL COMMITTEE

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

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

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

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

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

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

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

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

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

10.3 PATIENT SAFETY COMMITTEE

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

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

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

10.4 UTILIZATION REVIEW COMMITTEE

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

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

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

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

The objectives are:

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



Five Elements

Element 1: Design and Scope

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

Element 2: Governance and Leadership

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

Element 3: Feedback, Data Systems and Monitoring

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

Element 4: Performance Improvement Projects (PIPs)

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

Element 5: Systematic Analysis and Systemic Action

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

Section C, General Criteria – 14(b)
Additional Occupancy Rate Standards

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

12/29/2015

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
Brookhaven Manor	1	11/10/2015	8	5.3	3	6.9	1
		9/10/2014	18	5.9	12	7.0	11
		8/7/2013	13	7.0	6	7.1	6
Cambridge House	2	2/11/2015	10	5.3	5	6.9	3
		1/23/2014	6	5.9	0	7.0	(1)
		11/29/2012	5	7.0	(2)	7.1	(2)
Greystone Health Care Center	2	7/15/2015	4	5.3	(1)	6.9	(3)
		4/3/2014	10	5.9	4	7.0	3
		2/27/2013	11	7.0	4	7.1	4
Holston Manor	1	10/22/2014	11	5.3	6	6.9	4
		9/25/2013	12	5.9	6	7.0	5
		3/28/2012	9	7.0	2	7.1	2
NHC HealthCare, Kingsport	N/A	12/9/2015	3	5.3	(2)	6.9	(3.9)
	N/A	12/23/2014	0	5.9	(6)	7.0	(7.0)
Wexford House	3	10/22/2014	3	5.3	(2)	6.9	(4)
		9/5/2013	7	5.9	1	7.0	0
		2/29/2012	15	7.0	8	7.1	8

Source: Medicare web site - Nursing Home Compare

Section C - Economic Feasibility – 1

Project Costs Chart & Assumptions

NHC HealthCare, Kingsport
8 Bed Conversion

PROJECT COSTS CHART

A. Construction and equipment acquired by purchase:

1. Architectural and Engineering Fees	<u>10,000</u>
2. Legal, Administrative, Consultant Fees	<u>10,000</u>
3. Acquisition of Site (Building, including estimated closing costs)	<u> </u>
4. Preparation of Site	<u> </u>
5. Construction Costs	<u>15,000</u>
6. Contingency Fund	<u>10,000</u>
7. Fixed Equipment (Not included in Construction Contract)	<u> </u>
8. Moveable Equipment (List all equipment over \$50,000)	<u>56,800</u>
9. Other (Specify) Landscaping, pre-opening, impact fees	<u>5,000</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> </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>106,800</u>
--	-----------------------

E. CON Filing Fee	<u>3,000.00</u>
-------------------	-----------------

F. Total Estimated Project Cost (D + E)	<u>\$ 109,800</u>
--	--------------------------

NHC HealthCare, Kingsport 8 Bed Addition

Construction

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

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

Johnson + Bailey Architects P.C.



December 18, 2015

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

Re: 8 Bed Addition
NHC HealthCare Kingsport
Kingsport, TN

Dear Bruce:

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

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

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

Sincerely,

JOHNSON + BAILEY ARCHITECTS P.C.

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

James H. Bailey III AIA
President

Section C – Economic Feasibility - 2

Project Funding

January 5, 2016

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

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

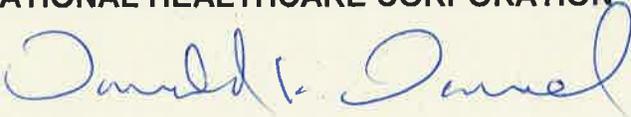
Dear Ms. Hill:

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

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

Sincerely,

NATIONAL HEALTHCARE CORPORATION



Donald K. Daniel
Senior Vice President and Controller

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

FORM 10-Q

QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2015

OR

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

For the transition period from _____ to _____

Commission file number 001-13489

NHC

NATIONAL HEALTHCARE CORPORATION

(Exact name of registrant as specified in its Charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

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

100 E. Vine Street
Murfreesboro, TN
37130

(Address of principal executive offices)
(Zip Code)

(615) 890-2020

Registrant's telephone number, including area code

Indicate by check mark whether the registrant: (1) Has filed all reports required to be filed by Section 13 or 15(d), of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes 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 whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated filer

Accelerated filer

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

Smaller reporting company

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

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

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Supplemental disclosure of non-cash investing and financing activities:

Buildings, personal property, and obligations recorded under capital lease agreements	\$ -	\$ 39,032
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The accompanying notes to interim condensed consolidated financial statements are an integral part of these consolidated statements.

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

FORM 10-K

(Mark One)

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

OR

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

Commission File No. 001-13489

NHC

NATIONAL HEALTHCARE CORPORATION

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

Delaware
(State of Incorporation)

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

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

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

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

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

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

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

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

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

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

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

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

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

Documents Incorporated by Reference

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

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Stockholders
National HealthCare Corporation

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

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

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

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

/s/ Ernst & Young LLP

Nashville, Tennessee
February 20, 2015

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

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

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

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

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

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

NATIONAL HEALTHCARE CORPORATION
Consolidated Balance Sheets
(in thousands)

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

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

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

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

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

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

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

NATIONAL HEALTHCARE CORPORATION
Consolidated Statements of Cash Flows
(continued)

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

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

Section C Economic Feasibility – 4

Historical & Projected Data Charts w/Assumptions

NHC HealthCare, Kingsport
8 Bed Conversion

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).

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

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

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

NHC HealthCare, Kingsport Addendum to Historical Data Chart

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

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

NHC Healthcare, Kingsport
8 Bed Conversion

PROJECTED DATA CHART

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

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

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

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

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

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

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

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

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

	PROJECTED OPERATING YEAR 2 ENDING										TOTAL (12)	
	PVT -PVT (1)	SP - Comp (2)	Semi PVT (3)	ICF Mcald (4)	MEDICARE (5)	Managed Care (6)	Hospice (7)	MEDICARE PART B (8)	MISC (9)	RESTRICTED GRANTS & DONATIONS (10)		NON NURSING HOME REVENUE (11)
1 ROUTINE SERVICES					332,540	380,120	-	-				712,660
2 PHYSICAL THERAPY					202,319	237,474						439,793
3 SPEECH THERAPY					12,881	18,558						31,439
4 OCCUPATIONAL THERAPY					183,631	216,692						400,323
5 MEDICAL SERVICES/TRANSPORTATION					3,075	653						3,728
6 MEDICAL SUPPLIES					7,377	7,945						15,322
7 PHARMACY					98,282	102,167						200,449
8 LAB					7,100	8,058						15,158
9 RADIOLOGY/MEDICAL SERVICES					5,139	6,017						11,156
10 OTHER - INHALATION THERAPY					4,686	5,428						10,114
11 UNRESTRICTED GRANTS/DONATIONS					17,491	13,865						31,356
12 OUTPATIENT CLINIC												
13 OTHER NURSING HOME REVENUE												
14 ALLOWANCE FOR BAD DEBTS					(6,012)	(6,473)			8,034			8,034
15 CONTRACTUAL ADJUSTMENTS					(273,369)	(349,716)						(12,485)
16 PRIVATE ROOM REVENUE												
17 TOTAL NURSING HOME REVENUE					595,140	640,786			8,034			1,243,960
18 TOTAL RESTRICTED GRANTS/DONATIONS												
19 NON NURSING HOME REVENUES												
20 TOTAL REVENUE					595,140	640,786			8,034			1,243,960
22 % OF NURSING HOME REVENUE					47.84%	51.51%			0.65%			100.00%
23 PATIENT DAYS					1,279	1,462						2,741
24 % OF PATIENT DAYS					46.67%	53.33%						100.00%
25 REVENUE PER PATIENT DAY					465.32	438.29			2.93			453.83
26 TOTAL NUMBER NURSING HOME BEDS												
27 TOTAL NUMBER OTHER BEDS												
28 AVERAGE OCCUPANCY NURSING HOME												8
29 AVERAGE OCCUPANCY OTHER												93.87%

NHC HealthCare, Kingsport
8 Bed Conversion

EFFECT ON PATIENT CHARGE RATES (TOTAL FACILITY)

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

NHC HealthCare, Kingsport
ESTIMATED PPS PAYMENTS

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

YEAR 1 = 1/17 - 12/17

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

YEAR 2 = 1/18 - 12/18

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

NHC HealthCare, Kingsport

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

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

Less: 2% Sequestration 449.52

NHC HealthCare, Kingsport
8 Bed Conversion
Expense Projection
Year 1

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

NHC HealthCare, Kingsport
8 Bed Conversion
Expense Projection
Year 1

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

NHC HealthCare, Kingsport
8 Bed Conversion
Expense Projection
Year 1

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

DAILY NURSING SERVICE STAFFING PATTERN

PERIOD: Dec-17

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

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

SHIFT	CATEGORY	NUMBER	HOURS	DAYS PER WEEK	AVERAGE HOURS PER DAY	AVERAGE HRS. BY CATEGORY	ETO & SICK %	ETO/SICK HOURS	TOTAL HOURS	AV. PAY RATE	DAILY TOTAL	AV. DAYS IN MONTH	MO. PAY CATEGORY
FIRST	DON	8.00	2,920				0.00%*			\$46.50		30	\$
	RN	6.92	2,524	86.44%			8.00%*			\$27.44		30	
	LPN			7			6.00%*			\$20.62		30	
	CNA	1.00	11.50	7	11.50	23.00	5.00%*	1.15	24.15	\$11.91	287.73	30	8,631.90
SECOND	RN			7			5.00%*			\$11.91		30	
	LPN			7			5.00%*			\$11.91		30	
	CNA	1.00	11.50	7	11.50		8.00%*			\$27.44		30	
	CNA			7			8.00%*			\$35.72		30	
THIRD	RN			7			5.00%*			\$11.91		30	
	LPN			7			5.00%*			\$11.91		30	
	CNA			7			8.00%*			\$27.44		30	
	CNA			7			8.00%*			\$35.72		30	
NURSING SUPPLY CLERK													
NURSING SECRETARY													
ALZHEIMER COORD													
MDS Coordinator													
ADON													
TOTAL HRS. SNF:													\$ 8,631.90
HRS. PPD. SNF:													\$

REHAB AIDES										TOTAL NURSING SALARIES	
CATEGORY	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
RN		100.00%				\$27.44				23.00	0.29
LPN		100.00%				\$20.62				23.99	23.99
CNA	2.80	100.00%	2.80	105.00	0.29	\$11.91	3.43	3.43	102.82	3.37	3.37
REHAB AIDES	2.80	100.00%	2.80	105.00	0.29					1.15	1.15
										(E) TOTAL ETO / SICK HOURS	24.44
										(F) TOTAL HRS. (C+E)	6.92
										(G) TOTAL PATIENT DAYS	3.53
										(H) TOTAL HRS. PPD.	\$ 8,734.72

NHC HealthCare, Kingsport

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

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

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

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

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

NHC HealthCare, Kingsport
8 Bed Conversion
Expense Projection
Year 2

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

NHC HealthCare, Kingsport
8 Bed Conversion
Expense Projection
Year 2

		Amount In \$'s	Amount Per Day
ROUTINE CENTRAL SUPPLIES		3,780.30	1.38
NON LEGEND DRUGS		6,833.63	2.49
SOCIAL SERVICE	FTE	107.69%	Rate
SALARIES - Director			
SALARIES - Assistant		-	-
PAYROLL TAXES		-	-
OTHER FRINGE		-	-
MANAGEMENT FEE		-	-
OTHER		7,531.53	2.75
TOTAL SOCIAL SERVICE		7,531.53	2.75
ACTIVITIES	FTE	RATE	
SALARIES - Director			
SALARIES - Assistant		-	-
PAYROLL TAXES		-	-
OTHER FRINGE		-	-
MANAGEMENT FEE		-	-
OTHER		1,890.15	0.69
TOTAL ACTIVITIES		1,890.15	0.69
DIETARY	FTE	Rate	
SALARIES - Reg Dietitian			
SALARIES - Supervisor		-	-
SALARIES - Cooks		-	-
SALARIES - Aides		-	-
ETO & SICK DAYS - 8%		-	-
PAYROLL TAXES		-	-
OTHER FRINGE		-	-
FOOD		29,079.27	10.61
MANAGEMENT FEE		-	-
SUPPLIES		2,180.95	0.80
OTHER		6,804.55	2.48
TOTAL DIETARY		38,064.76	13.89
PLANT OPERATIONS			
SALARIES - Supervisor			
SALARIES - Assistant		-	-
PAYROLL TAXES		-	-
OTHER FRINGE		-	-
UTILITIES		11,228.54	4.10
REPAIRS & MAINTENANCE		1,570.28	0.57
GROUND MAINTENANCE		-	-
MANAGEMENT FEE		-	-
OTHER		3,285.96	1.20
TOTAL PLANT OPERATIONS		16,084.78	5.87
HOUSEKEEPING			
SALARIES - Supervisor		-	-
SALARIES - Staff		-	-
ETO & SICK - 8%		-	-
PAYROLL TAXES		-	-
OTHER FRINGE		-	-
SUPPLIES		2,907.93	1.06
MANAGEMENT FEE		-	-
OTHER		1,250.41	0.46
TOTAL HOUSEKEEPING		4,158.34	1.52

NHC HealthCare, Kingsport
8 Bed Conversion
Expense Projection
Year 2

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

DAILY NURSING SERVICE STAFFING PATTERN

CENTER NHC HealthCare, Kingsport

PERIOD: Dec-18

SHIFT	CATEGORY	NUMBER	HOURS	DAYS PER WEEK	AVERAGE HOURS PER DAY	AVERAGE HRS. BY CATEGORY	ETO & SICK %	ETO/SICK HOURS	TOTAL HOURS	AV PAY RATE	DAILY TOTAL	AV. DAYS IN MONTH	MO. PAY CATEGORY
FIRST	DON	8.00	2,920	5	-	-	0.00%*	-	-	-	-	30	-
	RN	7.51	2,741	7	-	-	8.00%*	-	-	-	-	30	-
	LPN			7	-	-	6.00%*	-	-	-	-	30	-
	CNA			7	-	-	5.00%*	-	-	-	-	30	-
SECOND	RN			7	-	-		-	-	-	-		
	LPN			7	-	-		-	-	-	-		
	CNA			7	-	-		-	-	-	-		
THIRD	RN			7	-	-		-	-	-	-		
	LPN			7	-	-		-	-	-	-		
	CNA			7	-	-		-	-	-	-		
	NURSING SUPPLY CLERK			5	-	-	5.00%*	-	-	-	30	-	
	NURSING SECRETARY			5	-	-	5.00%*	-	-	-	30	-	
	ALZHEIMER DIRECTOR			5	-	-	0.00%*	-	-	-	30	-	
	ADON			5	-	-	8.00%*	-	-	-	30	-	
TOTAL HRS. ICF:													\$
HRS. PPD. ICF:													#DIV/0!

SHIFT	CATEGORY	NUMBER	HOURS	DAYS PER WEEK	AVERAGE HOURS PER DAY	AVERAGE HRS. BY CATEGORY	ETO & SICK %	ETO/SICK HOURS	TOTAL HOURS	AV. PAY RATE	DAILY TOTAL	AV. DAYS IN MONTH	MO. PAY CATEGORY
FIRST	DON	8.00	2,920	5	-	-	0.00%*	-	-	\$47.66	-	30	-
	RN	7.51	2,741	7	-	-	8.00%*	-	-	\$28.13	-	30	-
	LPN			7	-	-	6.00%*	-	-	\$21.14	-	30	-
	CNA	1.00	11.50	7	11.50	23.00	5.00%*	1.15	24.15	\$12.21	294.92	30	8,847.60
SECOND	RN			7	-	-		-	-	-	-		
	LPN			7	-	-		-	-	-	-		
	CNA	1.00	11.50	7	11.50								
THIRD	RN			7	-	-		-	-	-	-		
	LPN			7	-	-		-	-	-	-		
	CNA			7	-	-		-	-	-	-		
	NURSING SUPPLY CLERK			5	-	-	5.00%*	-	-	\$12.21	30	-	
	NURSING SECRETARY			5	-	-	5.00%*	-	-	\$12.21	30	-	
	MDS Coord			5	-	-	8.00%*	-	-	\$28.13	30	-	
	ALZHEIMER COORD			7	-	-	8.00%*	-	-	\$36.61	30	-	
	ADON			5	-	-	8.00%*	-	-	\$36.61	30	-	
TOTAL HRS. SNF:													\$
HRS. PPD. SNF:													3.96

REHAB AIDES										ORIENTATION		MO. PAY						
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.	TOTAL NURSING SALARIES
RN		100.00%	-	-	-	\$47.66	-	-	-	-	23.00	23.29	3.10	-	-	-	-	\$ 8,847.60
LPN		100.00%	-	-	-	\$28.13	-	-	30.00	-	-	-	-	30.00	30.00	-	-	\$ 23.00
CNA	2.80	100.00%	2.80	105.00	0.29	\$12.21	3.51	3.51	105.39	-	-	-	-	24.44	7.51	-	-	\$ 0.29
REHAB AIDES	2.80	100.00%	2.80	105.00	0.29		-	-	105.39	-	-	-	-	1.15	7.51	-	-	\$ 3.25
										TOTAL NURSING SALARIES		\$ 8,847.60						

NHC HealthCare, Kingsport

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

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

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

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

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

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

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

YEAR 2										
Payor/Care Level	Patient Admissions	Days of Care	Average Daily Census	Gross Revenue	Cont Adj/ Bad Debt	Net Revenue	% of Total Revenue	PPD		
Medicare/Skilled Care	51	1,279	3.50	874,521	(279,381)	595,140	47.84%	465.32	2.00%	
Managed Care/Tenn Care Skilled Care	41	1,462	4.01	996,977	(356,191)	640,786	51.51%	438.29	2.00%	
Private Pay - Skilled		-	-	-	-	-	0.00%			
Managed Care/Tenn Care ICF		-	-	-	-	-	0.00%			
Hospice		-	-	-	-	-	0.00%			
Private Pay - ICF	0	-	-	-	-	-	0.00%			
Medicare Part B		-	-	-	-	-	0.00%			
Other Revenue				8,034	-	8,034	0.65%	2.93	4.00%	
							100.00%			
Total - Skilled	92	2,741	7.51	1,871,498	(635,572)	1,235,926	99.35%	450.90	2.00%	
Total - ICF	0	-	-	-	-	-	0.00%			
Total Other Revenue				8,034	-	8,034	0.65%	2.93	4.00%	
Grand Total	92	2,741	7.51	1,879,532	(635,572)	1,243,960	100.00%	453.83	2.01%	

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

**NHC HealthCare, Kingsport
8 Bed Addition**

Staffing - Full Time Equivalent
Year 2

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

* Consultants

Section C – Economic Feasibility – 6b

Estimated Rates

Sullivan County 2014 Nursing Home Rates

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

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

Sullivan County 2017 Nursing Home Rates

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

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

Sullivan County 2018 Nursing Home Rates

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

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

Section III – Contribution of Orderly Development – 3

Salary Comparison

Nursing	2015 Wages	NHC HealthCare, Kingsport 2017 Average Wages
RN	\$24.80	\$27.44
LPN	\$16.42	\$20.62
CNA	\$10.81	\$11.91

Source: Tennessee Department of Labor & Workforce Development 2015 Occupational Employment and Wages
Kingsport-Bristol-Bristol, TN -VA MSA Healthcare Practitioners and Technical Operations

2015 KINGSPORT-BRISTOL, TN-VA MSA OCCUPATIONAL WAGES

JOB CODE	JOB TITLE	EMPLOYMENT	HRLY MEAN	ANNUAL MEAN	HRLY ENTRY	HRLY EXPER	RANGE OF WAGES		
							25%	median	75%
27-303	Public Relations Specialists	60	\$26.55	\$55,232	\$9.27	\$35.19	\$19,731	\$35,785	\$57,058
27-301	Radio and Television Announcers	50	\$23.20	\$48,257	\$16.16	\$26.72	\$37,679	\$43,123	\$47,640
27-302	Reporters and Correspondents	20	\$17.01	\$35,374	\$11.52	\$19.75	\$26,677	\$33,600	\$37,633
29-000	Healthcare Practitioners and Technical Occupations	8,530	\$31.15	\$64,783	\$14.20	\$39.62	\$34,457	\$46,574	\$67,626
29-909	Athletic Trainers	20	n/d	\$48,720	n/d	n/h	\$38,469	\$46,547	\$62,303
29-118	Audiologists	*	\$31.94	\$66,437	\$26.05	\$34.89	\$60,602	\$68,364	\$75,076
29-203	Cardiovascular Technologists and Technicians	*	\$23.61	\$49,119	\$17.30	\$26.77	\$40,300	\$48,751	\$57,779
29-101	Chiropractors	20	\$23.55	\$48,981	\$13.33	\$28.66	\$34,681	\$53,126	\$62,552
29-202	Dental Hygienists	170	\$28.15	\$58,560	\$19.42	\$32.52	\$46,166	\$61,288	\$71,532
29-102	Dentists, General	110	\$93.28	\$194,029	\$52.62	\$113.61	\$123,860	\$186,364	\$197,215
29-203	Diagnostic Medical Sonographers	100	\$25.67	\$53,397	\$19.16	\$28.93	\$44,044	\$53,261	\$61,923
29-103	Dietitians and Nutritionists	40	\$27.77	\$57,753	\$23.37	\$29.97	\$50,313	\$56,001	\$61,792
29-204	Emergency Medical Technicians and Paramedics	320	\$13.97	\$29,057	\$10.16	\$15.87	\$22,591	\$27,300	\$34,386
29-106	Family and General Practitioners	100	\$68.81	\$143,116	\$40.33	\$83.04	\$102,521	\$129,949	\$175,169
29-209	Health Technologists and Technicians, All Other	30	\$24.02	\$49,963	\$17.52	\$27.27	\$40,540	\$46,385	\$57,047
29-909	Healthcare Practitioners and Technical Workers, All Oth	90	\$20.49	\$42,616	\$11.21	\$25.13	\$25,964	\$42,443	\$56,261
29-209	Hearing Aid Specialists	*	\$27.42	\$57,026	\$16.69	\$32.78	\$36,736	\$65,651	\$71,703
29-106	Internists, General	70	\$95.84	\$199,339	\$61.03	\$113.24	\$140,994	\$183,035	\$198,811
29-206	Licensed Practical and Licensed Vocational Nurses	900	\$16.42	\$34,145	\$12.99	\$18.13	\$29,120	\$33,927	\$38,296
29-203	Magnetic Resonance Imaging Technologists	*	\$27.44	\$57,071	\$21.87	\$30.22	\$48,914	\$56,749	\$66,585
29-201	Medical and Clinical Laboratory Technicians	340	\$15.84	\$32,953	\$11.34	\$18.09	\$26,096	\$32,882	\$38,996
29-201	Medical and Clinical Laboratory Technologists	180	\$24.15	\$50,222	\$18.71	\$26.86	\$41,776	\$50,377	\$58,249
29-207	Medical Records and Health Information Technicians	170	\$16.47	\$34,253	\$12.43	\$18.48	\$27,581	\$32,936	\$38,730
29-203	Nuclear Medicine Technologists	*	\$28.62	\$59,524	\$24.61	\$30.62	\$53,502	\$59,840	\$68,094
29-115	Nurse Anesthetists	110	\$84.52	\$175,800	\$69.16	\$92.20	\$154,214	\$170,619	\$187,122
29-117	Nurse Practitioners	200	\$44.94	\$93,484	\$35.93	\$49.45	\$81,210	\$94,344	\$109,584
29-901	Occupational Health and Safety Specialists	90	\$30.13	\$62,677	\$22.45	\$33.98	\$50,194	\$58,548	\$72,248
29-901	Occupational Health and Safety Technicians	20	\$26.10	\$54,291	\$17.81	\$30.25	\$41,648	\$50,734	\$66,978
29-112	Occupational Therapists	70	\$38.92	\$80,954	\$27.88	\$44.44	\$68,191	\$82,540	\$93,906
29-205	Ophthalmic Medical Technicians	110	\$16.12	\$33,529	\$12.18	\$18.09	\$28,333	\$33,836	\$37,936
29-208	Opticians, Dispensing	80	\$17.08	\$35,526	\$12.36	\$19.44	\$28,936	\$35,374	\$42,226
29-104	Optometrists	30	\$57.06	\$118,678	\$28.17	\$71.50	\$83,767	\$110,048	\$127,993
29-105	Pharmacists	300	\$62.31	\$129,597	\$50.27	\$68.32	\$109,492	\$123,269	\$141,673
29-205	Pharmacy Technicians	650	\$12.96	\$26,959	\$10.17	\$14.36	\$22,588	\$26,438	\$30,267
29-112	Physical Therapists	150	\$39.95	\$83,102	\$29.50	\$45.18	\$70,429	\$84,929	\$97,261
29-107	Physician Assistants	60	\$47.41	\$98,605	\$35.00	\$53.61	\$77,183	\$89,531	\$129,881

2015 KINGSPORT-BRISTOL-BRISTOL, TN-VA MSA OCCUPATIONAL WAGES

JOB CODE	JOB TITLE	EMPLOYMENT	HRLY MEAN	ANNUAL MEAN	HRLY ENTRY	HRLY EXPER	RANGE OF WAGES		
							25%	median	75%
29-106	Physicians and Surgeons, All Other	280	\$106.59	\$221,711	\$75.64	n/h	\$181,425	\$193,330	\$195,532
29-112	Radiation Therapists	30	\$28.22	\$58,689	\$18.42	\$33.11	\$38,393	\$61,211	\$71,380
29-203	Radiologic Technologists and Technicians	200	\$22.09	\$45,946	\$17.88	\$24.19	\$39,291	\$44,971	\$52,723
29-114	Registered Nurses	2,600	\$24.80	\$51,584	\$19.26	\$27.57	\$42,737	\$49,900	\$59,786
29-112	Respiratory Therapists	210	\$22.01	\$45,773	\$17.74	\$24.14	\$39,154	\$45,052	\$52,182
29-205	Respiratory Therapy Technicians	*	\$18.25	\$37,967	\$14.34	\$20.21	\$31,587	\$40,003	\$44,512
29-112	Speech-Language Pathologists	80	\$27.21	\$56,599	\$18.68	\$31.48	\$44,008	\$54,639	\$70,110
29-106	Surgeons	50	\$132.78	\$276,186	n/d	n/h	\$196,568	\$196,568	\$208,000
29-205	Surgical Technologists	160	\$18.48	\$38,440	\$14.29	\$20.58	\$31,678	\$37,095	\$44,296
29-113	Veterinarians	70	\$37.78	\$78,585	\$16.21	\$48.57	\$49,701	\$59,895	\$85,953
29-205	Veterinary Technologists and Technicians	20	\$14.64	\$30,442	\$13.24	\$15.33	\$26,642	\$28,755	\$31,216
31-000	Healthcare Support Occupations	3,510	\$12.55	\$26,113	\$8.90	\$14.38	\$19,957	\$23,325	\$28,971
31-909	Dental Assistants	310	\$15.53	\$32,310	\$11.39	\$17.61	\$25,550	\$30,572	\$38,017
31-909	Healthcare Support Workers, All Other	50	\$19.17	\$39,884	\$11.48	\$23.02	\$28,494	\$42,554	\$49,589
31-101	Home Health Aides	300	\$9.83	\$20,439	\$8.14	\$10.67	\$17,466	\$19,456	\$23,024
31-909	Medical Assistants	590	\$12.94	\$26,912	\$10.14	\$14.34	\$22,682	\$26,318	\$29,925
31-909	Medical Equipment Preparers	30	\$12.39	\$25,781	\$9.73	\$13.73	\$21,563	\$25,116	\$29,174
31-909	Medical Transcriptionists	50	\$15.78	\$32,832	\$12.83	\$17.26	\$28,279	\$32,484	\$36,117
31-101	Nursing Aides, Orderlies, and Attendants	1,300	\$10.81	\$22,481	\$8.34	\$12.04	\$18,892	\$21,621	\$24,156
31-201	Occupational Therapist Assistants	30	\$27.24	\$56,670	\$24.44	\$28.65	\$52,169	\$56,688	\$61,239
31-101	Orderlies	*	\$8.71	\$18,108	\$8.08	\$9.02	\$16,666	\$18,024	\$19,381
31-909	Pharmacy Aides	*	\$9.99	\$20,788	\$8.15	\$10.92	\$17,920	\$20,480	\$23,441
31-909	Phlebotomists	240	\$13.14	\$27,330	\$10.19	\$14.61	\$22,293	\$26,389	\$32,329
31-202	Physical Therapist Aides	*	\$11.88	\$24,713	\$9.55	\$13.05	\$21,248	\$24,475	\$28,389
31-202	Physical Therapist Assistants	70	\$26.14	\$54,368	\$17.76	\$30.33	\$43,830	\$54,782	\$66,401
31-101	Psychiatric Aides	*	\$17.14	\$35,646	\$9.68	\$20.86	\$21,415	\$25,587	\$55,034
31-909	Veterinary Assistants and Laboratory Animal Caretakers	170	\$10.14	\$21,087	\$8.06	\$11.18	\$18,070	\$20,903	\$23,477
33-000	Protective Service Occupations	2,800	\$15.36	\$31,952	\$8.64	\$18.72	\$19,454	\$29,212	\$38,980
33-301	Correctional Officers and Jailers	260	\$15.29	\$31,807	\$13.05	\$16.41	\$27,932	\$31,726	\$35,557
33-909	Crossing Guards	30	\$9.78	\$20,342	\$8.51	\$10.42	\$19,098	\$20,955	\$22,633
33-302	Detectives and Criminal Investigators	40	\$32.84	\$68,302	\$18.59	\$39.96	\$41,227	\$51,190	\$95,572
33-201	Fire Fighters	220	\$15.09	\$31,390	\$9.97	\$17.65	\$22,966	\$28,946	\$37,212
33-102	First-Line Supervisors/Managers of Fire Fighting and Pre	70	\$21.03	\$43,751	\$14.31	\$24.40	\$32,381	\$38,732	\$47,537
33-101	First-Line Supervisors/Managers of Police and Detective	160	\$25.13	\$52,263	\$18.43	\$28.47	\$40,897	\$49,502	\$60,031
33-109	First-Line Supervisors/Managers, Protective Service Wor	50	\$17.07	\$35,500	\$13.12	\$19.04	\$27,001	\$29,772	\$38,228
33-909	Lifeguards, Ski Patrol, and Other Recreational Protective	130	\$8.46	\$17,588	\$8.07	\$8.65	\$16,472	\$17,651	\$18,829

Section C Economic Feasibility – 7(b)

Documentation of the most Recent License.

Board for Licensing Health Care Facilities



State of Tennessee

DEPARTMENT OF HEALTH

License No. 0000000401

No. Beds 0052

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

NHC HEALTHCARE KINGSPORT, LLC to conduct

and maintain a Nursing Home NHC HEALTHCARE KINGSPORT

Located at 2300 PAVILION DRIVE, KINGSPORT

County of SULLIVAN, Tennessee.

This license shall expire DECEMBER 02, 2016 and is subject

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

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

this 28TH day of SEPTEMBER, 2015.



By *James J. Davis, MPH*
DIRECTOR, DIVISION OF HEALTH CARE FACILITIES

By *[Signature]*
COMMISSIONER

Section C Economic Feasibility – 7(c)

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

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

PRINTED: 12/11/2015
FORM APPROVED
OMB NO. 0938-0391

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: 445517	(X2) MULTIPLE CONSTRUCTION A. BUILDING _____ B. WING _____	(X3) DATE SURVEY COMPLETED 12/09/2015
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NAME OF PROVIDER OR SUPPLIER NHC HEALTHCARE, KINGSPORT	STREET ADDRESS, CITY, STATE, ZIP CODE 2300 PAVILION DRIVE KINGSPORT, TN 37660
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(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE
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F 000	INITIAL COMMENTS	F 000		
F 203 SS=D	<p>483.12(a)(4)-(6) NOTICE REQUIREMENTS BEFORE TRANSFER/DISCHARGE</p> <p>Before a facility transfers or discharges a resident, the facility must notify the resident and, if known, a family member or legal representative of the resident of the transfer or discharge and the reasons for the move in writing and in a language and manner they understand; record the reasons in the resident's clinical record; and include in the notice the items described in paragraph (a)(6) of this section.</p> <p>Except as specified in paragraph (a)(5)(ii) and (a)(8) of this section, the notice of transfer or discharge required under paragraph (a)(4) of this section must be made by the facility at least 30 days before the resident is transferred or discharged.</p> <p>Notice may be made as soon as practicable before transfer or discharge when the health of individuals in the facility would be endangered under (a)(2)(iv) of this section; the resident's health improves sufficiently to allow a more immediate transfer or discharge, under paragraph (a)(2)(i) of this section; an immediate transfer or discharge is required by the resident's urgent medical needs, under paragraph (a)(2)(ii) of this section; or a resident has not resided in the facility for 30 days.</p>	F 203		

LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE <i>Mary D. Hulbeal</i>	TITLE <i>Administrative</i>	(X8) DATE <i>12/21/15</i>
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Any deficiency statement ending with an asterisk (*) denotes a deficiency which the institution may be excused from correcting providing it is determined that other safeguards provide sufficient protection to the patients. (See instructions.) Except for nursing homes, the findings stated above are disclosable 90 days following the date of survey whether or not a plan of correction is provided. For nursing homes, the above findings and plans of correction are disclosable 14 days following the date these documents are made available to the facility. If deficiencies are cited, an approved plan of correction is requisite to continued program participation.

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NAME OF PROVIDER OR SUPPLIER NHC HEALTHCARE, KINGSPORT			STREET ADDRESS, CITY, STATE, ZIP CODE 2300 PAVILION DRIVE KINGSPORT, TN 37660		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE	
F 203	Continued From page 1 The written notice specified in paragraph (a)(4) of this section must include the reason for transfer or discharge; the effective date of transfer or discharge; the location to which the resident is transferred or discharged; a statement that the resident has the right to appeal the action to the State; the name, address and telephone number of the State long term care ombudsman; for nursing facility residents with developmental disabilities, the mailing address and telephone number of the agency responsible for the protection and advocacy of developmentally disabled individuals established under Part C of the Developmental Disabilities Assistance and Bill of Rights Act; and for nursing facility residents who are mentally ill, the mailing address and telephone number of the agency responsible for the protection and advocacy of mentally ill individuals established under the Protection and Advocacy for Mentally Ill Individuals Act. This REQUIREMENT is not met as evidenced by: Based on review of facility policy, review of facility admission forms, and interview, the facility failed to give a 30 day notice of discharge to one Resident (#1) of 5 residents reviewed. The findings included: Review of facility policy, Admission/Transfers/Discharge, last revised on 3/4/15 revealed "...Admission is accomplished with the mutual agreement of the patient and the center...the Preadmission and Admission and Financial Agreement...details the terms of the contract between the center and the patient and signed by both parties, must be completed prior to the arrival/admission of the patient..."	F 203			

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

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NAME OF PROVIDER OR SUPPLIER NHC HEALTHCARE, KINGSPORT		STREET ADDRESS, CITY, STATE, ZIP CODE 2300 PAVILION DRIVE KINGSPORT, TN 37660		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE
F 203	<p>Continued From page 2</p> <p>Review of facility document, Admission Documents...Preadmission Agreement, last revised 10/2014 revealed "...this agreement can be terminated by Patient upon the giving of notice to the Center and this agreement can be terminated by Center upon the giving of 30 days written notice to Patient..."</p> <p>Review of facility document, Admission and Financial Agreement, last revised 7/2015 revealed "...Agreement Termination: This agreement can be terminated by Patient upon the giving of notice to the Center and this agreement can be terminated by Center upon the giving of 30 days written notice to Patient...Acknowledgement: Patient and other parties signing this agreement have reviewed this ADMISSION AND FINANCIAL AGREEMENT, have had opportunity to ask questions of Center personnel about the agreement and understand that admission to this Center constitutes agreement to be bound by said ADMISSION AND FINANCIAL AGREEMENT..."</p> <p>Interview with the Facility Administrator on 12/8/15 at 12:57 PM, in the conference room revealed "...we started the financial process...we hadn't even seen her [resident]...we learned our lesson...everyone we admit from [named rehabilitation hospital] we do an onsite visit with now...going on what [rehabilitation hospital] told us we were going to admit her..." Continued interview revealed the facility "...shredded the admission paperwork...when he [resident's husband] came in to do the paperwork is when we found out about her medications...we sent a list to the pharmacy and found out her MS [multiple sclerosis] medication was \$8000.00 per</p>	F 203		

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NAME OF PROVIDER OR SUPPLIER NHC HEALTHCARE, KINGSPORT			STREET ADDRESS, CITY, STATE, ZIP CODE 2300 PAVILION DRIVE KINGSPORT, TN 37660		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE	
F 203	<p>Continued From page 3</p> <p>month...he offered to provide her medication but we would have to provide...with skilled care the meds would be my cost...we couldn't admit her because we couldn't meet her needs...it wasn't because of her meds..."</p> <p>Interview with the Senior Regional Vice-President on 12/8/15 at 12:35 PM, in the Administrator's office revealed "...she [resident] had fractured her ankle in October...in March or April she still wasn't able to walk...we couldn't meet her needs...they have to be able to do therapy and she couldn't...she wasn't going to get better..."</p> <p>Telephone interview with the resident's husband on 12/9/15 at 8:43 AM, revealed "...I filled out the [admission] paperwork and had signed it...they had assigned her a room...I told them about her medications...they told me they had checked on the cost already and it was \$500.00...I told them that must be per shot and she [admission coordinator] said 'what'...I said it costs more than that...she checked again and came back in the room and said you are right it's \$8000.00 a month...she told me that she talked to the administrator and corporate and they said they couldn't take her because of her medications being too expensive...don't remember what the girls [admission coordinator] name is...I actually went back and saw the room...they gave me the room number...I did the paperwork there and signed it...they took the paperwork and didn't give it back to me..."</p> <p>Interview with the Administrator on 12/9/15 at 9:53 AM, in the conference room confirmed "...husband came in to sign paperwork to admit...he signed the contracts...first one is giving us permission for admission, treat, and bill</p>	F 203	<p>F 203</p> <p>Patlent number one was never admitted to the facility. Patient number one was not denied admission to the facility due to medication costs. Patient was not admitted to facility related to she was at her prior baseline level of functioning.</p> <p>No other residents have been affected by this practice.</p> <p>To ensure this practice does not recur an admisssion acknowledgement agreement was added to the admission packet which is signed by potential patient and / or family members and a facility representative prior to admission to the facilty. The admission acknowledgement agreement explains that completion of the required admission paperwork may not ensure admission to the facility.</p> <p>Administrator will monitor admission paperwork for completion of the admission acknowledgement agreement for any admission paperwork completed. The admnistrator will report these findings to the QA committee for three months.</p>		12/15/15

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NAME OF PROVIDER OR SUPPLIER NHC HEALTHCARE, KINGSPORT	STREET ADDRESS, CITY, STATE, ZIP CODE 2300 PAVILION DRIVE KINGSPORT, TN 37660
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(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE
F 203	Continued From page 4 insurance...second one is financial..." Further interview confirmed the admission paperwork does not contain a disclosure statement advising the resident the admission could be denied after the paperwork is complete.	F 203		
F 356 SS=D	<p>483.30(e) POSTED NURSE STAFFING INFORMATION</p> <p>The facility must post the following information on a daily basis:</p> <ul style="list-style-type: none"> o Facility name. o The current date. o The total number and the actual hours worked by the following categories of licensed and unlicensed nursing staff directly responsible for resident care per shift: <ul style="list-style-type: none"> - Registered nurses. - Licensed practical nurses or licensed vocational nurses (as defined under State law). - Certified nurse aides. o Resident census. <p>The facility must post the nurse staffing data specified above on a daily basis at the beginning of each shift. Data must be posted as follows:</p> <ul style="list-style-type: none"> o Clear and readable format. o In a prominent place readily accessible to residents and visitors. <p>The facility must, upon oral or written request, make nurse staffing data available to the public for review at a cost not to exceed the community standard.</p> <p>The facility must maintain the posted daily nurse staffing data for a minimum of 18 months, or as required by State law, whichever is greater.</p>	F 356	<p>F 356</p> <p>The daily nurse staffing sheet was moved to the front lobby to ensure visibility to the public.</p> <p>No residents were affected by this practice.</p> <p>To prevent this practice from recurring the daily nurse staffing sheet was relocated to the front lobby on the receptionist desk for public viewing</p> <p>The receptionist will verify daily that the nurse staffing sheet is current and located on their desk for public viewing.</p>	12/11/15

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NAME OF PROVIDER OR SUPPLIER NHC HEALTHCARE, KINGSPORT	STREET ADDRESS, CITY, STATE, ZIP CODE 2300 PAVILION DRIVE KINGSPORT, TN 37660
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(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE
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F 356	Continued From page 5 This REQUIREMENT is not met as evidenced by: Based on observation and interview, the facility failed to post staffing in a public area. The findings included: Observation on 12/7/15 at 10:30 AM revealed the staffing schedule was located at the North hall Nurse's station turned upside down not visible to the public. Interview with the Director of Nursing on 12/7/15 at 10:30 AM, at the North hall Nurse's station confirmed the staffing was not posted in a place visible to the public.	F 356		
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Division of Health Care Facilities

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: TN8212	(X2) MULTIPLE CONSTRUCTION A. BUILDING: _____ B. WING _____	(X3) DATE SURVEY COMPLETED 12/09/2015
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NAME OF PROVIDER OR SUPPLIER NHC HEALTHCARE, KINGSPORT	STREET ADDRESS, CITY, STATE, ZIP CODE 2300 PAVILION DRIVE KINGSPORT, TN 37660
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(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETE DATE
N 000	<p>Initial Comments</p> <p>A licensure survey and complaint investigation #36423, were completed on December 7-9, 2015, at NHC Healthcare, Kingsport. No deficiencies were cited under Chapter 1200-8-6, Standards for Nursing Homes.</p>	N 000		

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

Mary D. Hubbard

TITLE

Administrator

(X6) DATE

12/21/15

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

PRINTED: 12/09/2015
FORM APPROVED
OMB NO. 0938-0391

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: 445517	(X2) MULTIPLE CONSTRUCTION A. BUILDING 01 - MAIN B. WING _____	(X3) DATE SURVEY COMPLETED 12/07/2015
NAME OF PROVIDER OR SUPPLIER NHC HEALTHCARE, KINGSPORT			STREET ADDRESS, CITY, STATE, ZIP CODE 2300 PAVILION DRIVE KINGSPORT, TN 37660	
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE
K 029 SS=F	<p>NFPA 101 LIFE SAFETY CODE STANDARD</p> <p>Hazardous areas are protected in accordance with 8.4. The areas are enclosed with a one hour fire-rated barrier, with a 3/4 hour fire-rated door, without windows (in accordance with 8.4). Doors are self-closing or automatic closing in accordance with 7.2.1.8. 18.3.2.1</p> <p>This STANDARD is not met as evidenced by: Based on observation, the facility failed to provide hazardous areas with 1 hour fire rated protection.</p> <p>The findings include:</p> <p>Observation on 12/07/15 between 11:45 AM and 2:00 PM revealed the following hazardous areas were not protected correctly:</p> <ol style="list-style-type: none"> 200 hall lift storage room is storing boxes and combustible material. This room is not 1 hour fire rated construction and is not provided with at least a 45 minute fire rated fire door. Medical records office has combustible storage of loose leaf file folders. This room is not 1 hour fire rated construction and is not provided with at least a 45 minute fire rated fire door. Soiled linen room by nursing station 1 is not 1 hour fire rated construction and is not provided with at least a 45 minute fire rated fire door. Soiled linen room by nursing station 2 is not 1 hour fire rated construction and is not provided with at least a 45 minute fire rated fire door. <p>These findings were verified by the maintenance director and acknowledged by the administrator during the exit conference on 12/07/15.</p>	K 029	<ol style="list-style-type: none"> 200 lift storage room will not be used for combustible storage. Other items identified will have plans submitted to the State and will comply with one hour fire rated barrier construction. Soiled linen room by nursing station 1 will be relocated to D32 which meets 1 hour fire rated barrier as approved on the initial plans. Soiled lining room by nursing station 2 will comply with 1 hour fire rated barrier construction. <p>Maintenance Director will conduct quarterly rounds to verify proper rooms are being utilized according to plans.</p>	3/9/16

LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE: Mary D. Hubbard TITLE: Administrator (X8) DATE: 12/21/15

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

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

PRINTED: 12/09/2015
FORM APPROVED
OMB NO. 0938-0391

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: 445517	(X2) MULTIPLE CONSTRUCTION A. BUILDING 01 - MAIN B. WING _____	(X3) DATE SURVEY COMPLETED 12/07/2015
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NAME OF PROVIDER OR SUPPLIER NHC HEALTHCARE, KINGSPORT	STREET ADDRESS, CITY, STATE, ZIP CODE 2300 PAVILION DRIVE KINGSPORT, TN 37660
--	---

(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X6) COMPLETION DATE

Division of Health Care Facilities

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: TN8212	(X2) MULTIPLE CONSTRUCTION A. BUILDING: 01 - MAIN B. WING _____	(X3) DATE SURVEY COMPLETED 12/07/2015
--	--	---	--

NAME OF PROVIDER OR SUPPLIER NHC HEALTHCARE, KINGSPORT	STREET ADDRESS, CITY, STATE, ZIP CODE 2300 PAVILION DRIVE KINGSPORT, TN 37660
---	---

(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETE DATE
N 002	<p>1200-8-6 No Deficiencies</p> <p>This Rule is not met as evidenced by: During the life safety portion of the survey conducted on 12/07/15, no deficiencies were cited under 1200-08-06, Standards for Nursing Homes.</p>	N 002		

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

Mary D Hubbard

TITLE

Administratn

(X6) DATE

12/21/15

NHC Kingsport
HealthCare

12/21/15

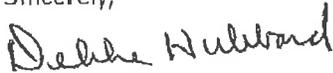
Dear Nelson Rodriguez:

This letter is in reference to tag number K 029 SS=F at NHC Kingsport as cited on our annual survey completed December 7-9. NHC plans to bring the following rooms up to a one hour fire rated barrier construction.

1. Medical Records Office
2. Soiled linen room by Nursing Station 1.
3. Soiled linen room by Nursing Station 2.

We are asking for a ninety (90) day extension to complete work.
Plans will be submitted to the State (Bill Harmon) in January.
Plans will be approved by end of January.
Contractor will begin work first of February.
Work to be completed by March 9th.

Sincerely,



Debbie Hubbard
Administrator NHC Kingsport

Attachment – Proof of Publication

December 28, 2015

Public Notices, Legal Advertising
Kingsport Times News
701 Lynn Garden Dr.
Kingsport, TN 37662

Fax: 423-392-1385
PHONE: 423-392-1311
Email: news@timesnew.net

Dear Public Notices:

Please publish the attached document according to the instructions at the top of the attached document page on Friday the eighth (8) of January 2016. Also, please send us a copy of the notice and proof of publication (i.e. notary of publication). Please bill us for any cost incurred with regard to this request. Please send all correspondence to my attention at:

Bruce K. Duncan, National HealthCare Corporation, City Center, 100 Vine Street, 12th Floor, Murfreesboro, TN 37130.

I will need the proof of publication no later than January 12th (FAX 615-890-0123), and the original mailed to me on the same day. Thank you for your prompt attention to this matter.

If you have any questions please do not hesitate to call me at 615-890-2020.

Sincerely,

NATIONAL HEALTHCARE CORPORATION



Bruce K. Duncan, Assistant Vice President
Director of Health Planning

Attachment



**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

PUBLICATION OF INTENT

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

NOTIFICATION OF INTENT TO APPLY FOR A CERTIFICATE OF NEED

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

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

owned by: NHC HealthCare/Kingsport, LLC with an ownership type of Limited Liability Company

and to be managed by: NHC HealthCare/Kingsport, LLC intends to file an application for a Certificate of Need for: the addition of 8 new Medicare certified SNF nursing home beds to the existing 52 bed nursing home called NHC HealthCare, Kingsport, located at 2300 Pavilion Dr., Kingsport (Sullivan Co.) TN 37660-4622. NHC HealthCare, Kingsport is certified for Medicare participation. The estimated project costs is \$109,800.

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

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

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

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

Upon written request by interested parties, a local Fact-Finding public hearing shall be conducted. Written requests for hearing should be sent to:

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

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

HF50 (Revised 01/09/2013 - all forms prior to this date are obsolete)

Attachment – Letter of Intent



**State of Tennessee
Health Services and Development Agency**

Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, TN 37243
www.tn.gov/hsda

Phone: 615-741-2364

Fax: 615-741-9884

LETTER OF INTENT

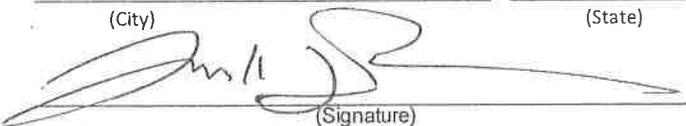
The Publication of Intent is to be published in the Kingsport Times-News which is a newspaper
(Name of Newspaper)
of general circulation in Sullivan, Tennessee, on or before January 8, 2016,
(County) (Month / day) (Year)
for one day.

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

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

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

The contact person for this project is Bruce K. Duncan Assistant Vice President
(Contact Name) (Title)
who may be reached at: National HealthCare Corporation 100 Vine Street, 12th Floor
(Company Name) (Address)

Murfreesboro Tennessee 37130 615 / 890-2020
(City) (State) (Zip Code) (Area Code / Phone Number)
 1/5/16 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.

HF51 (Revised 01/09/2013 – all forms prior to this date are obsolete)

Attachment – Letters of Support

DAVID P. ROE
1ST DISTRICT, TENNESSEE

EDUCATION AND THE WORKFORCE
CHAIRMAN, SUBCOMMITTEE ON
HEALTH, EMPLOYMENT, LABOR, AND PENSIONS
VETERANS' AFFAIRS

Congress of the United States
House of Representatives
Washington, DC 20515-4201

COUNTIES:
CARTER
COCKE
GREENE
HAMBLLEN
HANCOCK
HAWKINS
JEFFERSON
JOHNSON
SEVIER
SULLIVAN
UNICOI
WASHINGTON

December 21, 2015

Ms. Melanie Hill
Executive Director
State of Tennessee
Health Services and Development Agency
502 Deaderick Street
Ninth Floor
Nashville, TN 37243-0001

Dear Ms. Hill,

Please accept this letter as my support for NHC HealthCare, Kingsport, and their application for a Certificate of Need for an eight (8) bed addition. NHC is filing this CON request based on the bed need projection for additional skilled beds in Sullivan County. We need to meet the demands of our senior population with quality care, and NHC is a great resource.

NHC is to be commended for their care and for their future commitment of creating more housing to meet the aging senior's needs. I wish NHC well in the fulfillment of its mission of care for the elderly.

Sincerely,



David P. Roe
Member of Congress TN-01

DPR/sh

KINGSFORT HIGHER EDUCATION CENTER
205 REVERE STREET
KINGSFORT, TN 37660
PHONE: 423-247-8161
FAX: 423-247-0119

WASHINGTON
407 CANNON HOUSE OFFICE BUILDING
WASHINGTON, DC 20515
PHONE: 202-225-6356
FAX: 202-225-6714

ON THE CAMPUS OF WALTERS STATE
1609 WALTERS STATE CC DRIVE, SUITE 4
MORRISTOWN, TN 37813
PHONE: 423-254-1400
FAX: 423-254-1403

PRINTED ON RECYCLED PAPER

www.roe.house.gov



City Hall
Office of the Mayor
225 West Center Street
Kingsport, TN 37660-4265
Phone: 423/229-9412
Fax: 423/229-9350
www.kingsporttn.gov

December 23, 2015

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

Dear Ms. Hill:

This letter expresses my support for NHC HealthCare, Kingsport's CON application for the addition of eight (8) skilled beds. NHC is filing its CON based on Sullivan County's projected skilled bed need. I believe these additional skilled nursing beds are needed to accommodate our county's growing aging population. Even today, skilled referrals can be difficult to place and often require patient delays in our acute care facilities.

Given NHC's excellent history, these residents will receive the highest quality of care. I ask you to favorably consider this proposal.

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

Sincerely,

A handwritten signature in blue ink that reads "John Clark". The signature is fluid and cursive.

John Clark
Mayor
City of Kingsport



KINGSPORT
Chamber of Commerce

Partnership for Progress

December 14, 2015

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

Dear Ms. Hill:

I am writing to express The Kingsport Chamber's support for NHC HealthCare, Certificate of Need (CON) application for the addition of eight skilled beds in our area. As a business organization representing nearly 1,000 businesses, we believe these additional skilled nursing beds are needed to accommodate our county's growing aging population and this application is in the best interest of our community.

This facility has already established itself with a reputation for quality care in our community. NHC is to be commended for their commitment to creating more housing to meet the aging senior's needs. I wish NHC well in the fulfillment of its mission of care for the elderly.

The Kingsport Chamber encourages you to support NHC HealthCare's CON application. Thank you for your service to our state and for your consideration on this matter. Let's continue to make Tennessee the most business friendly state in the country. If you have any questions, please do not hesitate to contact me.

The **Kingsport Chamber** is a private, non-profit business organization composed of nearly 1,000 members. The Kingsport Chamber's mission is to utilize resources and focus efforts on enhancing a strong and viable business environment for the Kingsport area.

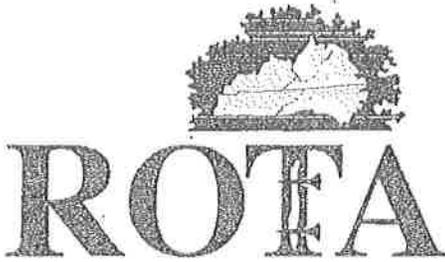
Respectfully,



Miles Burdine
President & CEO
Kingsport Chamber

KINGSPORT CHAMBER OF COMMERCE PROGRAMS

Communications & Development • Education & Workforce Development • Fun Fest • Government Relations • Keep Kingsport Beautiful
Kingsport Convention & Visitors Bureau (KCVB) • Kingsport Leadership Programs: ENCORE, Leadership Kingsport, S.H.O.U.T.!! Youth Leadership
Kingsport Office of Small Business Development & Entrepreneurship (KOSBE) • Membership • Move to Kingsport



**Regional Orthopaedic
Trauma Associates**

117 West Sevier St., Suite 200
Kingsport, TN 37660
Phone 423-245-5540
Fax: 423-2828-9576

December 2, 2015

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

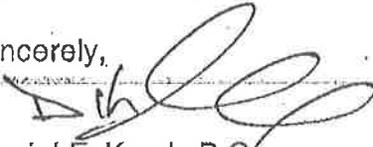
Dear Ms. Hill:

This letter expresses my support for NHC HealthCare, Kingsport's CON application for the addition of eight (8) skilled beds. NHC is filing its CON based on Sullivan County's projected skilled bed need. I am a physician practicing in Sullivan County and given my experience in the local market, I believe these additional skilled nursing beds are needed to accommodate our county's growing aging population. Even today, skilled referrals can be difficult to place and often require patient delays in our acute care facilities.

Given NHC's excellent history, these residents will receive the highest quality of care. I ask you to favorably consider this proposal.

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

Sincerely,



Daniel E. Krenk, D.O.
Director of Orthopedic Trauma
Orthopedic Residency Program Director
Holston Valley Medical Center
Wellmont Health System

December 2, 2015

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

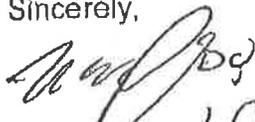
Dear Ms. Hill:

This letter expresses my support for NHC HealthCare, Kingsport's CON application for the addition of eight (8) skilled beds. NHC is filing its CON based on Sullivan County's projected skilled bed need. I am a physician practicing in Sullivan County and given my experience in the local market, I believe these additional skilled nursing beds are needed to accommodate our county's growing aging population. Even today, skilled referrals can be difficult to place and often require patient delays in our acute care facilities.

Given NHC's excellent history, these residents will receive the highest quality of care. I ask you to favorably consider this proposal.

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

Sincerely,


Brian Shuford, D.O.



State of Tennessee
Health Services and Development Agency

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

February 3, 2016

Bruce Duncan
National HealthCare Corporation
100 Vine Street, 12th Floor
Murfreesboro, TN 37130

RE: Certificate of Need Application -- NHC HealthCare Kingsport, LLC - CN1601-003
The addition of 8 new Medicare only certified SNF nursing home beds to the existing 52-Medicare only 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 estimated project cost is \$109,800. These 8 additional beds are subject to the 2015-2016 125 Nursing Home Bed Pool.

Dear Mr. Duncan:

This is to acknowledge the receipt of supplemental information to your application for a Certificate of Need. Please be advised that your application is now considered to be complete by this office.

Your application is being forwarded to Trent Sansing at the Tennessee Department of Health for Certificate of Need review by the Division of Policy, Planning and Assessment. You may be contacted by Mr. Sansing or someone from his office for additional clarification while the application is under review by the Department. Mr. Sansing's contact information is Trent.Sansing@tn.gov or 615-253-4702.

In accordance with Tennessee Code Annotated, §68-11-1601, et seq., as amended by Public Chapter 780, the 60-day review cycle for this project will begin on February 1, 2016.. The first sixty (60) days of the cycle are assigned to the Department of Health, during which time a public hearing may be held on your application. You will be contacted by a representative from this Agency to establish the date, time and place of the hearing should one be requested. At the end of the sixty (60) day period, a written report from the Department of Health or its representative will be forwarded to this office for Agency review within the thirty (30)-day period immediately following. You will receive a copy of their findings. The Health Services and Development Agency will review your application on April 27, 2016.

Mr. Duncan
February 3, 2016
Page 2

Any communication regarding projects under consideration by the Health Services and Development Agency shall be in accordance with T.C.A. § 68-11-1607(d):

- (2) No communications are permitted with the members of the agency once the Letter of Intent initiating the application process is filed with the agency. Communications between agency members and agency staff shall not be prohibited. Any communication received by an agency member from a person unrelated to the applicant or party opposing the application shall be reported to the Executive Director and a written summary of such communication shall be made part of the certificate of need file.
- (3) All communications between the contact person or legal counsel for the applicant and the Executive Director or agency staff after an application is deemed complete and placed in the review cycle are prohibited unless submitted in writing or confirmed in writing and made part of the certificate of need application file. Communications for the purposes of clarification of facts and issues that may arise after an application has been deemed complete and initiated by the Executive Director or agency staff are not prohibited.

Should you have questions or require additional information, please contact me.

Sincerely,



Melanie M. Hill
Executive Director

cc: Trent Sansing, TDH/Health Statistics, PPA



State of Tennessee

Health Services and Development Agency

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

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

MEMORANDUM

TO: Trent Sansing, CON Director
Office of Policy, Planning and Assessment
Division of Health Statistics
Andrew Johnson Tower, 2nd Floor
710 James Robertson Parkway
Nashville, Tennessee 37243

FROM: Melanie M. Hill
Executive Director

DATE: February 3, 2016

RE: Certificate of Need Application
NHC HealthCare Kingsport, LLC - CN1601-003

Please find enclosed an application for a Certificate of Need for the above-referenced project.

This application has undergone initial review by this office and has been deemed complete. It is being forwarded to your agency for a sixty (60) day review period to begin on February 1, 2016 and end on April 1, 2016.

Should there be any questions regarding this application or the review cycle, please contact this office.

Enclosure

cc: Bruce Duncan



**State of Tennessee
Health Services and Development Agency**

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

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

JAN 7 '16 9:11:27

LETTER OF INTENT

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

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

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

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

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

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

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


(Signature)

1/5/16
(Date)

bduncan@nhccare.com
(E-mail Address)

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

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

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

Supplemental #1
-ORIGINAL-

NHC HealthCare Kingsport

CN1601-003

NHC

NATIONAL HEALTHCARE CORPORATION

SUPPLEMENTAL #1

January 26, 2016

10:54 am

JAN 26 '16 AM 10:54

January 25, 2016

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

RE: Certificate of Need Application CN1601-003 (Omission Response) Sullivan
County, TN – NHC HealthCare, Kingsport

Dear Mr. Grimm:

Enclosed please find the additional information to the above referenced CON
application and supplemental request. This information has been submitted in triplicate

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

Sincerely,

NATIONAL HEALTHCARE CORPORATION



Bruce K. Duncan
Assistant Vice President & Authorized Representative for CN1601-003

Enclosure

January 26, 2016

10:54 am

OMISSION RESPONSES

TO

NHC HEALTHCARE/KINGSPORT, LLC CON APPLICATION FOR:

NHC HEALTHCARE, KINGSPORT

8 BED NURSING HOME ADDITION

SULLIVAN COUNTY

January 25, 2016

ATTN: MR. JEFF GRIMM, HEALTH SERVICES EXAMINER

January 26, 2016

10:54 am

1. Section A, Applicant Profile, Item 4 (Owner)

The response with attachment containing locations of NHC nursing homes in Tennessee and other states is noted. Review of HSDA records revealed The Health Center of Nashville, CN1107AME, has submitted a request for an extension of the expiration date (from May 1, 2016 to Oct 1, 2016) that will be heard at the January 27, 2016 Agency meeting. Please provide an overview with progress update for the project and document same with a copy of an Annual Progress Report addressed to the attention of Alecia Craighead, Stat III, HSDA. If any other CON projects remain in progress, please identify by providing a brief progress update for same.

Please see the attached Annual Progress Report for The Health Center of Nashville, CN1107AME, which was also filed with Ms. Craighead. In addition, please see the recently filed agency request for an extension of the same project.

January 25, 2016

Alecia L. Craighead
Statistical Analyst
Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, TN 37243

Re: NHC Place at the Trace
Annual Progress Report
CON # CN1107-02AME

Dear Ms. Craighead:

Pursuant to the Agency's requirement for an Annual Progress Report, please find the attached Report for NHC Place at the Trace located in Bellevue, Tennessee. Please contact me if you have any questions regarding the contents of this document. Thank you for your time and attention to this matter.

NATIONAL HEALTHCARE CORPORATION

Sincerely yours,



Thomas B. Campbell, CCIM
Director of Development

c. B. Duncan



**STATE OF TENNESSEE
HEALTH SERVICES AND DEVELOPMENT AGENCY**

500 Deaderick Street, Suite 850
Nashville, TN 37243
615/741-2364

**ANNUAL PROGRESS REPORT
ANNUAL REVIEW FOLLOWING CERTIFICATION**

Project Name: NHC Place at the Trace Certificate of Need #: CN 1107-024 AME

Legal Owner: The Health Center Of Nashville, LLC Approval Date: 9-28-2011

Expiration Date: 5-1-2016

Project Description: A 90 bed nursing home located at 8353 Highway 100, Bellevue, TN.

******PLEASE SUBMIT EVIDENCE TO SUPPORT EACH ANSWER******

In a brief narrative, please describe the current stage of completion for the project (use another sheet of paper if necessary). **Please note that this report will not be considered complete without this information.**

A. CONSTRUCTION PROJECTS

May 30, 2016

1. Anticipated date of project completion. _____
2. Provide written confirmation from the contractor documenting the stage of construction at the current time.
3. If proposed construction costs have increased over ten (10%) percent please provide information as an attachment to this form. Please note that such an overrun could require additional action before the Agency.

B. NON-CONSTRUCTION PROJECTS

1. Anticipated date of service implementation, acquisition or operation of the facility or equipment as certified.

2. Provide written confirmation from the institutional representative verifying the occupancy/opening date for the service, equipment, or facility.

Thomas B. Campbell
Signature of Authorized Agent or Chief Operating Officer

January 25, 2016
Date

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

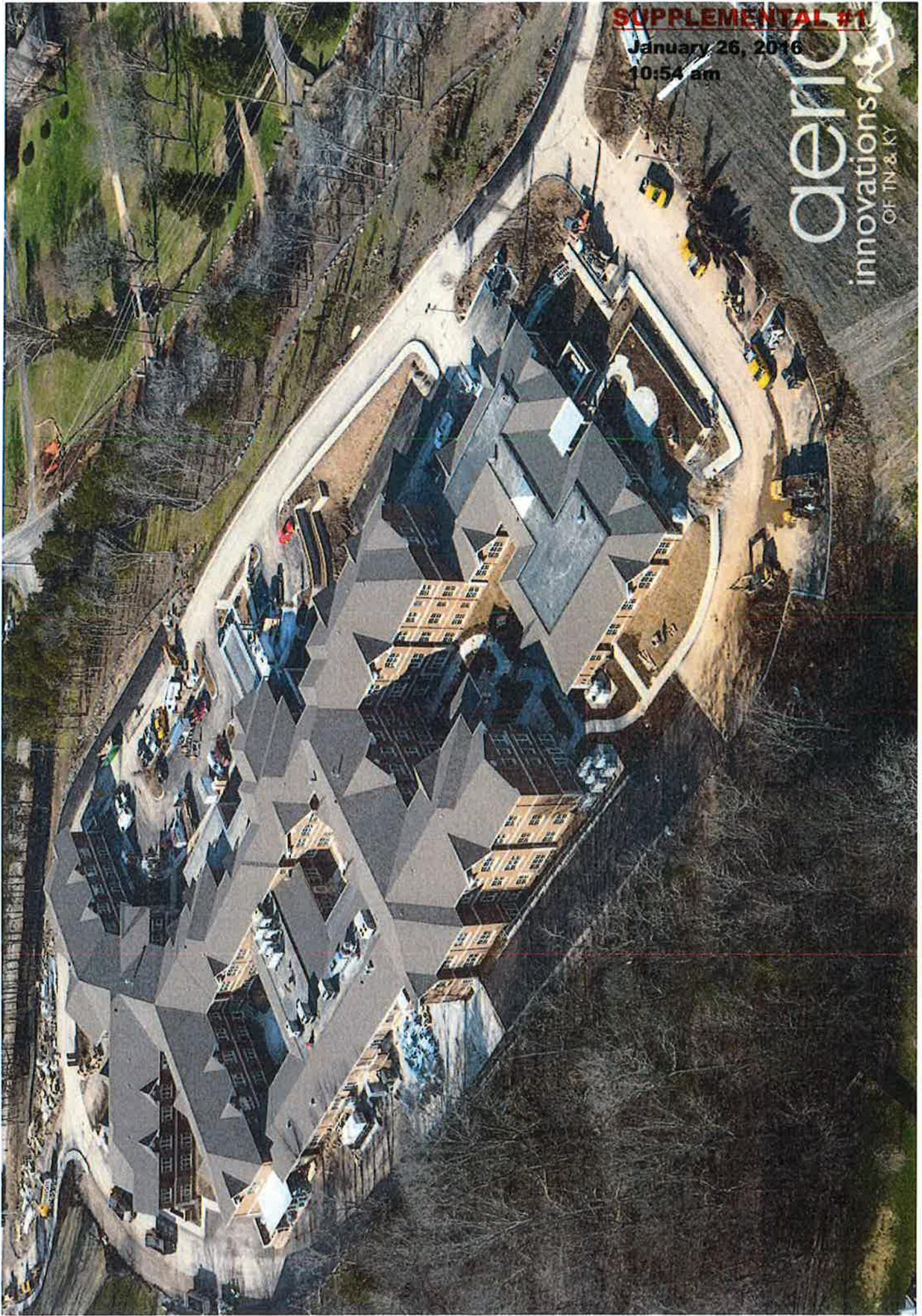
NHC Place at the Trace
90 Bed Nursing Home

Legal Owner: The Health Center of Nashville, LLC
CON Number: CN 107-024AME

The subject CON project is approximately 85% complete at this stage. The exterior envelope (foundation, slab, walls, windows, doors, and roof) is completed. The contractor is completing interior dry wall, fixture trim out, finishes, casework, and wrapping up systems. The site has the majority of its utilities installed, driveways and parking are in place with asphalt base course, and landscaping efforts have begun. The building is entering the final stages of completion. The facilities expected completion date is now May 30, 2016. Several photos documenting progress are attached as back up for this report.

NHC has expended over \$15 million of the projected \$21.5 million budget for the project. A copy of the contractor's last pay application is attached. Please note that the scope of construction includes BOTH the construction of a SNF and ALF. The construction costs will be allocated between projects for the Final Report.

The project is within budget and its scope/programs are consistent with the CON's approval. The building is behind schedule by 45 days because construction was stopped temporarily due to required CMS plan changes. Work on the refined plans is underway at the moment. A CON deadline extension request has been submitted and is under review by the Agency at this time.



SUPPLEMENTAL #1

January 26, 2016



J+B No. 1121
Page 1 of 11

The Place at the Trace
12-29-15

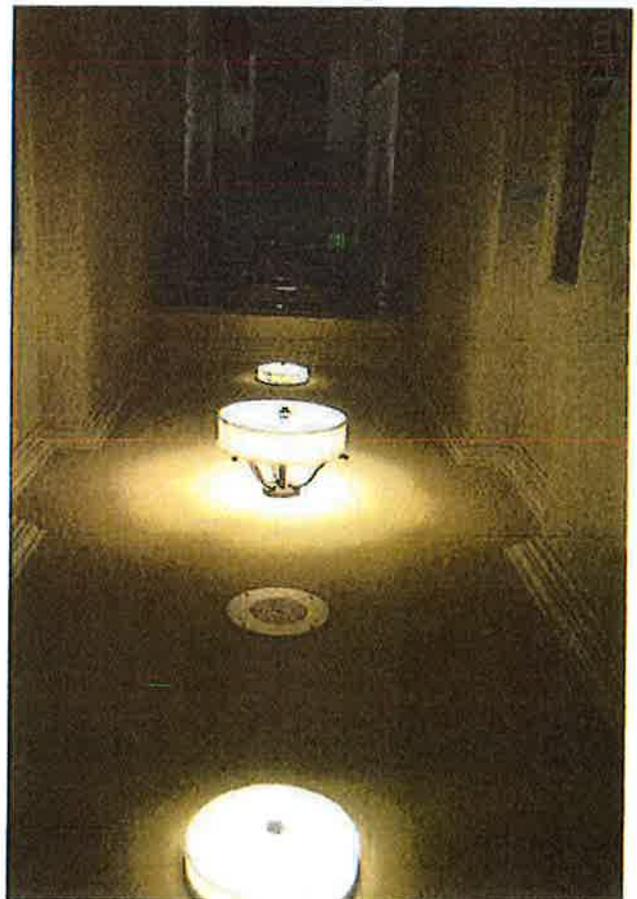
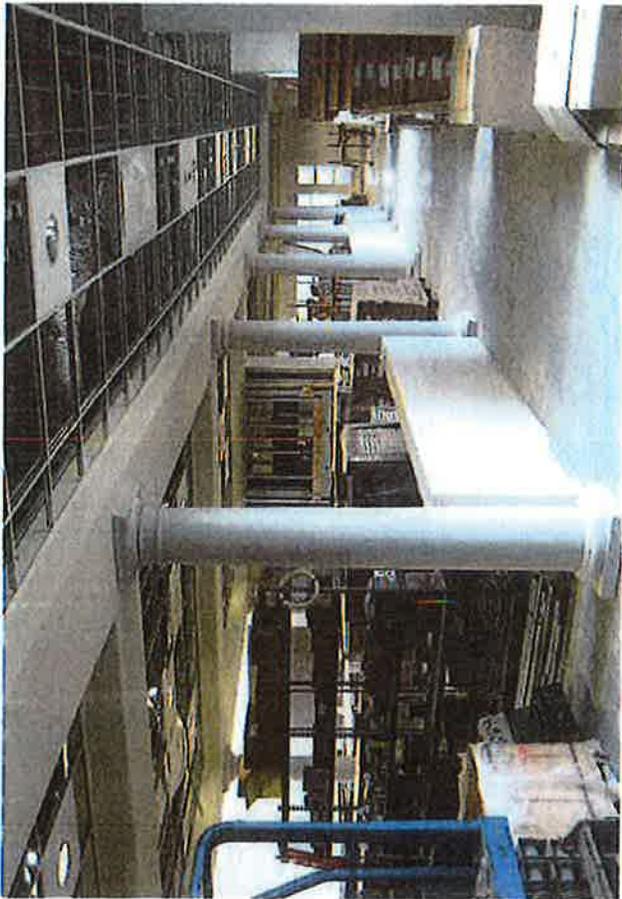


January 26, 2016

J+B No. 1121
Page 3 of 11

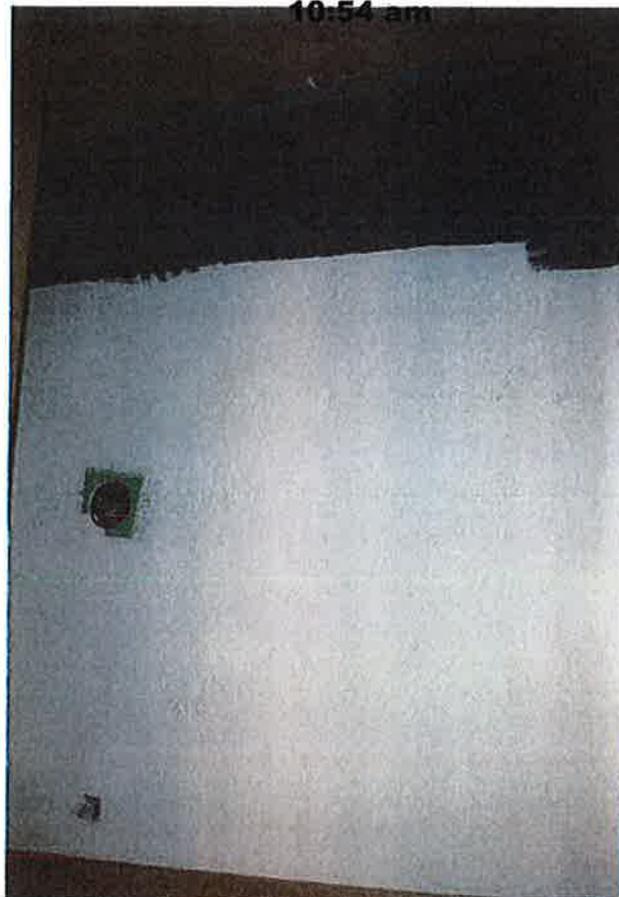


The Place at the Trace
12-29-15



January 26, 2016

10:54 am



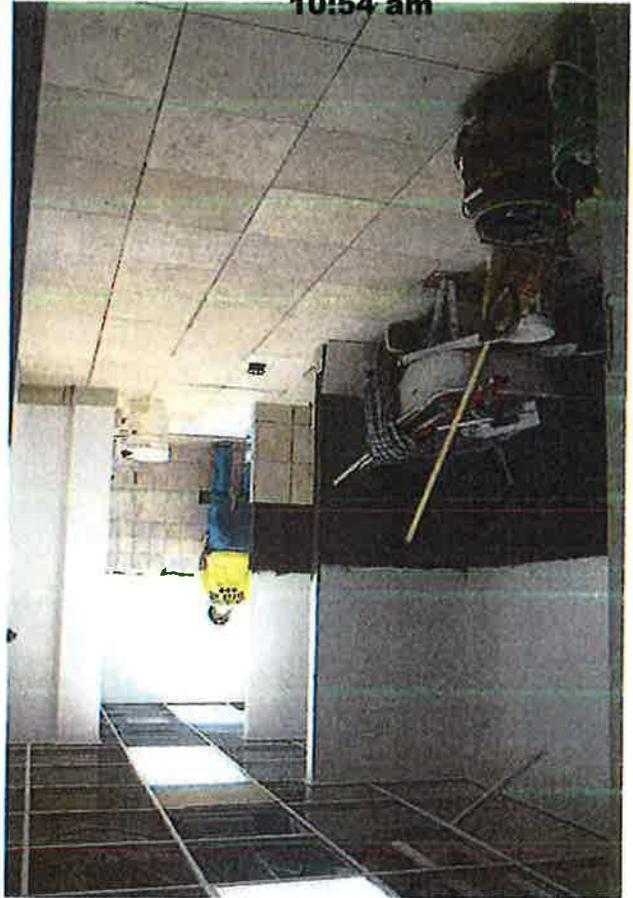
J+B No. 1121
Page 5 of 11

The Place at the Trace
12-29-15

SUPPLEMENTAL #1

January 26, 2016

10:54 am



J+B No. 1121
Page 7 of 11

The Place at the Trace
12-29-15



SUPPLEMENTAL #1

January 26, 2016

10:54 am



J+B No. 1121
Page 9 of 11

The Place at the Trace
12-29-15

January 26, 2016

10:54 am

J+B No. 1121
Page 11 of 11

The Place at the Trace
12-29-15



Attention: Thomas B. Campbell
 100 East Vine Street, #1400
 Murfreesboro, TN 37130

CONTRACTOR:

American Constructors, Inc.
 P. O. Box 120129
 Nashville, Tennessee 37212

ARCHITECT:

Johnson + Bailey
 100 East Vine Street
 Suite 700
 Murfreesboro, TN 37130

Bellevue, TN

PERIOD TO:

December 31, 2015

PROJECT NO:

A-549

CONTRACT DATE:

September 10, 2014

CONTRACTOR'S APPLICATION FOR PAYMENT

Application is made for payment, as shown below, in connection with the Contract. Continuation Sheet, AIA Document G703, is attached.

- 1. ORIGINAL CONTRACT SUM 28,387,712.00
- 2. Net change by Change Orders 663,681.00
- 3. CONTRACT SUM TO DATE (Line 1 + 2) 29,051,393.00
- 4. TOTAL COMPLETED & STORED TO DATE 24,577,539.48
- (Column G on G703) 24,577,539.48
- 5. RETAINAGE: CapStar Account 9664726867
 - a. % of Completed Work 979,091.24
 - (Column D + E on G703)
 - b. % of Stored Material 979,091.24
 - (Column F on G703)
- Total Retainage (Lines 5a + 5b or Total in Column I of G703) 979,091.24
- 6. TOTAL EARNED LESS RETAINAGE 23,598,448.24
- 7. LESS PREVIOUS CERTIFICATES FOR PAYMENT 21,992,735.30
- 8. CURRENT PAYMENT DUE 1,605,712.94
- 9. BALANCE TO FINISH, INCLUDING RETAINAGE 5,452,944.76
- (Line 3 less Line 6)
- ** Unpaid Balance 0.00

CHANGE ORDER SUMMARY		ADDITIONS	DEDUCTIONS
Total changes approved in previous months by Owner		715,571.00	672,098.00
Total approved this Month		620,208.00	0.00
TOTALS		1,335,779.00	672,098.00
NET CHANGES by Change Order			663,681.00

OWNER
 ARCHITECT
 CONTRACTOR

OWNER
 ARCHITECT
 CONTRACTOR



Date: January 6, 2016

County of: Davidson
 State of: Tennessee
 Subscribed and sworn to before me this 6th day of January, 2016
 Notary Public: Matthew T. McCall
 My Commission expires: July 2, 2018

ARCHITECT'S CERTIFICATE FOR PAYMENT

In accordance with the Contract Documents, based on on-site observations and the data comprising the application, the Architect certifies to the Owner that the Work has progressed in accordance with the quality of the Work is in accordance with the Contract Documents, and the Contractor is entitled to payment of the AMOUNT CERTIFIED.

AMOUNT CERTIFIED 1,605,709.94

1,605,709.94

(Attach explanation if amount certified differs from the amount applied. Initial all figures on this Application and on the Continuation Sheet that are changed to conform to the amount certified.)

ARCHITECT: Johnson + Bailey Architects P.C.

By: *[Signature]* Date: 1-13-16

This Certificate is not negotiable. THE AMOUNT CERTIFIED is payable only to the Contractor named herein. Issuance, payment and acceptance of payment are without prejudice to any rights of the Owner or Contractor under this Contract.

January 26, 2016
 10:54 am

An update for the two other CON's NHC has is as follows:

NHC-Maury regional Transitional Care, LLC, CN1307-025AME

The subject project is under active development. Architectural plans have been reviewed and approved by the Agency. The contractor is well underway with site development and the building's structure (foundations, slab, steel, and fire walls). These areas are all in progress at this reporting. There are no anticipated changes to scope, budget, or timing.

The Health Center of Hermitage, LLC, CN1404-011A

The subject project is under active development. NHC is working through plan details with project architect. There are no anticipated changes to scope, budget, or timing.

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

BUTLER | SNOW

December 21, 2015

Melanie M. Hill
Executive Director
Tennessee Health Services and
Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, TN 37243

RE: The Health Center of Nashville, CN-1107-024AME

Dear Ms. Hill:

This letter is submitted on behalf of the project referenced above for the purpose of requesting an extension of the certificate of need expiration date.

Background

This project involves the replacement and relocation of a 150-bed nursing home facility to a new location at the corner of Highway 100 and Pasquo Road in the Bellevue area of Davidson County. The total project cost is projected to be approximately \$23,900,000. The certificate of need is currently scheduled to expire May 1, 2016.

The project is approximately 80% complete. The current schedule is for construction to be completely finished by April 29, 2016. Thus, it will not be possible to license the facility before the certificate of need expiration date on May 1, 2016.

Reasons for Delay

The construction schedule has been unexpectedly delayed because of the need to address a difference between Tennessee building codes and CMS building codes. The project plans were approved by the Tennessee Department of Health in accordance with the 2012 building codes adopted by Department. However, CMS still uses the 2000 building codes. The additional work required to modify the project to meet CMS requirements caused a delay in construction of approximately 60 days. Additional delays resulted from the unexpected requirements imposed by Nashville planning authorities to relocate sanitary sewer and water lines and to relocate utility poles on Highway 100.

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

DAN H. ELROD
615.651.6702
dan.elrod@butlersnow.com

T 615.651.6700
F 615.651.6701
www.butlersnow.com

29025490v1

January 26, 2016

10:54 am

Melanie M. Hill
December 21, 2015
Page 2

Extension Requested

It is anticipated that the project will be completed and licensed by July 1, 2016, at the latest. In order to allow for unforeseen developments, however, we respectfully request an extension of the expiration date until October 1, 2016. The maximum filing fee has previously been paid for this project, so we do not believe an additional filing fee is necessary in connection with this request.

We would appreciate this request being included on the agenda for the Agency's meeting on January 27, 2016. Please let us know if you have questions or if you need additional information.

Very truly yours,

BUTLER SNOW LLP



Dan H. Elrod

clw

cc: Jim Christoffersen
Bruce Duncan

January 26, 2016

10:54 am

Review of the ownership documents revealed that the owner name was changed from NHC at Indian Path, LLC to NHC HealthCare/Kingsport, LLC in August 2014. Please provide a brief overview of the factors related to the need for the change in the owner's name. Please include any discussion relative to changes in ownership by the members of the LLC, including any changes in ownership interests of 5% or above.

Please see the attached documentation that details the fact that NHC at Indian Path, LLC to NHC HealthCare/Kingsport, LLC was a properly executed name change and not an ownership change.

January 26, 2016

10:54 am

NHC

NATIONAL HEALTHCARE CORPORATION

November 5, 2014

VIA: Regular Mail

James B. Christoffersen, General Counsel
State of Tennessee
Health Services & Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, TN 37243

RE: NHC at Indian Path, LLC, CN1212-059A, for the construction of a new nursing home comprised of 52 SNF beds located at 2300 Pavilion Drive in Kingsport, Sullivan County, Tennessee. (Name change request)

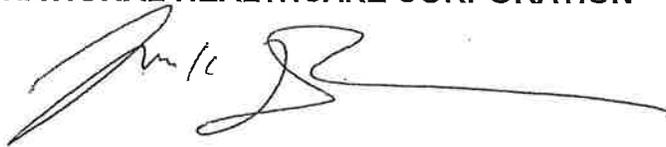
Dear Mr. Christoffersen:

Please note that the referenced CON holder has filed and received, from the State of Tennessee, Secretary of State, a properly executed name change from NHC at Indian Path, LLC to NHC HealthCare/Kingsport, LLC. Enclosed please find a copy of the Filing Acknowledgment from the Secretary of State. This was merely a name change, not an ownership change. I have also included the original Certificates of Need for the project so your office can revise said document to reflect the name change referenced.

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

Sincerely,

NATIONAL HEALTHCARE CORPORATION



Bruce K. Duncan
Assistant Vice President, Planning/Licensure & **Authorized Representative for the referenced project**

Enclosure

January 26, 2016

STATE OF TENNESSEE

Tre Hargett, Secretary of State

Division of Business Services

**William R. Snodgrass Tower
312 Rosa L. Parks AVE, 6th FL
Nashville, TN 37243-1102**



NHC HealthCare/Kingsport, LLC
PO BOX 1398
MURFREESBORO, TN 37133-1398

August 26, 2014

Filing Acknowledgment

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

Control # : 736149 Status: Active
Filing Type: Limited Liability Company - Domestic

Document Receipt

Receipt # : 1622132	Filing Fee:	\$20.00
Payment-Check/MO - NHC/OP, L.P., MURFREESBORO, TN		\$20.00

Amendment Type: Articles of Amendment Image # : 7373-3019
Filed Date: 08/26/2014 9:15 AM

This will acknowledge the filing of the attached articles of amendment with an effective date as indicated above. When corresponding with this office or submitting documents for filing, please refer to the control number given above.

You must also file this document in the office of the Register of Deeds in the county where the entity has its principal office if such principal office is in Tennessee.

Tre Hargett
Secretary of State

Processed By: Jeff Cook

Field Name	Changed From	Changed To
Filing Name	NHC at Indian Path, LLC	NHC HealthCare/Kingsport, LLC

January 26, 2016

10:54 am



**State of Tennessee
Health Services and Development Agency**

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



November 19, 2014

Bruce D. Duncan, Assistant Vice President, Planning/Licensure
National HealthCare Corporation
100 Vine Street, 12th Floor
Murfreesboro, TN 37130
615-890-2020

RE: NHC HealthCare/Kingsport, LLC - CN1212-059AM

Dear National HealthCare Corporation:

As referenced in our recent letter, please find enclosed your revised Certificate of Need for the above-referenced application, which a request of modification was made for a change of name from NHC at Indian Path, LLC, to NHC HealthCare/Kingsport, LLC.

Should you have any questions or require further information regarding this Certificate, please do not hesitate to contact this office.

Sincerely,

James B. Christoffersen
General Counsel

JBC/mab

cc: Trent Sansing, Division of Health Statistics, Office of Policy, Planning & Assessment
Ann R. Reed, Health Care Facilities - Licensure
Bill Harmon, Director of Engineering, Health Care Facilities

January 26, 2016

10:54 am

**STATE OF TENNESSEE
Health Services and Development Agency**



Certificate of Need No. **CN1212-059AM** is hereby granted under the provisions of T.C.A. § 68-11-1601, *et seq.*, and rules and regulations issued thereunder by this Agency.

To: NHC at Indian Path, LLC
100 Vine Street
Murfreesboro, TN 37130

For: *NHC HealthCare/Kingsport, LLC

This Certificate is issued for: The replacement and relocation of the 22 bed Indian Path Medical Center Transitional Care Unit and the addition of 30 new Medicare certified skilled nursing home beds. The facility will relocate from Indian Path Medical Center at 2000 Brookside Drive to 2300 Pavilion Drive, Kingsport (Sullivan County), TN. The new facility will be licensed as NHC at Indian Path and will contain 52 Medicare-only (skilled) nursing home beds.

Modification: Modified pursuant to Rule 0720-10-.06(8) – A properly executed name change from *NHC at Indian Path, LLC to NHC HealthCare/Kingsport, LLC, acknowledged by the State of Tennessee, Secretary of State, on August 26, 2014.

On the premises located at: 2300 Pavilion Drive
Kingsport (Sullivan County), TN 37660-4622

For an estimated project cost of: \$10,385,615.00

The Expiration Date for this Certificate of Need is

August 1, 2015

or upon completion of the action for which the Certificate of Need was granted, whichever occurs first. After the expiration date, this Certificate of Need is null and void.

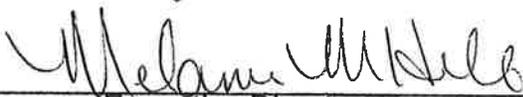
Date Approved: May 22, 2013



Chairman

Date Issued: June 26, 2013

Date Reissued: *November 19, 2014



Executive Director

2. Section A, Applicant Profile, Item 6 (Legal Interest in the Site)

A copy of the 99-year Ground Lease effective August 1, 2013 between Mountain States Health Alliance (owner) and the former NHC at Indian Path, LLC regarding the real property with 48,600 square foot building known as the Indian Path Pavilion is noted. Since it appears this lease served as the key leasehold document that confirmed the applicant's legal interest in the site in NHC at Indian Path in CN1212-059A, are there any amendments to the lease that have occurred since 2013, such as an amendment to reflect the 8/14/2014 change in the name of the owner LLC as the leasee in the agreement? Please briefly discuss.

There have been no amendments to the lease.

Please also document Mountain State Health Alliance's continued ownership of the property in the form of a warranty deed or title.

Please see the attached warranty deed for the referenced property. Please note that the tract of land utilized by the applicant for this project can be found as Tract V, within the Special Warranty Deed provided.

January 26, 2016

10:54 am

23004

ROLL 160 IMAGE 1590

BOOK 1423C PAGE 11

98 DEC 29 AM 9:41
RILEY LARHELL
SECRETARY OF STATE

**Articles of Amendment
to the Charter of**

Johnson City Medical Center Hospital, Inc.

55 JAN -7 AM 10:47
RILEY LARHELL
SECRETARY OF STATE

The following amendment to the Charter of Johnson City Medical Center Hospital, Inc. is made pursuant to T.C.A. § 48-60-102 and action of the Board of Directors:

1. The current name of this non-profit corporation is **Johnson City Medical Center Hospital, Inc.**

2. The amendment adopted by the Board of Directors is:

The name of this non-profit corporation shall be changed to:
Mountain States Health Alliance

3. This amendment was adopted by the Board of Directors at a regularly called monthly meeting on December 21, 1998. The approval of members is not required.

4. The Charter does not require approval by third persons pursuant to T.C.A. § 48-60-301.

5. This Amendment is to be effective as of the date of filing by the Secretary of State.

Dated this 23rd day of December, 1998.

JOHNSON CITY MEDICAL
CENTER HOSPITAL, INC.

o.k.
JJA

By: Tom Hodge
Tom Hodge
Chairman

MARY LOU DUNCAN
REGISTER OF DEEDS
SULLIVAN COUNTY, TENNESSEE
5-13-1999 TIME 12:30
BOOK 1423C PAGE 11
TAX CCF 2 11
FEE 5.00 TOTAL 7.00
RECEIPT NO. 205494-001

Sullivan County, Tenn. Register of Deeds: Received for record on the 13 day of Mar, 99 at 12:30 M. Noted in Note Book 36 Page 80
Mary Lou Duncan
Register

007853

02288

BOOK 1343C PAGE 287
6

This Instrument Prepared By:
Brandt and Beeson, P.C.
206 Princeton Road, Suite 25
Johnson City, TN 37601

Special Warranty Deed

THIS INDENTURE made and entered into on this the 30th day of August, 1998, by and between INDIAN PATH, LLC, a Delaware Limited Liability Company, Party of the First Part, and JOHNSON CITY MEDICAL CENTER HOSPITAL, INC., a non-profit corporation of the State of Tennessee, Party of the Second Part.

WITNESSETH:

That for and in consideration of the sum of \$10.00 cash in hand paid, and other good and valuable consideration, the receipt of which is hereby acknowledged, the Party of the First Part has bargained and sold, and by these presents does hereby transfer and convey unto the Party of the Second Part, its successors and/or assigns, the following described real property, to-wit:

Situate, lying, and being in the 11th Civil District, Sullivan County, Tennessee, more particularly described as follows, to-wit:

TRACT I:

BEGINNING at an iron rod on Clara Fay Jackson's line, said iron rod also being a southwesterly corner to Pioneer Medical Association; thence with Clara Fay Jackson S. 63° 42' 50" W., 557.56 feet to an iron rod; thence with Jackson and continuing with First Assembly of God S. 63° 14' 50" W., 17.07 feet to an iron rod a southwesterly corner to John Mack Pierce; thence with Pierce N. 60° 33' 34" W., 50.08 feet to an iron rod a southwesterly corner to Hospital Corporation of America; thence with Hospital Corporation of America, the following two courses and distances: N. 29° 50' 37" E., 785.62 feet to a nail, and South 22° 56' 06" E., 328.47 feet to an iron rod a northeasterly corner to Pioneer Medical Association; thence with Pioneer Medical Association the following two courses and distances: S. 68° 02' 01" W., 18.80 feet to an iron rod, and S. 21° 58' 05" E., 153.02 feet to the point of BEGINNING, containing 3.658 acres, more or less, as shown by map entitled "Johnson City

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

BOOK 1343C PAGE 288

Medical Center" dated July 10, 1998, prepared by Rick Kevin Bowers, Tennessee Registered Land Surveyor No. 1481, c/o Tysinger, Hampton & Partners, 3428 Bristol Highway, Johnson City, Tennessee 37601.

TOGETHER WITH all easements appurtenant to said property, either public or private, for ingress and egress or utilities.

Tax Assessor's Property ID No.: Map 47-I, Group A, Parcel #1.0.

TRACT II:

BEGINNING at an iron rod on Clara Fay Jackson's line, said iron rod also being a southeasterly corner to LaVerne Olney; thence with Olney and continuing with Hospital Corporation of America N. 22°12' 05" W., 407.30 feet to an iron rod; thence with Hospital Corporation of America the following six courses and distances: N. 86° 27' 13" W., 119.29 feet to an iron rod, N. 33° 36' 28" E., 310.88 feet to an iron rod, N. 59° 52' 14" E., 150.00 feet to an iron rod, N. 24° 57' 14" E., 95.00 feet to an iron rod, N. 67° 22' 14" E., 267.00 feet to an iron rod, and South 22° 52' 46" E., 675.23 feet to an iron rod on the line of Clara Fay Jackson; thence with Clara Fay Jackson S. 63° 42' 50" W., 644.54 feet to the point of BEGINNING, containing 9.598 acres, more or less, as shown by map entitled "Johnson City Medical Center" dated July 10, 1998, prepared by Rick Kevin Bowers, Tennessee Registered Land Surveyor No. 1481, c/o Tysinger, Hampton & Partners, 3428 Bristol Highway, Johnson City, Tennessee 37601.

TOGETHER WITH all easements appurtenant to said property, either public or private, for ingress and egress or utilities.

Tax Assessor's Property ID No.: Map 47-I, Group A, Parcel #3.0.

TRACT III:

BEGINNING at an iron rod on the southerly side of Pavilion Drive, said iron rod also being a northwesterly corner to Lot 2 of Indian Path Hospital, Section 3; thence with Lot 2 S. 22° 42' 06" E., 122.70 feet to an iron rod a northeasterly corner to Lot 1 of Indian Path Hospital, Section 3; thence with Lot 1 S. 67° 17' 54" W., 217.79 feet to an iron rod on Hospital Corporation of America's line; thence with Hospital Corporation of America the following two courses and distances: N. 22° 42' 06" W., 202.51 feet to an iron rod, and N. 19° 03' 48" E., 37.60 feet to an iron rod on the southerly side of Pavilion Drive; thence with the southerly side of Pavilion Drive the following two courses, curves, and distances: around a curve to the left (Chord S. 82° 25' 29"

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

BOOK 1343C PAGE 289

E., 200.71 feet, Delta Angle $22^{\circ} 41' 51''$, Radius 509.99 feet, Length 202.03 feet) to an iron rod, and N. $86^{\circ} 13' 36''$ E., 20.53 feet to the point of BEGINNING, containing 0.866 acres, more or less, as shown by map entitled "Johnson City Medical Center" dated July 10, 1998, prepared by Rick Kevin Bowers, Tennessee Registered Land Surveyor No. 1481, c/o Tysinger, Hampton & Partners, 3428 Bristol Highway, Johnson City, Tennessee 37601.

Tax Assessor's Property ID No.: Map 47-I, Group A, Parcel #28.20.

TRACT IV:

BEGINNING at an iron rod on the westerly side of John B. Dennis Highway, said iron rod also being a southwesterly corner to Lot 3 of Indian Path Hospital, Section 3; thence with John B. Dennis Highway, the following two courses and distances: S. $47^{\circ} 14' 49''$ W., 331.29 feet to a right-of-way monument, and S. $28^{\circ} 52' 50''$ W., 45.25 feet to an iron rod a southeasterly corner to Lot 1 of Indian Path Hospital, Section 3; thence with Lot 1 and continuing with Hospital Corporation of America property N. $22^{\circ} 42' 06''$ W., 306.46 feet to an iron rod on the southerly side of Pavilion Drive; thence with the southerly side of Pavilion Drive N. $86^{\circ} 13' 36''$ E., 366.99 feet to an iron rod a northwesterly corner to Lot 3 of Indian Path Hospital, Section 3; thence with Lot 3 S. $22^{\circ} 06' 04''$ E., 45.71 feet to the point of BEGINNING, containing 1.348 acres, more or less, as shown by map entitled "Johnson City Medical Center" dated July 10, 1998, prepared by Rick Kevin Bowers, Tennessee Registered Land Surveyor No. 1481, c/o Tysinger, Hampton & Partners, 3428 Bristol Highway, Johnson City, Tennessee 37601.

TOGETHER WITH all easements appurtenant to said property, either public or private, for ingress and egress or utilities.

Tax Assessor's Property ID No.: Map 47-I, Group A, Parcel #28.30.

TRACT V:

BEGINNING at an iron rod in the northwest margin of Tennessee State Highway 93, said point also being the common corner between the herein described tract and Bradley Brothers Construction; thence with the margin of Highway 93 S. $49^{\circ} 01' 21''$ W., 120.61 feet to a right-of-way monument; thence S. $19^{\circ} 09' 39''$ W., 60.17 feet to a right-of-way monument; thence S. $47^{\circ} 11' 56''$ W., 209.61 feet to an iron rod in the north margin of Pavilion Drive; thence leaving said Highway and with the north margin of Pavilion Drive. S. $86^{\circ} 12' 55''$ W., 529.57 feet to an iron rod; thence around a curve to the right (Chord N. $81^{\circ} 54' 35''$ W., 185.20 feet, Delta Angle $23^{\circ} 45' 00''$,

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

BOOK 1343C PAGE 290

Radius 449.99 feet, Length 186.53 feet) to an iron rod; thence continuing N. 70° 02' 08" W., 352.70 feet to an iron rod; thence leaving the north margin of Pavilion Drive. N. 29° 30' 28" E., 800.18 feet to an iron rod in the Bradley Brothers line; thence with the common line S. 59° 55' 00" E., 1030.66 feet to an angle iron; thence continuing S. 59° 26' 26" E., 25.46 feet to the point of BEGINNING, containing 14.668 acres, more or less, as shown by map entitled "Johnson City Medical Center" dated July 10, 1998, prepared by Rick Kevin Bowers, Tennessee Registered Land Surveyor No. 1481, c/o Tysinger, Hampton & Partners, 3428 Bristol Highway, Johnson City, Tennessee 37601.

TOGETHER WITH all easements appurtenant to said property, either public or private, for ingress and egress or utilities.

Tax Assessor's Property ID No.: Map 47-I, Group A, Parcel #28.60.

TRACT VI:

BEGINNING at an iron rod on Bradley Brothers Construction's line, said iron rod also being a northwesterly corner to Tennessee Psychiatric Company; thence with Tennessee Psychiatric Company S. 29° 30' 28" W., 798.58 feet to an iron rod on the northerly side of Pavilion Drive; thence with the northerly side of Pavilion Drive the following two courses, curves, and distances: around a curve to the right (Chord N. 67° 58' 43" W., 140.53 feet, Delta Angle 01° 24' 46", Radius 5699.58 feet, Length 140.54 feet) to an iron rod, and N. 67° 16' 20" W., 417.66 feet to an iron rod a southeasterly corner to Hospital Corporation of America; thence with Hospital Corporation of America the following two courses and distances: N. 18° 51' 24" E., 244.63 feet to an iron rod, and N. 48° 53' 28" W., 235.06 feet to an iron rod on the easterly side of Brookside Drive; thence with the easterly side of Brookside Drive N. 29° 54' 19" E., 60.00 feet to an iron rod a southeasterly corner to Sunny Hills Development Company Incorporated; thence with Sunny Hills Development Company Incorporated the following four courses and distances: S. 48° 53' 28" E., 118.55 feet to an iron rod, N. 32° 10' 32" E., 412.30 feet to an iron rod, N. 57° 42' 11" E., 230.58 feet to a planted stone, and S. 86° 05' 40" E., 326.17 feet to a planted stone on Bradley Brothers Construction's line; thence with Bradley Brothers Construction the following two courses and distances: S. 13° 43' 45" W., 213.74 feet to a planted stone, and S. 59° 55' 00" E., 203.74 feet to the point of BEGINNING, containing 13.567 acres, more or less, as shown by map entitled "Johnson City Medical Center" dated July 10, 1998, prepared by Rick Kevin Bowers, Tennessee Registered Land Surveyor No. 1481, c/o Tysinger, Hampton & Partners, 3428 Bristol Highway, Johnson City, Tennessee 37601.

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TOGETHER WITH all easements appurtenant to said property, either public or private, for ingress and egress or utilities.

Tax Assessor's Property ID No.: Map 47-I, Group A, Parcel #28.70.

AND BEING the same property conveyed to Indian Path, LLC, a Delaware Limited Liability Company, from Indian Path Hospital, Inc., a Tennessee corporation, by deed dated August 30, 1998, of record in Book 1343C Page 279, in the Register's Office for Sullivan County, Tennessee.

TO HAVE AND TO HOLD the above-described property, together with all the rights, privileges and appurtenances thereunto appertaining unto the Party of the Second Part, its successors and/or assigns, forever in fee simple.

The Party of the First Part warrants that it is lawfully seized and possessed of the above-described property; that it has a good and perfect right to convey the same; that the Party of the First Part has not made, done, executed or suffered any act or thing whereby the property herein conveyed or any part thereof now are or at any time hereafter shall or may be imperiled, charged or encumbered in any manner whatsoever, except as herein set forth; that the Party of the First Part will forever warrant and defend the title to the property herein conveyed against all persons lawfully claiming the same from, through or under it, but not otherwise.

This conveyance is made subject to valid restrictive covenants and easements, if any, appearing of record.

IN TESTIMONY WHEREOF, the Party of the First Part has executed this instrument the day and year first above written.

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INDIAN PATH, LLC, a Delaware Limited Liability Company

By: VH Holdings, Inc., a Nevada Corporation
Its: Managing Member

By: *Rosalyn Elton*
Vice President
(Official Capacity)

Washington, D.C.

District of Columbia

Before me, a Notary Public for the District of Columbia, personally appeared, *Rosalyn Elton*, with whom I am personally acquainted and who upon oath, acknowledged herself to be the Vice President of VH Holdings, Inc., a Nevada corporation, the Managing Member of Indian Path, LLC, a Delaware Limited Liability Company, the within named bargainer, a limited liability company, and that she as such Vice President, executed the within instrument for the purposes contained, by signing the name of the corporation by herself, as such officer.

30 WITNESS my hand and seal at office in the State and County aforesaid on this the *August* day of *August*, 1998.

R. J. O'Flaherty
Notary Public



My Commission Expires: **R. J. O'FLAHERTY**
NOTARY PUBLIC, DISTRICT OF COLUMBIA
My Commission Expires May 14, 2003

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State of Tennessee
County of Washington

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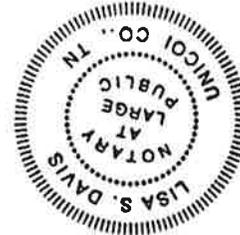
I, or we, hereby swear or affirm that the actual consideration for this transfer, or value of the property or interest in property transferred, whichever is greater, is \$34,123,860.00 which amount is equal to or greater than the amount which the property or interest would command at a fair and voluntary sale.

D. R. Beaman III Closing Agent
Affiant

Subscribed and sworn before me this the 1st day of September, 1998.

My Commission Expires: 12-11-2000

Lisa S. Davis
Notary Public



PROPERTY OWNER

Name & Address:
Johnson City Medical Center
Hospital, Inc.
400 N. State of Franklin Road
Johnson City, TN 37604

Person or agency responsible
for payment of taxes
Same as Owner

MARY LOU DUNCAN
REGISTER OF DEEDS
SULLIVAN COUNTY, TENNESSEE
9-1-1998 TIME 4:30
BOOK 1343C PAGE 287
TAX 26358.28 CCF 2 1.00
FEE 28.00 TOTAL 26289.28
RECEIPT NO. 181578-001

Page 7

Sullivan County, Tenn. Register of Deeds: Received for record on the 1st day of Sept, 1998 at 3:30 M. Noted in Note Book 33 Page 3

Mary Lou Duncan
Register

3. Section B, Project Description, Item II.A and II. B.

Item II.A - The Square Footage Chart notes a \$13,000 renovation cost for 2,304 square feet of the facility which calculates to approximately \$6.51/SF. However, in confirming with other parts of the application, please note the following:

- Project Cost Chart on page 137 of attachments shows \$15,000 renovation cost.
- 12/18/2015 architect letter identifies \$15,000 renovation cost.
- Item 3, page 45 appears to identify a cost of \$13,725 per bed totaling to \$109,800 but omits reference to the estimated renovation cost and cost per square feet.

Please clarify the estimated renovation cost of the project.

It appears that \$15,000 not \$13,000 is the cost referenced on the Square Footage Chart found on p. 11 of the original CON submittal. Given that, there does not appear to be an inconsistency between the pages listed. A copy of page 11 has been attached for your reference.

With regard to the \$13,725 total cost per bed, please note that would translate with a total project cost of \$109,800, with square footage of 2,304 sq ft to a square footage cost of \$47.66. Based on the HSDA Construction Cost Per Square Foot Range, this would place the proposed project overall cost in the 1st Quartile of Renovated Construction.

Item II.B - Please identify the current private, companion, and/or semi-private room complement of the facility and the complement planned in Year 1 of the proposed project.

Please note that on p. 76, of the original CON submittal, a table indicating the number of private and semi-private rooms in each of the service area nursing facilities has been included. Currently, NHC HealthCare, Kingsport has 52 private rooms. The proposed project involves the conversion of 8 private rooms to become 8 semi-private rooms. Once the project is completed, the center will have 44 private rooms and 8 semi-private rooms for a patient total of 60 beds.

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Please describe any design features included in the project for nursing stations of the facility, including, at a minimum, number & location of stations, approximate size in square feet, line of site to patient room considerations, etc.

The proposed project calls for the conversion of 8 private rooms to 8 semi-private rooms. Only minor renovation is required, no construction of additional square footage is being proposed. On page 63 of the original submission is a floor plan of the existing center along with notations of where the requested project is proposed. The center has three existing nursing stations which currently serve the center. As the 8 existing private rooms are currently serviced by the existing stations, no operational change is proposed other than to add an additional 8 beds to the noted 8 existing private rooms.

4. Section C, Need, Item 1

Nursing Home Services:

Item 2 and Item 4- The estimated bed need in 2018 is noted, It appears that the 120 beds in the outstanding CON held by Christian Care Center of Bristol approved in CN1404-012A (replacement of 120 bed facility) was omitted from the calculation of bed need and is missing in the references provided in Item 4, page 21 for the table that illustrates service area provider licensed beds and utilization. Please clarify.

If in error, please recalculate the bed need and submit a revised response labeled as page 19-R and 21-R.

Please see the revised bed need calculation found on the attached page 19-R and a revised page 21 which makes note of CN1404-012A.

Please see the additional revised pages of the original CON application which now reference a recalculated bed need of 665 for 2018. The pages have been noted with an "R" next to the page number.

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

**SNF Need Formula
Sullivan County Bed Need**

Sullivan County – SNF Formula

County Bed Need	2018 Population	Rate	Needed Beds By Age
Population 65 & under	123,771	0.0005	62
Population 65-74	21,089	0.012	253
Population 75-84	11,912	0.06	715
Population 85+	<u>4,364</u>	0.15	<u>655</u>
	161,136		1,685
Outstanding CON for replacement beds*			120
Existing Beds =			900
Need =			665

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

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

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

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

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

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

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

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

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

Source: 2012 - 2014 JAR Reports Utilization

**ADDITIONAL REVISED CON APPLICATION PAGES
REFLECTING A BED NEED OF 665 BEDS FOR THE YEAR 2018**

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

SECTION B: PROJECT DESCRIPTION

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

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

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

Ownership Structure: NHC HealthCare/Kingsport, LLC (Limited Liability Company)

Service Area: Sullivan County

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

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

Project Cost: \$109,800

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

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

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

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

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

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

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

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

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

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

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

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

A. Determination of Need

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

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

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

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

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

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

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

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

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

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

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

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

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

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

5. Section C, Need, Item 3 (Service Area)

The response is noted. Please provide some metrics that illustrates the applicant's historical and projected patient origin pertaining to admissions of Sullivan County residents.

In calendar year 2015, the center had 566 admissions of which 59% or 332 patients came from Wellmont Holston Valley Med. Center and 30% or 164 patients came from Indian Path Medical Center, both hospitals are located in Sullivan County. We project similar referral patterns to continue in the future. The specific patient/resident county of origin information is not available based on our in-house records.

Please also identify the mileage and 1-way driving times from the applicant's facility to other nursing homes and hospitals in the county.

**Distance from NHC HealthCare, Kingsport to
Nursing Facilities/Hospitals in Sullivan County 1/21/2016**

Facility Name	Facility Type	County	Drive Time	Miles
Brookhaven Manor	Nursing Facility	Sullivan	6 mins	2.6
Greystone Health Care	Nursing Facility	Sullivan	21 mins	12.4
Holston Manor	Nursing Facility	Sullivan	4 mins	2.4
Cambridge House	Nursing Facility	Sullivan	34 mins	24.6
Wexford House	Nursing Facility	Sullivan	1 min	0.4
Christian Care Center*	Nursing Facility	Sullivan	23 mins	16.3
Indian Path Medical Center	Hospital	Sullivan	1 min	0.3
Wellmont Bristol Regional Medical Center	Hospital	Sullivan	22 mins	16.3
Wellmont-Holston Valley Medical Center	Hospital	Sullivan	7 mins	3.0

* CON approved

Source: Google Maps

TN Dept. of Health, Division of Health Care Facilities

6. Section C, Need, Item 5.

Your response with attachment on page 78 of the application is noted.

The names and utilization of existing nursing homes in Sullivan County is noted. As noted in a prior question, please include the 120 beds of Christian Care Center of Bristol in the 2015 inventory of licensed beds by noting as outstanding CON beds (CN1404-012A).

Please see the attached revised page 77, which identifies CN1404-012A as an approved CON to build a 120 bed replacement nursing home in Bristol Tennessee.

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

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

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

Source: 2012 - 2014 JAR Reports

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7. Section C, Need, Item 6.

Your response to this item with attachment on page 123 is noted. In reviewing the table in the attachment, does the SNF-All Other Payors ADC heading apply to skilled care and NF ADC to non-skilled? Please clarify. In your response, please also add a column to the table that illustrates the average length of stay (ALOS) during the period.

Please note that the SNF - All Other Payors ADC heading applies to skilled care patients that are Medicare or SNF Medicaid. Generally, these patients are managed care or insurance patients.

The NF-ADC heading applies to non-skilled patients.

Please see revised table that includes a column illustrating average length of stay (ALOS).

NHC HealthCare, Kingsport Projected Utilization

Year	Licensed Beds	Medicare-certified beds	SNF Medicare/Level II ADC	SNF Medicaid Level II ADC	SNF All Other Payors ADC	NF ADC	Total ADC	Average Length of Stay	Licensed Occupancy
2014	52	52	0.52	0	4	0	5	20.4	9.3%
2015	52	52	17	0	22	0	39	20.4	75.1%
2016 (Projected)	52	52	20	0	30	0	50	20.4	96.2%
2017 (Projected)	60	60	23	0	34	0	57	21.0	94.9%
2018 (Projected)	60	60	24	0	34	0	58	21.0	95.8%

Source: NHC Internal Documents

8. Section C, Economic Feasibility, Item 1 (Project Cost Chart) and Item 3

Item 1 - The Project Cost Chart provided on page 137 of the application is noted.

Please confirm there is no additional lease cost associated with the project as might be prorated for the cost of the 2,304 SF planned for the proposed 8 new beds.

Please note that there is no additional lease cost for the 2,304 SF planned for the proposed new 8 beds.

Item 3 - Please revise the comments on page 45 to include the estimated renovation cost and the cost/SF for comparison to the HSDA nursing home construction cost table.

With regard to the \$13,725 total cost per bed, please note that would translate with a total project cost of \$109,800, and square footage of 2,304 sq ft to a square footage cost of \$47.66. Based on the HSDA Construction Cost Per Square Foot Range, this would place the proposed project cost in the 1st Quartile of Renovated Construction.

January 26, 2016**10:54 am****9. Section C, Economic Feasibility, Item 4 (Historical Data Chart)**

The chart for the existing 52 bed facility on page 157 is noted. There appears to be no historical costs for rent/lease of the building in Item D.6 of the chart as might be related to the 99-year ground lease. Please clarify.

Per Section 3.1 of the Land Lease Agreement, the total payment for the 99 year lease is \$350,000. This payment was due at the commencement of the lease (April 1, 2013). For accounting purposes, NHC treated this \$350,000 payment as land improvement and is depreciating the amount over 99 years or 3,535 annually.

Please explain the increase of approximately \$150,000 in Fees to Affiliates -Line D.8 (a) of the chart from the 2014 to the 2015 fiscal year period.

The Fees to Affiliates Line D.8 (a) reflects a 3% of revenue management fee. The fee increase approximately \$150,000 from 2014 to 2015 since revenue increased from 2014 to 2015. The center only generated revenue in 2014 for 1 month (\$88,432) and the average daily census (ADC) was approximately 5 patients for the month of December, 2014. The chart reflects revenue in 2015 for 11 months (1/1/15 - 11/30/15) (\$5,339,291) and the ADC for 1/1/15 - 11/30/15 was approximately 39.

10. Section C, Economic Feasibility, Item 4 - Projected Data Chart

The chart for the new proposed 8 beds on page 160 is noted. Please also provide a Projected Data Chart showing the financial performance of the 60 bed facility in Year 1 and Year 2 of the project.

See attached Projected Data Chart for the 60 Bed facility. Please note that the net operating income (NOI) for the 60 bed facility is approximately breakeven once depreciation is added back.

Please explain the rationale for excluding the prorated lease cost in Line D.6 of the chart.

The rationale for excluding the prorated lease cost is based on the fact that the lease payment was due and paid in full on August 1, 2013, and is not seen by the applicant as an incremental cost of adding these 8 beds.

PROJECTED DATA CHART

52 Existing Beds and 8 Bed Addition

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

	<u>Dec-17</u>	<u>Dec-18</u>
A. Utilization Data (Specify unit of measure) (Patient Days)	20,774	20,991
(Specify unit of measure) (% Occupancy)	94.86%	95.85%
 B. Revenue from Services to Patients		
1. Inpatient Services	\$9,722,190	\$10,009,646
2. Outpatient Services	_____	_____
3. Emergency Services	_____	_____
4. Other Operating Revenue (Specify)	_____	_____
Gross Operating Revenue	\$ 9,722,190	\$ 10,009,646
 C. Deductions for Operating Revenue		
1. Contractual Adjustments	\$ (656,213)	\$ (623,087)
2. Provision for Charity Care	(5,838)	(6,092)
3. Provisions for Bad Debt	(44,777)	(46,721)
Total Deductions	\$ (706,828)	\$ (675,900)
 NET OPERATING REVENUE	\$ 9,015,362	\$ 9,333,746
 D. Operating Expenses		
1. Salaries and Wages	\$ 2,872,462	\$ 2,944,272
2. Physician's Salaries and Wages	70,929	72,741
3. Supplies	94,714	98,410
4. Taxes	161,755	165,910
5. Depreciation	622,925	622,925
6. Rent	-	-
7. Interest, other than Capital	1,830	1,830
8. Management Fees	-	-
a. Fees to Affiliates	270,746	281,597
b. Fees to Non-Affiliates	-	-
9. Other Expenses (Specify) - SEE ATTACHED SCHEDULE	5,629,824	5,806,077
Total Operating Expenses	\$ 9,725,185	\$ 9,993,762
 E. Other Revenue (Expenses)--Net (Specify)	_____	_____
 NET OPERATING INCOME (LOSS)	\$ (709,823)	\$ (660,016)
 F. Capital Expenditure		
1. Retirement of Principal	_____	_____
2. Interest	_____	_____
Total Capital Expenditures	\$ -	\$ -
 NET OPERATING INCOME (LOSS)	\$ (709,823)	\$ (660,016)
LESS CAPITAL EXPENDITURES	\$ (709,823)	\$ (660,016)

PROJECTED DATA CHART SUPPLEMENT

NHC HealthCare, Kingsport

PROJECTED DATA

YEAR 1 60 Beds

	<u>Salaries</u>	<u>Other</u>	<u>Total</u>
Inhalation Therapy	-	52,038	\$ 52,038
Occupational Therapy	-	967,955	967,955
Physical Therapy	-	1,112,722	1,112,722
Speech Pathology	-	101,887	101,887
Pharmacy	-	1,172,215	1,172,215
Lab and Radiology	-	114,986	114,986
IV Therapy	-	105,331	105,331
Nursing Service	2,024,085	611,559	2,635,644
Social Service	89,975	60,780	150,755
Activities	46,946	33,675	80,621
Dietary	292,288	308,420	600,708
Plant Operations	39,870	350,156	390,026
Housekeeping	92,000	39,903	131,903
Laundry and Linen	34,038	18,662	52,700
Medical Records	35,051	44,004	79,055
Administrative and General	<u>218,209</u>	<u>535,531</u>	<u>753,740</u>
Totals	<u>\$2,872,462</u>	<u>\$5,629,824</u>	<u>\$ 8,502,286</u>

PROJECTED DATA CHART SUPPLEMENT
NHC HealthCare, Kingsport
PROJECTED DATA
YEAR 2 60 Beds

	<u>Salaries</u>	<u>Other</u>	<u>Total</u>
Inhalation Therapy	-	53,979	\$ 53,979
Occupational Therapy	-	992,179	992,179
Physical Therapy	-	1,140,672	1,140,672
Speech Pathology	-	104,437	104,437
Pharmacy	-	1,215,568	1,215,568
Lab and Radilology	-	119,442	119,442
IV Therapy	-	109,258	109,258
Nursing Service	2,074,686	629,123	2,703,809
Social Service	92,224	62,930	155,154
Activities	48,120	32,915	81,035
Dietary	299,595	319,315	618,910
Plant Operations	40,867	352,256	393,123
Housekeeping	94,300	41,248	135,548
Laundry and Linen	34,889	19,304	54,193
Medical Records	35,927	45,586	81,513
Adminstrative and General	<u>223,664</u>	<u>567,865</u>	<u>791,529</u>
Totals	<u>\$2,944,272</u>	<u>\$5,806,077</u>	<u>\$ 8,750,349</u>

January 26, 2016**10:54 am****11. Section C. (Economic Feasibility) Item 9**

The response with attachment on page 179 reflects a combined total of \$1,122,888 in Medicare, Managed Care and other net operating revenue in Year 1. Please complete the payor mix table for the entire facility in the table below.

Applicant's Historical and Projected Payor Mix

Payor Source	Total Net Operating Revenue (52 Beds) 2015 1/1/15 – 11/30/15	as a % of Total Net Operating Revenue	Projected Total Net Operating Revenue (60 Beds) Year 1	as a % of Total Net Operating Revenue
Medicare	2,386,822	44.7%	3,788,991	42.0%
TennCare				
Managed Care	2,865,014	53.7%	4,877,047	54.1%
Commercial				
Self-Pay	161,055	3.0%	252,540	2.8%
Other	(73,599)	(1.4%)	96,784	1.1%
Total Gross Rev	5,339,292	100.0%	9,015,362	100.0%

January 26, 2016**10:54 am****12. Section C, Orderly Development, Item 3 and Item 7(b)**

Item 3 - The staffing on page 180 for the 8 new beds is noted. Please provide the direct patient care staffing for the entire facility in the table below.

Applicant's Historical and Projected Direct Patient Care Staffing

Position Classification	Current FTE* 2015	Projected FTE Year 1
RN	4.2	4.2
LPN	10.5	10.5
Nurse aides**	28.0	32.3
Sub-total-Direct Nursing Care	42.7	47.0
Other Clinical	5.0	5.0
Total Direct Patient Care	47.7	52.0
Direct Patient Care Staffing ratio (hours per patient per day)	5.23	5.00

**Note: 1 FTE = full time equivalent position based on 2,080 regular hours worked per year*

***Nursing aides FTE hours are based on 1,950 hours worked per year (7.5 hour shifts)*

January 26, 2016

10:54 am

Item 7(b) - Please provide an acceptance letter of the applicant's plan of correction by the Tennessee Department of Health for the copy of the December 9, 2015 survey included in the attachments to the application.

Please note that to date, an acceptance letter of the applicant's plan of correction by the Tennessee Department of Health regarding the centers December 9, 2015 survey has not been received. When such a letter is received, it will be provided to the file by the applicant.

13. Proof of Publication

Please see the attached original notice and affidavit documenting proof of publication.

PUBLICATION CERTIFICATE

Kingsport, TN 1/8/16

This is to certify that the Legal Notice hereto attached was published in the Kingsport Times-News, a daily newspaper published in the City of Kingsport, County of Sullivan, State of Tennessee, beginning in the issue of January 8, 2016, and appearing 1 consecutive weeks/times, as per order of NHC Homecare

Signed Sheril Edwards

NOTIFICATION OF INTENT TO APPLY FOR A CERTIFICATE OF NEED

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

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

The anticipated date of filing the application is: January 13, 20 16
The contact person for this project is Bruce K. Duncan Assistant Vice President (Contact Name) (Title)

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

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

Upon written request by interested parties, a local Fact-Finding public hearing shall be conducted. Written requests for hearing should be sent to:

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

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

HF-50 (Revised 01/09/2013 - all forms prior to this date are obsolete)
PUB1T: 1/8/16

Personally appeared before me this 8th day of January 2016, Sheril Edwards

of the Kingsport Times-News and in due form of law made oath that the foregoing statement was true to the best of my knowledge and belief.



Janice I. Reeser NOTARY PUBLIC

My commission expires 3-2-2016

AFFIDAVIT

STATE OF TENNESSEE

COUNTY OF Rutherford

NAME OF FACILITY: NHC HealthCare/Kingsport, LLC d/b/a NHC HealthCare, Kingsport

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



Signature/Title Assistant Vice President

Sworn to and subscribed before me, a Notary Public, this the 21st day of January, 2016, witness my hand at office in the County of Rutherford, State of Tennessee.



NOTARY PUBLIC

My commission expires Sept 25, 2019

HF-0043

Revised 7/02

Supplemental #2 -Original-

NHC HealthCare,
Kingsport

CN1601-003

NHC

NATIONAL HEALTHCARE CORPORATION

SUPPLEMENTAL #2

January 28, 2016

11:25 am

JAN 28 11:24

January 27, 2016

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

RE: Certificate of Need Application CN1601-003 (2nd Omission Response) Sullivan
County, TN – NHC HealthCare, Kingsport

Dear Mr. Grimm:

Enclosed please find the additional information to the above referenced CON
application and supplemental request. This information has been submitted in triplicate

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

Sincerely,

NATIONAL HEALTHCARE CORPORATION



Dere R. Brown
Health Planning Assistant

Enclosure

January 28, 2016

11:25 am

2nd OMISSION RESPONSES

TO

NHC HEALTHCARE/KINGSPORT, LLC CON APPLICATION FOR:

NHC HEALTHCARE, KINGSPORT

8 BED NURSING HOME ADDITION

SULLIVAN COUNTY

January 27, 2016

ATTN: MR. JEFF GRIMM, HEALTH SERVICES EXAMINER

January 28, 2016**11:25 am****C, Economic Feasibility, Item 4 (Historical and Projected Data Charts) and Item 5 (Average Gross Charge)**

With respect to the average gross charge, review of the Historical and Projected Data Charts provided in the application and supplemental response revealed the following:

Source	Page #	Beds	Average Gross Charge	Period Covered
Application	Pgs. 46, 160	Proposed 8 Beds	\$709.34/day	Year 1
Application	Pg. 157	52 Beds	\$769.04/day	11 months ending 11/15
Supplemental	Pg. 51	60 beds	\$467.99/day	Year 1

Based on the estimated average gross charges in 2017 of other providers in Sullivan County that are shown in the table on page 183 of the application, it seems reasonable that the average gross charge of the 60 bed facility is expected to be approximately \$468/day in Year 1 of the project (2017). Please explain the rationale for projecting higher average gross revenue for the 8 proposed beds (\$709.34/day) compared to the facility as a whole and other service area providers in Year 1 of the project.

The proposed 8 bed application reflects Medicare and Managed Care patients only. The gross charges represent estimated charges for room and board and ancillary services. These charges do not represent expected reimbursement from Medicare and Managed Care payors. Please note that on page 46 of the application, after contractual adjustments or deductions, the average net charge is \$444.89.

January 28, 2016

11:25 am

AFFIDAVIT

STATE OF TENNESSEE

COUNTY OF Rutherford

NAME OF FACILITY: NHC HealthCare/Kingsport, LLC d/b/a NHC HealthCare, Kingsport

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

Dere R. Brown
Signature/Title

Health Planning Assistant

Sworn to and subscribed before me, a Notary Public, this the 27th day of January, 2016, witness my hand at office in the County of Rutherford, State of Tennessee.

Barbara Harris
NOTARY PUBLIC



My commission expires 9/25, 2019

HF-0043

Revised 7/02

Support Letters

January 28, 2016

11:25 am



2000 Brookside Drive • Kingsport, TN 37660
423-857-7699

December 2, 2015

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

Dear Ms. Hill:

NHC HealthCare, Kingsport has informed me of their intent to apply for eight (8) additional nursing beds. Based on my experience with this facility, I can give my support to this bed addition without reservations.

The need for more skilled nursing beds in this area is great. The continuum of care is of great importance to the residents who receive care in this area. This facility has already established itself with a reputation for quality care in our community.

Sincerely,

Leonard Cortese R.N.
Nurse Manager

January 28, 2016

11:25 am



2000 Brookside Drive • Kingsport, TN 37660
423-857-7699

December 2, 2015

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

Dear Ms. Hill:

Please accept this letter as my support for NHC HealthCare, Kingsport and its Certificate of Need for an eight (8) bed addition. NHC is filing this CON based on the bed need projection for additional skilled beds in Sullivan County. We need to meet the demands of our senior population with quality care and NHC is a great resource.

NHC is to be commended for their care and for their future commitment of creating more housing to meet the aging senior's needs. I wish NHC well in the fulfillment of its mission of care for the elderly.

Sincerely,

Anna Jones
Medical Social Worker
Patient Resource Management

January 28, 2016

11:25 am

2000 Brookside Drive • Kingsport, TN 37660

423-857-7699



December 2, 2015

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

Dear Ms. Hill:

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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,

Jay Martin RN/BSN
Joint Replacement & Spine Coordinator

January 28, 2016

11:25 am

2000 Brookside Drive • Kingsport, TN 37660

423-857-7699



December 2, 2015

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

Dear Ms. Hill:

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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,

Adrienne East, RN

January 28, 2016

11:25 am

2000 Brookside Drive • Kingsport, TN 37660
423-857-7699



December 2, 2015

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

Dear Ms. Hill:

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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,



**THE JOINT
REPLACEMENT CENTER**

Indian Path Medical Center

December 2, 2015

SUPPLEMENTAL #2

January 28, 2016

11:25 am

2000 Brookside Drive • Kingsport, TN 37660

423-857-7699

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

Dear Ms. Hill:

NHC HealthCare, Kingsport has informed me of their intent to apply for eight (8) additional nursing beds. Based on my experience with this facility, I can give my support to this bed addition without reservations.

The need for more skilled nursing beds in this area is great. The continuum of care is of great importance to the residents who receive care in this area. This facility has already established itself with a reputation for quality care in our community.

Sincerely,

*Hester Fox RN, BSN, CCM
Manager, Patient Resource Mgmt.*