

Minutes of Meeting
Health Services Council
Project Review Committee-II

DATE: 8 November 2007

TIME: 2:30 PM

LOCATION: Conference Room C
Department of Administration

ATTENDANCE:

Committee-II: Present: Raymond C. Coia, Esq., Wallace Gernt, Sen. Catherine E. Graziano R.N., Ph.D., Robert Hamel, R.N., Robert J. Quigley, DC, (Chair), Reverend David Shire (Secretary)

Not Present: Rosemary Booth Gallogly, Gary J. Gaube, Maria Gil, Denise Panichas

Excused Absences: Victoria Almeida, Esq., (Vice Chair)

Staff: Valentina Adamova, Michael K. Dexter, Chrystele Lauture (Intern), 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 2:30 PM. The Chairman noted that conflict of interest forms are available to any member who may have a conflict. The minutes of the Project Review Committee-II meeting of 12 October 2007 were approved as submitted. 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 a vote of six in favor and none opposed (6-0) that the availability of minutes for this meeting be extended beyond the time frame and provided for under the Open Meetings Act. Those members voting in favor were: Coia, Gernt, Graziano, Hamel, Quigley, Shire.

2. General Order of Business

The first item on the agenda was the application of Radius Ninety-Nine Operating, LLC for a change in effective control of Hillside Health Center, a 165-bed nursing home, located at 99 Hillside Avenue in Providence.

The Chairman requested that the applicant address the issues with regards to the nursing home facility, Waterview Villa, which is operated by the same members of the applicant. Staff noted that the Department has entered into Consent Agreement with Radius 1275

Operating, LLC. The Consent Agreement has been handed out. Staff noted that they are waiting for the Hearing Officer to approve the Consent Agreement. Staff noted an 8 November 2007 letter from Mr. Zubiago which identifies outstanding remedial actions to correct certain documents and filings. Staff noted that the Consent Agreement is not punitive.

Mr. Miller, legal counsel to the Department, noted that there was a show cause to have the applicant explain why a lease contrary to what was reviewed was executed after the closing. He stated that there were two depositions, numerous affidavits and review of multiple documents after which the Department entered into the Consent Agreement.

The Chair requested that Mr. Zubiago, legal counsel to the applicant, address this issue. Mr. Zubiago introduced the representatives of the applicant. He stated that the same individuals are involved in the transaction for Hillside as for Waterview Villa. He noted that the show cause order and the Consent Agreement only related to the Waterview Villa which is a previously approved transaction. He stated that the Department issued a show cause order when the Department became aware of certain aspects of the Waterview Villa transaction. Through that process, the applicant learned of the term of lease that the Department had discussed during the review of Waterview Villa for change in ownership and that was not implemented and what happened and why. He noted concerns of the Department were

addressed and noted that this was not done intentionally.

Mr. Gernt asked the applicant regarding the outstanding issues that need to be addressed by the applicant. Mr. Zubiago addressed the documents and information that needs to be corrected. Mr. Gernt noted that based on the information provided by the consultant, the applicant made mistakes and inquired if the same consultant was retained for the Hillside application. The applicant answered that no. Mr. Gernt noted the poor character of the previous owners of the Hillside facility and the disruption this caused on the community in that area.

Mr. Roush stated his commitment and noted steps that have been taken with regards to Waterview Villa's compliance. He stated that there was never any design or intent to be out of compliance. The Chair stated that he believes that the Department's concerns in this matter have been addressed.

The Committee moved on to the review of the Hillside application and staff reviewed the information that was mailed for this meeting. Staff noted that all of Radius' Massachusetts facilities are currently in compliance and there have been no enforcement actions in the past five years.

Mr. Zubiago discussed the timing issues with regards to the acquisition of Hillside. He reviewed the responses to Committee's

follow up questions. Staff noted the financial situation of the Millbury facility and that in the second set of follow up questions that have been sent to the applicant they were asked to address that and other issues at the next meeting. The applicant noted that the contingencies that are listed with regards to proposal are to account for the fact that the nursing facility has not been in operation. The applicant will have two lines of credit, \$1 million working capital line with regards to requirements of section 5.8 of the regulations and another \$1 million line of credit from Sovereign Bank. Mr. Zubiago noted that the projected occupancy rate is based on the location, previous experiences in Rhode Island at Waterview Villa and the variety of programs that would be provided at the facility.

To Rev. Shire's question, the applicant stated that the higher occupancy rate would be due to a large number of private rooms, 38, which is probably a greater percentage of private rooms compared to other nursing homes. The applicant discussed the Dementia/Alzheimer's program proposed for the facility and that it is one of the most resident centered services because it is inclusive of the staff and the family members in terms of support groups. Additionally, the facility will offer a short stay rehab program. To the Chair's question about staffing, the applicant noted that they are already getting calls from interested individuals and the facility would be operated and staffed incrementally.

Mr. Zubiago noted that the applicant is interested in getting into

Electronic Medical Records (EMR) and that the applicant sees that in 2-3 years. Staff noted that further questions about the cost and timing of EMR would be addressed at the next meeting and that the applicant was requested to provide a copy of the letter that would provide for the line of credit. Regarding financing, staff requested a letter from investment company Syms and statements signed by the principals of the applicant regarding their respective financial contributions.

Mr. Zubiago stated that the applicant met with the neighbors of the facility regarding employee-parking, deliveries, and landscaping. Mr. Gernt requested a rendering of the landscaping prior to the Health Services Council meeting. The applicant stated that there is an original special permit for the facility with regards to neighborhood, which the applicant agreed to be bound by. Staff noted that the applicant has been requested to identify those conditions at the next meeting.

Staff noted a standard condition of approval with regards to nursing homes about not discharging patients and the applicant agreed to work in good faith to find an alternative payor source. To Rev. Shire's question about culture change, the applicant discussed their plans with regards to changes to nursing stations, private rooms, dietary services, etc.

To the Chair's question about the payor mix, Mr. Zubiago identified it

from the application as: Medicare - 24%, Medicaid - 58%, HMO - 2%, and Self Pay - 16%. To Rev. Shire's question about elevators, the applicant stated that they have to be upgraded with regards to their mechanical and emergency conditions but that they are of sufficient size.

It was noted that the next meeting is scheduled for 29 November 2007. There being no further business the meeting was adjourned at 3:40 PM.

Respectfully submitted,

**Valentina D. Adamova, MBA
Health Economics Specialist**