

**Minutes of Meeting
Health Services Council
Project Review Committee-II**

DATE: 16 August 2007

TIME: 2:30 PM

LOCATION: Health Policy Forum

ATTENDANCE:

Committee II: Present: Victoria Almeida, Esq., (Vice Chair), Raymond C. Coia, Esq., Gary Gaube, Wallace Gernt, Sen. Catherine E. Graziano, RN, Ph.D., Denise Panichas, Robert J. Quigley, DC, (Chair), Larry Ross

Not Present: Rosemary Booth Gallogly, Maria Gil

Excused: Robert Hamel, R.N., Reverend David Shire (Secretary)

Staff: Valentina D. Adamova, Michael K. Dexter, Joseph G. Miller, Esq.

Public: (Attached)

1. Call to Order, Approval of Minutes, Conflict of Interest Forms and Time Extension for the Minutes Availability

The meeting was called to order at 2:35 PM. Minutes of the 9 August 2007 Project Review Committee-II meeting were approved as submitted. The Chairman noted that conflict of interest forms are available to any member who may have a conflict. The Chairman requested a motion for the extension of time for the availability of minutes pursuant to the Open Meetings Act. A motion was made, seconded, and passed by seven in favor and none opposed (7-0) that the availability of the minutes for this meeting be extended beyond the time frame provided for under the Open Meetings Act. Those members voting were: Almeida, Coia, Gaube, Gernt, Graziano, Quigley, Ross.

2. General Order of Business

The first item on the agenda was the application of CareLink Pace Organization d/b/a PACE Organization of Rhode Island for initial licensure of a Home Nursing Care Provider Agency at 225 Chapman Street in Providence.

Ms. Kwiatkowski, President, stated that PACE, program for all-inclusive care for elders, is non-profit organization that serves as an alternative to nursing homes for individuals who want to stay in their community. This model has been around for 30 years. The program has its own set of regulations under CMS and is surveyed by CMS. Its an all inclusive model and provides all services a client

needs. PACE receives a fixed reimbursement from Medicaid and a risk-adjusted amount from Medicare. The organization is currently licensed under the adult day health license. She noted that a determination was made that PACE would need to seek licensure as Home Nursing Care Provider.

The Chair inquired if funding only came from Medicare and Medicaid. Ms. Kwiatkowski stated that those are the only sources of funding. Regarding charity care, she stated that CMS does not allow provision of charity care by PACE.

Staff asked if the applicant provides care at its center and is the center licensed as a facility. The applicant stated that the center is not licensed as a health center, the center does not require licensure and PACE will be licensed as a home nursing care provider and adult day care provider. Mr. Gernt requested that the licensure issue be reviewed.

Ms. Kwiatkowski discussed the plan of care for PACE's clients and the coordination of services and information. The Chair requested that the applicant provide the information regarding CMS in writing.

The second item on the agenda was the application of ASC Acquisition, LLC for change in effective control of Wayland Square

Surgicare a freestanding ambulatory surgery center at 17 Seekong Street in Providence and Blackstone Valley Surgicare, a freestanding ambulatory surgery center at 1526 Atwood Avenue in Johnston.

Staff noted that with respect to the settlement with the Department, the Department sent a letter regarding compliance and noting the pending status of the charity care issue.

Ms. Rocha, legal counsel to the applicant, she stated that HealthSouth sold its ambulatory care division which includes Wayland Square Surgicare and Blackstone Valley Surgicare. She stated that the everything will remain the same as a result of the transaction including the administrator.

The Chair asked the applicant to address the physician syndication. The applicant stated that they have recruited a number of physicians to acquire an ownership interest. Mr. Gernt requested background information on ASC. Ms. Rocha referred the Committee to Tab F of the application and discussed the owners. Staff stated that since the transaction has occurred the applicant has entered into an Escrow Agreement, which provides for a divestiture in the event the applicant is not approved.

Mr. Gernt noted his concern over the control over a healthcare entity by an investment equity firm. Ms. Rocha noted that any changes in ownership would require review by the Committee again. The

applicant discussed the experience of the applicant and its representatives. Mr. Ross asked about acquisition prices. The applicant stated that it about \$920 million of about 140 facilities. Staff noted that there is 28% debt. The applicant noted that this is located in Tab I of the application.

Ms. Panichas noted issue regarding continuum of care. Staff noted that impact on the quality of care and financial viability are review criteria. Staff asked whether the new operating company is primarily made up of former HealthSouth employees and what protection is there for the local management. The applicant stated that the company cannot exist without the local management. The day-to-day business operations have not changed. The transition has been seamless.

Mr. Gaube noted that overall out of state operators have a destabilizing effect the healthcare delivery system.

In response to Sen. Graziano's question regarding oversight, the applicant noted that they are JCAHO accredited.

There being no further business the meeting was adjourned at 3:40 PM.

Respectfully submitted,

Valentina D. Adamova, MBA