

HEALTH SERVICES AND DEVELOPMENT AGENCY MEETING
APRIL 27, 2022
APPLICATION REVIEW

NAME OF PROJECT: East Tennessee Physical Rehabilitation Hospital

PROJECT NUMBER: CN2202-006

ADDRESS: 2800 Westside Drive Northwest
Cleveland (Bradley County), TN 37312

LEGAL OWNER: East Tennessee Physical Rehabilitation JV, LLC
One Siskin Plaza
Chattanooga (Hamilton County), TN 37403

OPERATING ENTITY: Siskin Hospital for Rehabilitation, Inc.
One Siskin Plaza
Chattanooga (Hamilton County), TN 37403

CONTACT PERSON: John Wellborn
(615) 665-2022

DATE FILED: February 25, 2022

PROJECT COST: \$19,248,901

PURPOSE FOR FILING: Establishment of a 32-bed physical rehabilitation hospital

Staff Review

Note to Agency members: This staff review is an analysis of the statutory criteria of Need, Consumer Advantage Attributed to Competition, and Quality Standards, including data verification of the original application and, if applicable, supplemental responses submitted by the applicant. Any HSDA Staff comments will be presented as a "Note to Agency members" in bold italic.

PROJECT DESCRIPTION:

This application is for the establishment of a 32-bed physical rehabilitation hospital to be located within renovated existing hospital space at Tennova Healthcare - Cleveland Westside at 2800 West Side Drive, NW, Cleveland, Tennessee 37312. The proposed service area consists of Bradley, McMinn, Meigs, Polk, and Rhea Counties.

EAST TENNESSEE PHYSICAL REHABILITATION HOSPITAL
CN2202-006
APRIL 27, 2022

Executive Summary

- Please see application Item 1E. on Page 9 for the applicant's executive summary overview that includes project description, ownership, service area, existing similar service providers, project cost, and staffing.

Consent Calendar: Yes No

- Executive Director's Consent Memo Attached: Yes Not applicable

Facility Information

- The proposed physical rehabilitation hospital will be licensed separately from Siskin Hospital for Rehabilitation, Inc.'s other rehabilitation hospital facilities and will be located within renovated existing hospital space of Tennova Healthcare – Cleveland Westside, a licensed acute care hospital with 100 licensed beds located at 2800 West Side Drive, NW, Cleveland, Tennessee 37312.
- The proposed facility will be located on the first floor of the host hospital facility with (25,510) sq. ft. of indoor space, and (3,849) sq. ft. of outdoor space totaling (29,359) sq. ft. which will include (32) single patient rooms, and indoor and outdoor therapy spaces.
- The applicant will contract with the host hospital or other sources for laboratory and radiology services as well as housekeeping, maintenance and food service. The proposed facility will not provide any outpatient services.
- The project site will be leased from the owner, Cleveland Tennessee Hospital Company, LLC., to East Tennessee Physical Rehabilitation JV, LLC. for an initial 10-year lease term. The facility will be located on a 15.7-acre site. See Attachments 10.A. Floor Plan and 12.A. Plot Plan for reference.

Ownership

- The applicant, East Tennessee Physical Rehabilitation JV, LLC. is jointly owned by Siskin Hospital for Physical Rehabilitation, Inc., (65%) which is a not-for-profit corporation based in Chattanooga, Tennessee and Cleveland Hospital Company, LLC., (35%) which is a Delaware limited liability company.

Project Cost Chart

- The total project cost is \$19,248,901. Of this amount, the highest line item costs of the project are Facility Lease Costs (\$9,788,188), Construction Costs (\$4,042,500), Information Technology, and Miscellaneous Furnishing and Equipment (\$2,010,000), and Moveable Equipment (\$1,200,000).
- Please see the Project Cost Chart on Page 12 of the application.

NEED

The applicant provided the following supporting the need for the proposed project:

- There is a need in the service area based upon the lack of existing inpatient rehabilitation beds.

- There will be a projected need for (50) beds in the five county service area in 2026 according to the standards and criteria for per 1,000 population age 65 and older.
- The facility will reduce travel time for family members of patients during their inpatient rehabilitation.

(For applicant discussion, see the Original Application, Item 2.E., Page 10)

SERVICE SPECIFIC CRITERIA AND STANDARD REVIEW

Comprehensive Inpatient Rehabilitation Services:

All applicable criteria and standards were met except for the following:

- Did not meet the standard of #3. **Minimum Bed Requirements: “Freestanding rehabilitation hospitals should have a minimum size of 50 beds.”** *This project proposes a 32-bed rehabilitation hospital which is below the 50 bed threshold required by this standard. See Attachment 1.N. Comprehensive Inpatient Rehabilitation Services Standards and Criteria, Page 43.*

Note to Agency members: The applicant states that this criteria is not a relevant concern for the project because it will leverage existing hospital space and will benefit from contracting for many hospital services to achieve cost savings. The removal of Economic Feasibility from the CON statute is also cited as reason this criteria is less relevant to the project.

Please see attached for a full listing of the criteria and standards and the applicant’s responses.

Service Area Demographics

- The proposed service area consists of Bradley, McMinn, Meigs, Polk, and Rhea Counties (see Attachment 2N for a county level map).
- The target population is the adult population age 18 and older. (See Attachment 3.N-R for more demographic detail.)

County	2022 Population	2026 Population	2022 Population 18+	2026 Population 18+	% Change 18+	TennCare %
Bradley	110,318	113,675	86,510	89,496	3.5%	23.5%
McMinn	54,221	54,947	43,033	43,787	1.8%	26.8%
Meigs	12,616	12,872	10,138	10,402	2.6%	28.6%
Polk	17,226	17,482	14,010	14,293	2.0%	25.7%
Rhea	33,892	34,634	26,561	27,429	3.3%	29.5%
Service Area	228,273	233,610	180,252	185,407	2.9%	25.6%
Tennessee Total	6,997,493	7,203,404	5,455,516	5,629,600	3.2%	23.6%

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.

- The proposed service area projects a 4-year growth rate among residents age 18+ and over of (2.9%) which is lower than the statewide rate of (3.2%).
- The latest 2022 percentage of (25.6%) of service area residents enrolled in the TennCare program is higher than the (23.6%) statewide average.
- Please see Item 4N., Page 16R in the application for special needs of the service area population including health disparities.
- The travel time and distance from each of the five service area counties to the project site is provided by the applicant in Table 11A-1 on Page 6 of the application. The distances from each of the five service area counties to other inpatient rehabilitation hospital facilities is included in Table 11A-2 on Page 7 of the application.

Service Area- Historical Utilization (Inpatient Rehabilitation Beds)

- There are no existing inpatient rehabilitation hospitals in the five-county service area. The utilization for the nearest regional facilities, all of which are located in Hamilton County, which is adjacent to Bradley County is detailed in the tables below:

Utilization of Chattanooga's Inpatient Rehabilitation Facilities 2020

Facility	Inpatient Rehabilitation Beds 2020	Inpatient Rehabilitation Bed Capacity 2020	Inpatient Rehabilitation Patient Days 2020	Bed Occupancy
Siskin (Inpatient Rehab Facility)	88	32,120 days	26,260 days	81.8%
Encompass (Inpatient Rehab Facility)	50	18,250 days	15,742 days	86.3%
Parkridge Medical Center (Inpatient Rehab Unit)	12	4,380 days	3,368 days	76.9%
TOTAL	150	54,750 days	45,370 days	82.9%

Source: CN2202-006, Attachment 1N, Page 40

- There are two Inpatient Rehabilitation Hospitals in the region (Encompass Health Rehabilitation Hospital of Chattanooga, and Siskin Hospital for Rehabilitation) and one Inpatient Rehabilitation Unit based within a general hospital (Parkridge Medical Center) all of which are located in Hamilton County. Siskin operates the largest facility of the three with (88 beds). There were a total of (150 beds) available in Chattanooga in 2020. Encompass Health Rehabilitation Hospital of Chattanooga had the highest occupancy rate (86.3%), followed by Siskin Hospital for Rehabilitation (81.8%) and Parkridge Medical Center (76.9%).

Days of Care provided to the Project Service Area by Chattanooga's Inpatient Rehabilitation Facilities 2020

Service Area County	Parkridge Medical Center*	Encompass Rehabilitation Hospital of Chattanooga	Siskin Hospital for Rehabilitation	Total
Bradley	NA	1,316	1,808	3,124
McMinn	NA	298	380	678
Meigs	NA	54	122	176
Polk	NA	153	345	498
Rhea	NA	295	585	880
PSA TOTAL	253*	2,116	3,240	5,609
Total by Rehab Hospital	3,368	15,742	26,260	45,370

Source: CN2202-006, Attachment 1N, Page 40

*Parkridge Medical Center's Inpatient Rehabilitation Unit utilization is not reported cumulatively and not by county of patient origin in the 2020 Joint Annual Report. The 253 days of care listed refer to the cumulative number for the rehabilitation unit.

- The applicant provides detail on the number of patient days of care provided at the three Chattanooga Inpatient Rehabilitation facilities in 2020 to service area residents. Bradley County, where the project is located, represented (3,124) total patient days, followed by Rhea County (880) total patient days, McMinn County (678) total patient days, Polk County (498) patient days, and Meigs County (176) patient days, for a total of (5,609) total patient days.
- Siskin Hospital for Rehabilitation had the largest market share for rehabilitation days of care in the region in 2020 with (57.8%), followed by Encompass Rehabilitation Hospital of Chattanooga (34.7%) and Parkridge Medical Center (7.4%).

Applicant's Historical and Projected Utilization

There is no historical utilization for the applicant. The following table indicates the applicant's projected Inpatient Rehabilitation Hospital utilization by inpatient discharges.

Projected Utilization - East Tennessee Physical Rehabilitation Hospital

Service Area County	Projected Utilization Year 1 (2024)	Total Discharges
Bradley	243	48.3%
McMinn	119	23.6%
Meigs	28	5.6%
Polk	39	7.7%
Rhea	74	14.8%
Total	503	100%

Source: CN2206-006, Original Application, Page 14

- The applicant projects that (86.7%) of patient utilization will originate from three of the five service area counties; Bradley County (48.3%), McMinn County (23.6%), and Rhea County (14.8%).

Note to Agency members: The Siskin Hospital for Rehabilitation in Chattanooga serves a significant number of patients from the State of Georgia (approximately 25%) in 2020.

The applicant does not expect to receive a significant volume of Georgia-based patients at its new facility. See CN2202-006 Supplemental #1, Question #4.d. for the applicant's explanation. The host hospital - Tennova Healthcare - Cleveland Westside Hospital does not serve a large population of Georgia or other out of state residents (2.6% Georgia based admissions reported in 2020 Joint Annual Report for Hospitals).

**Projected Utilization - East Tennessee Physical Rehabilitation Hospital - Specific Services
Year 1 (2024)**

Physical Rehabilitation Service Type	Service to be Provided at New Facility (Yes/No)	Projected Number of Inpatient Cases in Year 1 (2024)
Occupational Therapy	Yes	503
Orthotic Services	No	0
Physical Therapy	Yes	503
Prosthetic Services	No	0
Speech/Language Therapy	Yes	375
Therapeutic Recreational Service	No	0

Source: CN2202-006, Supplemental #1, Page 3, Question #7

- The applicant will offer Occupational Therapy, Physical Therapy, and Speech Language Therapy to its patients. It will not provide Orthotic Services, Prosthetic Services, or Therapeutic Recreational Services. All patients will receive Occupational and Physical Therapy.

Projected Utilization - East Tennessee Physical Rehabilitation Hospital

	Year 1 (2024)	Year 2 (2025)	Year 3 (2026)
Discharges	503	628	754
Average Length of Stay - ALOS (Days)	14.52	14.52	14.52
Patient Days	7,300	9,125	10,950
Average Daily Census	20	25	30
Occupancy (Patient Days)	62.3%	78.1%	93.8%

Source: CN2202-006, Supplemental #1, Page 17R

- The applicant is projecting that it will reach (93.8%) occupancy by Year 3 (2026) of operation. This represents a (25%) increase in discharges from Year 1 (2024) to Year 2 (2025), a (20%) increase in discharges from Year 2 to Year 2 (2026), and a (50%) increase from Year 1 to Year 3 overall.
- The applicant expects to serve patients with less complex needs at the proposed Bradley County facility. Patients with higher acuity requiring dialysis, or with complex brain injuries/neurological conditions or spinal cord injuries will be referred to the applicant's sister facility in Hamilton County.

CONSUMER ADVANTAGE ATTRIBUTED TO COMPETITION

Charges

- The applicant's proposed charges are listed on Page 21. The applicant's unit of measure for calculating charge information is Discharges.

	Projected Data Chart	
	Year 1	Year 2
Gross Charges	\$23,422	\$23,655
Deduction from Revenue	\$4,684	\$4,731
Average Net Charges	\$18,738	\$18,924

Source: CN2202-006, Original Application, Page 21.

- The applicant's proposed total charges per discharge are listed on Page 21 of the application.
- The applicant provides Table 8C-1 showing Medicare payments for Case Mix Groups (CMGs) procedures that will be relevant to this project and comparing those payments to other area providers and Table 8C-2 shows the comparative gross charges for the applicant and other area facilities. None of the proposed facilities operate within the applicant's primary service area. The tables included in the attachment are too extensive to include in this project summary.
- The applicant's projected gross charges for the project \$23,422 for Year 1 appear to be consistent with those of the Siskin facility in Chattanooga and are generally lower than gross charges for Encompass Health Rehabilitation Hospital of Chattanooga. See Attachment 8C for the above referenced tables.

Project Payor Mix

	Percentage of Gross Operating Revenue						
	Medicare	Medicaid	Commercial	Self-Pay	Other	Total	Charity Care
Year 1	82.6%	1.4%	13.7%	0.3%	2%	100%	1%

Source: CN2202-006, Original Application, Page 22.

- Please refer to Item 10C. in the Consumer Advantage section of the application for specific Payor Mix information.
- A full list of in-network payors is included as Attachment 2.C.

Agreements

- The applicant states that it does not currently have any transfer agreements in place, but that it plans to negotiate transfer agreements with local area hospitals including Tennova Healthcare-Cleveland.

- The applicant states that it intends to contract with the same Managed Care Organizations (MCOs) as Siskin Hospital for Rehabilitation in Chattanooga which are BlueCare and TennCare Select.
- The applicants has attached a draft management services agreement between Siskin Hospital for Rehabilitation, Inc. and East Tennessee Physical Rehabilitation JV, LLC as Attachment 8A.

Staffing

- The applicant's Year One proposed direct patient care staffing includes the following:

	Year One
Direct Patient Care Positions	56.56
Non-Patient Care Positions	13.84
Contractual Staff	0.0
Total	70.4

Source: CN2202-006, Original Application, Page 26.

- Direct Care positions includes the following: Nurses and Nursing Assistants (432.41 FTEs); Physical Therapists, Assistants and Aide (11.28 FTEs); Occupational Therapists and Assistants (4.68 FTEs); Speech Pathologists (1.65 FTEs); Respiratory Therapy (2.80 FTEs); Pharmacists and Pharmacy Techs (2.64 FTEs); and Psychologist (1.10 FTE). Non-Patient Care positions includes the following: Director of Nursing (1.10 FTEs); Nurse Educator (1.10 FTEs); Therapy Director (1.10 FTEs); Dietary Manager/Dietitian (1.10 FTEs); IRF-PAI Coordinator (1.10 FTEs); Case Manager (1.10 FTEs); Medical Records (1.10 FTEs); Scheduler (1.10 FTEs); Receptionists (2.30 FTEs); Unit Clerks (2.41 FTEs); Security (0.33 FTEs).
- Please refer to Item 8Q. on Page 26 of the application for additional detail regarding project staffing.
- Siskin Physical Medicine and Rehabilitation (SPMR) is the physician group that will provide physician staff and medical directorship for the project.
- The applicant states that it will continue to leverage recruiting relationships with regional nursing and therapy programs to support clinical staffing for the project, including its partnership with the University of Tennessee at Chattanooga which the applicant has partnered with to create the area’s first Certified Nurse Assistant (CNA) training program.
- The applicant states that its current vacancy rates for therapy and nursing positions are low providing the following tables reflecting current vacancies for therapy and nursing positions at the Chattanooga, TN facility:

Therapy Vacancies	Position Title	Vacancy (FTEs)
	Occupational Therapist	1.2 FTE
	Physical Therapist	0.3 FTE
	Certified Occupational Therapy Assistant	0.2 FTE
	Physical Therapy Assistant	0.2 FTE
	Physical Therapy Tech	1.8 FTE
	Occupational Therapy Tech	0.3 FTE

Nursing Vacancies	Position Title	Vacancy (FTEs)
	Nurse Aides	9.2 FTE (out of 63.3 FTE)
Nurses (LPN & RN)	19.35 FTE (out of 94.05 FTE)	

Source: CN2202-006, Supplemental #1, Page 7, Question 10.b.

- The applicant states that approximately (30%) of active associates have been employed with Siskin for 10 years or longer.
- For additional detail regarding the applicant's strategy for staffing the project see Supplemental #1, Page 7, Question 10.b.

QUALITY STANDARDS

- The applicant commits to obtaining and/or maintaining the following:

Licensure	Medicare/TennCare	Accreditation
X	X	CARF & CIHQ

Source: CN2202-006, Original Application, Page 23.

- The applicant will apply for Licensure through the Tennessee Department of Health, Certification through Medicare and TennCare, and Commission on Accreditation of Rehabilitation Facilities (CARF) and Center for Improvement in Healthcare Quality (CIHQ).
- In addition to CARF and CIHQ accreditation, Siskin Hospital for Rehabilitation in Chattanooga has received CARF specialty certification for excellence in its brain injury and stroke care programs, and CIHQ specialty certification for excellence in rehabilitation.
- The applicant cites its status as the only 5-star quality rated rehabilitation hospital in the region, and its recognition in a published Newsweek magazine state-by-state quality ranking of rehabilitation hospitals as the second highest ranked in the state of Tennessee in 2021.
- Cleveland Tennessee Hospital Company, LLC dba Tennova Healthcare Cleveland is a subsidiary of Cleveland Hospital Company, LLC which is a minority owner in the project. These entities are subject to a Corporate Integrity Agreement of Community Health Systems, Inc. dated July 28, 2014.

Note to Agency members: The Commission on Accreditation of Rehabilitation Facilities (CARF) is an accrediting organization which accredits program areas including aging services, behavioral health, CCRC, Child and Youth Services, Employment and Medical

Services, Medical Rehabilitation, Opioid Treatment Programs, and Vision Rehabilitation Programs. The Center for Improvement in Healthcare Quality (CIHQ) is an organization which has been granted deeming authority by CMS for its accreditation programs, which allow accredited hospitals to participate in the Medicare program. CMS Quality Rating refers to a rating system from one to five stars which is based on health inspection, staffing, and quality measures data which are compiled and is published by CMS on its Medicare Compare websites.

LICENSING AGENCY COMMENTS

Licensing Agency: Department of Health

- Department of Mental Health and Substance Abuse Services
- Intellectual and Developmental Disabilities

Licensing Agency Comments Attached: Yes No

CERTIFICATE OF NEED INFORMATION FOR THE APPLICANT:

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

Outstanding Certificates of Need

Project Name	Middlebrook ASC, LLC, CN1911-045A
Project Cost	\$2,371,019
Approval Date	February 26, 2020
Description	The establishment of a multi-specialty Ambulatory Surgical Treatment Center (ASTC) with three (3) operating rooms and associated services in approximately 15,000 square feet of leased space within a larger medical office building at an unaddressed site located at Middlebrook Pike and Old Weisgarber Road in Knoxville, Tennessee (Knox County). The applicant is wholly owned by Metro Knoxville HMA, LLC, d/b/a Tennova Healthcare. Eventually, Middlebrook ASC will be owned at least 51% by Metro Knoxville HMA and up to 49% by local surgeons. The proposed service area consists of Anderson, Blount, Grainger, Jefferson, Knox, Loudon, Roane, Sevier, and Union counties.
Project Status	A project extension was approved March 2, 2022 for an additional 90 days due to global supply chain issues surrounding key components of the project's HVAC system which resulted in additional time needed for the completion of final activities and surveys for opening.
Expiration	July 1, 2022

Project Name	Knoxville Center for Behavioral Medicine, LLC, CN1911-047A
Project Cost	\$28,400,000
Approval Date	February 26, 2020
Description	The establishment of a 64-bed mental health hospital (24 adult psychiatric beds, and 24 adult co-occurring beds, and 16 geriatric psychiatric beds) located at an unaddressed site at Middlebrook Pike and Old Weisbarger Road, Knoxville (Knox County), TN. The applicant is owned by National Healthcare Corporation (60%), Tennova Healthcare/Knoxville HMA Holdings, LLC (15%), University of Tennessee Medical Center (15%), and Reliant Healthcare (10%). The proposed service area consists of Knox, Anderson, Blount, Campbell, Claiborne, Cocke, Grainger, Hamblen, Jefferson, Loudon, Monroe, Morgan, Roane, Scott, Sevier, and Union Counties.
Project Status	Email October 25, 2021 - A project representative indicated construction is approximately 60% complete and is on-schedule to receive Certificate of Occupancy February 2022.
Expiration	April 1, 2023

Project Name	Tennova Healthcare Clarksville, CN2109-027A
Project Cost	\$57,745,000
Approval Date	December 15, 2021
Description	The establishment of a 12-bed satellite hospital facility with emergency room services to be located on 16 acres which are part of a larger tract located at 2275 Trenton Road in Clarksville (Montgomery County), TN 37040. The applicant will be owned by Clarksville Health Systems, G.P. which is a General Partnership with two partners - Clarksville Holdings, LLC (80%) and Vanderbilt Montgomery Holdings, LLC (20%). The ultimate parent entities for these partners are Community Health Systems, Inc. and Vanderbilt University Medical Center respectively. The proposed service area consists of Montgomery County.
Project Status	This project was recently Approved.
Expiration	February 1, 2025

Project Name	Jefferson Memorial Hospital, CN2112-033A
Project Cost	\$2,635,918
Approval Date	February 23, 2022
Description	The initiation of diagnostic and therapeutic cardiac catheterization services at Jefferson Memorial Hospital located at 110 Hospital Drive Jefferson City (Jefferson County), TN 37760. The applicant, Jefferson Memorial Hospital, is wholly owned by Community Health Systems, Inc. The proposed primary service area consists of Jefferson and Cocke Counties. The secondary service area consists of Grainger and Hamblen Counties.
Project Status	This project was recently Approved.
Expiration	April 1, 2025

CERTIFICATE OF NEED INFORMATION FOR OTHER SERVICE AREA FACILITIES:

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

TPP (4/15/2022)

CRITERION AND
STANDARDS

Original Application

NOTE: Supplemental responses to criterion and standards follows in the supplemental attachments.

Attachment 1N

Project Specific Criteria and Standards

**STATE HEALTH PLAN
CERTIFICATE OF NEED STANDARDS AND CRITERIA
FOR
INPATIENT REHABILITATION SERVICES**

The Health Services Development Agency (HSDA) may consider the following standards and criteria for applicants seeking to establish Inpatient Rehabilitation Services. Rationale statements are provided for standards to explain the Division of Health Planning's underlying reasoning. Additionally, these rationale statements may assist stakeholders in responding to these Standards and may assist the HSDA in its assessment of certificate of need (CON) applications. Existing Inpatient Rehabilitation programs are not affected by these Standards and Criteria unless they take action that requires a new CON for such services.

These Standards and Criteria are effective immediately upon approval and adoption by the Governor. However, applications to provide Inpatient Rehabilitation Services that are deemed complete by the HSDA prior to the approval and adoption of these Standards and Criteria shall be considered under the Guidelines for Growth, 2000 Edition.

The Certificate of Need Standards and Criteria serve to uphold the Five Principles for Achieving Better Health set forth by the State Health Plan. Utilizing the Five Principles for Achieving Better Health during the development of the CON Standards and Criteria ensures the protection and promotion of the health of the people of Tennessee. The State Health Plan's Five Principles for Achieving Better Health are as follows:

1. **Healthy Lives:** The purpose of the State Health Plan is to improve the health of Tennesseans.
Access: Every citizen should have reasonable access to health care.
2. **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.
3. **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.
4. **Workforce:** The state should support the development, recruitment and retention of a sufficient and quality health care workforce.

Standards and Criteria

1. Determination of Need: The need for inpatient rehabilitation beds shall be determined by applying the guideline of one bed per 1,000 applied to the age 65+ population in the service area of the proposal. The need shall be based upon the current year's population and projected four years forward. Population statistics from the Department of Health should be used for the calculation.

Response:

The following table shows the service area's inpatient rehabilitation bed need, as projected by the State Health Plan methodology of one bed needed per 1,000 population. The methodology projects a service area need in CY2026 for 50 rehabilitation beds. Four years afterward, in 2030, 54 beds will be needed.

Currently, there are no existing or approved/unimplemented inpatient rehabilitation beds in the service area. This proposed 32-bed project will meet 64% of the projected CY2026 need (32 beds / 50-bed need = 64%).

The population data in this table are the most current available from the Tennessee Department of Health. (In the near future, new projections based on the 2020 Census will be made by U.T. and reassembled by the Department of Health; but those are not available as of the filing of this application.)

Table 1N-(1), State Plan Criterion 1: Need for Inpatient Rehabilitation Beds In the Service Area of East Tennessee Physical Rehabilitation Hospital			
	Population 65+ Years of Age		
Service Area County	CY2022	CY2026	CY2030
Bradley	20,539	22,589	24,333
McMinn	11,739	12,765	13,538
Meigs	2,868	3,130	3,356
Polk	3,910	4,258	4,552
Rhea	6,859	7,464	7,949
Total Population 65+ Years of Age	45,915	50,206	53,728
State Health Plan Bed Need @ One Inpatient Rehabilitation Bed Per 1,000 Population 65+ Years of Age	46 Beds	50 Beds	54 Beds
Existing and Approved Inpatient Rehabilitation Beds	0	0	0
Proposed Inpatient Rehabilitation Beds at ETPRH	32	32	32
Percent of Area Need Met By Project	69.6%	64.0%	59.3%

Source: UT Center for Business and Economic Research, 2019 Population Projections Data files. Reassembled by the TN Department of Health, Division of Population Health Assessment.

Nor can the area's need for inpatient rehabilitation beds be fully met by providers outside the project service area. The need as defined in the State Health Plan exceeds their available

bed capacity. They are too highly utilized to accept numerous additional admissions from the project service area.

Chattanooga Providers' Limited Rehabilitation Care for Residents of the Project Service Area

The following two tables show that Chattanooga providers are meeting only an estimated 36% of the project service area's need for inpatient rehabilitation. The State Plan's identified 50-bed need (in 2026) equates to a need for 15,513 annual days of rehabilitation care, at 85% occupancy (50 bed need X 365 days a year X 85% = 15,513 days needed). Chattanooga facilities provided only an estimated 5,609 days of care to service area residents, which is 36% of the area need four years from now.

Service Area Counties	Parkridge Medical Center	Encompass Rehabilitation Hospital of Chattanooga	Siskin Hospital for Physical Rehabilitation	Totals
Bradley	NA	1,316	1,808	
McMinn	NA	298	380	
Meigs	NA	54	122	
Polk	NA	153	345	
Rhea	NA	295	585	
Totals	253	2,116	3,240	5,609

Source: Joint Annual Reports for 2020.

Siskin Hospital and Encompass provide only rehabilitation care. Their inpatient days in the table are the total days they reported in their most recent (2020) Joint Annual Reports. Parkridge is a general hospital with an IRU-designated inpatient rehabilitation unit. Its JAR reports that unit's days of care, but not by county of origin. However, 7.5% of the hospital's total admissions were for patients of these five counties. Based on that, the above table estimates Parkridge's days of rehabilitation care for these counties as 7.5% of the unit's total patient days.

Current High Occupancy Of Existing Out of Area Providers

Bradley County adjoins Chattanooga/Hamilton County, which has three inpatient rehabilitation providers: two large rehabilitation hospitals (Siskin is one of them) and a small 12-bed rehabilitation unit (IRU) at Parkridge Medical Center. Their most recent available utilization data shows that their occupancy is high, averaging approximately 83%. They do not appear able to accept large numbers of additional admissions from the project service area without adding new beds.

Facility	Inpatient Rehabilitation Beds	Inpatient Rehabilitation Bed Capacity	Inpatient Rehabilitation Patient Days	Bed Occupancy
Parkridge (Unit)	12	4,380 days	3,368	76.9%
Encompass (IRF)	50	18,250 days	15,742	86.3%
Siskin (IRF)	88	32,120 days	26,260	81.8%
Totals	150	54,750 days	45,370	82.9%

Source: Internal FYE2021 data from Siskin; 2020 Joint Annual Reports of Encompass & Parkridge.

In accordance with Tennessee Code Annotated 68-11-14607 (g), “no more frequently than one time every three years, a hospital, rehabilitation facility, or mental health hospital may increase its total number of licensed beds in any category by ten percent or less of its licensed capacity at any one campus over any period of one year for any services it purposes it is licensed to perform without obtaining a certificate of need. These licensed beds that were added without a certificate of need should be considered as part of the determination of need formula by the agency.

Response:

Not applicable.

2. Establishment of Service Area: The geographic service area shall be reasonable and based on an optimal balance between population density and service proximity of the applicant.

Response:

The service area of the project was defined by identifying the primary service area counties of Tennova Healthcare - Cleveland, as reported in its current Joint Annual Report, and by examining those counties' utilization of Siskin Hospital for Physical Rehabilitation in Chattanooga.

Approximately 93% of Tennova Healthcare - Cleveland's discharges that year were residents of Bradley, Polk, McMinn, Meigs, and Rhea Counties, five contiguous counties east and northeast of Chattanooga/Hamilton County.

Siskin in Chattanooga had 230 rehabilitation admissions from those counties in its last fiscal year (2021).

None of the five counties has existing or approved/unimplemented inpatient rehabilitation hospital beds. The closest inpatient rehabilitation beds to them are in Chattanooga/Hamilton County, farther away than the site of this project in Bradley County.

The table on the following page compares (a) service area drive times to existing inpatient rehabilitation beds in Chattanooga, to (b) drive times to the ETPRH site in Cleveland. Accessibility to the ETPRH site is much faster. And because inpatient rehabilitation often requires the family to participate significantly, the indicated round-trip drive time savings of an hour are an important consumer benefit of this project.

Table N1, State Plan Criterion 2: Service Area Distance and Drive Times To Project and To Closest Existing Inpatient Rehabilitation Beds Outside the Service Area							
Project Service Area		To Proposed ETPRH in Cleveland		To Parkridge Medical Center Rehabilitation Unit in Chattanooga		To Encompass Health in Chattanooga	
County	City	Distance	Drive Time	Distance	Drive Time	Distance	Drive Time
Bradley	Cleveland	3.3 mi.	8 min.	28.2 mi.	33 min.	28.2 mi.	34 min.
McMinn	Athens	27.6 mi.	31 min.	54.9 mi.	57 min.	54.9 mi.	59 min.
Meigs	Decatur	30.2 mi.	33 min.	45.1 mi.	58 min.	45.1 mil	60 min.
Polk	Benton	17.5 mi.	26 min.	43.9 mi.	51 min.	43.8 mi.	54 min.
Rhea	Dayton	25.6 mi.	36 min.	40.5 mi.	49 min.	40.5 mi.	51 min.
<i>Average One-Way Drive Times</i>			<i>27 min.</i>		<i>50 min.</i>		<i>52 min.</i>
<i>Average Round-Trip Drive Time</i>			<i>54 min.</i>		<i>100 min.</i>		<i>104 min.</i>

Project Service Area		To Siskin Hospital in Chattanooga	
County	City	Distance	Drive Time
Bradley	Cleveland	31.5 mi.	41 min.
McMinn	Athens	58.2 mi.	65 min.
Meigs	Decatur	46.2 mi.	64 min.
Polk	Benton	47.2 mi.	61 min.
Rhea	Dayton	38.8 mi.	48 min.
<i>Average One-Way Drive Times</i>		<i>56 min.</i>	
<i>Average Round-Trip Drive Time</i>		<i>112 min.</i>	

Source: Google Maps.

Facility Addresses:

1. East Tennessee Physical Rehabilitation Hospital, 2800 Westside Drive NW, Cleveland 37312.
2. Siskin Hospital for Physical Rehabilitation, One Siskin Plaza, Chattanooga 37403.
3. Encompass Health Rehabilitation Hospital of Chattanooga, 2412 McCallie Avenue, Chattanooga 37404.
4. Parkridge Medical Center, Inpatient Rehabilitation Unit, 2333 McCallie Avenue, Chattanooga 37404

3. Minimum Bed Requirements: Inpatient rehabilitation units should have a minimum size of 20 beds. Freestanding rehabilitation hospitals should have a minimum size of 50 beds.

Response:

The original justification for this 50-bed criterion was apparently to ensure that area bed demand for a new hospital building was sufficiently strong to make it *financially feasible* to staff and to carry the debt service for an expensive new structure with all new support services. An entire new hospital smaller than 50 beds was thought not to be financially feasible in the reimbursement climate at the time.

But that is not a relevant concern in this project, for two reasons.

First, the proposed ETPRH facility will be occupying already-constructed spaces. It also will benefit from contracting for some of the host hospital's existing services, rather than building and equipping all new services. This is a cost-effective use of existing capital investment.

Second, the CON statute and application process no longer include financial feasibility review criteria, so this particular State Plan criterion may no longer be useful if its principal purpose was to ensure financial feasibility of small hospital operations

4. Relationship to Existing Similar Services in the Area: The proposal shall discuss what similar services are available in the service area and the latest reported three-year trends in occupancy and utilization of those services. This discussion shall include the likely impact of the proposed increase in rehabilitation beds on existing providers in the proposed service area and shall include how the applicant's services may differ from these existing services. The agency should consider if the approval of additional beds in the service area will result in unnecessary, costly duplication of services.

Response:

There are no inpatient rehabilitation hospitals, or designated inpatient rehabilitation units within hospitals, in the entire five-county primary service area.

The closest such resources are in Chattanooga/Hamilton County. On average, patients and their families will have only about half the drive time to ETPRH that they now have to inpatient rehabilitation beds in Chattanooga.

Additional inpatient rehabilitation beds, units, or freestanding hospitals should not be approved by the HSDA unless all existing units or facilities in the proposed service area are utilized at the following levels:

10-30 bed unit ~ 75%

31-50 bed unit/facility ~ 80%

51 bed plus unit/facility ~ 85%

Response:

Not applicable. The service area does not contain any inpatient rehabilitation units in hospitals or any inpatient rehabilitation hospitals. However, the applicant projects that ETPRH will exceed 85% occupancy in its third year of operation.

5. **Quality Considerations:** Applicants should use the Centers for Medicare & Medicaid Services (CMS) required measures for inpatient rehabilitation facilities. As of fall 2019, these measures are as follows:

- a. Pressure ulcers,
- b. Catheter associated urinary tract infection (CAUTI),
- c. Healthcare worker influenza vaccinations,
- d. 30-day post-discharge readmissions,
- e. Clostridium difficile (C. diff),
- f. Falls with injury, and
- g. Functional outcome measures – mobility, self-care.

Applicants should use the following table to demonstrate the quality of care provided at the existing unit or units. Because these measures change over time, applicants should use the measures that are in place at the time of the application. Applicants should provide data from the most recent four quarters from existing facilities operated by the applicant. For applicants with no existing facility or service line, quality data from the most recent four quarters would be unavailable and not required for the application.

Measure	National Average	Siskin Hospital for Physical Rehabilitation
Pressure ulcers		
Catheter associated urinary tract infection (CAUTI),		
Healthcare worker influenza vaccinations		
30-day post-discharge readmissions		
Clostridium difficile (C. diff)		
Falls with injury		
Functional outcome measures – mobility, self-care		

Data Source: Inpatient Rehabilitation Facility Compare
<https://www.medicare.gov/inpatientrehabilitationfacilitycompare/>

Response: The applicant LLC does not operate a rehabilitation facility. Technically the table is not applicable.

However, the current quality measures data for Siskin Hospital for Physical Rehabilitation in Chattanooga are relevant. Siskin Hospital is the majority owner of the applicant and, as manager, it will oversee the clinical development and day-to-day operations of ETPRH, so its quality of care is indicative of the quality that can be expected at the ETPRH itself.

The data on the following page show that Siskin achieves excellent results in established measures of quality of rehabilitation care.

Measure	National Average	Siskin Hospital for Physical Rehabilitation (CMS.gov)	Comparison to National Average	Most Current Siskin Hospital Data 1/1/2021 to 12/31/2021
Pressure ulcers	1.1%	1.1%	Same as National Average	0.9%
Falls with Major Injury	0.2%	0.2%	Same as National Average	0.0%
Change in patient's ability to care for themselves	13.0	13.3	Same as National Average	14.2
Change in patient's ability to move around	30.6	30.4	Same as National Average	30.9
Functional Assessments Performed at Admission	99.9%	99.5%	Same as National Average	99.4%
Percentage of patients at or above expected ability to care for themselves at discharge	57.5%	61.8%	Better than National average	58.9%
Percentage of patients at or above expected ability to move around at discharge	51.7%	52.6%	Same as National Average	51.2%
Percentage of patients whose medications were reviewed and followed up on at discharge	97.5%	98.3%	Same as National Average	97.7%
Catheter Associated Urinary Tract Infections (CAUTI)	1.151	0.766	Same as National Average	0.688
C-diff Infections	0.561	0.306	Better than National Rate	0.366
Influenza Vaccination Coverage of Healthcare Workers	88.3%	90.8%	Same as National Average	Not available.
Rate of Potentially Preventable Hospital Readmissions within 30 Days of Discharge	6.74%	6.17%	Same as National Average	6.15%
Rate of Potentially Preventable Hospital Readmissions during the IRF stay	4.34%	4.52%	Same as National Average	Not Available

Source: CMS and Siskin management.

And this is despite the fact that in comparison to other providers in the region and nation, Siskin admits patients much sooner after the onset of illness (i.e., they are sicker) and takes more complex (more seriously ill) patients. The table on the second following page illustrates this with two graphs.

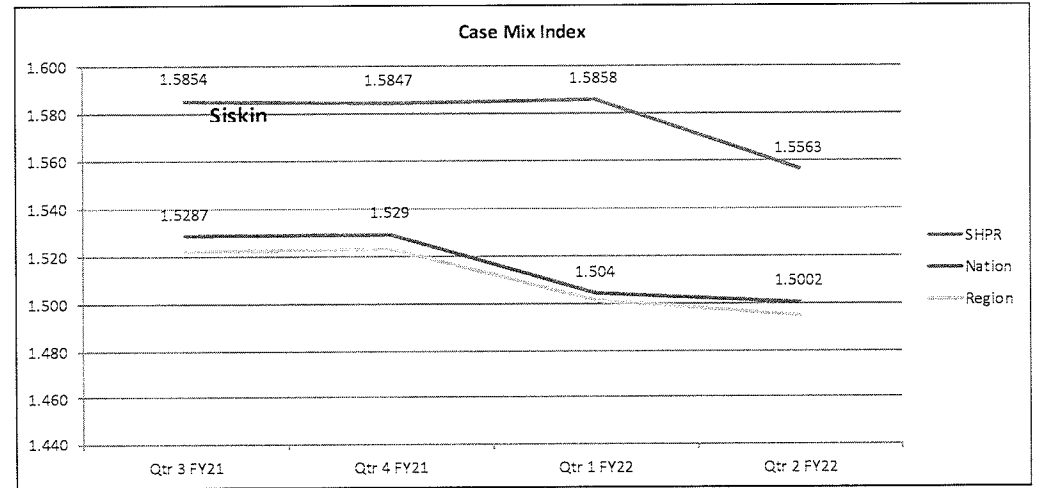
The upper graph shows that on average, Siskin's entering patients have a much higher case mix index (illness) than those accepted at other rehabilitation providers in the region and nationally. The lower graph shows that Siskin takes its patients much sooner after their onset of illness than do other rehabilitation providers in the region and nationally. In the face of this, Siskin Hospital's achievement of outcomes equal to or better than regional and national averages is testimony to the superior clinical resources that Siskin Hospital provides to its patients.

Case Mix Index	Qtr 1, 2021	Qtr 2, 2021	Qtr 3, 2021	Qtr 4, 2021	Year End Average 2021
Siskin Hospital	1.5854	1.5847	1.5858	1.5563	1.5692
Nation	1.5287	1.5290	1.5040	1.5002	1.5031
Region	1.5220	1.5229	1.5013	1.4945	1.4965

FYE 2021 Benchmark

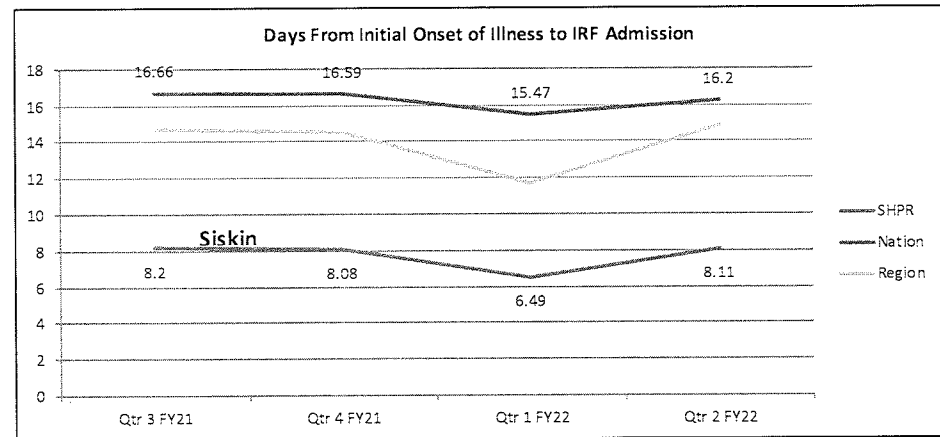
1.5823

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Onset Days	Qtr 1, 2021	Qtr 2, 2021	Qtr 3, 2021	Qtr 4, 2021	Year End Average 2021
Siskin Hospital	8.2	8.08	6.49	8.11	7.3
Nation	16.66	16.59	15.47	16.2	15.96
Region	14.7	14.56	11.7	14.88	13.95

All Data from eRehabData



The East Tennessee Physical Rehabilitation Hospital in Cleveland is intended to be a collaboration between Siskin and Cleveland Hospital Company, LLC, which also is the sole member of Tennova Healthcare - Cleveland, to bring to this rural service area a comprehensive array of inpatient rehabilitation services.

Siskin is well-qualified to ensure high quality of care in this project. Siskin is the only rehabilitation hospital in the region with a 5-star quality rating from CMS.

National Recognition: *Newsweek* magazine and the global research firm Statista perform and publish an annual State-by-State quality ranking of rehabilitation hospitals and rehabilitation bed units within hospitals. Ranking is based on scores for quality of care, quality of service, and quality of follow-up care and amenities. Data is gathered from nationwide surveys of thousands of health professionals, from the Center for Medicare/Medicaid Services' KPI data scores, and from accreditation data.

In the recently published 2021 ranking, Siskin in Chattanooga received the highest ranking in East Tennessee, and the second highest Statewide. It placed among the top 20% of inpatient rehabilitation hospitals and inpatient rehabilitation hospital units in States with the highest number of rehabilitation providers. A similar distinction was earned in 2020.

Accreditation: Siskin is fully accredited by CARF (Commission on Accreditation of Rehabilitation Facilities) and--beginning last year--by CIHQ (Center for Improvement in Healthcare Quality). Both accrediting organizations are approved by CMS (Centers for Medicare and Medicaid Services) to "deem" that hospitals meet Medicare Conditions of Participation.

In addition to its overall accreditations, Siskin Hospital has received CARF specialty certification for excellence in its brain injury and stroke care programs, and has received CIHQ specialty certification for excellence in rehabilitation.

Quality Improvement Processes

It is anticipated that members of the medical staff of ETPRH in Cleveland also will be credentialed at both Siskin Hospital and Tennova Healthcare – Cleveland.

Siskin Hospital has a robust program of continuous quality improvement. As majority owner and manager of ETPRH, it will help ensure ETPRH implements a similarly robust program. It maintains metrics of performance to compare with industry benchmarks. It is one of approximately 41 inpatient rehabilitation providers nationally that participate in Atrium Health's Exchanged Quality Data for Rehabilitation (EQUADR), the nation's first rehabilitation-specific quality database. EQUADR allows members to benchmark and share best practices to drive performance improvement. Members can compare their performance metrics to facilities of similar size, acuity, and facility type (i.e., freestanding or hospital-based units). Siskin Hospital also compares its metrics to national data from eRehabData, an inpatient rehabilitation outcomes system from the American Medical Rehabilitation Providers Association (AMRPA).

As a result, the Siskin QI processes deliver superior results compared to national industry averages. For example: despite having a higher (more serious) admission case mix index, in FY2021 Siskin had a higher percentage of discharges to home (instead of to additional institutional care), a far lower percentage of discharges back into acute hospital care, significantly higher percentages of improvement in walking and self-care by the time of discharge, a lower incidence of patient falling resulting in injury, and a much lower rate of discharges with hospital-acquired pressure injuries (e.g. sores from wheelchair sitting). Such better-than-average scores indicate that Siskin patients achieve a higher level of function during their stay, compared to averages of inpatient rehabilitation facilities and units in the nation and the region. This is

especially remarkable considering that Siskin admits its patients on average 7.7 days sooner (i.e. at a higher level of acuity, usually) than the national average.

6. Licensure and Quality Considerations: Any existing applicant for this CON service category shall be in compliance with the appropriate rules of TDH. Additionally, the applicant shall demonstrate certification by CMS for existing facilities.

Response:

The applicant is not an existing hospital. East Tennessee Physical Rehabilitation Hospital is a newly formed limited liability company, jointly owned 65% by Chattanooga's Siskin Hospital for Physical Rehabilitation, Inc., and 35% by Cleveland Hospital Company, LLC (the sole member of Tennova Healthcare-Cleveland which operates two hospital campuses in Bradley County). If approved, it will seek TDH licensure, certification by Medicare and Medicaid/TennCare, and accreditation from national accrediting agencies approved by Medicare (such as CARF and CIHQ).

Adequate Staffing: The applicant must document the availability of adequate professional staff, as per licensing and Centers for Medicare & Medicaid Services (CMS) requirements, to deliver all designated services in the proposal.

Response:

Siskin Hospital, a premier rehabilitation hospital in Chattanooga, and the future manager of ETPRH, will recruit and employ staff for the ETPRH.

Siskin Hospital has years of experience in successfully staffing its beds and services, and anticipates having similar success in staffing ETPRH. Siskin Hospital currently employs both nurses and rehabilitation therapists of all classifications, and is staffing all of its beds, including a new 8-bed unit that just opened. The hospital has never closed beds for lack of staff. Out of approximately 110 to 120 nurses and therapists on a given day, only one is with an outside staffing agency.

7. Services to High-Need and Underserved Populations: Special consideration shall be given to applicants providing services fulfilling the unique needs and requirements of certain high-need populations, including uninsured, low-income, and underserved geographic regions, as well as other underserved population groups.

Response:

This five-county service area is underserved under the standards and criteria of the State Health Plan. All area patients--not only the low-income, uninsured, or elderly--are therefore limited in reasonable access to the highest levels of rehabilitation care. The

applicant will contract with the same TennCare MCO's that contract with Siskin Hospital today, and with Medicare, and will provide indigent care, assisting in meeting the needs of low-income and elderly area residents much more conveniently than they can now be met by commuting long drives into Chattanooga.

8. Access to Services in the Proposed Service Area: The applicant must 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 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 a limited access in the proposed service area. Factors influencing access to services in the proposed service area may include drive time to obtain care.

Response:

East Tennessee Physical Rehabilitation Hospital will serve all of its proposed service area. All five counties' residents are within a relatively short drive time of the project site in Cleveland, averaging less than thirty minutes. Both Siskin Hospital and Tennova Healthcare - Cleveland already serve some patients from and throughout this service area; and ETPRH will offer them and the entire service area high-quality more convenient care. All payor groups are being served by Siskin Hospital in Chattanooga, including the elderly and low-income, and all payor groups also will be served by ETPRH.

The State Plan review criteria apply directly to "inpatient rehabilitation beds", not to skilled nursing facility ("SNF") beds in nursing homes or in hospitals. The entire five-county service area, which includes rapidly growing Bradley County, has no inpatient rehabilitation beds at all. Drive times from service area communities to alternative inpatient rehabilitation beds in Chattanooga/Hamilton County hospitals are twice as long (approximately an hour) as to the site of ETPRH in Cleveland. Approval of this project will significantly improve residents' access to the highest level of inpatient rehabilitation.

9. Data Requirements: Applicants shall agree to provide the Department of Health and/or the Health Services and Development Agency with all reasonably requested information and statistical data related to the operation and provision of services and to report that data in the time and format requested. As a standard practice, existing data reporting streams will be relied upon and adapted over time to collect all needed information.

Response:

The applicant so agrees.

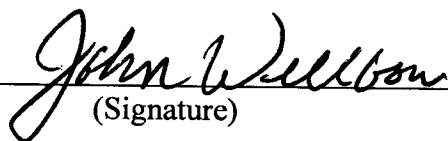
LETTER OF INTENT

LETTER OF INTENT -- HEALTH SERVICES & DEVELOPMENT AGENCY

The Publication of Intent is to be published in the Cleveland Daily Banner, which is a newspaper of general circulation in Bradley County, Tennessee, on or before February 15, 2022, 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 East Tennessee Physical Rehabilitation Hospital, owned by East Tennessee Physical Rehabilitation JV, LLC, with an ownership type of limited liability company and to be managed by Siskin Hospital for Physical Rehabilitation Inc., a not for profit corporation, intends to file an application for a Certificate of Need to establish a 32-bed physical rehabilitation hospital at 2800 West Side Drive, NW, Cleveland, Tennessee 37312, at an estimated project cost of \$19,779,151. The project will be developed in existing hospital space leased within Tennova Healthcare - Cleveland Westside, a general acute care hospital. The proposed facility will be licensed as a physical rehabilitation hospital by the Board for Licensing Health Care Facilities at the Tennessee Department of Health. The project does not contain major medical equipment or initiate or discontinue any other health service. The anticipated date of filing the application is on or before February 28, 2022.

The contact person for this project is John Wellborn, who may be reached at Development Support Group, 4505 Harding Pike, Suite 53-E, Nashville, TN 37205, 615-665-2022.


(Signature)

2-15-22
(Date)

jwdsg@comcast.net
(E-mail Address)

ORIGINAL
APPLICATION

February 24, 2022

Logan Grant, Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, TN 37243

RE: CON Application Submittal
East Tennessee Physical Rehabilitation Hospital
Cleveland, Bradley County

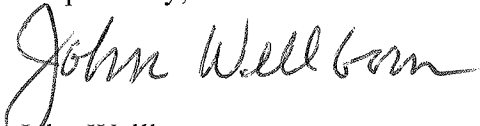
Dear Mr. Grant:

This letter transmits an original and two copies of the subject application. The filing fee has been mailed to your office already.

I am the contact person for this project. Dan Elrod of Butler, Snow LLP is legal counsel. Please advise me of any additional information you may need. Also, please email to Mr. Elrod all requests for supplemental information that you send to me as contact person.

We look forward to working with the Agency on this project.

Respectfully,



John Wellborn
Consultant



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 Email: hsda.staff@tn.gov

CERTIFICATE OF NEED APPLICATION

1A. Name of Facility, Agency, or Institution

East Tennessee Physical Rehabilitation Hospital

Name

2800 Westside Drive NW

Bradley

Street or Route

Cleveland

TN

County

37312

City

State

Zip

Website Address NA

Note: The facility's name and address must be the name and address of the project and must be consistent with the Publication of Intent.

2A. Contact Person Available for Responses to Questions

John Wellborn

Consultant

Name

Development Support Group

Title

jwdsg@comcast.net

Company Name

Email Address

4505 Harding Pike, Suite 53-E

Street or Route

Nashville

TN

37205

City

State

Zip

CON Consultant

615-665-2022

Association with Owner

Phone Number

3A. Proof of Publication

Attach the full page of newspaper in which the notice of intent appeared with the mast and dateline intact or submit a publication affidavit from the newspaper that includes a copy of the publication as proof of the publication of the letter of intent. (Attachment 3A)

Date LOI was Submitted: Tuesday, February 15, 2022

Date LOI was Published: Tuesday, February 15, 2022

Response: Proof of publication (affidavit or copy of newspaper page) will be submitted under separate cover.

4A. Purpose of Review (Check appropriate box(es) – more than one response may apply)

- Establish New Health Care Institution
- Addition of a Specialty to an Ambulatory Surgical Treatment Center (ASTC)
- Change in Bed Complement
- Initiation of Health Care Service as Defined in §TCA 68-11-1607(3) Specify: _____
- Relocation
- Initiation of MRI Service
- MRI Unit Increase
- Satellite Emergency Department
- Addition of ASTC Specialty
- Initiation of Cardiac Catheterization
- Addition of Therapeutic Catheterization
- Establishment/Initiation of a Non-Residential Substitution Based Opioid Treatment Center
- Linear Accelerator Service
- Positron Emission Tomography (PET) Service

Please answer all questions on letter size, white paper, clearly typed and spaced, single sided, in order and sequentially numbered. In answering, please type the question and the response. All questions must be answered. If an item does not apply, please indicate "N/A" (not applicable). Attach appropriate documentation as an Appendix at the end of the application and reference the applicable item Number on the attachment, i.e. Attachment 1A, 2A, etc. The last page of the application should be a completed signed and notarized affidavit.

5A. Type of Institution (Check all appropriate boxes – more than one response may apply)

- Hospital (Specify): Rehabilitation
- Ambulatory Surgical Treatment Center (ASTC) – Multi-Specialty
- Ambulatory Surgical Treatment Center (ASTC) – Single Specialty
- Home Health
- Hospice
- Intellectual Disability Institutional Habilitation Facility (ICF/IID)
- Nursing Home
- Outpatient Diagnostic Center
- Rehabilitation Facility
- Residential Hospice
- Nonresidential Substitution Based Treatment Center of Opiate Addiction
- Other (Specify): _____

6A. Name of Owner of the Facility, Agency, or Institution

East Tennessee Physical Rehabilitation JV, LLC

Name

c/o Administration, Siskin Hospital for Physical Rehabilitation, One Siskin Plaza

423-634-1212

Street or Route

Chattanooga

TN

Phone Number

37403

City

State

Zip

7A. Type of Ownership of Control (Check One)

- Sole Proprietorship
- Partnership
- Limited Partnership
- Corporation (For Profit)
- Corporation (Not-for-Profit)
- Government (State of TN or Political Subdivision)
- Joint Venture
- Limited Liability Company
- Other (Specify): _____

Attach a copy of the partnership agreement, or corporate charter and certificate of corporate existence. Please provide documentation of the active status of the entity from the Tennessee Secretary of State's website at <https://tnbear.tn.gov/ECommerce/FilingSearch.aspx> . If the proposed owner of the facility is government owned must attach the relevant enabling legislation that established the facility. (Attachment 7A)

Response: Please see Attachment 7A for documentation of corporate existence of the applicant LLC.

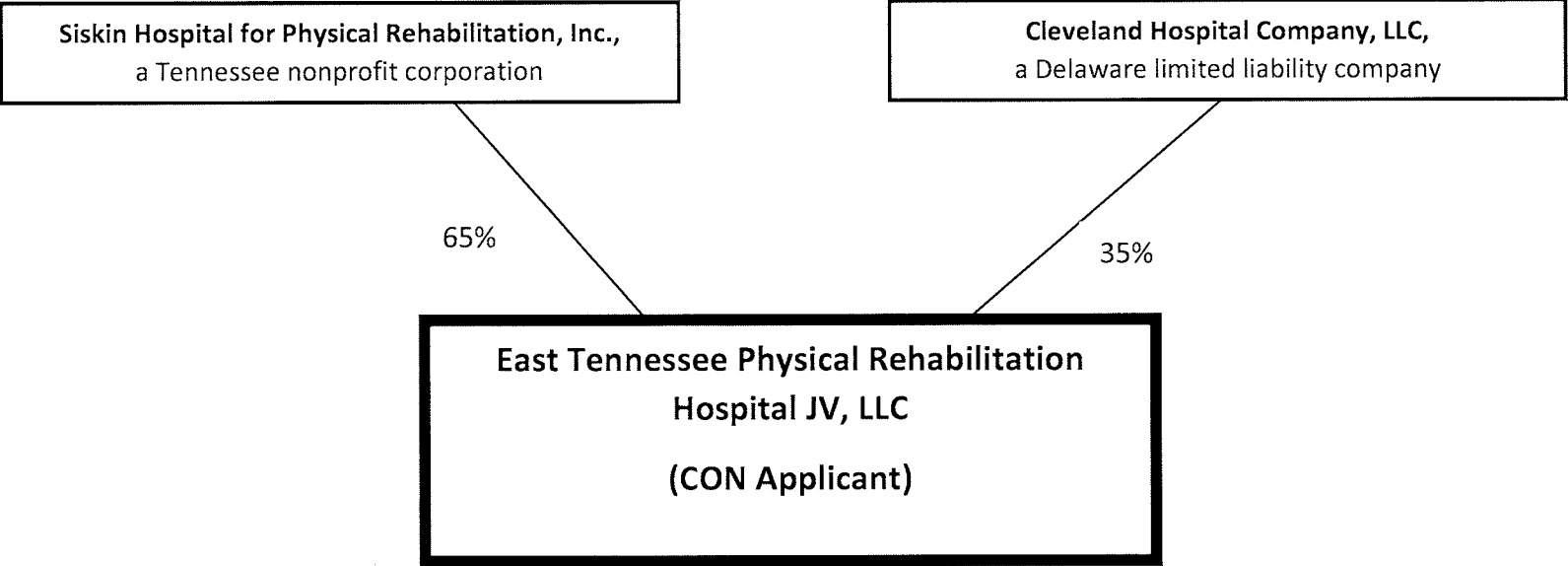
Describe the existing or proposed ownership structure of the applicant, including an ownership structure organizational chart. Explain the corporate structure and the manner in which all entities of the ownership structure relate to the applicant. As applicable, identify the members of the ownership entity and each member's percentage of ownership, for those members with 5% ownership (direct or indirect) interest.

Response:

East Tennessee Physical Rehabilitation JV, LLC, the applicant, is a Delaware limited liability company that is owned through a joint venture created by two existing Tennessee health systems. Siskin Hospital for Physical Rehabilitation, Inc. a Tennessee nonprofit corporation in Chattanooga, owns 65%. The remaining 35% is owned by Cleveland Hospital Company, LLC (which is the sole member of Cleveland Tennessee Hospital Company, LLC d/b/a Tennova Healthcare--Cleveland).

EAST TENNESSEE PHYSICAL REHABILITATION HOSPITAL JV, LLC

Organizational and Ownership Structure



8A. Name of Management/Operating Entity (If Applicable)

Siskin Hospital for Physical Rehabilitation, Inc.

Name

One Siskin Plaza

Hamilton

Street or Route

Chattanooga

TN

County

37403

City**State****Zip**

www.siskinrehab.org

Website Address

For new facilities or existing facilities without a current management agreement, attach a copy of a draft management agreement that at least includes the anticipated scope of management services to be provided, the anticipated term of the agreement, and the anticipated management fee payment schedule. For facilities with existing management agreements, attach a copy of the fully executed final contract. (Attachment 8A)

Response: A draft management services agreement is provided in Attachment 8A. The entity managing the hospital will be Siskin Hospital for Physical Rehabilitation, Inc., a not for profit corporation.

9A. Legal Interest in the Site

Check the appropriate box and submit the following documentation. (Attachment 9A)

The legal interest described below must be valid on the date of the Agency consideration of the Certificate of Need application.

- Ownership (Applicant or applicant's parent company/owner) – Attach a copy of the title/deed.
- Lease (Applicant or applicant's parent company/owner) – Attach a fully executed lease that includes the terms of the lease and the actual lease expense.
- Option to Purchase - Attach a fully executed Option that includes the anticipated purchase price.
- Option to Lease - Attach a fully executed Option that includes the anticipated terms of the Option and anticipated lease expense.
- Other (Specify) Letter of Intent to Lease**

Response: See Attachment 9A.

10A. Floor Plan

If the facility has multiple floors, submit one page per floor. If more than one page is needed, label each page. (Attachment 10A)

- Patient care rooms (Private or Semi-private)
- Ancillary areas
- Other (Specify)

Response: See Attachment 10A for floor plans of the proposed facility.

11A. Public Transportation Route

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. (Attachment 11A)

Response: See Attachment 11A for maps showing roadway access.

The service area consists of Bradley, McMinn, Polk, Rhea, and Meigs Counties. They are a group of rural counties east/northeast of Hamilton County. All are accessible to the project, which is in the city of Cleveland, in Bradley County. Interstate 75 crosses through the northern sectors of Cleveland; and this project is less than one mile drive south of Exit 25 from I-75, via 25th Street NW and Chambliss Avenue. All parts of Bradley County are easily accessible to the project site, via multiple highways radiating in all directions from Cleveland: highways 74 and 313, 60, 11, and 64 in addition to I-75. Polk County adjoins the east side of Bradley County. Its residents will typically reach Cleveland via US 74/64, or Highway 315 to US 74/64. McMinn County, northeast of Bradley County, is bisected by I-75. Its residents can reach Cleveland via US 11 and I-75. Meigs County, north of Bradley County, lies along the Tennessee River. It is accessible to Cleveland via Highways 58, 30, and I-75, and highway 60. Rhea County is north of the Tennessee River. Its residents can travel to Cleveland by US 27 and highway 60, or highway 68 and I-75.

Table 11A:-1 Distance and Drive Times From Major Communities in the Primary Service Area To East Tennessee Physical Rehabilitation Hospital			
County	Community	Distance	Drive Time
Bradley	Cleveland	3.3 miles	8 minutes
McMinn	Athens	27.6 miles	31 minutes
Meigs	Decatur	30.2 miles	33 minutes
Polk	Benton	17.5 miles	26 minutes
Rhea	Dayton	25.6 miles	36 minutes

Source: Google Maps

In the absence of municipal bus services, bus transport is provided by SETHRA, the Southeast Tennessee Human Resource Agency. There is a bus stop at the medical office building across from the Tennova-Healthcare - Cleveland Westside campus at 2800 Westside Drive NW. Most of the patients served by this project will be inpatients for approximately two weeks. The vast majority of the patients will arrive via ambulance from an acute care hospital; most will leave via private vehicle. Patients' limitations of movement will usually make using most buses and vans impractical. However, throughout the service area, SETHRA will provide certain patients with individually scheduled van transport to medical care, if appropriate to the patient's condition. There is a minimal charge, reimbursable for TennCare patients.

On the following page, Table 11A-2 shows the mileage and drive times from these service area communities to the project in Cleveland/Bradley County, and the nearest existing inpatient rehabilitation providers outside the service area.

Table 11A-2: Service Area Distances and Drive Times To Project and To Closest Existing Inpatient Rehabilitation Hospital Beds Outside the Service Area							
Project Service Area		To Proposed ETPRH in Cleveland		To Parkridge Medical Center Rehabilitation Unit in Chattanooga		To Encompass Health in Chattanooga	
County	City	Distance	Drive Time	Distance	Drive Time	Distance	Drive Time
Bradley	Cleveland	3.3 mi.	8 min.	28.2 mi.	33 min.	28.2 mi.	34 min.
McMinn	Athens	27.6 mi.	31 min.	54.9 mi.	57 min.	54.9 mi.	59 min.
Meigs	Decatur	30.2 mi.	33 min.	45.1 mi.	58 min.	45.1 mil	60 min.
Polk	Benton	17.5 mi.	26 min.	43.9 mi.	51 min.	43.8 mi.	54 min.
Rhea	Dayton	25.6 mi.	36 min.	40.5 mi.	49 min.	40.5 mi.	51 min.
<i>Average One-Way Drive Times</i>			<i>27 min.</i>		<i>50 min.</i>		<i>52 min.</i>
<i>Average Round-Trip Drive Time</i>			<i>54 min.</i>		<i>100 min.</i>		<i>104 min.</i>

Project Service Area		To Siskin Hospital in Chattanooga	
County	City	Distance	Drive Time
Bradley	Cleveland	31.5 mi.	41 min.
McMinn	Athens	58.2 mi.	65 min.
Meigs	Decatur	46.2 mi.	64 min.
Polk	Benton	47.2 mi.	61 min.
Rhea	Dayton	38.8 mi.	48 min.
<i>Average One-Way Drive Times</i>		<i>56 min.</i>	
<i>Average Round-Trip Drive Time</i>		<i>112 min.</i>	

Source: Google Maps.

Facility Addresses:

1. East Tennessee Physical Rehabilitation Hospital, 2800 Westside Drive NW, Cleveland 37312.
2. Siskin Hospital for Physical Rehabilitation, One Siskin Plaza, Chattanooga 37403.
3. Encompass Health Rehabilitation Hospital of Chattanooga, 2412 McCallie Avenue, Chattanooga 37404.
4. Parkridge Medical Center--Inpatient Rehabilitation Unit, 2333 McCallie Avenue, Chattanooga 37404

12A. Plot Plan

Unless relating to home care organization, briefly describe the following and attach the requested documentation on a letter size sheet of white paper, legibly labeling all requested information. It must include:

- Size of site (in acres);
- Location of structure on the site;
- Location of the proposed construction/renovation; and
- Names of streets, roads, or highways that cross or border the site.

Response:

See Attachment 12A for the site plan. ETPRH will be established in leased ground-floor space on the southwest side of the building located at 2800 Westside Drive, NW, Cleveland, TN 37312, which is currently owned by an affiliate of the minority member in the JV (i.e., Tennova Healthcare – Cleveland). It will have its own dedicated entrance. The Cleveland Westside hospital site is approximately 8.6 acres.

13A. Notification Requirements

- TCA §68-11-1607(c)(9)(B) states that "... If an application involves a healthcare facility in which a county or municipality is the lessor of the facility or real property on which it sits, then within ten (10) days of filing the application, the applicant shall notify the chief executive officer of the county or municipality of the filing, by certified mail, return receipt requested." Failure to provide the notifications described above within the required statutory timeframe will result in the voiding of the CON application.

Notification Attached X Not Applicable

- TCA §68-11-1607(c)(9)(A) states that "... Within ten (10) days of the filing of an application for a nonresidential substitution based treatment center for opiate addiction with the agency, the applicant shall send a notice to the county mayor of the county in which the facility is proposed to be located, the state representative and senator representing the house district and senate district in which the facility is proposed to be located, and to the mayor of the municipality, if the facility is proposed to be located within the corporate boundaries of the municipality, by certified mail, return receipt requested, informing such officials that an application for a nonresidential substitution based treatment center for opiate addiction has been filed with the agency by the applicant."

Notification Attached X Not Applicable

EXECUTIVE SUMMARY**1E. Overview**

Please provide an overview not to exceed ONE PAGE (for 1E only) in total explaining each item point below.

Response:

Description: Cleveland Hospital Company, LLC, this project's minority 35% owner, is the sole member of Cleveland Tennessee Hospital Company, LLC d/b/a Tennova Healthcare – Cleveland, which is Bradley County's only acute care hospital provider. Tennova Healthcare - Cleveland consists of two separate campuses in Cleveland, operated under a 100-bed license. This project will be located on the campus of its 21-bed facility, Tennova Healthcare--Cleveland Westside, close to I-75. However, this project will be a new and separately licensed inpatient rehabilitation facility.

On the ground floor of Tennova Healthcare – Cleveland's Westside campus, the applicant will have a long-term lease of two wings of inpatient beds containing 32 single rooms, plus adjacent hospital floor space and two adjacent outdoor therapy spaces. The leased indoor space (approximately 25,510 SF) and two adjoining outdoor areas (totaling approximately 3,849 SF) will be converted to an approximately 29,359 SF inpatient rehabilitation facility-- with state-of-the-art equipment, indoor and outdoor therapy spaces, a Tennessee license as a rehabilitation hospital, and Federal designation as an IRF (Inpatient Rehabilitation Facility). The name of the hospital will be East Tennessee Physical Rehabilitation Hospital (or "ETPRH" in this application). ETPRH will purchase certain nonclinical (e.g. housekeeping; maintenance; food service) and the technical component of certain clinical (e.g., laboratory; radiology) services from Tennova Healthcare - Cleveland or other sources. Siskin Hospital for Physical Rehabilitation, Inc., a not for profit corporation ("Siskin"), which is an experienced, high quality rehabilitation hospital in Tennessee, will provide management services and support services to ETPRH, such as finance, accounting, licensure, compliance, accreditation and human resources.

Ownership Structure: The proposed hospital will be owned by East Tennessee Physical Rehabilitation JV, LLC, which is a joint venture between Chattanooga's Siskin Hospital for Physical Rehabilitation and Cleveland's Tennova Healthcare--Cleveland. Siskin Hospital for Physical Rehabilitation, Inc. is the project's 65% majority member. Cleveland Hospital Company, LLC is the project's 35% minority member and is the sole owner of Cleveland Tennessee Hospital Company, LLC d/b/a Tennova Healthcare - Cleveland.

Service Area: The service area of the project will be Bradley, McMinn, Meigs, Polk, and Rhea Counties, five contiguous counties located east and northeast of Chattanooga.

Existing Similar Service Providers: The service area currently has no inpatient rehabilitation hospitals, and no designated inpatient rehabilitation bed units in its hospitals. The nearest ones are as much as an hour away, in Chattanooga/Hamilton County.

Project Cost: The project cost for CON purposes is estimated at \$19,248,901. This includes both development costs and lease payments over a ten-year period.

Staffing: Staffing the rehabilitation hospital in Year One will require employment of 70.4 FTE's. These will consist of 56.6 direct patient care positions and 13.8 non-patient care positions. ETPRH staff will be employed by Siskin Hospital for Physical Rehabilitation (in Chattanooga) and will be leased to ETPRH.

2E. Rationale for Approval

A Certificate of Need can only be granted when a project is necessary to provide needed health care in the area to be served, will provide health care that meets appropriate quality standards, and the effects attributed to competition or duplication would be positive for consumers. Provide a brief description not to exceed ONE PAGE (for 2E only) of how the project meets the criteria necessary for granting a CON using the data and information points provided in criteria sections that follow.

Response:

Need: The State Health Plan's CON review standards and criteria for rehabilitation prescribe a bed need projection methodology: one (1) inpatient rehabilitation bed per 1,000 population 65 years of age and older, based on population projected four years into the future.

The Tennessee Department of Health projects that this five-county rural area will have 50,206 residents age 65+ in 2026, four years from the year in which this application will be reviewed. The State Plan bed need methodology projects a need for 50 inpatient rehabilitation beds in 2026. Currently, the service area has no existing or approved inpatient rehabilitation beds. This project, a proposed 32-bed inpatient rehabilitation facility, will meet 64% of that identified bed need. Moreover, the members of ETPRH are committed to addressing future community needs and maintaining access to care for population growth.

Quality Standards: Siskin Hospital in Chattanooga, the management company for the project, is the region's only inpatient rehabilitation provider with the highest possible five-star quality rating from CMS (Center for Medicare and Medicaid Services). Siskin Hospital has a proven track record in setting a high quality standard, which has earned Siskin recognition as one of Tennessee's two most highly ranked rehabilitation facilities (the highest one in East Tennessee), and among the top 20% of inpatient rehabilitation providers nationwide.

ETPRH will lease clinical staff from Siskin Hospital, which as manager will provide management oversight to ensure that robust quality improvement processes are implemented, at levels consistent with those of Siskin Hospital in Chattanooga, which have earned it superior outcomes in a variety of rehabilitation metrics, compared to national and regional averages of the American Medical Rehabilitation Providers Association (AMRPA), and Atrium Health's Exchanged Quality Data for Rehabilitation (EQUADR).

Consumer Advantage:

Choice: Currently, the project service area has no inpatient rehabilitation beds in area hospitals, so duplication is not an issue. Only skilled nursing beds are available in these five counties. This project will provide service area residents with their first local access to inpatient rehabilitation care, bringing the continuum of care closer to their homes after they are discharged from acute care hospitals.

Improved Accessibility/Availability: The project provides a growing five-county rural service area with much more convenient access to inpatient rehabilitation care. Currently the area population must drive approximately an hour into Chattanooga to receive those services. Establishment of the services within the Bradley County service area will cut patient and family drive times in half, on average, saving approximately an hour's round-trip drive time, which is important to families of these patients, who have a two-week inpatient average length of stay. This project will also assure them of greater bed availability, because the closest alternative inpatient rehabilitation beds in Chattanooga hospitals are now highly utilized, as well as being more distant. Therefore this project will enhance access to care for a population in need.

Affordability: It is anticipated that ETPRH will charge in a manner relatively comparable to the average net charges for services at Siskin Hospital for Physical Rehabilitation in Chattanooga, which is competitive with charges at other inpatient rehabilitation hospitals in Tennessee. ETPRH will serve low-income and some charity patients as well as elderly and TennCare enrollees, assuring them of access to affordable care.

3E. Consent Calendar Justification

Consent Calendar Requested (Attach rationale)

If Consent Calendar is requested, please attach the rationale for an expedited review in terms of Need, Quality Standards, and Consumer Advantage as a written communication to the Agency's Executive Director at the time the application is filed.

Consent Calendar **Not** Requested

4E. PROJECT COST CHART -- EAST TENNESSEE PHYSICAL REHABILITATION HOSPITAL		
(See next page for Sections A costs that are built into the lease cost entered on this page.)		
A. Construction and equipment acquired by purchase:		
1.	Architectural and Engineering Fees	<u>\$675,000</u>
2.	Legal, Administrative (Excluding CON Filing Fee), Consultant Fees	<u>\$265,000</u>
3.	Acquisition of Site	0
4.	Preparation of Site	0
5.	Total Construction Costs	<u>\$4,042,500</u>
6.	Contingency Fund	<u>\$725,000</u>
7.	Fixed Equipment (Not included in Construction Contract)	<u>\$500,000</u>
8.	Moveable Equipment (List all equipment over \$50,000 as separate attachments) <u>NONE</u>	<u>\$1,200,000</u>
9.	Other (Specify) IT, Misc. furnishings & equipment	<u>\$2,010,000</u>
B. Acquisition by gift, donation, or lease:		
1.	Facility (inclusive of building and land)	<u>\$9,788,188</u>
2.	Building only	0
3.	Land only	0
4.	Equipment (Specify) _____	0
5.	Other (Specify) _____	0
C. Financing Costs and Fees:		
1.	Interim Financing	0
2.	Underwriting Costs	0
3.	Reserve for One Year's Debt Service	0
4.	Other (Specify) _____	0
D.	Estimated Project Cost (A+B+C; see following page for A and C costs)	<u>\$19,205,688</u>
E.	CON Filing Fee	<u>\$43,213</u>
F.	Total Estimated Project Cost (D+E)	<u>\$19,248,901</u>
	TOTAL	<u>\$19,248,901</u>

GENERAL CRITERIA FOR CERTIFICATE OF NEED

In accordance with TCA §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, will provide health care that meets appropriate quality standards, and the effect attributed to completion or duplication would be positive for consumers.” In making determinations, the Agency uses as guidelines the goals, objectives, criteria, and standards adopted to guide the agency in issuing certificates of need. Until the agency adopts its own criteria and standards by rule, those in the state health plan apply.

Additional criteria for review are prescribed in Chapter 11 of the Agency Rules, Tennessee Rules and Regulations 01730-11.

The following questions are listed according to the three criteria: (1) Need, (2) the effects attributed to competition or duplication would be positive for consumers (Consumer Advantage), and (3) Quality Standards.

NEED

The responses to this section of the application will help determine whether the project will provide needed health care facilities or services in the area to be served.

- 1N. Provide responses as an attachment to the applicable criteria and standards for the type of institution or service requested. A word version and pdf version for each reviewable type of institution or service are located at the following website. <https://www.tn.gov/hsda/hsda-criteria-and-standards.html> (Attachment 1N)

Response:

See Attachment 1N for responses to the State Health Plan's standards and criteria for inpatient rehabilitation.

2N. Identify the proposed service area and provide justification for its reasonable ness. Submit a county level map for the Tennessee portion and counties boarding the state of the service area using the supplemental map, clearly marked, and shaded to reflect the service area as it relates to meeting the requirements for CON criteria and standards that may apply to the project. Please include a discussion of the inclusion of counties in the border states, if applicable. (Attachment 2N)

Response:

See Attachment 2N for the county-level map and a map of highway access to the project from adjoining counties.

Complete the following utilization tables for each county in the service area, if applicable.

Response: This will be a new facility. Historical data on inpatient admissions is not applicable.

Service Area Counties	Historical Utilization-County Residents – Most Recent Year (Year=_____)	% of Total
		<input type="checkbox"/> Procedures <input type="checkbox"/> Cases <input type="checkbox"/> Patients <input type="checkbox"/> Other (Specify): _____
County #1		
County #2		
County #3		
Etc.		
Total		100%

	Projected Utilization-County Residents – Year 1 (Year= FYE 2024)	% of Total
		<input type="checkbox"/> Procedures <input checked="" type="checkbox"/> Cases <input checked="" type="checkbox"/> Patients (Discharges) <input type="checkbox"/> Other (Specify): _____
Bradley	243	48.3%
McMinn	119	23.6%
Meigs	28	5.6%
Polk	39	7.7%
Rhea	74	14.8%
Total	503	100.0%

Patients in Year One are projected in proportion to each county's percentage of the adult population. Patient counts rounded.

3N. A. Describe the demographics of the population to be served by the proposal.

Response:

The service area total population is projected to reach more than 233,000 persons within 4 years. The adult population, which is the primary target for this project, will increase 2.9% in that period of time, compared to a 3.2% average increase for that age group Statewide. The total population is also older than average, with a median age of 41 years compared to the State median age of 38 years.

The area's median household income of \$45,859 is 14% below the Statewide \$53,320 median household income; and the area population's percent of TennCare enrollment is higher, approximately 25.6% compared to 23.6% Statewide. More of the area population is below the poverty level: 14.2% compared to the Tennessee average of 13.6%.

B. Provide the following data for each county in the service area:

- Using current and projected population data from the Department of Health. (www.tn.gov/health/health-program-areas/statistics/health-data/population.html);
- the most recent enrollee data from the Division of TennCare (<https://www.tn.gov/tenncare/information-statistics/enrollment-data.html>),
- and US Census Bureau demographic information (<https://www.census.gov/quickfacts/fact/table/US/PST045219>).

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

** Target Population is population that project will primarily serve. For example, nursing home, home health agency, and hospice agency projects typically primarily serve the Age 65+ population. Projected Year is defined in select service-specific criteria and standards. If Projected Year is not defined, default should be four years from current year, e.g., if Current Year is 2022, then default Projected Year is 2026.*

Be sure to identify the target population, e.g. Age 65+, the current year and projected year being used.

Response:

See Attachment 3N for the demographic table.

4N. Describe the special needs of the service area population, including health disparities, the accessibility to consumers, particularly those who are uninsured or underinsured, the elderly, women, racial and ethnic minorities, TennCare or Medicaid recipients, and low income groups. Document how the business plans of the facility will take into consideration the special needs of the service area population.

Response:

The East Tennessee Physical Rehabilitation Hospital will serve all of the groups identified in this question. It projects that 84% of its gross charges will be for Medicare and TennCare patients combined. The elderly and their caregivers can be especially challenged by having to use Chattanooga facilities far from their home, for post-acute inpatient rehabilitation.

5N. Describe the existing and approved but unimplemented services of similar healthcare providers in the service area. Include utilization and/or occupancy trends for each of the most recent three years of data available for this type of project. List each provider and its utilization and/or occupancy individually. Inpatient bed projects must include the following data: Admissions or discharges, patient days. Average length of stay, and occupancy. Other projects should use the most appropriate measures, e.g. cases, procedures, visits, admissions, etc. This does not apply to projects that are solely relocating a service.

Response:

Not applicable. There are no similar healthcare providers in the service area. There are no inpatient rehabilitation hospitals in the service area. ETPRH will improve health in this service area by providing the community with access to rehabilitation treatment in the inpatient rehabilitation setting, rather than in a nursing home or acute care hospital.

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

Response:

This is a proposed facility without historical utilization. The table below projects its utilization for its first three operational years. The applicant projects an opening year with an average daily census (ADC) of 20 patients. The ADC is projected to increase 25% in Year Two to 25 patients, and 20% more in Year Two to 30 patients -- which will be approximately full capacity. Patient days are projected by considering the expected patient mix for the facility, which is expected to be less complex than Siskin in Chattanooga, which will result in a shorter length of stay at ETPRH.

The projected opening ADC of 20 patients is based on the State Plan's high unmet need projection for inpatient rehabilitation beds in the absence of more convenient local facilities, Siskin Hospital's historically rapid growth in admissions and future limitation of capacity for additional admissions to its Chattanooga facility and other more distant facilities, and Bradley County's rapid growth rate. The projected utilization does not assume a significant shift of Siskin Hospital's current utilization to ETRH. Those shifted would be a small number of relatively lower-acuity patients, to enhance the Chattanooga facility's ability to admit more patients with complex rehabilitation needs.

Table 6N: East Tennessee Physical Rehabilitation Hospital Projected Utilization Years One-Three			
	Yr 1-FYE 2024	Yr 2-FYE 2025	Yr 3-FYE2026
Discharges	503	628	754
ALOS (days)	14.52	14.52	14.52
Patient Days	7,300	9,125	10,950
Average Daily Census	20	25	30
Occupancy (On Pat. Days)	62.3%	78.1%	93.8%

7N.

<u>CON Number</u>	<u>Project Name</u>	<u>Date Approved</u>	<u>Expiration Date</u>
CN1911-045A	Middlebrook ASC, LLC	2/26/20	7/1/22
CN1911-047A	Knoxville Center for Behavioral Medicine, LLC	2/26/20	4/1/23
CN2109-027A	Tennova Healthcare Clarksville	12/15/21	2/1/25
CN2112-033A	Jefferson Memorial Hospital	2/23/22	3/1/25

- **Complete the above chart by entering information for each applicable outstanding CON by applicant or share common ownership; and**
- **Describe the current progress and status of each applicable outstanding CON and how the project relates to them.**

Response:

CN1911-045A - This project involves the establishment of a multi-specialty ambulatory surgical treatment center. The project was just approved for a 90-day extension until 7/1/22. The facility is scheduled to open by that date.

CN1911-047A - This project involves the establishment of a 64-bed psychiatric hospital with a 3-year certification date through 4/1/23. It is scheduled to open on time.

CN2109-027A - This project involves the establishment of a 12-bed satellite hospital with an emergency department, which was approved in December of last year. It is scheduled to open prior to the 2/1/25 expiration date.

CN2112-033A - This project involves the initiation of diagnostic and therapeutic cardiac catheterization services at Jefferson Memorial Hospital and was approved last month. The CON has not been issued but it is a hospital project with a 3-year certification period through 3/1/25. It is scheduled to open in 2023.

CONSUMER ADVANTAGE ATTRIBUTED TO COMPETITION

The responses to this section of the application helps determine whether the effects attributed to competition or duplication would be positive for consumers within the service area.

1C. List all transfer agreements relevant to the proposed project.

Response:

ETPRH is a de novo joint venture and does not currently have any existing transfer agreements. However, ETPRH intends to negotiate transfer agreements with local area hospitals such as Tennova Healthcare--Cleveland and other nearby healthcare care facilities

2C. List all commercial private insurance plans contracted or plan to be contracted by the applicant.

Response:

It is anticipated that ETPRH will contract with the plans listed on Attachment 2C.

3C. Describe the effects of competition and/or duplication of the proposal on the health care system, including the impact upon consumer charges and consumer choice of services.

Response: It is anticipated that ETPRH will charge competitive rates based on its value proposition that are comparable to other inpatient rehabilitation hospitals in Tennessee and elsewhere. The project will not create any new impacts on charges at other providers in the region. However, the project will positively impact competition and service area consumers by providing new (and first local) choice of service site for those for whom a drive into Chattanooga for this type of rehabilitation is not convenient and/or feasible. It also (as described in response to Question 2E) will benefit competition and service area consumers by offering a high quality of care drawing on the clinical excellence and synergies of this collaboration between Tennova and Siskin.

4C. Discuss the availability of and accessibility to human resources required by the proposal, including clinical leadership and adequate professional staff, as per the State of Tennessee licensing requirements, CMS, and/or accrediting agencies requirements, such as the Joint Commission and Commission on Accreditation of Rehabilitation Facilities.

Response: Recruitment, staffing, and training will comply with all standards and requirements of the Tennessee Board for Licensing Health Care Facilities, the Commission on Accreditation of Rehabilitation Facilities, and the Center for Improvement in Healthcare Quality (which is the nation's newest accreditation provider approved by CMS to deem hospitals as meeting Medicare Conditions of Participation).

5C. Document the category of license/certification that is applicable to the project and why. These include, without limitation, regulations concerning clinical leadership, physician supervision, quality assurance policies and programs, utilization review policies and programs, record keeping, clinical staffing requirements, and staff education.

Response: ETPRH will be licensed as a rehabilitation hospital, in conformity with all applicable regulations.

6C. See INSTRUCTIONS to assist in completing the following tables.

**PROJECTED DATA CHART -- EAST TENNESSEE
PHYSICAL REHABILITATION HOSPITAL**

Project Only
 Total Facility

Give information for the two (2) years following the completion of this proposal.

		Yr 1-FYE 2024	Yr 2-FYE 2025
A. Utilization Data	Discharges	<u>503</u>	<u>629</u>
	Specify Unit of Measure		
	Patient Days	<u>7,300</u>	<u>9,125</u>
B. Revenue from Services to Patients			
1. Inpatient Services		<u>\$11,781,250</u>	<u>\$14,878,750</u>
2. Outpatient Services		0	0
3. Emergency Services		0	0
4. Other Operating Revenue (Specify) _____		0	0
	Gross Operating Revenue	<u>\$11,781,250</u>	<u>\$14,878,750</u>
C			
		Deductions from Gross Operating Revenue	
1. Contractual Adjustments		<u>\$2,002,813</u>	<u>\$2,529,388</u>
2. Provision for Charity Care		<u>\$117,813</u>	<u>\$148,788</u>
3. Provisions for Bad Debt		<u>\$235,625</u>	<u>\$297,575</u>
	Total Deductions	<u>\$2,356,250</u>	<u>\$2,975,750</u>
NET OPERATING REVENUE		<u>\$9,425,000</u>	<u>\$11,903,000</u>

- 7C. Please identify the project's average gross charge, average deduction from operating revenue, and average net charge using information from the Historical and Projected Data Charts of the proposed project.

Project Only Chart

	Previous Year to Most Recent Year _____	Most Recent Year _____	Year One FYE 2024	Year Two FYE 2025	% Change (Current Year to Year 2)
Gross Charge (<i>Gross Operating Revenue/Utilization Data</i>)	NA	NA	\$23,421.97 Per dischge	\$23,654.61 Per dischge	+1%
Deduction from Revenue (<i>Total Deductions/Utilization Data</i>)	NA	NA	\$4,684.39 per dischge	4,730.92 per dischge	+1%
Average Net Charge (<i>Net Operating Revenue/Utilization Data</i>)	NA	NA	\$18,737.58 per dischge	\$18,923.69 per dischge	+1%

- 8C. Provide the proposed charges for the project and discuss any adjustment to current charges that will result from the implementation of the proposal. Additionally, describe the anticipated revenue from the project and the impact on existing patient charges.

Response: This will be a new inpatient rehabilitation facility without an existing charge structure that could be affected. The revenue anticipated from the project is set forth in the Projected Data Chart in question 6C above.

Attachment 8C, a list of anticipated frequent charges with Medicare allowable fees, will be submitted under separate cover as a supplemental response.

- 9C. Compare the proposed project charges to those of similar facilities/services in the service area/adjoining services areas, or to proposed charges of recently approved Certificates of Need.

Response: There is no similar inpatient rehabilitation hospital in the project service area. In Chattanooga, there are three inpatient rehabilitation providers, at Siskin Hospital for Physical Rehabilitation, Encompass Health, and Parkridge Medical Center (a general hospital with a rehabilitation unit). Available information on other providers' comparative charges will be provided as Attachment 8C, to be forwarded as a supplemental response.

If applicable, compare the proposed charges of the project to the current Medicare allowable fee schedule by common procedure terminology (CPT) code(s).

Response: Please see the table in Attachment 8C, submitted in response to question 8C above.

- 10C. 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. Report the estimated gross operating revenue dollar amount and percentage of project gross operating revenue anticipated by payor classification for the first year of the project by completing the table below.

**Applicant's Projected Payor Mix
Project Only Chart**

Payor Source	Year 1 FYE 2024		Year 2 FYE 2025	
	Gross Operating Revenue	% of Total	Gross Operating Revenue	% of Total
Medicare/Medicare Managed Care	\$9,731,312.50	82.60%	\$12,289,847.50	82.60%
TennCare/Medicaid	\$164,937.50	1.40%	\$208,302.50	1.40%
Commercial/Other Managed Care	\$1,614,031.25	13.70%	\$2,038,388.75	13.70%
Self-Pay	\$35,343.75	0.30%	\$44,636.25	0.30%
Other (TriCare; TriWest; etc.)	\$235,625.00	2.00%	\$297,575.00	2.00%
Total*	\$11,781,250.00	100.00%	\$14,878,750.00	100.00%
Charity Care	\$117,812.50		\$148,787.50	

*Needs to match Gross Operating Revenue Year One and Year Two on Projected Data Chart.

QUALITY STANDARDS

1Q. Per PC 1043, Acts of 2016, any receiving a CON after July 1, 2016, must report annually using forms prescribed by the Agency concerning appropriate quality measures. Please attest that the applicant will submit an annual Quality Measure report when due.

The applicant so attests.

2Q. The proposal shall provide health care that meets appropriate quality standards. Please address each of the following questions.

- **Does the applicant commit to maintaining the staffing comparable to the staffing chart presented in its CON application?**
-
- Yes.
-
- **Does the applicant commit to obtaining and maintaining all applicable state licenses in good standing?**
-
- Yes.
-
- **Does the applicant commit to obtaining and maintaining TennCare and Medicare certification(s), if participation in such programs are indicated in the application?**
-
- Yes.
-

3Q. Please complete the chart below on accreditation, certification, and licensure plans. Note: if the applicant does not plan to participate in these type of assessments, explain why since quality healthcare must be demonstrated.

Response:

Credential	Agency	Status (Active or Will Apply)	Provider Number or Certification Type
Licensure	<input checked="" type="checkbox"/> Health <input type="checkbox"/> Intellectual & Developmental Disabilities <input type="checkbox"/> Mental Health & Substance Abuse Services	Will Apply	
Certification	<input checked="" type="checkbox"/> Medicare <input checked="" type="checkbox"/> TennCare/Medicaid <input type="checkbox"/> Other: _____	Will Apply	
Accreditation(s)	<input checked="" type="checkbox"/> CARF <input checked="" type="checkbox"/> CIHQ	Will Apply	

4Q. If checked “TennCare/Medicaid” box, please list all Managed Care Organization’s currently or will be contracted.

Response: It is anticipated that ETPRH will contract with any MCO that contracts with Siskin in Chattanooga. Currently, Siskin in Chattanooga contracts with BlueCare and TennCare Select.

5Q. Do you attest that you will submit a Quality Measure Report annually to verify the license, certification, and/or accreditation status of the applicant, if approved?

X Yes No

6Q. For an existing healthcare institution applying for a CON:

➤ Has it maintained substantial compliance with applicable federal and state regulation for the three years prior to the CON application. In the event of non-compliance, the nature of non-compliance and corrective action should be discussed to include any of the following: suspension of admissions, civil monetary penalties, notice of 23-day or 90-day termination proceedings from Medicare/Medicaid/TennCare, revocation/denial of accreditation, or other similar actions and what measures the applicant has or will put into place to avoid similar findings in the future.

➤
➤ Not applicable to a proposed new facility.

➤
➤
➤ Has the entity been decertified within the prior three years? If yes, please explain in detail. (This provision shall not apply if a new, unrelated owner applies for a CON related to a previously decertified facility.)

➤
➤ Not applicable to a proposed new facility.

➤

7Q. Respond to all of the following and for such occurrences, identify, explain, and provide documentation if occurred in last five (5) years.

Has any of the following:

- Any person(s) or entity with more than 5% ownership (direct or indirect) in the applicant (to include any entity in the chain of ownership for applicant);
- Any entity in which any person(s) or entity with more than 5% ownership (direct or indirect) in the applicant (to include any entity in the chain of ownership for applicant) has an ownership interest of more than 5%; and/or

Been subject to any of the following:

➤ Final Order or Judgment in a state licensure action;

➤
➤ No.

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

➤
➤ No.

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

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

➤
➤ No.

➤ Agreement to pay civil or administrative monetary penalties to the federal government or any state in cases involving claims related to the provision of health care items and services;

➤

- No.
-
- **Suspension or termination of participation in Medicare or TennCare/Medicaid programs; and/or**
- **Is presently subject of/to an investigation, or party in any regulatory or criminal action of which you are aware.**
-

Response: Cleveland Tennessee Hospital Company, LLC d/b/a Tennova Healthcare – Cleveland, a subsidiary of Cleveland Hospital Company, LLC which is the minority member in ETPRH, are subject to Community Health Systems, Inc.’s - their ultimate public company parent entity – Corporate Integrity Agreement, dated July 28, 2014.

8Q. Provide the project staffing for the project in Year 1 and compare to the current staffing for the most recent 12-month period, as appropriate. This can be reported using full-time equivalent (FTEs) positions for these positions.

Position Classification	Existing FTEs NA	Projected FTEs Year 1
A. Direct Patient Care Positions		
<i>Position 1</i>		
<i>Position 2</i>		
<i>Position "etc."</i>		
Total Direct Patient Care Positions		

B. Non-Patient Care Positions		
<i>Position 1</i>		
<i>Position 2</i>		
<i>Position "etc."</i>		
Total Non-Patient Care Positions		
Total Employees (A+B)		
C. Contractual Staff		
Total Staff (A+B+C)		

Response: Please see Table 8Q on the following page. All ETPRH staff will be the common law employees of Siskin Hospital for Physical Rehabilitation (in Chattanooga), and will be provided as leased employees to the ETPRH or pursuant to the management services agreement, as applicable. ETPRH will have applicable direction and control over all such employees to the extent required by law, including without limitation such direction and control over the leased employees as is necessary to conduct its business and without which ETPRH would be unable to conduct its business, discharge any fiduciary responsibility that it may have, or comply with any applicable licensure, regulatory, program participation, reinstatement or statutory requirements.

Table 8Q: East Tennessee Physical Rehabilitation Hospital Projected Staffing -- Year One		
Position Classification	Existing FTE's NA	Projected FTE's Year 1
A. Direct Patient Care Positions		
Nurses and Nursing Assistants		32.41
Physical Therapists, Assistants and Aides		11.28
Occupational Therapists and Assistants		4.68
Speech Pathologists		1.65
Respiratory Therapy		2.80
Pharmacists and Pharmacy Techs		2.64
Psychologist		1.10
Total Direct Patient Care Positions		56.56
B. Non-Patient Care Positions		
Director of Nursing		1.10
Nurse Educator		1.10
Therapy Director		1.10
Dietary Manager/Dietitian		1.10
IRF-PAI Coordinator		1.10
Case Manager		1.10
Medical Records		1.10
Scheduler		1.10
Receptionists		2.30
Unit Clerks		2.41
Security		0.33
Total Non-Patient Care Positions		13.84
Total Employees (A + B)		70.40
C. Contractual Staff		
Total Contractual Staff		0.00
Total Staff (A+B+C)		70.40

Source: Applicant's management.

DEVELOPMENT SCHEDULE

TCA §68-11-1609(c) provides that activity authorized by a Certificate of Need is valid for a period not to exceed three (3) years (for hospital and nursing home projects) or two (2) years (for all other projects) from the date of its issuance and after such time authorization expires; provided, that the Agency may, in granting the Certificate of Need, allow longer periods of validity for Certificate 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 authorization which has been extended shall expire at the end of the extended time period. The decision whether to grant an extension is within the sole discretion of the Agency, and is not subject to review, reconsideration, or appeal.

- Complete the Project Completion Forecast Chart below. If the project will be completed in multiple phases, please identify the anticipated completion date for each phase.
- If the CON is granted and the project cannot be completed within the standard completion time period (3 years for hospital and nursing home projects and 2 years for all others), please document why an extended period should be approved and document the “good cause” for such an extension.

Response:

The applicant does not request an extended implementation period. The anticipated implementation period is provided in the table below.

PROJECT COMPLETION FORECAST CHART

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

Phase	Days Required	Anticipated Date (Month/Year)
1. Initial HSDA Decision Date	--	4/27/22
2. Building Construction Commenced	180	10/22
3. Construction 100% Complete (Approval for Occupancy)	510	9/23
4. Issuance of License	540	10/23
5. Initiation of Service	570	11/23
6. Final Project Report Form Submitted (Form HR0055)	660	2/24

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

INDEX OF ATTACHMENTS

Attachment 3A. Proof of Publication

Attachment 7A. Applicant's Legal Status

Attachment 8A. Management Agreement

Attachment 9A. Site Control Documentation

Attachment 10A. Floor Plan

Attachment 12A. Plot Plan

Attachment 2C. Commercial Insurance Accepted

Attachment 1N. Project Specific Criteria and Standards

Attachment 2N. Service Area Map

Attachment 3N. Demographic Characteristics of the Service Area

Attachment -- Supplemental Data Supporting Project Need or Consumer Advantage

Letters of Support

Attachment 3 Proof of Publication

Cleveland Daily Banner

1505 25th St., NW, P.O. Box 3600, Cleveland, TN 37320

STATE OF TENNESSEE, COUNTY OF BRADLEY

Vicky Guy having first duly sworn, makes oath that she is Legal Clerk of the Cleveland Daily Banner, a daily newspaper published in Bradley County and of general circulation therein, and that the following is a true copy of the legal notice which has been published 1 times in said newspaper and online at www.clevelandbanner.com and www.tnpublicnotice.com

on the following dates, to wit:
Notice- Need Cert ad# 45145
February 15, 2022 3x3 bordered ad

and that there x is due _____ has been paid the said Cleveland Daily Banner for such publication the sum of

Ninety dollars and 90/100

\$ 90.90

This publication fully complies with Tennessee Code Annotated 1-3-120.

Vicky Guy
Legal Clerk

Sworn to and subscribed before me this 15th day of February 2022.

Jane Taylor
Notary Public

My Commission expires:

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 East Tennessee Physical Rehabilitation Hospital, owned by East Tennessee Physical Rehabilitation IV, LLC, with an ownership type of limited liability company and to be managed by Siskin Hospital for Physical Rehabilitation Inc., a not for profit corporation, intends to file an application for a Certificate of Need to establish a 32-bed physical rehabilitation hospital at 2800 West Side Drive, NW, Cleveland, Tennessee 37312, at an estimated project cost of \$19,779,151. The project will be developed in existing hospital space leased within Tennova Healthcare - Cleveland Westside, a general acute care hospital. The proposed facility will be licensed as a physical rehabilitation hospital by the Board for Licensing Health Care Facilities at the Tennessee Department of Health. The project does not contain major medical equipment or initiate or discontinue any other health service. The anticipated date of filing the application is on or before February 28, 2022.

The contact person for this project is John Wellborn, who may be reached at Development Support Group, 4505 Harding Pike, Suite 53-E, Nashville, TN 37205, 615-665-2022.

Upon written request by interested parties, a local Fact-Finding public hearing shall be conducted. Written requests for hearing should be sent to:

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

(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 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 prior to the consideration of the application by the Agency.

Attachment 7A Applicant's Legal Status



Tre Hargett
Secretary of State

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

East Tennessee Physical Rehabilitation JV, LLC
1 SISKIN PLZ
CHATTANOOGA, TN 37403-1306

February 17, 2022

Filing Acknowledgment

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

SOS Control # :	001283279	Formation Locale:	DELAWARE
Filing Type:	Limited Liability Company - Foreign	Date Formed:	02/09/2022
Filing Date:	02/15/2022 12:01 PM	Fiscal Year Close:	6
Status:	Active	Annual Report Due:	10/01/2022
Duration Term:	Perpetual	Image # :	B1161-5296
Managed By:	Board Managed		
Business County:	HAMILTON COUNTY		

Document Receipt

Receipt # : 006929940	Filing Fee:	\$300.00
Payment-Credit Card - State Payment Center - CC #: 3823667249		\$300.00

Registered Agent Address:
C T CORPORATION SYSTEM
300 MONTVUE RD
KNOXVILLE, TN 37919-5546

Principal Address:
1 SISKIN PLZ
CHATTANOOGA, TN 37403-1306

Congratulations on the successful filing of your **Application for Certificate of Authority** for **East Tennessee Physical Rehabilitation JV, LLC** in the State of Tennessee which is effective on the date shown above. Please visit the Tennessee Department of Revenue website (www.tn.gov/revenue) to determine your online tax registration requirements. If you need to obtain a Certificate of Existence for this entity, you can request, pay for, and receive it from our website.

You must file an Annual Report with this office on or before the Annual Report Due Date noted above and maintain a Registered Office and Registered Agent. Failure to do so will subject the business to Administrative Dissolution/Revocation.

Tre Hargett
Secretary of State

Processed By: MeKesha Agee



001283279

**APPLICATION FOR CERTIFICATE OF AUTHORITY
LIMITED LIABILITY COMPANY**

SS-4233



Tre Hargett
Secretary of State

**Division of Business Services
Department of State
State of Tennessee**
312 Rosa L. Parks AVE, 6th FL
Nashville, TN 37243-1102
(615) 741-2286

Filing Fee: \$50.00 per member
(minimum fee = \$300.00, maximum fee = \$3,000.00)

For Office Use Only

- FILED -

Control # 001283279

To the Secretary of the State of Tennessee:

Pursuant to the provisions of T.C.A. §48-249-904 of the Tennessee Revised Limited Liability Company Act, the undersigned hereby applies for a certificate of authority to transact business in the State of Tennessee, and for that purpose sets forth:

- 1. The name of the Limited Liability Company is:** East Tennessee Physical Rehabilitation JV, LLC
If different, the name under which the certificate of authority is to be obtained is:

NOTE: The Secretary of State of the State of Tennessee may not issue a certificate of authority to a foreign Limited Liability Company if its name does not comply with the requirements of T.C.A. §48-249-106 of the Tennessee Revised Limited Liability Company Act. If obtaining a certificate of authority under an assumed Limited Liability Company name, an application must be filed pursuant to T.C.A. §48-249-106(d).

- 2. The state or country under whose law it is formed is:** DELAWARE
and the date (mm/dd/yyyy) of its formation is: 02/09/2022
and, if prior to qualifying, the date it commenced doing business in Tennessee is: 02/15/2022

NOTE: Additional filing fees and proof of tax clearance confirming good standing may apply if the Limited Liability Company commenced doing business in Tennessee prior to the approval of this application. See T.C.A. §48-249-913(d) and T.C.A. §48-249-905(c).

- 3. This company has the additional designation of:** None

- 4. The name and complete address of its registered agent and office located in the state of Tennessee is:**
C T CORPORATION SYSTEM
300 MONTVUE RD
KNOXVILLE, TN 37919-5546
KNOX COUNTY

- 5. Fiscal Year Close Month:** June

- 6. If the document is not to be effective upon filing by the Secretary of State, the delayed effective date and time is:**
(none) (Not to exceed 90 days)

- 7. The LLC will be:** Member Managed Manager Managed Director Managed Board Managed Other

- 8. Number of Members at the date of filing:** 2

- 9. Period of Duration:** Perpetual

- 10. The complete address of its principal executive office is:**
1 SISKIN PLZ
CHATTANOOGA, TN 37403-1306
HAMILTON COUNTY

B1161-5296 02/15/2022 12:01 PM Received by Tennessee Secretary of State Tre Hargett



**APPLICATION FOR CERTIFICATE OF AUTHORITY
LIMITED LIABILITY COMPANY**

SS-4233



Tre Hargett
Secretary of State

**Division of Business Services
Department of State
State of Tennessee**
312 Rosa L. Parks AVE, 6th FL.
Nashville, TN 37243-1102
(615) 741-2286

Filing Fee: \$50.00 per member
(minimum fee = \$300.00, maximum fee = \$3,000.00)

For Office Use Only

Control # 001283279

The name of the Limited Liability Company is: East Tennessee Physical Rehabilitation JV, LLC

11. The complete mailing address of the entity (if different from the principal office) is:

1 SISKIN PLZ
CHATTANOOGA, TN 37403-1306

12. Non-Profit LLC (required only if the Additional Designation of "Non-Profit LLC" is entered in section 3.)

- I certify that this entity is a Non-Profit LLC whose sole member is a nonprofit corporation, foreign or domestic, incorporated under or subject to the provisions of the Tennessee Nonprofit Corporation Act and who is exempt from franchise and excise tax as not-for-profit as defined in T.C.A. §67-4-2004. The business is disregarded as an entity for federal income tax purposes.

13. Professional LLC (required only if the Additional Designation of "Professional LLC" is entered in section 3.)

- I certify that this PLLC has one or more qualified persons as members and no disqualified persons as members or holders.
 I certify that this entity meets the requirements of T.C.A. §48-249-1123(b)(3)

Licensed Profession:

14. Series LLC (optional)

- I certify that this entity meets the requirements of T.C.A. §48-249-309(i)

If the provisions of T.C.A. §48-249-309(i) (relating to foreign series LLCs) apply, then the information required by that section should be attached as part of this document.

15. Obligated Member Entity (list of obligated members and signatures must be attached)

- This entity will be registered as an Obligated Member Entity (OME) **Effective Date:** (none)
 I understand that by statute: THE EXECUTION AND FILING OF THIS DOCUMENT WILL CAUSE THE MEMBER(S) TO BE PERSONALLY LIABLE FOR THE DEBTS, OBLIGATIONS AND LIABILITIES OF THE LIMITED LIABILITY COMPANY TO THE SAME EXTENT AS A GENERAL PARTNER OF A GENERAL PARTNERSHIP. CONSULT AN ATTORNEY.

16. Other Provisions:

Electronic

Signature

Matthew Gibson

Printed Name

Authorized Representative

Title/Signer's Capacity

Feb 15, 2022 12:01PM

Date

B1161-5297 02/15/2022 12:01 PM Received by Tennessee Secretary of State Tre Hargett

Delaware

The First State

I, JEFFREY W. BULLOCK, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY "EAST TENNESSEE PHYSICAL REHABILITATION JV, LLC" IS DULY FORMED UNDER THE LAWS OF THE STATE OF DELAWARE AND IS IN GOOD STANDING AND HAS A LEGAL EXISTENCE SO FAR AS THE RECORDS OF THIS OFFICE SHOW, AS OF THE FIFTEENTH DAY OF FEBRUARY, A.D. 2022.

AND I DO HEREBY FURTHER CERTIFY THAT THE ANNUAL TAXES HAVE BEEN ASSESSED TO DATE.



Jeffrey W. Bullock
 Jeffrey W. Bullock, Secretary of State

Authentication: 202665351

Date: 02-15-22

6606477 8300

SR# 20220517585

You may verify this certificate online at corp.delaware.gov/authver.shtml

B1161-5298 02/15/2022 12:01 PM Received by Tennessee Secretary of State Tre Hargett

Delaware

Page 1

The First State

I, JEFFREY W. BULLOCK, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF FORMATION OF "EAST TENNESSEE PHYSICAL REHABILITATION JV, LLC", FILED IN THIS OFFICE ON THE NINTH DAY OF FEBRUARY, A.D. 2022, AT 10:45 O`CLOCK A.M.



6606477 8100
SR# 20220430801

You may verify this certificate online at corp.delaware.gov/authver.shtml

A handwritten signature in black ink, appearing to read "JBULLOCK", is written over a horizontal line. Below the line, the text "Jeffrey W. Bullock, Secretary of State" is printed in a small font.

Authentication: 202613943
Date: 02-09-22

**CERTIFICATE OF FORMATION
OF
EAST TENNESSEE PHYSICAL REHABILITATION JV, LLC**

1. The name of the limited liability company is East Tennessee Physical Rehabilitation JV, LLC.
2. The address of its registered office in the State of Delaware is Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware 19801. The name of its registered agent at such address is The Corporation Trust Company.

IN WITNESS WHEREOF, the undersigned has executed this Certificate of Formation of East Tennessee Physical Rehabilitation JV, LLC this 9th day of February, 2022.

/s/ Tyler Pate

Tyler Pate

Authorized Person

Attachment 8A Management Agreement

MANAGEMENT SERVICES AGREEMENT

THIS MANAGEMENT SERVICES AGREEMENT (this "Agreement") made and entered into as of the ___ day of _____, 2022, to be effective as of [●] (the "Effective Date"), by and between Siskin Hospital for Physical Rehabilitation, Inc., a Tennessee nonprofit corporation (the "Manager"), and East Tennessee Physical Rehabilitation JV, LLC, a Delaware limited liability company (the "Joint Venture"). The Joint Venture and the Manager are each referred to herein as a "Party" and, collectively, as the "Parties."

RECITALS

WHEREAS, the Joint Venture is developing and will own and operate a freestanding inpatient rehabilitation hospital located in Cleveland, Tennessee (the "Hospital");

WHEREAS, the Manager is an owner of the Hospital; and

WHEREAS, the Joint Venture desires to retain the Manager, and the Manager desires to be retained by the Joint Venture, to provide the management and administrative services described in this Agreement for the Joint Venture, including the Hospital.

NOW, THEREFORE, for and in consideration of the premises, agreements and covenants hereinafter set forth and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Joint Venture and the Manager agree as follows:

Section 1. MANAGER'S SERVICES

1.1 Management Services. On the terms and subject to the conditions of this Agreement, the Manager will provide certain administrative services for the Joint Venture and certain management, administration, purchasing services and support, and all other management support necessary for the operation and day-to-day management of the Hospital as set forth on Exhibit A attached hereto, including any additional services provided under Section 1.2 (collectively, the "Services"), in the best interest of the Hospital. In providing the Services, the Manager shall act in good faith and with diligence and shall provide the Services in accordance with all Applicable Laws (as hereafter defined), the governing documents of the Joint Venture, and to the extent required by any Applicable Laws, such governing documents or this Agreement, subject to the supervision, control and approval of the Joint Venture.

A. *Development Phase*. The "Development Phase" shall mean the period of the Term (as defined below), beginning on the date immediately following the date on which the Tennessee Health Service and Development Agency approves and issues a certificate of need permitting operation of the Hospital (the "CON"), as applicable, during which the Joint Venture is in the process of applying for and seeking to receive all other necessary and customary approvals, licenses and permits (collectively, "Governmental Approvals") required in order to own and operate the Hospital and, subject to obtaining such Governmental Approvals, is working to develop, equip, supply, staff, obtain licensure for, initially operate the Hospital and obtain enrollment of the Hospital with Medicare, TennCare and any other applicable governmental healthcare payors (collectively, the "Governmental Programs") and any commercial healthcare payors deemed necessary by the Joint Venture (collectively, the "Commercial Payors"), and continuing through the date immediately prior to the date that the Hospital is enrolled

successfully with the Governmental Programs and Commercial Payors (collectively, “Open the Hospital”).

During the Development Phase, Manager shall use its best efforts on behalf of the Joint Venture to complete the Development Phase, including without limitation to obtain the Government Approvals and, subject to obtaining such Governmental Approvals, Open the Hospital as promptly as possible. In addition, Manager shall provide all Services applicable to the Development Phase of the Joint Venture as described in Exhibit A. Notwithstanding any other provision of this Agreement, in the event the Joint Venture does not Open the Hospital as anticipated for any reason, Manager shall assist, as requested by the Joint Venture, in winding down the operations of the Hospital, and this Agreement shall terminate upon notice to Manager from the Joint Venture or automatically upon dissolution of the Joint Venture, whichever first occurs.

B. *Operations Phase*. The “Operations Phase” is subject to successful completion of the Development Phase and shall mean the period of the Term beginning on the date the Hospital is enrolled successfully with the Governmental Programs and Commercial Payors and continuing throughout the remainder of the Term. During the Operations Phase, Manager shall provide administrative services to the Joint Venture and shall efficiently and effectively manage and administer the day-to-day operations of the Hospital, including without limitation by providing the Services described in Exhibit A.

1.2 Additional Services.

A. *Employee Leasing Agreement*. Approximately simultaneously herewith the Parties anticipate entering into that certain Employee Leasing Agreement, pursuant to which Manager shall provide personnel to the Joint Venture (“Employee Leasing Agreement”). Manager shall ensure: (i) the Hospital has an adequate number of appropriate personnel to ensure that the Hospital is properly staffed at all times; (ii) all such personnel providing services at or to the Hospital are qualified by education and experience to meet the qualifications of each such person’s respective position, including without limitation who are not and have never been excluded from participation in any federal or state healthcare program and, as applicable, who are fully licensed to perform their respective services and trained and certified in appropriate life support functions; (iii) all allied healthcare professional personnel providing services at or to the Hospital are fully credentialed by the Hospital to its allied healthcare professional staff and, as applicable, each has reassigned to Hospital their respective rights to bill for their professional services provided to Hospital under appropriate documentation that complies with all Applicable Laws and payor requirements; and (iv) all personnel providing services at or to the Hospital meet all of Hospital’s employee screening criteria, including without limitation have received all required immunizations and appropriate health screenings, drug screenings and background checks. Manager shall provide and schedule the services of all such personnel in compliance with all applicable requirements of the Hospital’s accreditation agency and with all Applicable Laws, including without limitation all Applicable Laws governing the Hospital’s operation as a hospital within a hospital under applicable regulatory requirements. Manager shall require all such personnel to comply with the Hospital’s policies and procedures and with the standard of care in the community in which the Hospital is located and shall further require applicable personnel to comply with the medical staff/allied health professional staff bylaws of the Hospital. Manager, acting on behalf of Joint Venture as Lessee (as defined in the Employee Leasing Agreement), shall provide oversight to ensure that the Joint Venture fulfills its responsibilities under the Employee Leasing Agreement and that the Hospital obtains on a timely basis and maintains

appropriate records with respect to all personnel provided pursuant to the Employee Leasing Agreement, including without limitation regarding their qualifications, credentialing and staffing, sufficient at all times to document the Hospital's compliance with all Applicable Laws with respect to such personnel. In the event of any conflict between this Agreement and the Employee Leasing Agreement, this Agreement shall supersede. For the avoidance of doubt, the Employee Leasing Agreement includes certain fees intended to reimburse Manager's actual costs incurred in connection with such personnel and the compensation described in this Agreement includes any and all other compensation to which Manager is entitled for the supervision of such personnel and for the administrative functions associated with the provision of such personnel.

B. *Other Services.* In the event that the Joint Venture wishes to obtain services from the Manager in addition to the Services described in this Agreement or in the Employee Leasing Agreement, the Manager shall discuss with Joint Venture the options available to Joint Venture for obtaining such services, and the related cost thereof if Manager were to perform and provide, or arrange for the performance and provision of, those items or services. If the Parties agree on terms (including cost) with respect to any additional services to be provided hereunder ("Additional Services"), the Parties shall set forth, in a written addendum to this Agreement signed by the Parties (an "Additional Services Addendum"), the specific Additional Services to be provided by the Manager hereunder and the additional fees (the "Additional Services Fee") payable by Joint Venture to the Manager for the provision of such Additional Services. The term "Services," as used in this Agreement, shall include any Additional Services agreed upon by the Parties after the Effective Date in accordance with the terms of this Section 1.2(B).

1.3 Compliance with Laws. The Manager agrees that it will comply, and will require its employees, contractors and representatives to comply, with all applicable local, state and federal laws, statutes, ordinances, regulations, rules, orders and requirements, including but not limited to (a) the disclosure requirements and self-referral prohibitions of the Stark Law, regulations codified at 42 C.F.R. §411, Subpart J, and any applicable state self-referral laws, (b) the anti-fraud and abuse statute, 42 U.S.C. §1320a-7b(b) and any applicable state anti-kickback laws, and (c) the HIPAA/HITECH Requirements (as hereafter defined) and any applicable state patient privacy laws (individually and collectively, "Applicable Laws"). In providing services under this Agreement, Manager shall not discriminate unlawfully on the basis of race, color, sex, age, religion, national origin, handicap, payment source, or on any other basis prohibited by Applicable Laws.

1.4 Standard of Performance. The Manager shall provide the Services through experienced and fully qualified personnel in full compliance with the obligations set forth herein, the Joint Venture's approved policies and procedures, all requirements of the Hospital's accrediting agency, hospital management company industry standards, the Hospital's contractual arrangements including without limitation all payor contracts and the applicable standard of patient care for the community in which the Hospital is located. Without limiting the foregoing, the Manager shall utilize at least the same level of care and expertise that the Manager uses in operating its wholly-owned rehabilitation hospital and shall provide all Services in a timely and professional manner.

1.5 Independent Contractor Relationship. The Joint Venture engages the Manager as an independent contractor. Neither the Manager nor its employees providing services hereunder are employees of the Joint Venture and nothing in this Agreement or the Services establishes an employer-employee relationship between the Joint Venture and the Manager. Manager will ensure that its employees, affiliates, and any individuals or entities subcontracted by Manager to provide Services in connection with this Agreement adhere to the requirements of this Agreement. The use of employees, independent contractors, affiliates, or subcontractors to provide Services in connection with this

Agreement will not limit Manager's obligations and accountability under this Agreement with regard to such Services. Manager shall perform its duties as agent to the Joint Venture and, as such, shall undertake its obligations and duties hereunder for the account of the Joint Venture and not for the account of Manager.

1.6 Limitation on Authority. Notwithstanding any other provision of this Agreement to the contrary, each of the Manager and the Joint Venture expressly acknowledges and agrees that the Joint Venture's board ("LLC Board") has given the Manager authority for management of the day-to-day operations of the Joint Venture, but the LLC Board will have the authority to control and direct the operations of the Joint Venture, and all Services provided by the Manager under this Agreement are subject to the oversight of the LLC Board, provided the Manager shall have authority over human resources matters for employees provided pursuant to the terms of the Employee Leasing Agreement to the full extent permissible under Applicable Laws. The Joint Venture does not authorize, and the Manager does not assume, any of the powers, duties, or responsibilities which the LLC Board or Joint Venture is required to maintain under Applicable Laws. The Manager shall not be a "manager" of the Joint Venture under the terms of the Delaware Limited Liability Company Act. Without limiting the generality of the foregoing, and notwithstanding anything to the contrary contained in this Agreement, the Manager shall not (a) take any actions inconsistent with a prior express decision of the LLC Board; (b) take any action requiring the approval of the LLC Board or the members of the Joint Venture without such approval of the LLC Board or the members having been obtained; or (c) unless otherwise unanimously approved by the LLC Board, make expenditures or incur reimbursable expenses that exceed ten percent (10%) of the aggregate annual budget approved by the LLC Board in accordance with the Joint Venture's governing documents (the "Budget"); provided, however, that no approval shall be required for the Manager to incur and expend amounts as a Joint Venture expense in excess of the corresponding amount contained in a Budget if such amounts are incurred, through no fault of the Manager, as a result of an emergency not reasonably foreseen by the LLC Board.

1.7 Trademark License Agreement. The Joint Venture may enter into one or more Trademark License Agreements pursuant to which members of the Joint Venture (or their affiliates) have licensed to the Joint Venture the right to use certain trademarks, trade names, and other intellectual property (the "Licensed Marks") in connection with the Hospital. The Manager agrees that it shall use such Licensed Marks only as permitted by the terms of such Trademark License Agreement(s) for the operation of the Hospital. This Section shall survive any expiration or termination of this Agreement.

1.8 Participation in Federal Healthcare Programs. As of the Effective Date and throughout the Term, Manager represents and warrants that none of Manager, any of Manager's employees, owners and affiliates, or any individuals or entities subcontracted by Manager to provide services in connection with this Agreement is an Ineligible Person. As used herein, "Ineligible Person" means an individual or entity who (i) is currently excluded, debarred, suspended, or otherwise ineligible to participate in the Federal Healthcare Programs (as hereafter defined) or in federal procurement or non-procurement programs; (ii) is currently excluded, debarred, suspended, or otherwise ineligible to participate in TennCare or any other Medicaid program; or (iii) has been convicted of a criminal offense that falls within the scope of 42 USC § 1320a-7(a) but has not yet been excluded, debarred, suspended or otherwise declared ineligible. Manager has screened, and will screen on at least a monthly basis, all of Manager's and Joint Venture's employees, owners and affiliates, and any individuals or entities subcontracted by Manager directly or on Joint Venture's behalf to provide services in connection with this Agreement, against the List of Excluded Individuals/Entities maintained by the United States Department of Health and Human Services Officer of Inspector General ("OIG"), state exclusion lists and the System for Award Management's excluded parties data (see <http://exclusions.oig.hhs.gov/> and <http://sam.gov>).

1.9 No Violation. Manager represents and warrants that Manager is not, and during the Term will not be, in breach of any other contract, obligation or covenant that would affect Manager's ability to perform hereunder and, as a result of entering into this Agreement, will not breach any such contract, obligation or covenant. Manager represents and warrants that it has the right, power, legal capacity, and authority to enter into and perform its obligations under this Agreement, that no additional approvals or consents of any person or entity are necessary in connection with the execution of this Agreement and that its performance hereof in accordance with the terms hereof is consistent with and shall not violate any (a) law, regulation, or order to which it is subject or (b) contract, agreement or other legal obligation, including without limitation any corporate integrity agreement, applicable to its operations, in a way that materially impairs Manager's ability to perform its obligations under this Agreement or adversely affects the Joint Venture or the Hospital.

1.10 Notification of Change in Representations. Manager shall notify the Joint Venture as soon as reasonably practical, and within no more than five (5) days, in writing if any of the representations made in this Agreement are no longer true and correct.

1.11 Working Capital. Manager will direct all appropriate payments to be made in the ordinary course of business of the bills incurred in connection with the operation of the Joint Venture or the Hospital from and after the Effective Date. To the extent reasonably practicable, Manager will give the Joint Venture no less than sixty (60) days' prior written notice, whenever it determines that cash receipts will be insufficient to meet the Joint Venture's or the Hospital's obligations for less than sixty (60) days.

Section 2. Term and Termination.

2.1 Term. Unless terminated as set forth herein, the initial term of this Agreement shall be for a period beginning on the Effective Date and ending on the tenth (10th) anniversary of the date the Joint Venture Opens the Hospital. At the end of the initial term, this Agreement will automatically renew for successive terms of five (5) years each unless terminated by either Party in writing at least ninety (90) days prior to the end of the then current term. The initial term and any renewal term may be referred to collectively herein as the "Term."

2.2 Termination. Notwithstanding the provisions of the foregoing paragraph, and in addition to any other termination rights set forth herein, the Parties shall have the right to terminate this Agreement as follows:

A. Upon thirty (30) days' prior written notice, either Party shall have the right to terminate this Agreement in the event that the other Party breaches any material term of this Agreement and fails to cure such breach to the reasonable satisfaction of the non-breaching Party within such thirty (30) day period after its receipt of notice from the non-breaching Party specifying the nature of such breach.

B. Immediately upon written notice, either Party shall have the right to terminate this Agreement in the event of the exclusion of the other Party from participating in the Medicare program, the Medicaid program, TennCare, CHAMPUS/TRICARE or any other federal or state health care program (collectively, the "Federal Healthcare Programs"), provided that such exclusion has a material adverse effect on the non-excluded Party;

C. Immediately upon written notice by either Party, if the Manager, or an affiliate of the Manager, is no longer a member of Joint Venture;

D. Immediately upon written notice by the Joint Venture in the event that Manager or its affiliate(s) enter into a corporate integrity agreement that imposes any material adverse obligation on the Hospital, the Joint Venture or its operations;

E. By the Joint Venture upon closure of the Hospital for any reason or upon dissolution of the Joint Venture for any reason;

F. By mutual written consent of the Parties.

Any termination right of the Joint Venture under this Agreement may be exercised solely by, and the related notice may be provided solely by, the member of the Joint Venture that is not affiliated with Manager, through the representative(s) of such member on the LLC Board.

2.3 Effect of Termination.

A. Upon termination or expiration of this Agreement, the Manager will reasonably cooperate with the Joint Venture in order to effectuate a transition of services contemplated by this Agreement. The Manager shall, upon the request of the Joint Venture or any member of the Joint Venture, for a period not to exceed one (1) year (unless otherwise mutually agreed) following the effective date or expiration or termination, as applicable, of this Agreement, unless otherwise mutually agreed (the "Transition Period"), continue to provide such Services as requested from time to time (the "Transition Services"), upon the terms and subject to the conditions set forth in this Agreement, for compensation consistent with fair market value that is commensurate with the level of Transition Services provided, as agreed upon by the Parties.

B. Upon termination or expiration of this Agreement, the Manager shall immediately return to the Joint Venture any and all assets or property of the Joint Venture then in possession or subject to the control of the Manager that do not constitute Manager IP (defined below), (the "Joint Venture Assets"); provided, however, that in the event that the Manager provides Transition Services, the Manager shall not be required to return to the Joint Venture any the Joint Venture Assets that are necessary for the provision of Transition Services until the end of the Transition Period, at which time the Manager shall immediately return to the Joint Venture any and all remaining Joint Venture Assets then held or retained by the Manager. Upon termination or expiration of this Agreement, any licenses by and between the Manager and the Joint Venture as set forth in Sections 5.4 and 5.6 shall immediately terminate or, if applicable, continue only until the end of the Transition Period

C. Termination shall not affect, negate or obviate any obligation of either Party to the other arising prior to the date of such termination, and any termination of this Agreement shall be without prejudice to any right, remedy or recourse to which the terminating Party may be entitled under this Agreement or otherwise at law or in equity.

D. This Section shall survive any expiration or termination of this Agreement.

Section 3. COMPENSATION.

3.1 Management Fee and Expense Reimbursement.¹ For Services provided during the Development Phase, the Manager shall charge the Joint Venture a fixed fee in an amount equal to \$[●] per calendar month, pro-rated as appropriate for any partial month. For Services provided during the Operations Phase, the Manager shall charge the Joint Venture a fee equal to [●] of the Joint Venture's Net Revenues (the "Management Fee") as compensation for providing, arranging, coordinating and overseeing the Services, as applicable. For purposes of this Agreement, "Net Revenues" means the net revenues of the Joint Venture as defined by United States Generally Accepted Accounting Principles ("GAAP").

3.2 Invoices. The Manager will submit a monthly invoice to the Joint Venture on or before the fifteenth (15th) day of each month for the previous month's Management Fee and Expenses, along with all applicable supporting documentation reasonably requested by any member of the Joint Venture. The Joint Venture will pay approved invoices within thirty (30) days of receipt thereof.

3.3 Audit Right. During the Term and for one (1) year following termination of this Agreement, each member of the Joint Venture or its authorized representatives, shall have access to Manager's books and records related to the Joint Venture, the Hospital, the Management Fee or the Expenses for purposes of audit during normal business hours. If any audit or examination reveals that the Management Fee or Expenses for the audited period are not correct for such period, any overcharges will be promptly credited to the Joint Venture and any undercharges will be promptly credited to the Manager. This Section shall survive any expiration or termination of this Agreement.

Section 4. COMPLIANCE

4.1 No Referrals. The Manager and the Joint Venture acknowledge and agree that the services and compensation provided hereunder do not require, are not payment for, and are not in any way contingent upon or related to the referral, admission, or any other arrangement for the Manager, the Joint Venture or any member of the Joint Venture to make referrals to, be in a position to make or influence referrals to, or otherwise generate business for any other such party or any of their respective owners, employees, agents or affiliates. No compensation or consideration of any kind shall be paid or given for any referrals or business generated for any party. Notwithstanding anything contained herein to the contrary, each Party retains the right, in its sole discretion, to refer patients to any person or entity deemed appropriate for their care and treatment. Further, no provision in this Agreement nor any consideration paid in connection with this Agreement is intended to induce, encourage, solicit, arrange for or reimburse the referral of any patients or business, including any patients or business funded in whole or in part by any of the Federal Healthcare Programs.

4.2 Adjustment of Management Fee. The Parties agree and acknowledge that the Management Fee is intended to be consistent with fair market value, commercially reasonable and

¹ NTD: All management compensation and fees remain subject to third-party FMV review and finalization.

consistent with the conclusions expressed in that certain opinion rendered by Value Management Group, Inc. with respect to this Agreement. It is the intention of the Parties periodically to confirm that the Management Fee is consistent with fair market value by obtaining the opinion of an independent appraiser selected by the Parties. The Parties further agree to negotiate in good faith with respect to any necessary adjustments to such Management Fee should either Party reasonably determine, on the advice of legal counsel or otherwise, that such Management Fee does not meet prevailing standards for fair market rates and commercial reasonableness.

4.3 Access to Books and Records. To the extent required by Applicable Laws, including without limitation Section 1861(v)(1) of the Social Security Act and its corresponding regulations, or by any agreement to which the Joint Venture or Hospital is a party it is agreed:

A. Until expiration of four (4) years after furnishing services and pursuant to this Agreement, Manager shall make available upon written request of the office of the Secretary of Health and Human Services or the U.S. Comptroller General or any of their duly authorized representatives, this Agreement, books, documents, and records that are necessary to verify the nature and extent of costs incurred by any party under this Agreement; and

B. If Manager carries out any of the duties of this Agreement through a subcontract, with a value or cost of Ten Thousand Dollars (\$10,000) or more over a twelve (12) month period (including contracts for both goods and services in which the service component is worth \$10,000 or more over a twelve month period), with a related organization, such subcontract must contain a clause to the effect that until the expiration of four (4) years after the furnishing of services pursuant to such subcontract, the related organization shall make available, upon written request of the Secretary of Health and Human Services or the U.S. Comptroller General or any of their duly authorized representatives, the subcontract, books, documents, and records that are necessary to verify the nature and extent of costs incurred by such party under the subcontract. The Parties agree that any applicable attorney-client, accountant-client or other legal privilege shall not be deemed waived by virtue of this Agreement.

C. If Manager, or any subcontractor, is requested to disclose any books, documents or records relevant to this Agreement as described in this Section 4.3, Manager shall promptly notify the Joint Venture of the nature and scope of such request and shall make available to the Joint Venture all such books, documents and records to the extent allowable by Applicable Laws.

D. This Section shall survive any expiration or termination of this Agreement.

4.4 No Third-Party Payor Exclusion. The Manager hereby represents, warrants, and certifies that none of the Manager, its officers, directors or affiliates, none of Manager's employees who provide any services pursuant to this Agreement, and none of Manager's subcontractors, vendors or agents that provide any services pursuant to this Agreement is or has ever been excluded, debarred or otherwise deemed ineligible from participation in any third-party payor program.

4.5 Obligation to Protect Patient Information. With respect to performance under this Agreement and the operations of the Hospital, the Parties agree to comply with the Health Insurance Portability and Accountability Act of 1996, as codified at 42 U.S.C. § 1320d and the Health Information Technology for Economic and Clinical Health Act and any current and future regulations promulgated under either act including without limitation the federal privacy regulations contained in 45 C.F.R. Parts 160 and 164, Subparts A and E (the "Federal Privacy Regulations"), the federal security standards as contained in 45 C.F.R. Parts 160 and 164, Subparts A and C (the "Federal Security Regulations"), the federal breach notification standards contained in 45 C.F.R. Part. 164, Subpart D and the federal

standards for electronic transactions contained in 45 C.F.R. Parts 160 and 162, all collectively referred to herein as the “HIPAA/HITECH Requirements.” Manager agrees not to use or further disclose any Protected Health Information (as defined in 45 C.F.R. § 160.103) or Individually Identifiable Health Information (as defined in 42 C.F.R. § 1320d and 45 C.F.R. § 160.103), other than as permitted by the terms of this Agreement and the attached Business Associate Agreement (“BAA”). Manager shall regularly train its workforce, including without limitation all personnel provided to the Joint Venture pursuant to the Employee Leasing Agreement, on HIPAA compliance, phishing threats, and other security risks. Manager agrees to and shall comply with the provisions of the BAA. This Section shall survive any expiration or termination of this Agreement.

4.6 Authority. The Parties hereby represent and warrant:

- A. Such Party is legally authorized to do business in the relevant jurisdiction;
- B. Such Party is authorized to enter into this Agreement and perform its obligations hereunder; and

C. This Agreement has been duly executed and delivered by such Party and is a legal, valid and binding obligation of such Party enforceable against it in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium, fraudulent transfer or conveyance or similar law relating to or limiting creditors’ rights generally or by equitable principles relating to enforceability (whether or not the issue of enforceability is decided by a court of law or in equity).

Section 5. CONFIDENTIALITY; OWNERSHIP OF INFORMATION.

5.1 Confidentiality.

A. *Manager.* Unless specifically authorized in writing by the Joint Venture, the Manager shall, and shall cause its agents and affiliates to, keep confidential and not disclose or make any use of any Joint Venture Confidential Information, except as and to the extent required to enable the Manager to perform its obligations under this Agreement, or as may otherwise be required by Applicable Laws. Manager shall not disclose Joint Venture Confidential Information to anyone other than Manager’s employees and contractors who have a need to know to perform this Agreement and who are bound by confidentiality obligations no less restrictive than set forth herein. Manager shall remain responsible for any unauthorized disclosure of Joint Venture Confidential Information by anyone to whom Manager discloses Joint Venture Confidential Information. At the termination of this Agreement, the Manager shall promptly return to the Joint Venture all the Joint Venture Confidential Information in the possession of the Manager or any of the Manager’s agents or affiliates, including any and all copies, summaries and compilations thereof, and whether in electronic or hard copy form; it being understood that Manager may retain copies, summaries and compilations of Joint Venture Confidential Information to the extent: (i) such Joint Venture Confidential Information is incorporated into Manager’s business records containing Shared Use Data (defined below); or (ii) necessary for Manager’s compliance with (w) any post-termination obligations, (x) Applicable Laws, (y) record keeping obligations and/or (z) enforcement or defense of any known or anticipated legal rights or obligations including, but not limited to, insurance coverage requirements (collectively, “Joint Venture Confidential Information Retention Exceptions”), provided that any retained information shall continue to be subject to the confidentiality restrictions of this Agreement which shall survive termination. If requested by the Joint Venture, an executive officer or legal counsel of the Manager must also certify in writing to the Joint Venture that the Manager has

returned (or if permitted by the Joint Venture with respect to all or any part of such Joint Venture Confidential Information, destroyed) all the Joint Venture Confidential Information in its possession or in the possession of any of its agents or affiliates unless subject to the Joint Venture Confidential Information Retention Exceptions. The “Joint Venture Confidential Information” means any and all non-public information relating to the Joint Venture or the Hospital or its patients, whether or not such information is designated as being confidential or proprietary.

B. *Joint Venture.*

(i) Obligation of Confidentiality. Unless specifically authorized in writing by the Manager, the Joint Venture shall, and shall cause its agents and affiliates to, keep confidential and not disclose or make any use of any Manager Confidential Information, except as and to the extent required to enable the Joint Venture to exercise its rights under this Agreement, or as may otherwise be required by Applicable Laws. The Joint Venture shall not disclose Manager Confidential Information to anyone other than the Joint Venture’s employees and contractors who have a need to know solely in furtherance of the purposes of this Agreement and who are bound by confidentiality obligations no less restrictive than set forth herein. The Joint Venture shall remain responsible for any unauthorized disclosure of Manager Confidential Information by anyone to whom the Joint Venture discloses Manager Confidential Information.

(ii) Manager IP/Confidential Information Retention Exceptions. After the termination of this Agreement, including, if applicable, the conclusion of any Transition Period, the Joint Venture may retain and continue to use then existing Manager IP and/or Manager Confidential Information in the possession of the Joint Venture or any of the Joint Venture’s agents or affiliates to the extent such use is in connection with Hospital operations and: (a) such Manager Confidential Information or Manager IP is incorporated into Patient and Hospital Data or incorporated into other Hospital business records, including those which may contain Shared Use Data; or (b) is necessary for the Joint Venture’s compliance with: (1) any post-termination obligations, (2) Applicable Laws, (3) record keeping obligations, and/or (4) enforcement or defense of any known or anticipated legal rights or obligations including, but not limited to, insurance coverage requirements ((a) and (b) collectively, “Manager IP/Confidential Information Retention Exceptions”). This shall confirm the Parties’ understanding that any such retained and/or used Manager IP and/or Manager Confidential Information shall continue to be subject to (A) the confidentiality restrictions of this Agreement which shall survive termination, and (B) the Trademark License Agreement to the extent applicable. This shall further confirm the Parties’ understanding that Manager IP and Manager Confidential Information provided under this Agreement is expressly provided so that the Joint Venture can conduct business operations of the Hospital and that such Manager IP and Manager Confidential Information will necessarily be incorporated into Patient and Hospital Data and business records of the Hospital (which may include records containing Shared Use Data), which records may include, without limitation, general operating policies or procedures, registration forms, consent forms, billing forms, correspondence, marketing, website, promotional, or social media content, or other comparable business records used in the general operation of the Hospital. For clarity, after termination of this Agreement, including, if applicable, the conclusion of any Transition Period, Hospital shall be permitted to retain and continue to use the foregoing, including the right for Hospital to copy, disclose, transmit, and make derivatives thereof in connection with the ongoing operation of the Hospital, subject to the surviving confidentiality restrictions of this Agreement and, to the extent applicable, the Trademark License Agreement. If requested by the Manager following termination of this Agreement after the conclusion of any Transition Period, an executive officer or legal counsel of the Joint Venture must also certify in writing to the Manager that the Joint

Venture has ceased unpermitted use of all the Manager IP and Manager Confidential Information in its possession or in the possession of any of its agents or affiliates.

(iii) Manager Confidential Information. The “Manager Confidential Information” means any and all non-public information relating to the Manager, Manager’s employees, owners and affiliates, whether or not such information is designated as being confidential or proprietary that Manager provides to the Joint Venture or Hospital in the course of performing Manager’s services hereunder.

C. *Additional Exceptions*. It shall not be a violation of the confidentiality obligations of this Agreement for a Party to use information disclosed by the other Party that the receiving Party is able to demonstrate (a) was independently developed by the receiving Party without the use of any Confidential Information of the disclosing Party; (b) is available in the public domain and such disclosure was not in contravention of this Agreement; (c) became available to the receiving Party from any source not in contravention of any obligation of confidentiality. Further, it shall not be a violation of this Agreement for Manager to disclose Protected Health Information or Individually Identifiable Health Information received by Manager under this Agreement if Manager is only making such information available as permitted by the Parties’ Business Associate Agreement and Applicable Laws, including without limitation HIPAA/HITECH Requirements and in connection with: (i) legitimate patient care, coordination, referral or similar purposes; or (ii) requests by universities, academic medical centers, physicians or comparable institutions or individuals conducting research projects that are subject to oversight in accordance with Applicable Laws (e.g., Institutional Review Board review and approval). Solely to the extent required by Applicable Laws, a receiving Party may disclose Confidential Information of the disclosing Party that was ordered to be released by requirement of a governmental agency or court of law; provided, however, that the receiving Party shall otherwise continue to maintain the confidentiality thereof, and in making such required disclosure of Confidential Information, the receiving Party shall: (i) give prior written notice of the disclosure to the disclosing Party if legally permissible, (ii) make such disclosure only to the extent required, and (iii) upon the other Party’s (or in the case of the Joint Venture, any of its member’s request), give the other Party (or such member) a copy of the disclosed materials and information.

5.2 Ownership.

A. Except for Manager IP, all other business, financial and patient records, patient case histories, patient lists, Hospital operations materials, marketing materials, and other files and related materials created by the Manager in the course of providing the Services, whether in print or electronic media, and including all copies or derivatives of any of the foregoing (collectively, “Patient and Hospital Data”), shall belong to and remain the property of the Joint Venture as a Joint Venture Asset to the full extent permitted by Applicable Laws.

B. Certain materials have been or may be created by the Manager based on Manager’s proprietary knowledge and expertise of operating rehabilitation hospitals and may be used by Manager in its performance of Services to the Hospital (“Manager IP”) and which may be incorporated within Patient Data or Hospital Data or other Hospital records, which may include records containing Shared Use Data, from time to time. Manager IP shall be limited to the following categories of Manager provided materials: (i) order sets; (ii) clinical protocols; (iii) clinical procedures; (iv) clinical pathways; and (v) plans of care; whether such materials are in print or electronic media. Manager’s ownership of Manager IP shall include any rights throughout the world in or to, arising out of, or associated with, intangible and tangible

intellectual property rights, which may include, but is not limited to, trade secrets, patents, trademarks, copyrights, as well as other intellectual or industrial property and proprietary rights recognized under Applicable Laws and any and all updates or derivatives of the foregoing (excluding Patient and Hospital Data, Hospital trademarks (whether owned by Hospital or licensed to Hospital other than by Manager) and/or Joint Venture Assets which may be contained therein). Manager IP shall not include and nothing herein shall restrict the Joint Venture's ability to use clinical information, treatment methods, or any other information that is generally known, provided such general knowledge was not obtained from a source in contravention of any obligation of confidentiality. The Joint Venture may use Manager IP pursuant to the license granted herein in Section 5.4.

C. In the course of the performance of its Services on behalf of the Joint Venture, certain business records may be created by the Manager that incorporates certain Joint Venture Confidential Information and Manager Confidential Information ("Shared Use Data"). Such Shared Use Data may include, for example, working schedules for staff members performing both at the Hospital and at Manager's other facilities; business records reflecting both Joint Venture financial information and financial information related to Manager's other operations; or comparable materials that include operational information related to both Parties. While Manager will endeavor to minimize when possible the creation of materials requiring Shared Use Data, each of the Parties' use of business records containing such Shared Use Data during the Term (including any Transition Period if applicable) and thereafter shall be subject to the Manager IP/Confidential Information Retention Exceptions and the Joint Venture Confidential Information Retention Exceptions, as applicable to each Party. For the avoidance of doubt, each Party retains its ownership interest in its Confidential Information and data that may be incorporated into business records of the other party containing Shared Use Data.

D. It is the expectation of the Parties that equipment, machines, servers, devices, and workstations (including any associated firmware and operating system software licenses) intended for the primary benefit of the Hospital (including all equipment and workstations either used at the Hospital primarily for the benefit of Hospital or used remotely by Hospital workers providing services primarily to Hospital) will be purchased, leased, or otherwise acquired for the Hospital utilizing funds of the Joint Venture ("Acquired Equipment and Systems"). Acquired Equipment and Systems shall be Joint Venture Assets. To the extent Manager acquires any such Acquired Equipment and Systems in its own name, Manager shall promptly transfer ownership or licenses to Joint Venture. If Manager makes available for the benefit of the Hospital equipment, machines, servers, devices, and workstations (including any associated firmware and operating system software licenses) (collectively, "Non-Acquired Equipment and Systems") that for a bona fide reason that benefits the Hospital was not purchased, leased or otherwise acquired by Manager utilizing funds of the Joint Venture such Non-Acquired Equipment and Systems shall be and remain the assets of Manager. Upon termination of this Agreement Manager shall, upon request by the Joint Venture, at Manager's sole discretion either (i) sell to the Joint Venture for fair market value those items of Non-Acquired Equipment and Systems requested in writing by the Joint Venture or (ii) negotiate in good faith to allow the Joint Venture to transition any data or systems contained within the Non-Acquired Equipment and Systems for continued use by the Joint Venture during the Transition Period.

E. Subject to Manager's obligations under the BAA as applicable, Manager may license in its own name certain third party software (other than firmware or operating system licenses as subject to Section 5.2(D)) for use in Hospital operations, such as electronic health record software or other clinical, analytical, or business software. Without limiting Manager's obligations under the BAA, Manager will implement and maintain reasonable and appropriate

safeguards designed to ensure that Hospital protected health information created, accessed, maintained or transmitted by Manager is not disclosed to other providers owned, operated or managed by Manager or intermingled with data of other providers owned, operated or managed by Manager. Any such third party software licensed by Manager for use by Hospital (collectively referred to as the "Licensed Software") shall continue to be owned by the applicable third party licensor (excluding any and all Manager IP and Patient and Hospital Data residing therein, which shall be owned exclusively by the Manager and the Joint Venture, respectively), and nothing contained in this Agreement shall be construed as a transfer of ownership of such Licensed Software or any portion thereof, either during the Term or thereafter. The Joint Venture may use such Licensed Software pursuant to the license granted herein in Section 5.4.

F. All materials, trademarks, intellectual property, technology, and software (collectively, "Joint Venture IP") or equipment provided by the Joint Venture for Manager's use for Hospital operations shall be owned exclusively by the Joint Venture (or its licensors) and deemed Joint Venture Assets. Manager may use such Joint Venture IP pursuant to the license granted in Section 5.5 Nothing herein gives Manager any right, title, or interest (including intellectual property rights) thereto. Such Joint Venture IP may be subject to underlying license agreements from third parties to the Joint Venture. Manager shall treat all Joint Venture IP as Joint Venture's Confidential Information and shall only use such Joint Venture IP for the operation of the Hospital and in accordance with Joint Venture's third party licenses.

5.3 Manager IP and Purchased Services Confidentiality.

A. The Joint Venture acknowledges that Manager IP shall be deemed Manager's Confidential Information under this Agreement (excluding any Patient and Hospital Data residing therein which shall be owned exclusively by the Joint Venture). Neither the Joint Venture nor its members shall duplicate or permit the duplication of any portion of the Manager IP or permit access to the Manager IP by the Joint Venture's personnel or any third party other than as reasonably necessary to carry out the business of the Joint Venture, including without limitation Hospital operations.

B. The Joint Venture acknowledges that certain other software, systems, and services may be provided to the Joint Venture by an affiliate of the Joint Venture member that is not the Manager, pursuant to that certain purchased services agreement by and between the Joint Venture and an affiliate of the Joint Venture member that is not the manager effective approximately simultaneously herewith (the "Purchased Services Agreement" and such services collectively "Purchased Services"). Manager shall use such Purchased Services solely in operation of the Hospital and shall abide by the terms of the Purchased Services Agreement, including any licensing and use restrictions on use of any software or licensed technology that may be part of Purchased Services. Manager shall use reasonable and appropriate physical, technical, and administrative security controls to protect the integrity and confidentiality of all Patient and Hospital Data and any portion of Purchased Services in the possession, custody, or control of Manager or its personnel or subcontractors. Nothing herein gives Manager any right, title, or interest (including intellectual property rights) in or to any portion of Purchased Services other than the limited right to use such Purchased Services as set forth in the Purchased Services Agreement. Manager acknowledges that such Purchased Services are, as between Manager and Joint Venture, Joint Venture's Confidential Information hereunder, and that Manager acknowledges Joint Venture is obligated to maintain the confidentiality of such Purchased Services under the Purchased Services Agreement.

5.4 License from Manager. The Manager hereby grants to the Joint Venture, subject to the provisions of this Section 5, a royalty-free, paid-up, non-exclusive license to use the Manager IP, Manager Confidential Information, and/or the Licensed Software in connection with the operation of the Hospital during the Term and as reasonably necessary to complete a data extraction and migration to successor systems of all Patient and Hospital Data that may be stored, hosted, or otherwise residing in any Manager IP and/or Licensed Software, during a Transition Period; it being understood that the Joint Venture may continue to use Manager IP and Manager Confidential Information, including business records containing Shared Use Data thereafter subject to this Section 5 (including, without limitation, Section 5.1 B (ii)).

5.5 License from Joint Venture. The Joint Venture hereby grants to the Manager, subject to the provisions of this Section 5, a royalty-free, paid-up, non-exclusive license to use the Joint Venture IP, Joint Venture Confidential Information, and certain Joint Venture Assets as described herein solely for the operation of the Hospital and in connection with the performance of Manager's Services to the Hospital during the Term and any Transition Period; it being understood that the Manager may continue to use Joint Venture Confidential Information, including business records containing Shared Use Data thereafter subject to this Section 5.

5.6 Access to Information. Notwithstanding anything contained herein to the contrary, the Manager agrees to furnish or to cause to be furnished to the Joint Venture or any of its members upon request as promptly as practicable, such information and assistance relating to the Joint Venture or the operation of the Hospital as is reasonably necessary, including without limitation for the filing of any tax return, declaration or report, the making of any election related to taxes, the preparation for any audit by any taxing authority, or the prosecution or defense of any claim, suit, or proceeding, or for any other reason reasonably requested by the Joint Venture at Joint Venture's sole expense or such member. The Manager shall cooperate fully as to and to the extent reasonably requested by the Joint Venture or any of its members, in the conduct of any audit, litigation or other proceeding to the extent relevant to the operation of the Hospital, the Joint Venture or this Agreement.

5.7 This Section 5 shall survive any expiration or termination of this Agreement.

Section 6. INDEMNIFICATION AND INSURANCE

6.1 Manager's Indemnification Obligations. The Manager agrees to indemnify, defend and hold harmless the Joint Venture, the Joint Venture's members (other than Manager) and their respective affiliates, subsidiaries, directors, officers, employees, and agents for and from any and all losses, claims, demands, proceedings, actions, judgments, fines, penalties or other assessments, charges, liabilities and damages, including without limitation reasonable outside counsel attorneys' fees, expenses and costs of defense (but excluding any consequential, incidental, special or punitive damages, except to the extent required to be paid to a third party) (collectively, "Losses") arising out of or related to any claims, demands, proceedings or actions (collectively, "Claims"), arising directly or indirectly, in whole or in part, out of any breach by the Manager of this Agreement, including without limitation of the BAA or with respect to oversight of the Joint Venture's performance of the Purchased Services Agreement, Lease Agreement (as hereafter defined) or Employee Leasing Agreement, or any willful misconduct, recklessness or negligent act or omission of the Manager, its affiliates, subsidiaries, directors, officers, employees, or agents in the performance of this Agreement, including without limitation of the BAA. This Section shall survive any expiration or termination of this Agreement.

6.2 Joint Venture's Indemnification Obligations. The Joint Venture agrees to indemnify, defend and hold harmless the Manager and Manager's directors for and from any and all Losses arising out of or related to any Claims brought or asserted by any third party in connection with

Manager's role pursuant to this Agreement, except to the extent of the Manager's indemnification obligations set forth in Section 6.1 above. Notwithstanding the foregoing, the Joint Venture shall not be required to indemnify Manager or Manager's directors under this Agreement except with respect to such Claims as may arise against Manager or Manager's directors as the result of Manager's role under this Agreement. For the avoidance of doubt, except for such Claims, the Joint Venture is not required to indemnify Manager or Manager's directors under this Agreement. This Section shall survive any expiration or termination of this Agreement.

6.3 Indemnification Process. A party making a claim for indemnification hereunder (the "Indemnified Party") shall promptly notify the other party (the "Indemnifying Party") of the claim in writing, describing the claim, the amount thereof if applicable, and the basis therefore (an "Indemnification Notice"). The failure to promptly give such Indemnification Notice will limit and/or negate the Indemnifying Party's obligation to indemnify and hold harmless the Indemnified Party only to the extent the Indemnifying Party is actually substantially prejudiced. In the case of a third-party Claim, the Indemnifying Party will have the right to assume the entire control of the defense, compromise or settlement thereof, including at its own expense, employment of counsel reasonably satisfactory to the Indemnified Party; provided, however that no such settlement shall confess any liability or wrong-doing on the part of the Indemnified Party without the Indemnified Party's prior written consent. The Indemnified Party will be entitled to participate in (but not control) the defense of any such action, with its own counsel and at its own expense. If the Indemnifying Party does not assume the defense of any such third-party claim or litigation resulting therefrom within ten (10) business days after the date it receives the Indemnification Notice: (i) the Indemnified Party may defend against such claim or litigation in such manner as it may deem necessary or appropriate including, but not limited to, settling such claim or litigation, on such terms as the Indemnified Party may deem appropriate, and (ii) the Indemnifying Party will be entitled to participate in (but not control) the defense of such action, with its counsel and at its own expense. Any dispute regarding the payment of indemnification requested by either party (or their respective affiliates, subsidiaries, directors, officers, employees or agents) under this Agreement shall be resolved through the dispute resolution procedures described in Section 7 below.

The Indemnified Party shall not settle or compromise any claim by a third party or other payment obligation for which it is entitled to indemnification hereunder without the prior written consent of the Indemnifying Party; provided, however, that if suit has been instituted against the Indemnified Party and the Indemnifying Party has not taken control of such suit within ten (10) days after receipt of the applicable Indemnification Notice, the Indemnified Party will have the right to settle or compromise such claim upon giving notice to the Indemnifying Party so long as such settlement includes a full release of the Indemnifying Party from such third-party claim. In calculating the payment amount of any indemnification claim to be made to an Indemnifying Party under this Section, there will be deducted any insurance proceeds actually recovered by the Indemnified Party in respect thereof. The parties shall cooperate with each other in all reasonable respects in connection with the defense of any third-party claim, including making available records relating to such claim and furnishing employees as may be reasonably necessary for the preparation of the defense of any such claim or for testimony as witnesses in any proceeding relating to a third-party claim. This Section shall survive any expiration or termination of this Agreement.

6.4 Insurance. Manager shall ensure that the Joint Venture obtains, and throughout the Term maintains, insurance sufficient to insure the Joint Venture against all material risks, including without limitation of the Hospital. Any insurance program established in connection with the Joint Venture, and any material change to any such program, shall be subject to approval of the LLC Board. Manager shall provide evidence of such insurance coverage within five (5) days upon request of any member of the LLC Board. All such insurance shall be issued upon such forms and in such amounts as are customary in the healthcare industry. In addition, Manager shall obtain and maintain throughout the

Term, and throughout such time period following expiration or termination of this Agreement until each applicable statute of limitations has expired, all customary insurance in commercially reasonable amounts appropriately covering Manager and its personnel for any claims arising out of the Services to be provided hereunder, including without limitation insurance covering: (a) professional and general liability with regard to the Services provided hereunder, having limits of coverage for each twelve (12) month period of not less than \$1,000,000 per claim and \$3,000,000 in the aggregate, (b) dishonesty, crime and theft, having limits of coverage for each twelve (12) month period of not less than \$1,000,000 per claim and in the aggregate, (c) cyber and privacy risks, network intrusion, and other similar harms, having limits of coverage for each twelve (12) month period of not less than \$5,000,000 per claim and in the aggregate, (d) workers compensation in amounts mandated by Applicable Laws and (d) risks in excess of each of the coverages described in (a) [through (c)] above as “umbrella” coverage, having limits of coverage for each twelve (12) month period of not less than [\$10,000,000]² per claim and in the aggregate. To the extent the representatives to the LLC Board of the member of the Joint Venture that is not Manager unanimously approve, and the LLC Board also approves, Manager to obtain any of the insurance policies for the Joint Venture described in the first sentence of this Section directly through policies in Manager’s name, which include the Joint Venture as an additional named insured party, the Joint Venture shall reimburse Manager for the Joint Venture’s fair market value portion of any reasonable costs of coverage related to these policies. Manager is not relieved of its indemnification and hold harmless obligations by Manager’s failure to maintain insurance for any reason. This Section shall survive any expiration or termination of this Agreement.

SECTION 7. DISPUTE RESOLUTION.

7.1 Dispute. In the event that not less than two (2) directors of the Joint Venture notify Manager of a dispute arising out of, relating to, or in connection with this Agreement, or the interpretation, validity, construction, or performance thereof (each, a “Dispute”), then such directors may, by written notice (“Dispute Notice”) to Manager, initiate the dispute resolution process described below. Manager shall appoint an authorized representative of Manager (the “Manager Representative”) who shall have authority to negotiate and bind Manager to a resolution, and the member of the Joint Venture that is not the Manager shall appoint an authorized representative of the Joint Venture (the “JV Representative”) who shall have authority to negotiate and bind the Joint Venture to a resolution (collectively, the Manager Representative and the JV Representative, the “Dispute Representatives”). Any right of the Joint Venture under this Section 7 may be exercised solely by, and the related notice, if any, may be provided solely by, the member of the Joint Venture that is not affiliated with Manager, through the JV Representative.

7.2 Non-binding Mediation. Except where equitable, provisional or temporary remedies are sought, in the event of any Dispute, within thirty (30) days’ of Manager’s receipt of the Dispute Notice unless otherwise agreed by the Dispute Representatives, the Dispute Representatives shall first negotiate the matter between themselves in good faith. If direct negotiations do not resolve the matter within such time period, either of the Dispute Representatives may demand in writing that the matter be submitted to mediation. After delivery of the notice of mediation, the Dispute Representatives shall select a mediator who will render a recommended resolution of the Dispute. The parties will share the cost of the mediator. The Dispute Representatives shall agree on a mediator, or, if the Dispute Representatives are unable to agree, the mediator shall be selected by the American Arbitration Association (the “AAA”), and in that event, the mediation shall be administered by the AAA under its Commercial Mediation Rules. The mediator shall be a practicing attorney who has expertise with mediating controversies involving complex healthcare transactions or the subject of the particular dispute

² NTD: Umbrella coverage and limits to be confirmed by the parties.

involved. The mediation shall take place in Cleveland, Tennessee. Each party shall bear its own costs and expenses and an equal share of the mediator's fees and administrative fees of mediation, if any. The mediation shall be held within thirty (30) days after selection or appointment of the mediator. If at any time more than five (5) hours into the mediation conference the mediator determines that the Dispute cannot be settled in mediation, the mediator may declare an impasse and the mediation process shall end at the point.

7.3 Binding Arbitration.

A. If mediation does not resolve the Dispute within ninety (90) days after the written notice of mediation is delivered, either of the Dispute Representatives may file a written demand for arbitration with the other. The arbitration will proceed in accordance with the terms of the American Health Law Association Alternative Dispute Resolution Service Rules of Procedure for Arbitration. The Dispute Representatives will agree on an arbitrator or, in the event they do not promptly agree upon an arbitrator, an arbitrator will be appointed, through the American Health Law Association's procedures, to resolve the Dispute. The arbitration will be conducted within the State of Tennessee and at a location agreed upon by the Dispute Representatives or, in the event they do not promptly agree upon a location, by the arbitrator. The award of the arbitration panel will be binding and conclusive upon Manager, the Joint Venture, and any other entity controlled by, in control of or under common control with either member of the Joint Venture to the extent that such affiliate joins in the arbitration. Either party will have the right to have the award made the judgment of a court of competent jurisdiction in the State of Tennessee. Notwithstanding the foregoing provision of this Section, to the extent that Manager or the Joint Venture seeks an equitable, provisional or temporary remedy under this Agreement, such party shall bring such action in a state or federal court in Davidson County, Tennessee and each party hereby consents to such jurisdiction.

B. Promptly after the independent arbitrator has been selected, the arbitrator shall establish a discovery schedule and a hearing schedule.

C. The arbitrator shall apply the governing law as described in Section 8.7.

D. Either party may file a motion for summary judgment with the arbitrator under the Federal Rules of Civil Procedure. The arbitrator is entitled to resolve some or all of any claimant's claims through such a motion.

E. Any decision rendered by the arbitrator shall be in writing, setting forth the basis for the arbitrator's decision, including without limitation any damages awarded by the arbitrator, shall be final and binding on the parties and shall be enforceable in any court having jurisdiction thereof. The arbitrator shall, in good faith, approximate the extent to which each party prevailed and shall award the costs of the arbitration process, including expenses and fees of the arbitrator and reasonable attorneys' and experts' fees and expenses consistent with this approximation. A party that is determined to have fully prevailed on all its claims is entitled to all reasonable costs it incurred for the arbitration process, including without limitation consulting and other fees such party incurred in the course of the arbitration, and all reasonable attorneys' fees and expenses.

F. The dispute resolution process described in this Section 7, including without limitation any resolution or award made pursuant to it, is confidential, and such process, conduct, statements, promises, offers, views and opinions shall not be discoverable or admissible in any legal proceeding for any purpose, except as may be necessary in connection with a court application for a preliminary remedy, a judicial challenge to an award or its enforcement, or

unless otherwise required by law or judicial decision; provided, however, that evidence which is otherwise discoverable or admissible is not excluded from discovery or admission as a result of its use in the dispute resolution process. At the request of any party, the arbitrators, attorneys, witnesses, experts, court reporters, or other persons present at the arbitration shall agree in writing to maintain the strict confidentiality of the arbitration proceedings. All negotiations pursuant to this Section 7 also shall be treated as compromise and settlement negotiations for purposes of applicable rules of evidence.

7.4 Waiver Of Jury Trial. EACH PARTY HAS READ AND UNDERSTANDS THIS SECTION 7, WHICH DISCUSSES MEDIATION AND ARBITRATION. EACH PARTY UNDERSTANDS THAT BY SIGNING THIS AGREEMENT, THE PARTY AGREES, EXCEPT AS PROVIDED WITH RESPECT TO ANY EQUITABLE, PROVISIONAL OR TEMPORARY REMEDIES AS DESCRIBED IN THIS SECTION 7, TO SUBMIT ANY DISPUTES TO DISCUSSION, MEDIATION AND ARBITRATION, AND THAT THE DISPUTE RESOLUTION PROVISIONS SET FORTH IN THIS SECTION 7 CONSTITUTE A WAIVER OF THE PARTY'S RIGHT TO A JURY TRIAL.

Section 8. MISCELLANEOUS

8.1 Assignment. The Manager shall not assign this Agreement, without the written consent of the member of the Joint Venture that is not affiliated with Manager, through the representative(s) of such member on the LLC Board.

8.2 Notices. All notices, demands, requests and other communications or documents required or permitted to be provided under this Agreement shall duly be in writing and shall be given to the applicable Party at its address set forth below or such other address as the Party may later specify for that purpose by notice to the other Party:

If to the Manager: _____

with copy to: _____

If to the Joint Venture: _____

with copy to: each of the Joint Venture members in accordance with the notice addresses provided to the Joint Venture, including without limitation to 4000 Meridian Boulevard, FL 7, Franklin, TN 37067, Attn: General Counsel

Each notice shall, for all purposes, be deemed given and received, (i) if by hand, when delivered; (ii) if given by nationally recognized and reputable overnight delivery service, the business day on which the notice is actually received by the party; or (iii) if given by certified mail, return receipt requested, postage prepaid, the business day on which the notice is actually received by the party. This Section shall survive any expiration or termination of this Agreement.

8.3 Headings. Section headings are for convenience of reference only and shall not be used to construe the meaning of any provision of this Agreement.

8.4 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be an original and all of which shall together constitute one agreement. Facsimile or electronically submitted signatures on this Agreement shall be deemed to be original signatures for all purposes.

8.5 Severability. Should any part of this Agreement be invalid or unenforceable, such invalidity or unenforceability shall not affect the validity and enforceability of the remaining portions, and such invalid or unenforceable provision shall be reformed and construed so that it will be valid and enforceable to the maximum extent permitted by Applicable Laws.

8.6 Authorization. Each individual signing this Agreement warrants that such execution has been duly authorized by the Party for which it is signing. The execution and performance of this Agreement by each Party has been duly authorized by all applicable laws and regulations and all necessary corporate action, and this Agreement constitutes the valid and enforceable obligation of each Party in accordance with its terms.

8.7 Governing Law. This Agreement shall be construed in accordance with the laws of the State of Delaware. For the avoidance of doubt, the foregoing does not relieve Manager of its obligation to provide all Services hereunder in compliance with all Applicable Laws, including without limitation the laws of the state in which the Hospital is located. This Section shall survive any expiration or termination of this Agreement.

8.8 Modification. This Agreement may not be modified except in writing pursuant to the Joint Venture's governing documents and executed by the Party to be charged.

8.9 No Waiver. No waiver, modification or cancellation of any term or condition of this Agreement shall be effective unless executed in writing by an authorized representative of the Party to be charged therewith. No written waiver shall excuse any performance of any act(s) other than those specifically referred to therein. A waiver of any breach by any Party hereunder shall not constitute a waiver of any subsequent breach(es) by such Party. This Section shall survive any expiration or termination of this Agreement.

8.10 No Third-Party Patient Beneficiaries. No patient or potential patient of the Hospital and no family member or any representative of any such person is intended as a third-party

beneficiary of this Agreement. This Section shall survive any expiration or termination of this Agreement.

8.11 Agreement. This Agreement, together with the governing documents of the Joint Venture, constitutes the entire agreement of the Parties hereto and supersedes all prior agreements and representations with respect to the subject matter hereof. Each Exhibit referenced herein, and the BAA, are hereby incorporated herein by reference.

[Signature Page Follows]

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date first above written.

MANAGER:

Siskin Hospital for Physical Rehabilitation, Inc.

By: _____
Name: _____
Title: _____

JOINT VENTURE:

East Tennessee Physical Rehabilitation JV, LLC

By: _____
Name: _____
Its: _____

Exhibit A
Management Services

Subject to all required LLC Board review and approvals, the Budget and all other applicable terms and provisions of this Agreement, including without limitation Section 1.6, the Manager shall provide the following Services:

1. **HOSPITAL OPERATIONS**

A. Directing the day-to-day operations of the Hospital to ensure the operations are conducted as described in this Agreement, including without limitation in a compliant, professional and business-like manner;

B. Determining and setting patient charges for services provided by the Hospital;

C. Providing and implementing appropriate policies and operating procedures to all Hospital departments;

D. Providing and implementing standard formats for all charts, invoices and other forms used in the operation of the Hospital;

E. Subject to any arrangements the LLC Board may directly negotiate, document or execute, providing for the purchase or lease by the Joint Venture of all supplies and equipment used in the operation of the Hospital;

F. Subject to any arrangements the LLC Board may directly negotiate, document or execute, negotiating, preparing and executing on behalf of the Joint Venture all contracts in the ordinary course of business and providing oversight to ensure the Joint Venture's performance thereunder, including, without limitation, medical direction, program direction, staffing, leasing, for dietary, laboratory, radiology, emergency consultation services, and other ancillary service contracts as appropriate; for the avoidance of doubt, this includes providing oversight to ensure that the Joint Venture fulfills its obligations under the Purchased Services Agreement, under that certain lease agreement by and between the Joint Venture and an affiliate of the Joint Venture member that is not the manager **[effective approximately simultaneously herewith]** (the "Lease Agreement") and under the Employee Leasing Agreement.

G. Performing all management and non-medical oversight responsibilities for the Hospital;

H. Preparing the strategic plan for the Hospital;

I. Providing and implementing inventory monitoring and control programs;

J. Developing Joint Venture data analytics;

K. Maintaining an appropriate medical records department at the Hospital and providing related services to the Hospital, provided however, any related system or software licenses licensed to the Joint Venture (including any fair market value sublicense of Manager IP to the Joint Venture) will be paid for by Joint Venture funds as provided herein; and

L. Overseeing and managing security operations and personnel for the interior of the Hospital.

2. ACCOUNTING, BOOKKEEPING AND TAX SERVICES

A. Establishing, reviewing, directing, supervising, and administering accounting procedures, policies, controls and systems for the development, preparation, and safekeeping of the records and books of account relating to the business and financial affairs of the Hospital or the Joint Venture, all subject to the Joint Venture's review;

B. Managing such accounts, books, financial and statistical records, reporting materials and procedures in accordance with United States Generally Accepted Accounting Principles, customary industry standards and practices, all Applicable Laws and general instructions;

C. Manager shall ensure that all cash, bank accounts, certificates of deposit and any other financial investments or assets (collectively, "Accounts") of the Joint Venture, shall be maintained separately from any Accounts of the Manager or any other entity owned, managed or controlled, directly or indirectly, by the Manager. Any interest earned upon or other increase in value of any Joint Venture Accounts shall accrue solely to the benefit of the Joint Venture.

D. Maintaining the books of account, including all journals and ledgers, check register and payroll records;

E. Processing vendor's invoices and other accounts payable;

F. Processing payroll for Hospital employees, including without limitation any leased employees;

G. Preparing monthly bank reconciliations;

H. Preparing and distributing to the Joint Venture and its members monthly income statements, balance sheets and statement of cash flows;

I. Calculating quarterly distributions pursuant to the Joint Venture's governing documents;

J. Preparing the annual operating and capital budgets of the Hospital and the Joint Venture each fiscal year; and

K. Preparing, or supervising the preparation of, and ensuring the Joint Venture's payments with respect to the Joint Venture's tax returns, including, without limitation, income, payroll, sales and use, real and personal property, escheatment and unclaimed property returns (reasonable fees paid to independent accountants will be the responsibility of the Joint Venture).

L. Assisting the Joint Venture, as requested by the LLC Board, in the preparation, proper maintenance and ensuring payment of, as applicable, all limited liability company documentation, filings and fees or other payments.

3. REIMBURSEMENT, LICENSURE AND MANAGED CARE

- A. Maintaining the accreditation of the Hospital with the proper agencies and insurance companies;
- B. Negotiating and reviewing contracts with all third-party payors;
- C. Negotiating fee payment methods with the appropriate third-party payors and obtaining and maintaining Hospital enrollment and participation in all applicable state and federal healthcare programs;
- D. Preparing and filing the Hospital's annual cost report;
- E. Completing, filing applications for and renewing all federal, state and local licenses, permits and approvals necessary to operate the Hospital; and
- F. Completing and updating applications for, enrollment with and other documentation relating to participation in state and federal government programs (i.e. Medicare, Medicaid).

4. BILLING AND COLLECTION SERVICES

- A. Providing billing and collection services in compliance with all Applicable Laws and payor requirements;
- B. Posting all patient and other charges, including necessary analysis and corrections;
- C. Processing, submitting and revising, as necessary, all claims and monitoring the status of claims;
- D. Processing of all payments, credits and other adjustments to patient accounts;
- E. Establishing and implementing patient insurance billing and coding procedures;
- F. Preparing for and assisting in Medicare audits; and
- G. Establishing and implementing appropriate receivable, credit and collection policies and procedures.

5. HUMAN RESOURCES

- A. Arranging for the employment, supervision, direction, leasing and discharging on behalf of the Joint Venture, as needed, all non-physician personnel performing services at or to the Hospital, including the executive leadership of the Hospital and including without limitation all other personnel provided pursuant to the Employee Leasing Agreement;
- B. Establishing staffing schedules for all personnel;
- C. Establishing wage structures and establishing and managing all personnel policies for all Hospital personnel;

D. Ensuring appropriate administration of all employee benefit programs, including retirement plans, paid time off plans, health and wellness plans;

E. Ensuring appropriate Hospital credentialing for allied healthcare professional personnel;

F. Ensuring that personnel meet the Hospital's employee screening criteria, including without limitation have received all required immunizations and appropriate health screenings, drug screenings and background checks (including screening personnel against the List of Excluded Individuals/Entities maintained by the OIG, state exclusion lists and the System for Award Management's excluded parties data (see <http://exclusions.oig.hhs.gov/> and <http://sam.gov>);

G. Arranging for employee health services, as needed;

H. Providing support and resources for recruiting Hospital personnel; and

I. Providing career development planning and assistance to Hospital personnel, as applicable.

6. COMPLIANCE

A. Providing and implementing a corporate compliance program consistent with all applicable guidance published by the OIG, including without limitation a standards of business conduct, for the Hospital appropriately addressing the requirements of all Applicable Laws;

B. Providing education and training for Hospital employees on the compliance program and other Hospital policies; and

C. Monitoring, auditing and correcting any deficiencies with respect to the Hospital's adherence to the compliance program and policies.

7. LEGAL

A. Providing qualified and experienced legal counsel to support the Hospital operations;

B. Drafting and negotiating contracts;

C. Coordinating response to and defense of audits and appeals conducted by government contractors;

D. Ensuring Hospital compliance with all Applicable Laws;

E. Managing Joint Venture or Hospital litigation, including business litigation, workers' compensation claims, and medical malpractice claims, including without limitation by retaining qualified outside counsel to represent the Hospital (reasonable fees paid to outside counsel will be the responsibility of insurance programs in which the Joint Venture participates or, in the event there is no applicable insurance coverage through no fault of the Manager, by the Joint Venture); and

- F. Assisting with issues involving members of the medical staff.

8. INFORMATION TECHNOLOGY ("IT")

- A. Supporting patient revenue systems, clinical systems, including, without limitation, electronic medical records, medication dispensing, health information exchanges, sales, marketing and communications systems, human capital management systems, financial systems, quality assurance systems, business management systems, and compliance and audit systems;

- B. Providing web development and support for Hospital intranet and internet sites as well as custom programs;

- C. Supporting office automation systems, including, without limitation, email, and productivity tools.

- D. Arranging for, operating and managing Hospital IT infrastructure and utilities (such as LAN, WAN, etc., and for electronic and paper data), including without limitation providing administrative, physical, and technical security for all such items;

- E. Managing and supporting Hospital's technology infrastructure, including, without limitation, support center (24x7x365), data center, telecommunications (data and voice), server management, business service management, database management, cyber security, and identity management;

- F. Providing support for all computer hardware and software;

- G. Negotiating and procuring on behalf of the Joint Venture internet, cable and telephone services; and

- H. Providing overall all management services for all programs and projects with IT components.

9. MARKETING

- A. Providing oversight and consultation regarding Hospital's efforts to develop and implement an appropriate, ongoing marketing program; and

- B. Providing oversight, support, consultation and template resources to Hospital to assist Hospital in maintaining its marketing program.

10. RISK MANAGEMENT

- A. Purchasing and maintaining in appropriate amounts all industry-typical and customary insurance, in each such case having commercially reasonable terms of coverage, for the Joint Venture, including without limitation for the Hospital and its personnel, such as directors and officers liability, property and casualty, professional and general liability, workers' compensation insurance as required by state law, cyber liability insurance, automobile insurance and other necessary insurance coverage for the operation of the Hospital or Joint Venture;

provided however, that the physicians practicing at the Hospital who are not employed by the Joint Venture or Hospital, or leased by the Joint Venture or Hospital from Manager, shall obtain their own professional liability insurance; and

B. Providing security and loss prevention programs for Hospital employees and patients.

11. SUPPLY CHAIN

A. Subject to any arrangements the LLC Board may directly negotiate, document or execute, negotiating with manufacturers, distributors and vendors for the procurement of goods, including, food, pharmaceuticals, supplies, and services needed for the operation of the Hospital;

B. Managing participation in a group purchasing organization;

C. Providing support to the Hospital with respect to purchasing goods and services; and

D. Maintaining an electronic system for the Hospital purchasing.

12. QUALITY AND CLINICAL

A. Contracting with national organization to compile and review patient satisfaction surveys;

B. Providing education opportunities for employees and, subject to all Applicable Laws, credentialed physicians;

C. Supporting physician, nursing, therapy, quality, case management, pharmacy and health information management systems (“HIMS”) advisory boards;

D. Developing patient outcome studies with data analytics;

E. Providing and implementing updates to clinical documentation systems;

F. Providing staff training and support, to include monitoring for compliance, for Centers for Medicare & Medicaid Services (“CMS”) Inpatient Rehabilitation Facility (“IRF”) Quality Reporting Program;

G. Providing pre-accreditation support and mock surveys;

H. Ensuring appropriate infection prevention protocols; and

I. Ensuring appropriate intake and discharge procedures.

13. OTHER

Provide, or ensure the provision of, all other goods or services requested by the Joint Venture or necessary to ensure successful operation of the Joint Venture, including without limitation the Hospital, except as separately arranged directly by the LLC Board.

Attachment 9A

Site Control Documentation

February 10, 2022

LETTER OF INTENT

Re: Development, Construction and Operation of a 32-Bed Inpatient Rehabilitation Facility on certain real property located at 2800 Westside Drive NW, Cleveland, Tennessee 37312

Ladies and Gentlemen:

Cleveland Tennessee Hospital Company, LLC, a Delaware limited liability company (the "Owner"), owns certain real property located at 2800 Westside Drive NW, Cleveland, Tennessee 37312 (the "Property").

East Tennessee Physical Rehabilitation JV, LLC, a Delaware limited liability company (the "Operator"), intends to operate a 32-bed inpatient rehabilitation facility (the "IRF Facility") on a portion of the Property that will be subject to a long-term lease having fair market terms to be entered into by and between the Owner, as landlord, and the Operator, as tenant (the "IRF Lease").

This letter of intent ("Letter of Intent") serves as a statement of the mutual intent of the Owner and the Operator with respect to the following matters (collectively, the "Transaction"):

1. The Owner constructing the IRF Facility pursuant to the plans and specifications approved by the Operator in accordance with the provisions of the IRF Lease.
2. The Owner leasing the IRF Facility to the Operator pursuant to IRF Lease.

The proposed terms of the IRF Lease and the services to be provided by the Owner to the Operator are as described on the Term Sheet attached hereto as Exhibit A and incorporated herein by reference.

The Owner and the Operator acknowledge that this Letter of Intent shall be submitted to the Tennessee Health Service and Development Agency in connection with the Operator's certificate of need application for the IRF Facility.

The Owner and the Operator acknowledge that they shall each pay their own fees and expenses and those of their agents, advisers, attorneys and accountants with respect to the negotiation of this Letter of Intent.

This Letter of Intent is intended to summarize and evidence the discussions between Owner and the Operator to the date hereof with respect to the Transaction. The Owner and the

Operator agree to use good faith efforts to consummate each component of the Transaction and to negotiate, execute and deliver the definitive agreements which will govern the Transaction.

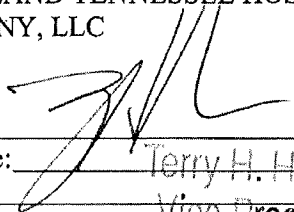
This Letter of Intent and the rights and obligations of the Owner and the Operator shall be governed by, and construed and interpreted in accordance with, the laws of the State of Tennessee.

[Signature Page Follows]

The Owner and the Operator have caused this Letter of Intent to be duly executed and delivered as of the date first written above.

OWNER:

CLEVELAND TENNESSEE HOSPITAL
COMPANY, LLC

By: 
Name: Terry H. Hendon
Title: Vice President

OPERATOR:

EAST TENNESSEE PHYSICAL
REHABILITATION JV, LLC,

By: SISKIN HOSPITAL FOR PHYSICAL
REHABILITATION, INC., its managing
member

By: _____
Name: _____
Title: _____

The Owner and the Operator have caused this Letter of Intent to be duly executed and delivered as of the date first written above.

OWNER:

CLEVELAND TENNESSEE HOSPITAL
COMPANY, LLC

By: _____
Name: _____
Title: _____

OPERATOR:

EAST TENNESSEE PHYSICAL
REHABILITATION JV, LLC,

By: SISKIN HOSPITAL FOR PHYSICAL
REHABILITATION, INC., its managing
member

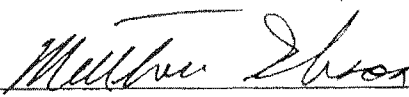
By:  _____
Name: Matthew Gibson
Title: President and CEO

EXHIBIT A

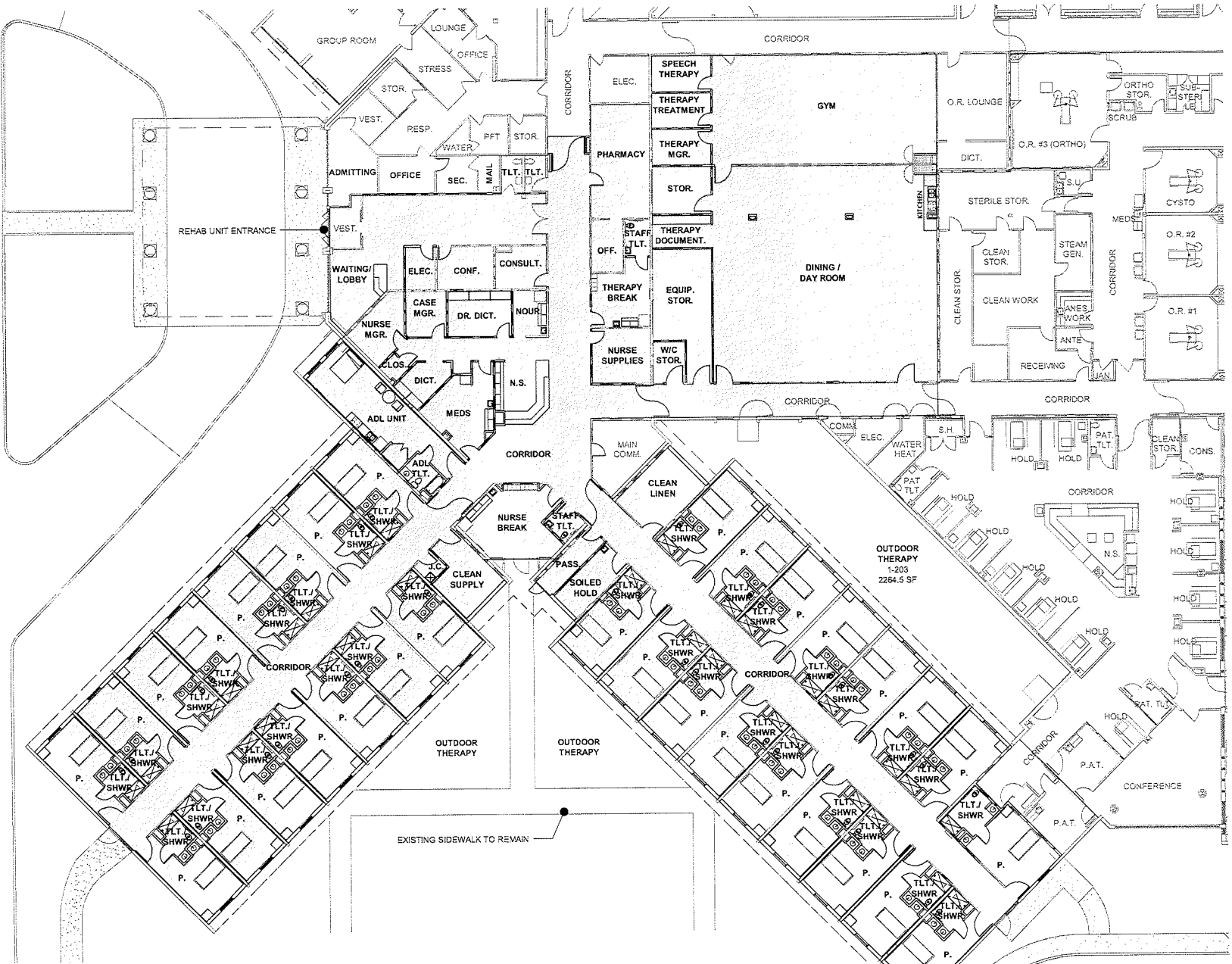
Term Sheet

1. Landlord: Cleveland Tennessee Hospital Company, LLC, a Delaware limited liability company ("Landlord").
2. Tenant: East Tennessee Physical Rehabilitation JV, LLC, a Delaware limited liability company ("Tenant").
3. Indoor Space and Outdoor Therapy Spaces (the "Premises"): Approximately 25,510 square feet (the "Indoor Space") in the approximately 85,163 square foot building located on the Property (the "Building") together with approximately 1,584 square feet of outdoor therapy space on the Property and an additional approximately 2,265 square feet of enclosed outdoor therapy space on the Property (collectively, the "Outdoor Therapy Spaces"), together with the non-exclusive use of the exterior grounds and landscaping and applicable parking, sidewalks, walkways and driveways located on the Property necessary for ingress, egress and access to and from the Premises.
4. Term: The initial term will be ten (10) years (the "Initial Term"). Tenant will have the option to extend the Initial Term for an additional period of five (5) years (the "Extension Term").
5. Base Rent: The initial Base Rent will be an amount equal to the sum of (a) the fair market rental rate of the Indoor Space on an "as is" basis prior to the construction of the Tenant Improvements and (b) 50% of the costs of the Tenant Improvements fully-amortized over ten years at an amortization rate of 5%. The portion of annual Base Rent described in clause (a) will be increased by 2% each year during the Initial Term. The Base Rent during the Extension Term shall be an amount per square foot equal to the then-current fair market rental rate of the Premises.
6. Ground Rent: In addition to Base Rent, Tenant shall pay Landlord Ground Rent in consideration for the exclusive use of the Outdoor Therapy Spaces. The initial Ground Rent will be the fair market rental rate of the Outdoor Therapy Spaces, and Ground Rent will be increased by 2% each year during the Initial Term. The Ground Rent during the Extension Term shall be an amount per square foot equal to the then-current fair market rental rate of the Outdoor Therapy Spaces.
7. Construction of Improvements: The tenant finish in the Premises (the "Tenant Improvements") shall be designed, constructed and contracted for by Landlord pursuant to plans and specifications approved by Tenant. Tenant shall reimburse Landlord for 50% of the costs of the Tenant Improvements.

8. Operating Expenses, Real Estate Taxes and Insurance: Tenant shall pay its Pro Rata Share of Landlord's reasonable operating expenses for the Property. Tenant shall also pay its Pro Rata Share of all real property taxes and installments of special assessments levied or assessed against the Property, and all premiums for any casualty insurance policy or policies held for the Building. Tenant's "Pro Rata Share" shall be a fraction, the numerator of which is the number of indoor square feet of floor area in the Premises and the denominator of which is the number of square feet of floor area in the Building, which based on the preliminary site plan is anticipated to be 29.95%.
9. Utilities: Tenant shall pay all costs and expenses for utilities serving the Premises.
10. Use: Tenant may use the Premises for the operation of an inpatient rehabilitation facility and all other uses incidental thereto.
11. Maintenance and Repair: Landlord shall be responsible for repair and maintenance of the Building and all structural and exterior portions of the Premises. Tenant shall maintain and repair the Premises, including any Building systems located within the Premises and any Building systems located outside the Premises which exclusively serve the Premises.

Landlord and Tenant's good faith estimate of the total lease payments consisting of (i) Base Rent, (ii) Ground Rent, (iii) Tenant's Pro Rata Share of Landlord's reasonable operating expenses for the Property, (iv) Tenant's Pro Rata Share of all real property taxes and installments of special assessments levied or assessed against the Property, and (v) Tenant's Pro Rata Share of premiums for any casualty insurance policy or policies held for the Building during the Initial Term is \$10,316,650.64.

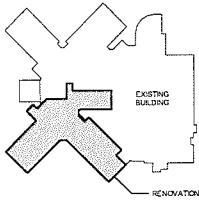
Attachment 10A Floor Plan



ENLARGED FLOOR PLAN

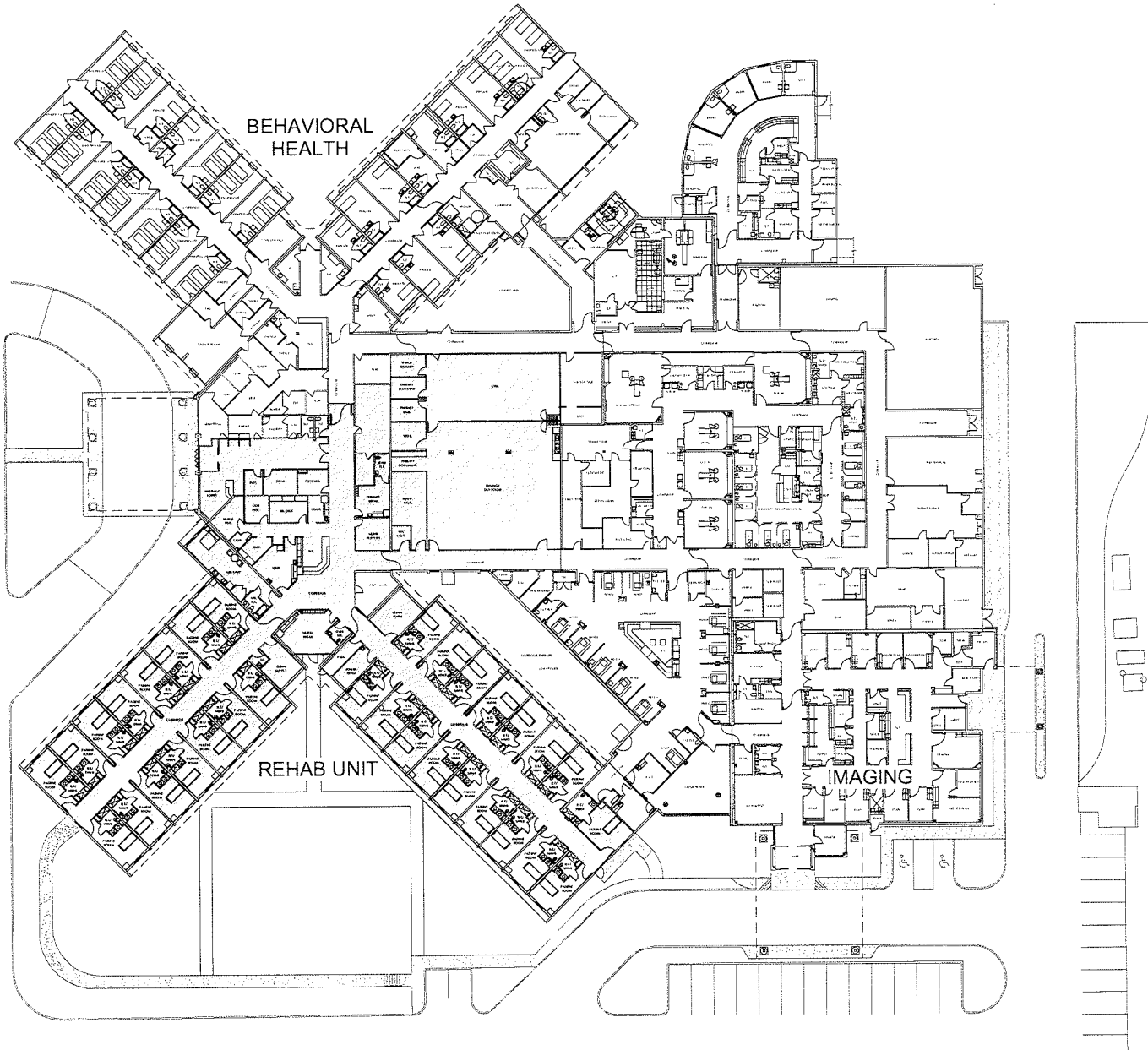
REHABILITATION UNIT RENOVATION
TENNOVA-CLEVELAND WESTSIDE CAMPUS

JANUARY 21, 2022



KEY PLAN

NOT TO SCALE

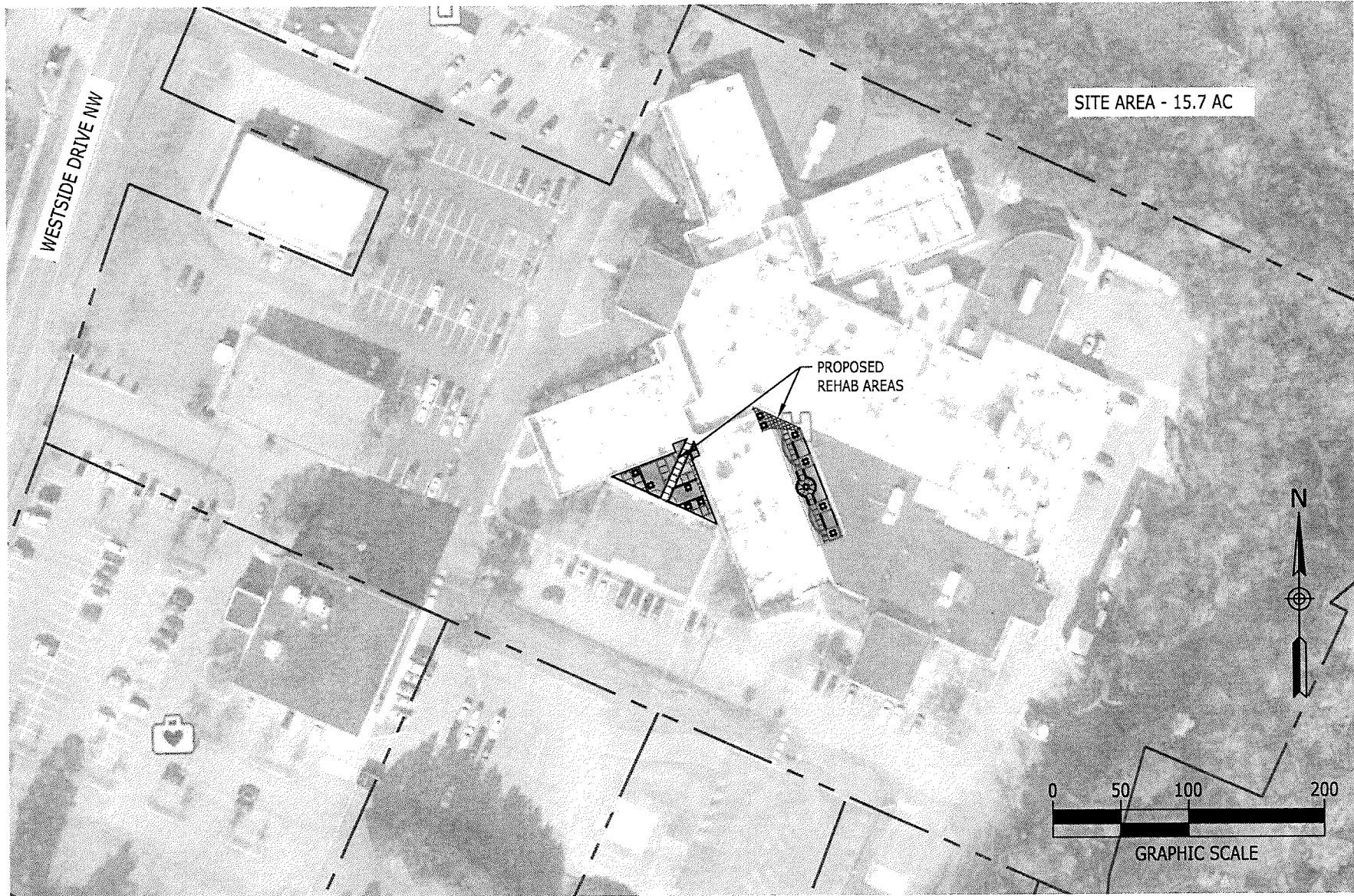


OVERALL FLOOR PLAN

REHABILITATION UNIT RENOVATION
TENNOVA-CLEVELAND WESTSIDE CAMPUS

JANUARY 21, 2022

Attachment 12A Plot Plan



SITE PLAN - ENLARGED



1524 WILLIAMS DRIVE, SUITE 201, MURFREESBORO, TN 37129
(615) 622-7200 | WWW.CATALYST-DG.COM

REHABILITATION UNIT RENOVATION
TENNOVA-CLEVELAND WESTSIDE CAMPUS

August 20, 2021



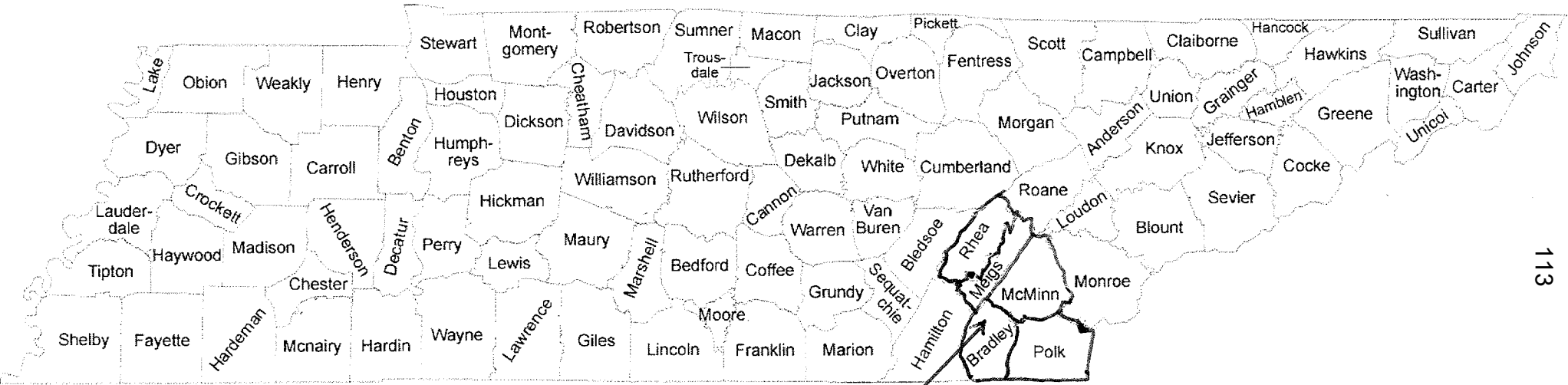
A02021

Attachment 2C
Commercial Insurance Accepted

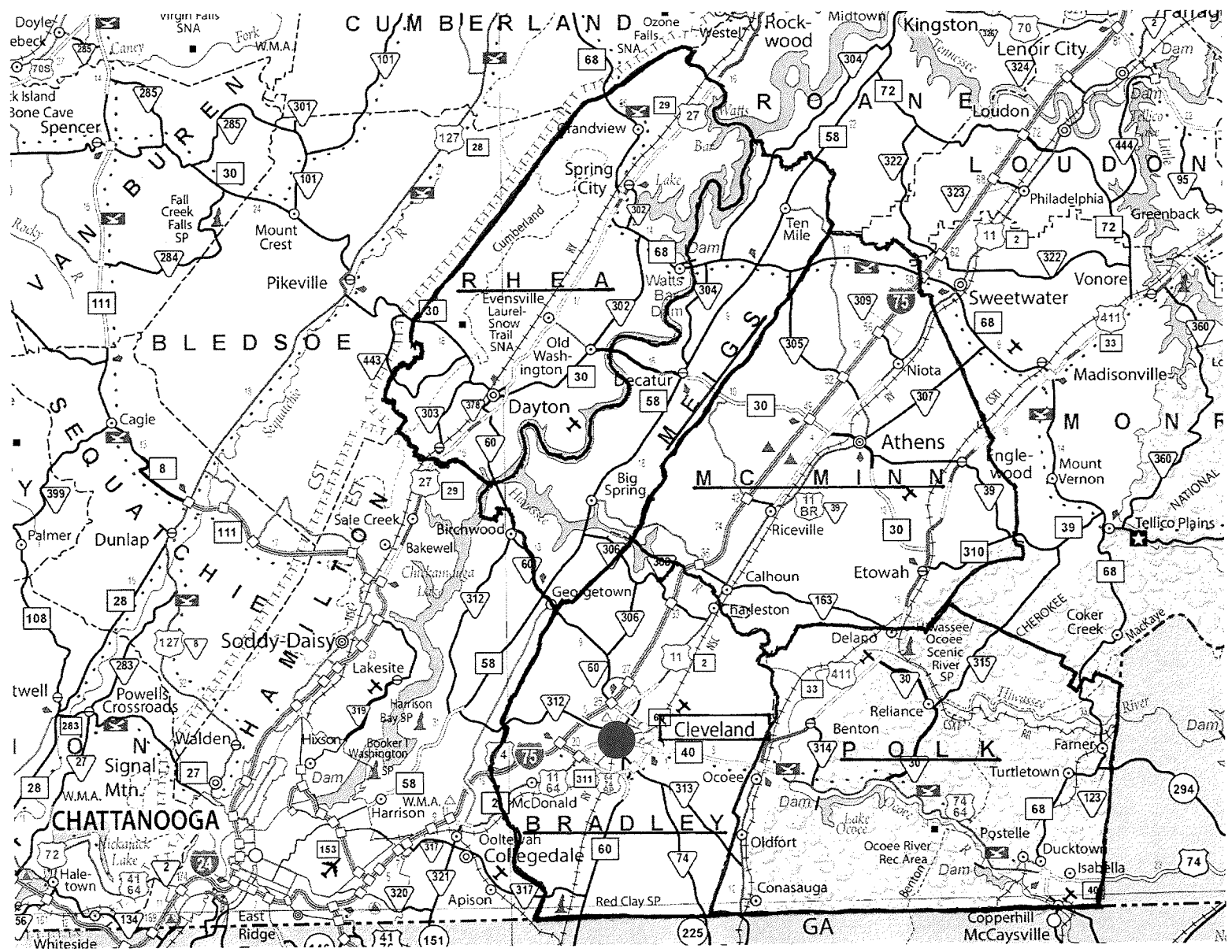
Insurance Plans Anticipated To Be Accepted

AARP Medicare Complete Plus
Aetna – Commercial
Alliant Health Plan
BlueCross BlueShield - Network P
BlueCross BlueShield - Network S
BlueCross BlueShield - BlueAdvantage (Medicare plan)
BlueCross BlueShield - BlueCare Plus (Medicare plan)
CHAMPVA
CIGNA – Commercial
CIGNA - HealthSpring (Medicare plan)
First Health
GEHA
Humana – Commercial
Humana Gold (Medicare plan)
Multiplan
TennCare – BlueCare
TennCare - TennCare Select
TriCare
TriWest
UnitedHealthcare - Dual Special Needs Program
UnitedHealthcare - Medicare Advantage PPO
UnitedHealthcare - Medicare Gold
UnitedHealthcare - Medicare Complete Choice
UnitedHealthcare - Medicare Silver
United Medical Resources

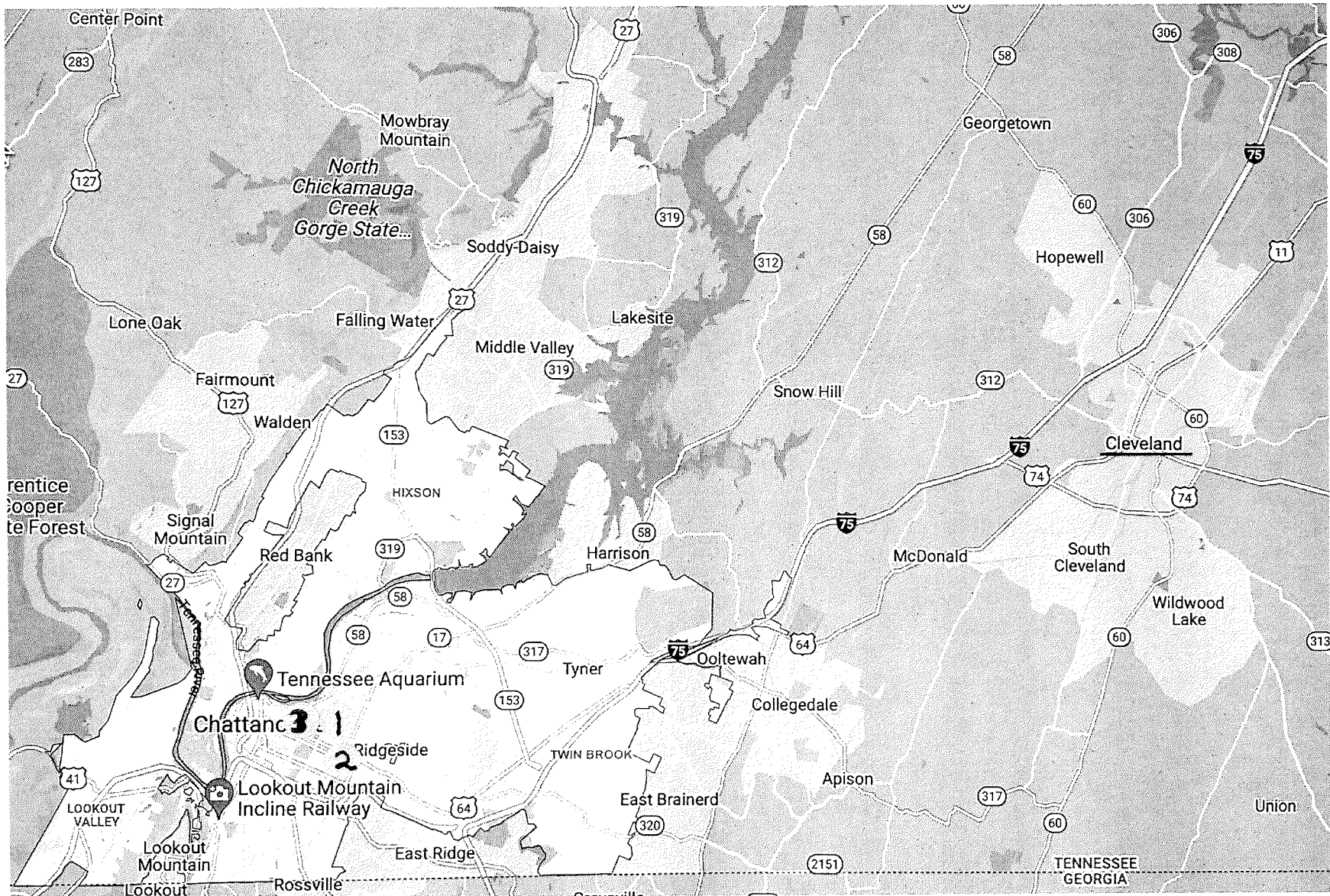
Attachment 2N Service Area Maps



**EAST TENNESSEE PHYSICAL REHABILITATION HOSPITAL
PRIMARY SERVICE AREA**



EAST TENNESSEE PHYSICAL REHABILITATION HOSPITAL -- PROJECT SERVICE AREA



EXISTING ACUTE REHABILITATION SITES CLOSEST TO ETPRH

KEY TO MAP OF HAMILTON COUNTY

1. Parkridge Medical Center Rehabilitation Unit
2. Encompass Health Rehabilitation Hospital of Chattanooga
3. Siskin Hospital for Physical Rehabilitation

Attachment 3N

Demographic Characteristics of the Service Area

**Table 3NR: East Tennessee Physical Rehabilitation Hospital
Demographic Characteristics of Primary Service Area
2022-2026 REVISED ON SUPPLEMENTAL**

Primary Service Area Counties	Department of Health / Health Statistics							Bureau of the Census				TennCare	
	Current Total Population 2022	Projected Total Population 2026	Total Population % Change 2022 - 2026	Current Target* Population Age 18+ 2022	Projected Target* Population Age 18+ 2026	Projected Target* Population Age 18+ % Change 2022 - 2026	Projected Target* Population As % of Projected Total Population 2026	Median Age	Median Household Income	Persons Below Poverty Level	Persons Below Poverty Level as % of Total Population	Current TennCare Enrollees Jan 2022	TennCare Enrollees as % of Current Total County or Zip Code Population
Bradley	110,318	113,675	3.0%	86,510	89,496	3.5%	78.7%	38.2	\$51,331	15,224	13.8%	25,934	23.5%
McMinn	54,221	54,947	1.3%	43,033	43,787	1.8%	79.7%	41.6	\$43,285	7,591	14.0%	14,539	26.8%
Meigs	12,616	12,872	2.0%	10,138	10,402	2.6%	80.8%	42.9	\$49,167	2,019	16.0%	3,606	28.6%
Polk	17,226	17,482	1.5%	14,010	14,293	2.0%	81.8%	42.5	\$43,306	2,136	12.4%	4,427	25.7%
Rhea	33,892	34,634	2.2%	26,561	27,429	3.3%	79.2%	39.8	\$42,206	5,084	15.0%	10,010	29.5%
Service Area Total	228,273	233,610	2.3%	180,252	185,407	2.9%	79.4%	41.0	\$45,859	32,415	14.2%	58,516	25.6%
Tennessee (TDH)	6,997,493	7,203,404	2.9%	5,455,516	5,629,600	3.2%	78.2%	38.0	\$53,320	951,659	13.6%	1,648,689	23.6%

Sources: TDH Population Projections, 2019; U.S. Census QuickFacts; TennCare Bureau.
Service area data is either total, or average, as appropriate.

Supplemental Data Supporting Project Need or Consumer Advantage

The Need for Inpatient Rehabilitation Options

The State Health Plan's Criteria for Inpatient Rehabilitation applications provides a methodology for identifying the need for inpatient rehabilitation beds. It does not pertain to rehabilitation services provided in skilled nursing facility (SNF) beds in designated hospital units and nursing homes. The reason is that the latter seldom can provide the scope and intensity of rehabilitative care required to produce optimal outcomes for many patients who are discharged from initial hospital stays with relatively more serious needs for inpatient rehabilitation.

Inpatient rehabilitation in a rehabilitation hospital or rehabilitation unit of a hospital provides an intensive, coordinated team approach to care, led by a physiatrist or other physician Board-certified in Physical Medicine and Rehabilitation. The care team includes speech therapy for strengthening speech, language, swallowing and communication skills; cognitive therapy to improve memory and reasoning; respiratory therapy to treat breathing disorders and respiratory distress; recreational therapy to enhance the patient's physical, mental and emotional well-being; physical therapy to improve strength, balance, and mobility; and occupational therapy to restore fine motor skills, coordination, and physical function.

The outcomes from the two differing levels of care (inpatient rehabilitation and skilled nursing) can differ significantly.

A major study* has shown that clinically comparable patients who utilized an inpatient rehabilitation hospital instead of a skilled nursing facility, on average returned home two weeks earlier, remained home nearly two months longer before needing additional care, had fewer Emergency Room visits per year, and had significantly fewer hospital readmissions for brain injury, pain syndrome, hip fracture, and major medical complexity.

Over a two-year period, patients with limb loss, being rehabilitated in a facility rather than in skilled nursing beds, returned home from their initial rehabilitation hospital stay 16 days earlier, remained home 3 months longer, and lived months longer than those who had access only to skilled nursing facility rehabilitation. They also had a 12% lower mortality rate, 16% fewer Emergency Room visits per year, and 43% fewer hospital readmissions per year.

Brain injury patients returned home 17 days sooner, remained home 3 months longer, and lived more than 3 months longer. They experienced a 16% lower mortality rate and made 4% fewer Emergency Room visits per year.

Stroke patients had a 14% lower mortality rate, 4% fewer Emergency Room visits, and 10% fewer hospital readmissions per year. They returned home 17 days earlier.

Hip fracture patients experienced 5% fewer hospital readmissions per year, 4% fewer Emergency Room visits per year, and an 11% lower mortality rate. They returned home 19 days earlier, lived 3 months longer.

Another major study** found that stroke patients served by inpatient rehabilitation hospitals or units had mobility functional scores higher than 10 points on average, and self-care functional scores higher by 8-12 points on average, than comparable patients served in skilled nursing facilities.

A 2019 study*** found that burn patients who utilized inpatient rehabilitation hospitals or units were sicker (in severity of injury, inhalation injury, facing amputation) than those using skilled nursing facilities -- yet were nearly 10 times more likely to successfully return to employment. Trauma patients utilizing rehabilitation hospitals and units had significantly increased functional

independence and likelihood of discharge to home, and had decreased mortality 1 year post-injury, compared to those treated in skilled nursing facilities, Stroke patients had improved physical and cognitive function compared to those using skilled nursing facilities.

** The data, from AMRPA, are taken from a 2014 study by Dobson DaVanzo et al., the most comprehensive study to date that examines the long-term patient outcomes of clinically similar patients in inpatient medical rehabilitation hospitals and units, vs. skilled nursing facilities. The study sample included more than 100,000 matched pairs of clinically similar patients.*

***Hong, Goodwin et al, Comparison of Functional Status Improvements Among Patients With Stroke Receiving Postacute Care in Inpatient Rehabilitation vs. Skilled Nursing Facilities. Journal of the American Medical Association, 2019.*

••Espinoza, Simko, Goldstein et al., Postacute Care Setting Associated With Employment After Burn Injury, Archives of Physical Medicine and Rehabilitation, 2015-2021.

Letters of Support



2305 Chambliss Avenue NW
Cleveland, TN 37311
Ph: 423.559.6000

(Westside campus)
2800 Westside Drive NW
Cleveland, TN 37312
Ph: 423.339.4100

February 23, 2022

Logan Grant
Executive Director
Tennessee Health Services and Development Agency
502 Deaderick St
Andrew Jackson Building 9th Floor
Nashville, TN 37243

Re: Tennova Healthcare Cleveland and Siskin Rehab CON for IP Rehab Facility

Dear Mr. Grant,

This letter serves as my support for the application of an Inpatient Physical Rehabilitation Facility in Cleveland, TN.

As the Medical Director for the Hospitalist Medicine program at Tennova Cleveland, I believe that having an inpatient rehab facility in Cleveland will benefit our patients and the community. As COVID-19 brings new and dynamic challenges to all fronts of medicine, we see that inpatient discharges to SNF and inpatient rehab have been increasing. We know the most important part of our job is getting our patients back to their prior level of function so we can preserve our community.

Furthermore, with the high prevalence of stroke in this area of the country and the shift of stroke care occurring more often here in Cleveland, there is a rising need for excellent rehab in town. Many patients in inpatient rehab need family support to keep them motivated. Being at home in Cleveland and close to their loved ones will help in maintaining that motivation.

Overall, I think that having an inpatient rehabilitation facility in Cleveland will be a great benefit for the community, the hospital, and our clinics. Most importantly, it will benefit our patients.

Please feel free to contact me with questions or concerns,

A handwritten signature in black ink, appearing to read "Andrew Olinger, MD".

Andrew Olinger, MD
Site Medical Director for Hospital Medicine at Tennova Cleveland
Aolinger@appartners.com
901-828-2092

AFFIDAVIT

STATE OF TENNESSEE

COUNTY OF DAVIDSON

JOHN WELLBORN, being first duly sworn, says that he/she is the applicant named in this application or his/her lawful agent, that this project will be completed in accordance with the application, that the agent has read the directions to this application, the Tennessee Health Services and Development Agency and T.C.A. § 68-11-1601, *et seq.*, and that the responses to questions in this application or any other questions deemed appropriate by the Tennessee Health Services and Development Agency are true and complete, to the best of the agent's knowledge.

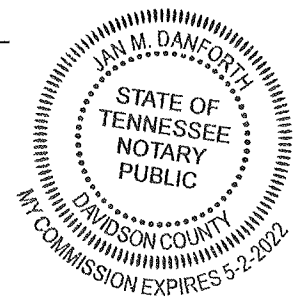
John Wellborn
SIGNATURE/TITLE

Sworn to and subscribed before me this 24th day of February, 2022 a Notary
(Month) (Year)

Public in and for the County of Davidson, State of Tennessee.

J.M. Danforth
NOTARY PUBLIC

My commission expires May 2, 2022
(Month/Day) (Year)



March 9, 2022

Thomas Pitt, HSD Examiner
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, TN 37243

RE: CON Application CN2202-006
East Tennessee Physical Rehabilitation Hospital

Dear Mr. Pitt:

This letter responds to your recent request for additional information on this application. The items below are numbered to correspond to your questions.

1. General Information Section, Bed Complement Data

Please attach a bed complement chart for the proposed facility. It can be located on the HSDA website under Forms – CON Application – Attachment Bed Count.

Response: The chart for ETPRH is attached following this page.

2. General Information Section, Item 7.A. Type of Ownership Control

Please provide a full organizational chart for the applicant including ownership entities with interest in Cleveland Hospital Company, LLC and Siskin Hospital for Physical Rehabilitation, Inc.

Response: The requested chart is attached following this page. Siskin Hospital for Physical Rehabilitation, Inc. has no owners and does not own other legal entities.

3. General Information Section, Item 8.A. Name of Management/Operating Entity

Do the applicant owners maintain any other management agreements or transfer agreements beyond the document attached as Attachment 8A?

Response: They do not.

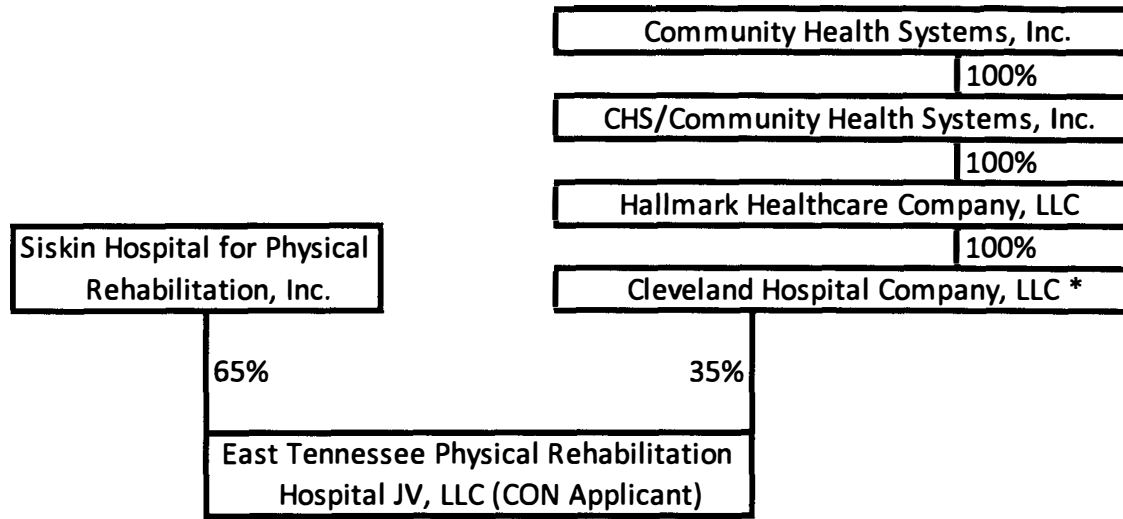
Attachment – Bed Complement Data: East Tennessee Physical Rehabilitation Hospital (ETPRH)

	<u>Current Licensed</u>	<u>Beds Staffed</u>	<u>Beds Proposed</u>	<u>*Beds Approved</u>	<u>**Beds Exempted</u>	<u>TOTAL Beds at Completion</u>
1) Medical						
2) Surgical						
3) ICU/CCU						
4) Obstetrical						
5) NICU						
6) Pediatric						
7) Adult Psychiatric						
8) Geriatric Psychiatric						
9) Child/Adolescent Psychiatric						
10) Rehabilitation	<u>0</u>	<u>0</u>	<u>32</u>	<u>0</u>	<u>0</u>	<u>32</u>
11) Adult Chemical Dependency						
12) Child/Adolescent Chemical Dependency						
13) Long-Term Care Hospital						
14) Swing Beds						
15) Nursing Home – SNF (Medicare only)						
16) Nursing Home – NF (Medicaid only)						
17) Nursing Home – SNF/NF (dually certified Medicare/Medicaid)						
18) Nursing Home – Licensed (non-certified)						
19) ICF/IID						
20) Residential Hospice						
TOTAL	<u>0</u>	<u>0</u>	<u>32</u>	<u>0</u>	<u>0</u>	<u>32</u>

*Beds approved but not yet in service

**Beds exempted under 10% per 3 year provision

OWNERSHIP ENTITIES FOR EAST TENNESSEE PHYSICAL REHABILITATION HOSPITAL JV, LLC



**Also owns 100% of Cleveland Tennessee Hospital Company, LLC d/b/a Tennova Healthcare -- Cleveland*

OWNERSHIP INFORMATION**CLEVELAND HOSPITAL COMPANY, LLC**

Name of Entity: **Cleveland Hospital Company, LLC** (TN Ltd. Liability Co.),
4000 Meridian Blvd., Franklin, TN 37067

The disclosing entity is wholly-owned by:

Hallmark Healthcare Company, LLC (DE Ltd. Liability Co.)
4000 Meridian Blvd., Franklin, TN 37067

Which is wholly-owned by:

CHS/Community Health Systems, Inc. (DE corporation)
4000 Meridian Blvd., Franklin, TN 37067

Which is wholly-owned by:

Community Health Systems, Inc., a DE corporation and a
publicly traded company, trading under the symbol of "CYH" on
the NYSE
4000 Meridian Blvd., Franklin, TN 37067

Page Two
March 9, 2022

4. General Information Section, Item 10.A. Floor Plan

a. Please describe what the space at the host hospital – Tennova Healthcare – Cleveland West side is currently being used for.

Response: The project will occupy space that currently consists of vacant general acute care inpatient rooms, vacant support spaces for those nursing units, and outdoor areas of lawn. These areas currently provide no patient care, either to inpatients, observation patients, or outpatients.

b. Please address whether this project will result in a decrease in staffed or licensed beds or a shift or reduction in specific services at the host hospital.

Response: Tennova Cleveland Hospital will not experience a decrease in staffed or licensed beds or a shift or reduction in any of the host hospital's current healthcare services.

c. The floor plan appears to include 32 private rooms. Please confirm Medicare covers a private room versus a semi-private room for inpatient rehabilitation.

Response: It does. They are covered at Siskin Hospital for Physical Rehabilitation in Chattanooga, and will be covered at the proposed ETPRH.

d. General Criteria Section - Need, Item 2.N. Service Area

It appears that Georgia residents represented approximately (25%) of the total admissions to the Siskin Hospital for Rehabilitation in Chattanooga. Does the applicant expect any Georgia residents to shift care from the Chattanooga facility to the Cleveland facility?

Response: The applicant does not project that any significant number of Georgia patient admissions will shift from Siskin Hospital for Rehabilitation to the ETPRH in Cleveland. Georgia patients and their families have superior physical highway access to Chattanooga, where their use of Siskin is well established. Accessibility is important because of the long lengths of stay of rehabilitation patients and their families/caregivers' frequent involvement in their care during those stays. The ETPRH will focus primarily on serving Tennessee residents who are not now receiving needed inpatient rehabilitation care.

Page Three
March 9, 2022

e. General Criteria Section - Need, Item 3.N. Demographics

There appear to be two errors in Table 2N for under the following items – Target Population 18+ State of TN Total and Target Population % Change – State of TN Total. Please revise and resubmit Attachment 3N (labeled as Attachment 3NR).

Response: Attached after this page are revised Attachment 3NR and also revised page 15R, with a correction in the percentage increase in that age group.

7. General Criteria Section - Need, Item 6.N. Projected Utilization

a. Please complete the following tables detailing the projected services to be delivered in Year 1 at the project site:

Response: All patients will receive physical and occupational therapy and most will also receive speech/language therapy.

Physical Rehabilitation Service Type	Service Provided Yes/No	Projected # of Inpatient Cases Yr 1	Projected # of Outpatient Cases Yr 1	Projected # of Outpatient Visits Yr 1
Occupational Therapy	Yes	503	0	0
Orthotic Services	No	0	0	0
Physical Therapy	Yes	503	0	0
Prosthetic Services	No	0	0	0
Speech/Language Therapy	Yes	375	0	0
Therapeutic Recreational Service	No	0	0	0
	TOTAL	503	0	0

Note: The total 503 cases are inpatients, all of whom will receive PT and OT, and some of whom will also receive speech/language therapy. The 503 is not a total of the rows above.

b. Table 6N is noted. However, please include the corresponding calendar year for Year One, Year Two, and Year Three. In addition, please recalculate Year Two (2024) since it contains 366 days (leap year). Please revise and submit a replacement page 17 (labeled as 17R).

Response: Revised page 17R with the years relabeled is attached after this page. The occupancy revision (from 62.5% to 62.3%) is in Year One rather than Year Two, because the facility will be on a fiscal year basis with Year One being July 1, 2023 to June 30, 2024, which will include the extra day of February 29, 2024. Also attached is a revised Projected Data Chart for the hospital, page 20R, with the years relabeled accordingly.

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March 9, 2022

8. Need, Item 7N Outstanding CONs

Please provide an update on the status CONs for Tennova affiliated projects including the following:

- Middlebrook ASC, LLC, CN1911-045A
- Knoxville Center for Behavioral Medicine, LLC--CN1911-047A
- Tennova Healthcare Clarksville, CN2109-027A
- Jefferson Memorial Hospital, CN2112-033A

Response: Attached after this page is revised page 18R listing updates on all of the projects requested.

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March 9, 2022

9. Consumer Advantage, Item 3.C. Effects of Competition or Duplication

a. Please discuss any differences in projected services that will be available to patients between this project and the existing Siskin Hospital for Rehabilitation in Chattanooga.

Response: Although Siskin Hospital for Physical Rehabilitation in Chattanooga provides both inpatient and outpatient rehabilitation services, only inpatient rehabilitation services will be provided at the proposed IRF, which will treat somewhat less complex cases than those treated by Siskin Hospital for Physical Rehabilitation in Chattanooga.

b. Please discuss further the differences in patient acuity levels at this facility vs. the existing Siskin facility that are referenced in the applicant's response to Item 6N. Are the same differences in acuity level expected to exist between the new facility and the Encompass Health Rehab Hospital of Chattanooga?

Response: The applicant has no information regarding the acuity level of patients served by Encompass Health Rehab Hospital of Chattanooga.

Patients with exceptionally complex needs and acuities will continue to be admitted to Siskin in Chattanooga rather than to ETPRH, because Siskin' larger staff and larger bed complements will facilitate longer stays for challenged patients. Examples of such challenged patients, not typically appropriate for ETPRH, would include patients needing additional services such as dialysis, or patients with complex brain injuries/neurological conditions or spinal cord injuries.

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March 9, 2022

10. Consumer Advantage, Item 4.C. Availability of Human Resources

- a. Please discuss the plan for identifying and staffing a medical director and any additional physician staff required to implement the project.**

Response: Physician coverage and medical directorship will be provided by Siskin Physical Medicine & Rehabilitation (SPMR), a physician group. SPMR and SHPR have a long-standing physician coverage partnership. A Medical Director for the proposed IRF in Cleveland, TN has been identified in the SPMR group. In addition, SPMR has a new physician joining its group in September 2022 and is in the process of recruiting another physician to join the group in 2023 or 2024 per SHPR's ongoing growth.

- b. Please provide additional detail regarding the applicant's strategy to staff the direct patient care positions, and specifically the 32.41 FTE nurses and nursing assistants. Please provide any available context regarding nursing staff shortages in the region and whether either applicant or owner currently experiences staff shortages or difficulty hiring the types of positions required to the implementation of this project.**

Response: SHPR will recruit and retain nursing and therapy staff for the proposed IRF in Cleveland, TN in the same manner that SHPR recruits and retains staff at its main campus. SHPR works closely with multiple regional nursing and therapy programs at universities and other educational institutions. SHPR started the area's first Certified Nurse Assistant (CNA) training program in partnership with the University of Tennessee at Chattanooga in 2021. This is one example of SHPR's proactive approach to staffing.

SHPR is able to recruit via Job Boards (Indeed & LinkedIn), social media platforms (Facebook, LinkedIn), referrals from current staff, and from students finishing clinical rotations. (On average, SHPR typically employs half of the graduating nursing clinical students from each rotation.) SHPR also holds hiring events and visits various schools to discuss employment opportunities at SHPR. The hospital is actively working with local community groups & publications to identify potential candidates.

At this time, SHPR's therapy & nursing vacancy rates are fairly low, as shown in the table below. Many of the clinical students rotating through the hospital's therapy and nursing departments seek employment at SHPR after graduating, due to the opportunities and work culture at SHPR. Instead of offering sign-on bonuses, SHPR invests money in existing associates, through ensuring that associates' pay ranges remain highly competitive as markets adjust. SHPR offers competitive compensation in comparison with other facilities in the area, and provides incentives for its associates to remain engaged with their day-to-day

Page Seven
March 9, 2022

tasks. SHPR also offers *referral* bonuses to associates--a practice that has been one of its most successful recruitment tools. Many associates are able to refer us to potential new hires with whom they enjoy working. SHPR's care is only as strong as its associates, so having people who want to work with one another can significantly reduce turnover and provide the best care possible.

Therapy Vacancies	Position Title	Vacancy (FTEs)
	OT	1.2 FTE
	PT	0.3 FTE
	COTA	0.2 FTE
	PTA	0.2 FTE
	PT Tech	1.8 FTE
	OT Tech	0.3 FTE

Nursing Vacancies	Position Title	Vacancy (FTEs)
	Nurse Aides	9.2 FTE (out of 63.3)
Nurses (LPN & RN)	19.35 FTE (out of 94.05)	

Retention is a key to SHPR's success in staffing. Approximately 30% of active associates have been employed at Siskin for 10 or more years. Feedback & active engagement from associates is a major reason for the long tenure among SHPR associates. All associates participate in annual surveys by Press Ganey, to evaluate their year as an associate. Action plans are generated from these surveys to address concerns of associates, in order to increase morale, improve work culture, and reduce turnover rates. In addition to these surveys, SHPR continuously evaluates compensation for all positions, utilizing the Tennessee Hospital Association surveys that are released twice a year. SHPR also has open-door policies for associates to speak with Human Resources and with all the executive leadership, which promotes a safe and transparent environment between the associate and employer.

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March 9, 2022

11. Consumer Advantage, Item 7C.

It is noted in the chart located in 7C. Year One is 2024. However, in the table on page 14 Year One is noted as 2023. Please correct.

Response: Year One is FYE 2024. Attached after this page is revised page 14R. with its patient origin table stating that Years One to Three are FYE 2024, FYE 2025, and FYE 2026.

12. Consumer Advantage 9.C. Charges Comparison.

Please provide a copy of the referenced Attachment 8C.

Response: The Attachment is provided after this page. The CMS prospective payment system utilizes "CMGs" (Case Mix Groups) rather than DRGs to set Medicare reimbursement levels for rehabilitation hospitals. Attached following this page are Table 8C-1 showing the Medicare payments for CMGs that will apply to this project and to similar providers in the area, and Table 8C-2 showing the limited comparative gross charge information that the applicant is able to find in providers' websites.

Please respond to the following service specific criteria questions as an attachment labeled Attachment 1N-Supplemental #1.

Response: Following this page are responses to questions 13-14, labeled as directed.

Table 8C-1: Comparative CMG Allowables in the Project Region

MCG Description	Proposed ETPRH IRF Anticipated	Siskin Hospital Chattanooga IRF	Encompass Chattanooga IRF	Parkridge Chattanooga IRU
Medicare CMG 0101-B Inpatient Rehab Per Discharge: Stroke	\$13,601.87	\$15,556.75	\$18,532.95	Not available from website
Medicare CMG 0102-B Inpatient Rehab Per Discharge: Stroke	\$17,673.64	\$19,870.53	\$24,080.84	Not available from website
Medicare CMG 0103-B Inpatient Rehab Per Discharge: Stroke	\$22,622.31	\$25,409.06	\$30,823.56	Not available from website
Medicare CMG 0104-B Inpatient Rehab Per Discharge: Stroke	\$29,077.65	\$33,010.96	\$39,619.14	Not available from website
Medicare CMG 0105-B Inpatient Rehab Per Discharge: Stroke	\$34,122.68	\$37,449.93	\$46,493.13	Not available from website
Medicare CMG 0106-B Inpatient Rehab Per Discharge: Stroke	\$40,013.89	\$43,024.66	\$54,520.08	Not available from website
Medicare CMG 0201-B Inpatient Rehab Per Discharge: Brain dysfunction, traumatic	\$14,968.90	\$17,338.07	\$20,395.56	Not available from website
Medicare CMG 0202-B Inpatient Rehab Per Discharge: Brain dysfunction, traumatic	\$19,428.86	\$21,780.06	\$26,472.38	Not available from website
Medicare CMG 0203-B Inpatient Rehab Per Discharge: Brain dysfunction, traumatic	\$23,782.68	\$26,261.26	\$32,404.59	Not available from website
Medicare CMG 0204-B Inpatient Rehab Per Discharge: Brain dysfunction, traumatic	\$28,492.58	\$32,683.66	\$38,821.97	Not available from website
Medicare CMG 0205-B Inpatient Rehab Per Discharge: Brain dysfunction, traumatic	\$36,919.57	\$41,281.06	\$50,303.98	Not available from website
Medicare CMG 0301-B Inpatient Rehab Per Discharge: Brain dysfunction, non-traumatic	\$17,205.86	\$18,496.46	\$23,443.48	Not available from website
Medicare CMG 0302-B Inpatient Rehab Per Discharge: Brain dysfunction, non-traumatic	\$22,119.63	\$23,697.13	\$30,138.63	Not available from website
Medicare CMG 0303-B Inpatient Rehab Per Discharge: Brain dysfunction, non-traumatic	\$26,506.97	\$28,368.37	\$36,116.51	Not available from website
Medicare CMG 0304-B Inpatient Rehab Per Discharge: Brain dysfunction, non-traumatic	\$30,360.90	\$31,826.94	\$41,367.61	Not available from website
Medicare CMG 0305-B Inpatient Rehab Per Discharge: Brain dysfunction, non-traumatic	\$33,448.24	\$34,765.13	\$45,574.19	Not available from website
Medicare CMG 0401-B Inpatient Rehab Per Discharge: Spinal cord dysfunction, traumatic	\$19,608.99	\$20,639.77	\$26,717.81	Not available from website
Medicare CMG 0402-B Inpatient Rehab Per Discharge: Spinal cord dysfunction, traumatic	\$26,166.26	\$26,858.55	\$35,652.28	Not available from website
Medicare CMG 0403-B Inpatient Rehab Per Discharge: Spinal cord dysfunction, traumatic	\$30,263.16	\$32,234.19	\$41,234.43	Not available from website
Medicare CMG 0404-B Inpatient Rehab Per Discharge: Spinal cord dysfunction, traumatic	\$46,871.38	\$54,578.36	\$63,863.61	Not available from website
Medicare CMG 0405-B Inpatient Rehab Per Discharge: Spinal cord dysfunction, traumatic	\$38,434.62	\$41,394.18	\$52,368.27	Not available from website
Medicare CMG 0406-B Inpatient Rehab Per Discharge: Spinal cord dysfunction, traumatic	\$51,420.70	\$54,252.56	\$70,062.18	Not available from website
Medicare CMG 0407-B Inpatient Rehab Per Discharge: Spinal cord dysfunction, traumatic	\$65,335.36	\$61,946.47	\$89,021.31	Not available from website
Medicare CMG 0501-B Inpatient Rehab Per Discharge: Spinal cord dysfunction, non-traumatic	\$18,306.19	\$19,754.39	\$24,942.71	Not available from website
Medicare CMG 0502-B Inpatient Rehab Per Discharge: Spinal cord dysfunction, non-traumatic	\$23,063.56	\$24,544.80	\$31,424.77	Not available from website
Medicare CMG 0503-B Inpatient Rehab Per Discharge: Spinal cord dysfunction, non-traumatic	\$26,453.91	\$28,505.63	\$36,044.21	Not available from website
Medicare CMG 0504-B Inpatient Rehab Per Discharge: Spinal cord dysfunction, non-traumatic	\$31,207.09	\$33,946.12	\$42,520.56	Not available from website
Medicare CMG 0505-B Inpatient Rehab Per Discharge: Spinal cord dysfunction, non-traumatic	\$43,694.68	\$44,287.13	\$59,535.26	Not available from website
Medicare CMG 0601-B Inpatient Rehab Per Discharge: Neurological conditions	\$19,044.86	\$20,623.18	\$25,949.17	Not available from website
Medicare CMG 0602-B Inpatient Rehab Per Discharge: Neurological conditions	\$23,351.21	\$25,665.48	\$31,816.70	Not available from website
Medicare CMG 0603-B Inpatient Rehab Per Discharge: Neurological conditions	\$27,776.25	\$30,489.07	\$37,845.95	Not available from website
Medicare CMG 0604-B Inpatient Rehab Per Discharge: Neurological conditions	\$33,814.08	\$35,379.02	\$46,072.66	Not available from website
Medicare CMG 0701-B Inpatient Rehab Per Discharge: Hip fracture	\$16,732.50	\$18,813.21	\$22,798.51	Not available from website
Medicare CMG 0702-B Inpatient Rehab Per Discharge: Hip fracture	\$21,239.93	\$23,522.16	\$28,940.01	Not available from website
Medicare CMG 0703-B Inpatient Rehab Per Discharge: Hip fracture	\$25,981.94	\$28,591.60	\$35,401.14	Not available from website
Medicare CMG 0704-B Inpatient Rehab Per Discharge: Hip fracture	\$31,364.88	\$32,670.09	\$42,735.55	Not available from website

Table 8C-1: Comparative CMG Allowables In the Project Region

MCG Description	Proposed ETPRH IRF Anticipated	Siskin Hospital Chattanooga IRF	Encompass Chattanooga IRF	Parkridge Chattanooga IRU
Medicare CMG 0801-B Inpatient Rehab Per Discharge: Replacement of lower extremity joint	\$15,993.83	\$16,995.68	\$21,792.05	Not available from website
Medicare CMG 0802-B Inpatient Rehab Per Discharge: Replacement of lower extremity joint	\$18,713.92	\$19,982.15	\$25,498.26	Not available from website
Medicare CMG 0803-B Inpatient Rehab Per Discharge: Replacement of lower extremity joint	\$21,026.28	\$22,321.54	\$28,648.92	Not available from website
Medicare CMG 0804-B Inpatient Rehab Per Discharge: Replacement of lower extremity joint	\$23,774.31	\$25,725.80	\$32,393.18	Not available from website
Medicare CMG 0805-B Inpatient Rehab Per Discharge: Replacement of lower extremity joint	\$29,396.02	\$29,976.23	\$40,052.93	Not available from website
Medicare CMG 0901-B Inpatient Rehab Per Discharge: Orthopedic - other	\$17,418.11	\$18,267.19	\$23,732.67	Not available from website
Medicare CMG 0902-B Inpatient Rehab Per Discharge: Orthopedic - other	\$21,977.20	\$22,742.37	\$29,944.57	Not available from website
Medicare CMG 0903-B Inpatient Rehab Per Discharge: Orthopedic - other	\$25,850.68	\$26,763.53	\$35,222.30	Not available from website
Medicare CMG 0904-B Inpatient Rehab Per Discharge: Orthopedic - other	\$30,296.67	\$30,728.89	\$41,280.09	Not available from website
Medicare CMG 1001-B Inpatient Rehab Per Discharge: Amputation, lower extremity	\$17,397.16	\$19,547.76	\$23,704.13	Not available from website
Medicare CMG 1002-B Inpatient Rehab Per Discharge: Amputation, lower extremity	\$21,318.12	\$24,148.12	\$29,046.55	Not available from website
Medicare CMG 1003-B Inpatient Rehab Per Discharge: Amputation, lower extremity	\$25,461.10	\$28,217.54	\$34,691.48	Not available from website
Medicare CMG 1004-B Inpatient Rehab Per Discharge: Amputation, lower extremity	\$31,760.05	\$33,256.82	\$43,273.98	Not available from website
Medicare CMG 1101-B Inpatient Rehab Per Discharge: Amputation, other	\$18,880.09	\$19,606.57	\$25,724.67	Not available from website
Medicare CMG 1102-B Inpatient Rehab Per Discharge: Amputation, other	\$23,369.36	\$26,194.90	\$31,841.43	Not available from website
Medicare CMG 1103-B Inpatient Rehab Per Discharge: Amputation, other	\$26,694.08	\$29,434.75	\$36,371.45	Not available from website
Medicare CMG 1201-B Inpatient Rehab Per Discharge: Osteoarthritis	\$20,705.12	\$21,494.99	\$28,211.33	Not available from website
Medicare CMG 1202-B Inpatient Rehab Per Discharge: Osteoarthritis	\$26,805.79	\$27,009.38	\$36,523.66	Not available from website
Medicare CMG 1203-B Inpatient Rehab Per Discharge: Osteoarthritis	\$32,427.51	\$31,395.56	\$44,183.41	Not available from website
Medicare CMG 1204-B Inpatient Rehab Per Discharge: Osteoarthritis	\$33,740.08	\$32,997.39	\$45,971.83	Not available from website
Medicare CMG 1301-B Inpatient Rehab Per Discharge: Rheumatoid and other arthritis	\$16,860.96	\$17,009.26	\$22,973.55	Not available from website
Medicare CMG 1302-B Inpatient Rehab Per Discharge: Rheumatoid and other arthritis	\$21,044.44	\$23,271.78	\$28,673.65	Not available from website
Medicare CMG 1303-B Inpatient Rehab Per Discharge: Rheumatoid and other arthritis	\$25,419.21	\$26,826.88	\$34,634.41	Not available from website
Medicare CMG 1304-B Inpatient Rehab Per Discharge: Rheumatoid and other arthritis	\$30,249.20	\$31,096.92	\$41,215.40	Not available from website
Medicare CMG 1305-B Inpatient Rehab Per Discharge: Rheumatoid and other arthritis	\$31,253.17	\$31,487.57	\$42,583.35	Not available from website
Medicare CMG 1401-B Inpatient Rehab Per Discharge: Cardiac	\$15,567.94	\$17,279.25	\$21,211.77	Not available from website
Medicare CMG 1402-B Inpatient Rehab Per Discharge: Cardiac	\$19,836.59	\$21,706.15	\$27,027.93	Not available from website
Medicare CMG 1403-B Inpatient Rehab Per Discharge: Cardiac	\$24,035.42	\$26,356.28	\$32,748.96	Not available from website
Medicare CMG 1404-B Inpatient Rehab Per Discharge: Cardiac	\$29,277.33	\$30,956.64	\$39,891.21	Not available from website
Medicare CMG 1501-B Inpatient Rehab Per Discharge: Pulmonary	\$17,799.31	\$19,464.80	\$24,252.08	Not available from website
Medicare CMG 1502-B Inpatient Rehab Per Discharge: Pulmonary	\$21,727.25	\$24,001.80	\$29,604.01	Not available from website
Medicare CMG 1503-B Inpatient Rehab Per Discharge: Pulmonary	\$25,336.83	\$27,867.62	\$34,522.15	Not available from website
Medicare CMG 1504-B Inpatient Rehab Per Discharge: Pulmonary	\$29,883.35	\$32,309.60	\$40,716.93	Not available from website
Medicare CMG 1601-B Inpatient Rehab Per Discharge: Pain syndrome	\$15,566.54	\$14,915.72	\$21,209.86	Not available from website
Medicare CMG 1602-B Inpatient Rehab Per Discharge: Pain syndrome	\$18,433.26	\$16,709.11	\$25,115.84	Not available from website
Medicare CMG 1603-B Inpatient Rehab Per Discharge: Pain syndrome	\$22,678.17	\$20,419.56	\$30,899.66	Not available from website

Table 8C-1: Comparative CMG Allowables in the Project Region

MCG Description	Proposed ETPRH IRF Anticipated	Siskin Hospital Chattanooga IRF	Encompass Chattanooga IRF	Parkridge Chattanooga IRU
Medicare CMG 1604-B Inpatient Rehab Per Discharge: Pain syndrome	\$26,652.19	\$25,944.52	\$36,314.38	Not available from website
Medicare CMG 1701-B Inpatient Rehab Per Discharge: Major Mult. Trauma, no brain or spinal cord injury	\$19,550.34	\$20,980.65	\$26,637.90	Not available from website
Medicare CMG 1702-B Inpatient Rehab Per Discharge: Major Mult. Trauma, no brain or spinal cord injury	\$23,996.33	\$25,623.24	\$32,695.69	Not available from website
Medicare CMG 1703-B Inpatient Rehab Per Discharge: Major Mult. Trauma, no brain or spinal cord injury	\$28,033.18	\$30,377.45	\$38,196.02	Not available from website
Medicare CMG 1704-B Inpatient Rehab Per Discharge: Major Mult. Trauma, no brain or spinal cord injury	\$32,627.18	\$33,603.73	\$44,455.48	Not available from website
Medicare CMG 1705-B Inpatient Rehab Per Discharge: Major Mult. Trauma, no brain or spinal cord injury	\$36,148.79	\$36,873.76	\$49,253.76	Not available from website
Medicare CMG 1801-B Inpatient Rehab Per Discharge: Major Mult. Trauma with brain or spinal cord inj.	\$17,338.52	\$18,674.44	\$23,624.23	Not available from website
Medicare CMG 1802-B Inpatient Rehab Per Discharge: Major Mult. Trauma with brain or spinal cord inj.	\$21,181.28	\$23,781.59	\$28,860.10	Not available from website
Medicare CMG 1803-B Inpatient Rehab Per Discharge: Major Mult. Trauma with brain or spinal cord inj.	\$26,371.52	\$29,178.34	\$35,931.96	Not available from website
Medicare CMG 1804-B Inpatient Rehab Per Discharge: Major Mult. Trauma with brain or spinal cord inj.	\$31,059.08	\$33,458.93	\$42,318.89	Not available from website
Medicare CMG 1805-B Inpatient Rehab Per Discharge: Major Mult. Trauma with brain or spinal cord inj.	\$37,263.08	\$39,950.72	\$50,772.02	Not available from website
Medicare CMG 1806-B Inpatient Rehab Per Discharge: Major Mult. Trauma with brain or spinal cord inj.	\$51,437.46	\$51,462.18	\$70,085.02	Not available from website
Medicare CMG 1901-B Inpatient Rehab Per Discharge: Guillian-Barre	\$14,939.58	\$18,146.53	\$20,355.61	Not available from website
Medicare CMG 1902-B Inpatient Rehab Per Discharge: Guillian-Barre	\$22,107.06	\$24,573.46	\$30,121.51	Not available from website
Medicare CMG 1903-B Inpatient Rehab Per Discharge: Guillian-Barre	\$31,843.83	\$39,124.17	\$43,388.14	Not available from website
Medicare CMG 1904-B Inpatient Rehab Per Discharge: Guillian-Barre	\$49,826.06	\$57,601.01	\$67,889.45	Not available from website
Medicare CMG 2001-B Inpatient Rehab Per Discharge: Other disabling impairments	\$16,848.40	\$18,277.75	\$22,956.42	Not available from website
Medicare CMG 2002-B Inpatient Rehab Per Discharge: Other disabling impairments	\$20,791.70	\$22,472.37	\$28,329.29	Not available from website
Medicare CMG 2003-B Inpatient Rehab Per Discharge: Other disabling impairments	\$24,522.75	\$26,597.61	\$33,412.96	Not available from website
Medicare CMG 2004-B Inpatient Rehab Per Discharge: Other disabling impairments	\$28,850.05	\$29,935.51	\$39,309.02	Not available from website
Medicare CMG 2005-B Inpatient Rehab Per Discharge: Other disabling impairments	\$31,092.59	\$32,184.41	\$42,364.55	Not available from website
Medicare CMG 2101-B Inpatient Rehab Per Discharge: Burns	\$26,953.80	\$27,199.43	\$36,725.33	Not available from website
Medicare CMG 2102-B Inpatient Rehab Per Discharge: Burns	\$38,935.91	\$36,282.50	\$53,051.30	Not available from website
AmeriGroup Medicaid	N/A	N/A	\$775 per day	N/A
AmeriGroup Medicare	N/A	N/A	\$1,030 per day	\$1,155 per day
BCBS TN	\$1,012.67 per day	\$1,012.67 per day	\$1,185 per day	\$2,730 per day
BCBS TN Medicare	100% Medicare	100% Medicare	Medicare-based, % unknown	\$1,226 per day
BlueCare TN	\$406.00 per day	\$406.00 per day	\$416.15 per day	
Cigna TN	\$880-\$1,075 per day	\$880-\$1,075 per day	\$1,003 per day	\$3,413 MS-DRG 118, 128, 138, 148, 158
HealthSpring Medicare	100% Medicare	100% Medicare	Medicare-based, % unknown	98% Medicare
Humana	\$920 per day	\$920 per day	\$824-\$1,148 per day	\$2,742.50 MS-DRG 945
Humana Medicare	100% Medicare	\$780 per day	\$1,340 per day	100% Medicare
United Healthcare	\$1,267 per day	\$1,267 per day	\$1,146-\$1,390 per day	
United Medicare	100% Medicare	100% Medicare	N/A	97.1% Medicare
United TennCare	N/A	N/A	N/A	\$1,157.10 per day
United VA CCN	100% Medicare	100% Medicare	N/A	100% Medicare

Table 8C-2: Comparative Gross Charges in the Project Region

Charge Description	Proposed ETPRH Anticipated Charges	Siskin Hospital Chattanooga IRF	Encompass Chattanooga IRF	Parkridge Chattanooga IRU
Medicare CMG 0101-8 Inpatient Rehab Per Discharge: Stroke	\$13,601.87	\$15,556.75	\$18,532.95	Not available from Parkridge website
Medicare CMG 0102-8 Inpatient Rehab Per Discharge: Stroke	\$17,673.64	\$19,870.53	\$24,080.84	Not available from Parkridge website
Medicare CMG 0103-8 Inpatient Rehab Per Discharge: Stroke	\$22,622.31	\$25,409.06	\$30,823.56	Not available from Parkridge website
Medicare CMG 0104-8 Inpatient Rehab Per Discharge: Stroke	\$29,077.65	\$33,010.96	\$39,619.14	Not available from Parkridge website
Medicare CMG 0105-8 Inpatient Rehab Per Discharge: Stroke	\$34,122.68	\$37,449.93	\$46,493.13	Not available from Parkridge website
Medicare CMG 0106-8 Inpatient Rehab Per Discharge: Stroke	\$40,013.89	\$43,024.66	\$54,520.08	Not available from Parkridge website
Medicare CMG 0201-8 Inpatient Rehab Per Discharge: Brain dysfunction, traumatic	\$14,968.90	\$17,338.07	\$20,395.56	Not available from Parkridge website
Medicare CMG 0202-8 Inpatient Rehab Per Discharge: Brain dysfunction, traumatic	\$19,428.86	\$21,780.06	\$26,472.38	Not available from Parkridge website
Medicare CMG 0203-8 Inpatient Rehab Per Discharge: Brain dysfunction, traumatic	\$23,782.68	\$26,261.26	\$32,404.59	Not available from Parkridge website
Medicare CMG 0204-8 Inpatient Rehab Per Discharge: Brain dysfunction, traumatic	\$28,492.58	\$32,683.66	\$38,821.97	Not available from Parkridge website
Medicare CMG 0205-8 Inpatient Rehab Per Discharge: Brain dysfunction, traumatic	\$36,919.57	\$41,281.06	\$50,303.98	Not available from Parkridge website
Medicare CMG 0301-8 Inpatient Rehab Per Discharge: Brain dysfunction, non-traumatic	\$17,205.86	\$18,496.46	\$23,443.48	Not available from Parkridge website
Medicare CMG 0302-8 Inpatient Rehab Per Discharge: Brain dysfunction, non-traumatic	\$22,119.63	\$23,697.13	\$30,138.63	Not available from Parkridge website
Medicare CMG 0303-8 Inpatient Rehab Per Discharge: Brain dysfunction, non-traumatic	\$26,506.97	\$28,368.37	\$36,116.51	Not available from Parkridge website
Medicare CMG 0304-8 Inpatient Rehab Per Discharge: Brain dysfunction, non-traumatic	\$30,360.90	\$31,826.94	\$41,367.61	Not available from Parkridge website
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Medicare CMG 0403-8 Inpatient Rehab Per Discharge: Spinal cord dysfunction, traumatic	\$30,263.16	\$32,234.19	\$41,234.43	Not available from Parkridge website
Medicare CMG 0404-8 Inpatient Rehab Per Discharge: Spinal cord dysfunction, traumatic	\$46,871.38	\$54,578.36	\$63,863.61	Not available from Parkridge website
Medicare CMG 0405-8 Inpatient Rehab Per Discharge: Spinal cord dysfunction, traumatic	\$38,434.62	\$41,394.18	\$52,368.27	Not available from Parkridge website
Medicare CMG 0406-8 Inpatient Rehab Per Discharge: Spinal cord dysfunction, traumatic	\$51,420.70	\$54,252.56	\$70,062.18	Not available from Parkridge website
Medicare CMG 0407-8 Inpatient Rehab Per Discharge: Spinal cord dysfunction, traumatic	\$65,335.36	\$61,946.47	\$89,021.31	Not available from Parkridge website
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Medicare CMG 0503-8 Inpatient Rehab Per Discharge: Spinal cord dysfunction, non-traumatic	\$26,453.91	\$28,505.63	\$36,044.21	Not available from Parkridge website
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Medicare CMG 0701-8 Inpatient Rehab Per Discharge: Hip fracture	\$16,732.50	\$18,813.21	\$22,798.51	Not available from Parkridge website
Medicare CMG 0702-8 Inpatient Rehab Per Discharge: Hip fracture	\$21,239.93	\$23,522.16	\$28,940.01	Not available from Parkridge website
Medicare CMG 0703-8 Inpatient Rehab Per Discharge: Hip fracture	\$25,981.94	\$28,591.60	\$35,401.14	Not available from Parkridge website
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Medicare CMG 0801-8 Inpatient Rehab Per Discharge: Replacement of lower extremity joint	\$15,993.83	\$16,995.68	\$21,792.05	Not available from Parkridge website
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Medicare CMG 0805-8 Inpatient Rehab Per Discharge: Replacement of lower extremity joint	\$29,396.02	\$29,976.23	\$40,052.93	Not available from Parkridge website
Medicare CMG 0901-8 Inpatient Rehab Per Discharge: Orthopedic - other	\$17,418.11	\$18,267.19	\$23,732.67	Not available from Parkridge website
Medicare CMG 0902-8 Inpatient Rehab Per Discharge: Orthopedic - other	\$21,977.20	\$22,742.37	\$29,944.57	Not available from Parkridge website
Medicare CMG 0903-8 Inpatient Rehab Per Discharge: Orthopedic - other	\$25,850.68	\$26,763.53	\$35,222.30	Not available from Parkridge website
Medicare CMG 0904-8 Inpatient Rehab Per Discharge: Orthopedic - other	\$30,296.67	\$30,728.89	\$41,280.09	Not available from Parkridge website
Medicare CMG 1001-8 Inpatient Rehab Per Discharge: Amputation, lower extremity	\$17,397.16	\$19,547.76	\$23,704.13	Not available from Parkridge website
Medicare CMG 1002-8 Inpatient Rehab Per Discharge: Amputation, lower extremity	\$21,318.12	\$24,148.12	\$29,046.55	Not available from Parkridge website
Medicare CMG 1003-8 Inpatient Rehab Per Discharge: Amputation, lower extremity	\$25,461.10	\$28,217.54	\$34,691.48	Not available from Parkridge website
Medicare CMG 1004-8 Inpatient Rehab Per Discharge: Amputation, lower extremity	\$31,760.05	\$33,256.82	\$43,273.98	Not available from Parkridge website
Medicare CMG 1101-8 Inpatient Rehab Per Discharge: Amputation, other	\$18,880.09	\$19,606.57	\$25,724.67	Not available from Parkridge website
Medicare CMG 1102-8 Inpatient Rehab Per Discharge: Amputation, other	\$23,369.36	\$26,194.90	\$31,841.43	Not available from Parkridge website
Medicare CMG 1103-8 Inpatient Rehab Per Discharge: Amputation, other	\$26,694.08	\$29,434.75	\$36,371.45	Not available from Parkridge website
Medicare CMG 1201-8 Inpatient Rehab Per Discharge: Osteoarthritis	\$20,705.12	\$21,494.99	\$28,211.33	Not available from Parkridge website
Medicare CMG 1202-8 Inpatient Rehab Per Discharge: Osteoarthritis	\$26,805.79	\$27,009.38	\$36,523.66	Not available from Parkridge website
Medicare CMG 1203-8 Inpatient Rehab Per Discharge: Osteoarthritis	\$32,427.51	\$31,395.56	\$44,183.41	Not available from Parkridge website
Medicare CMG 1204-8 Inpatient Rehab Per Discharge: Osteoarthritis	\$33,740.08	\$32,997.39	\$45,971.83	Not available from Parkridge website
Medicare CMG 1301-8 Inpatient Rehab Per Discharge: Rheumatoid and other arthritis	\$16,860.96	\$17,009.26	\$22,973.55	Not available from Parkridge website
Medicare CMG 1302-8 Inpatient Rehab Per Discharge: Rheumatoid and other arthritis	\$21,044.44	\$23,271.78	\$28,673.65	Not available from Parkridge website
Medicare CMG 1303-8 Inpatient Rehab Per Discharge: Rheumatoid and other arthritis	\$25,419.21	\$26,826.88	\$34,634.41	Not available from Parkridge website
Medicare CMG 1304-8 Inpatient Rehab Per Discharge: Rheumatoid and other arthritis	\$30,249.20	\$31,096.92	\$41,215.40	Not available from Parkridge website
Medicare CMG 1305-8 Inpatient Rehab Per Discharge: Rheumatoid and other arthritis	\$31,253.17	\$31,487.57	\$42,583.35	Not available from Parkridge website
Medicare CMG 1401-8 Inpatient Rehab Per Discharge: Cardiac	\$15,567.94	\$17,279.25	\$21,211.77	Not available from Parkridge website
Medicare CMG 1402-8 Inpatient Rehab Per Discharge: Cardiac	\$19,836.59	\$21,706.15	\$27,027.93	Not available from Parkridge website
Medicare CMG 1403-8 Inpatient Rehab Per Discharge: Cardiac	\$24,035.42	\$26,356.28	\$32,748.96	Not available from Parkridge website
Medicare CMG 1404-8 Inpatient Rehab Per Discharge: Cardiac	\$29,277.33	\$30,956.64	\$39,891.21	Not available from Parkridge website

Table 8C-2: Comparative Gross Charges in the Project Region

Charge Description	Proposed ETPRH Anticipated Charges	Sisdon Hospital Chattanooga IRF	Encompass Chattanooga IRF	Parkridge Chattanooga IRU
Medicare CMG 1501-B Inpatient Rehab Per Discharge: Pulmonary	\$17,799.31	\$19,464.80	\$24,252.08	Not available from Parkridge website
Medicare CMG 1502-B Inpatient Rehab Per Discharge: Pulmonary	\$21,727.25	\$24,001.80	\$29,604.01	Not available from Parkridge website
Medicare CMG 1503-B Inpatient Rehab Per Discharge: Pulmonary	\$25,336.83	\$27,867.62	\$34,522.15	Not available from Parkridge website
Medicare CMG 1504-B Inpatient Rehab Per Discharge: Pulmonary	\$29,883.35	\$32,309.60	\$40,716.93	Not available from Parkridge website
Medicare CMG 1601-B Inpatient Rehab Per Discharge: Pain syndrome	\$15,566.54	\$14,915.72	\$21,209.86	Not available from Parkridge website
Medicare CMG 1602-B Inpatient Rehab Per Discharge: Pain syndrome	\$18,433.26	\$16,709.11	\$25,115.84	Not available from Parkridge website
Medicare CMG 1603-B Inpatient Rehab Per Discharge: Pain syndrome	\$22,678.17	\$20,419.56	\$30,899.66	Not available from Parkridge website
Medicare CMG 1604-B Inpatient Rehab Per Discharge: Pain syndrome	\$26,652.19	\$25,944.52	\$36,314.38	Not available from Parkridge website
Medicare CMG 1701-B Inpatient Rehab Per Discharge: Major Mult. Trauma, no brain or spinal cord injury	\$19,550.34	\$20,980.65	\$26,637.90	Not available from Parkridge website
Medicare CMG 1702-B Inpatient Rehab Per Discharge: Major Mult. Trauma, no brain or spinal cord injury	\$23,996.33	\$25,623.24	\$32,695.69	Not available from Parkridge website
Medicare CMG 1703-B Inpatient Rehab Per Discharge: Major Mult. Trauma, no brain or spinal cord injury	\$28,033.18	\$30,377.45	\$38,196.02	Not available from Parkridge website
Medicare CMG 1704-B Inpatient Rehab Per Discharge: Major Mult. Trauma, no brain or spinal cord injury	\$32,627.18	\$33,603.73	\$44,455.48	Not available from Parkridge website
Medicare CMG 1705-B Inpatient Rehab Per Discharge: Major Mult. Trauma, no brain or spinal cord injury	\$36,148.79	\$36,873.76	\$49,253.76	Not available from Parkridge website
Medicare CMG 1801-B Inpatient Rehab Per Discharge: Major Mult. Trauma with brain or spinal cord inj.	\$17,338.52	\$18,674.44	\$23,624.23	Not available from Parkridge website
Medicare CMG 1802-B Inpatient Rehab Per Discharge: Major Mult. Trauma with brain or spinal cord inj.	\$21,181.28	\$23,781.59	\$28,860.10	Not available from Parkridge website
Medicare CMG 1803-B Inpatient Rehab Per Discharge: Major Mult. Trauma with brain or spinal cord inj.	\$26,371.52	\$29,178.34	\$35,931.96	Not available from Parkridge website
Medicare CMG 1804-B Inpatient Rehab Per Discharge: Major Mult. Trauma with brain or spinal cord inj.	\$31,059.08	\$33,458.93	\$42,318.89	Not available from Parkridge website
Medicare CMG 1805-B Inpatient Rehab Per Discharge: Major Mult. Trauma with brain or spinal cord inj.	\$37,263.08	\$39,950.72	\$50,772.02	Not available from Parkridge website
Medicare CMG 1806-B Inpatient Rehab Per Discharge: Major Mult. Trauma with brain or spinal cord inj.	\$51,437.46	\$51,462.18	\$70,085.02	Not available from Parkridge website
Medicare CMG 1901-B Inpatient Rehab Per Discharge: Guillian-Barre	\$14,939.58	\$18,146.53	\$20,355.61	Not available from Parkridge website
Medicare CMG 1902-B Inpatient Rehab Per Discharge: Guillian-Barre	\$22,107.06	\$24,573.46	\$30,121.51	Not available from Parkridge website
Medicare CMG 1903-B Inpatient Rehab Per Discharge: Guillian-Barre	\$31,843.83	\$39,124.17	\$43,388.14	Not available from Parkridge website
Medicare CMG 1904-B Inpatient Rehab Per Discharge: Guillian-Barre	\$49,826.06	\$57,601.01	\$67,889.45	Not available from Parkridge website
Medicare CMG 2001-B Inpatient Rehab Per Discharge: Other disabling impairments	\$16,848.40	\$18,277.75	\$22,956.42	Not available from Parkridge website
Medicare CMG 2002-B Inpatient Rehab Per Discharge: Other disabling impairments	\$20,791.70	\$22,472.37	\$28,329.29	Not available from Parkridge website
Medicare CMG 2003-B Inpatient Rehab Per Discharge: Other disabling impairments	\$24,522.75	\$26,597.61	\$33,412.96	Not available from Parkridge website
Medicare CMG 2004-B Inpatient Rehab Per Discharge: Other disabling impairments	\$28,850.05	\$29,935.51	\$39,309.02	Not available from Parkridge website
Medicare CMG 2005-B Inpatient Rehab Per Discharge: Other disabling impairments	\$31,092.59	\$32,184.41	\$42,364.55	Not available from Parkridge website
Medicare CMG 2101-B Inpatient Rehab Per Discharge: Burns	\$26,953.80	\$27,199.43	\$36,725.33	Not available from Parkridge website
Medicare CMG 2102-B Inpatient Rehab Per Discharge: Burns	\$38,935.91	\$36,282.50	\$53,051.30	Not available from Parkridge website
AmeriGroup Medicaid	N/A	N/A	\$775 per day	N/A
AmeriGroup Medicare	N/A	N/A	\$1,030 per day	\$1,155 per day
BCBSTN	\$1,012.67 per day	\$1,012.67 per day	\$1,185 per day	\$2,730 per day
BCBSTN Medicare	100% Medicare	100% Medicare	Medicare-based, % unknown	\$1,226 per day
BlueCare TN	\$406.00 per day	\$406.00 per day	\$416.15 per day	
Cigna TN	\$880-\$1,075 per day	\$880-\$1,075 per day	\$1,003 per day	\$3,413 MS-DRG 118, 128, 138, 148, 158
HealthSpring Medicare	100% Medicare	100% Medicare	Medicare-based, % unknown	98% Medicare
Humana	\$920 per day	\$920 per day	\$824-\$1,148 per day	\$2,742.50 MS-DRG 945
Humana Medicare	100% Medicare	\$780 per day	\$1,340 per day	100% Medicare
United Healthcare	\$1,267 per day	\$1,267 per day	\$1,146-\$1,390 per day	
United Medicare	100% Medicare	100% Medicare	N/A	97.1% Medicare
United TennCare	N/A	N/A	N/A	\$1,157.10 per day
United VA CCN	100% Medicare	100% Medicare	N/A	100% Medicare
ROOM AND BOARD - PRIVATE	\$700.00	\$700.00	\$1,046.00	\$3,727.00
IPT CONCURRENT- PER MIN	N/A	N/A	\$5.00	Not available from Parkridge website
IPT CO-TREAT- PER MIN	N/A	N/A	\$5.00	Not available from Parkridge website
IPT EVAL (INDIV)- PER MIN	N/A	N/A	\$6.00	Not available from Parkridge website
IPT GROUP- PER MIN	N/A	N/A	\$4.00	Not available from Parkridge website
IPT INDIVIDUAL- PER MIN	N/A	N/A	\$5.00	Not available from Parkridge website
IOT CONCURRENT- PER MIN	N/A	N/A	\$5.00	Not available from Parkridge website
IOT CO-TREAT- PER MIN	N/A	N/A	\$5.00	Not available from Parkridge website
IOT EVAL (INDIV)- PER MIN	N/A	N/A	\$6.00	Not available from Parkridge website
IOT GROUP- PER MIN	N/A	N/A	\$4.00	Not available from Parkridge website
IOT INDIVIDUAL- PER MIN	N/A	N/A	\$5.00	Not available from Parkridge website
I ST CONCURRENT- PER MIN	N/A	N/A	\$5.00	Not available from Parkridge website
I ST CO-TREAT- PER MIN	N/A	N/A	\$5.00	Not available from Parkridge website
I ST EVAL (INDIV)- PER MIN	N/A	N/A	\$6.00	Not available from Parkridge website
I ST GROUP- PER MIN	N/A	N/A	\$4.00	Not available from Parkridge website
I ST INDIVIDUAL- PER MIN	N/A	N/A	\$5.00	Not available from Parkridge website
IOT INDIVIDUAL TREATMENT PER 15' UNIT	\$34.20	\$34.20	N/A	Not available from Parkridge website
IPT INDIVIDUAL TREATMENT PER 15' UNIT	\$34.20	\$34.20	N/A	Not available from Parkridge website
IPT GROUP TREATMENT PER 15' UNIT	\$28.50	\$28.50	N/A	Not available from Parkridge website
IOT GROUP TREATMENT PER 15' UNIT	\$28.50	\$28.50	N/A	Not available from Parkridge website
I ST INDIVIDUAL TREATMENT PER 15' UNIT	\$34.20	\$34.20	N/A	Not available from Parkridge website
I PT CONCURRENT TREATMENT PER 15' UNIT	\$28.50	\$28.50	N/A	Not available from Parkridge website

Table 8C-2: Comparative Gross Charges in the Project Region

Charge Description	Proposed ETPRH Anticipated Charges	Siskin Hospital Chattanooga IRF	Encompass Chattanooga IRF	Partridge Chattanooga IRU
PT COTREATMENT TREATMENT PER 15' UNIT	\$28.50	\$28.50	N/A	Not available from Partridge website
OT CONCURRENT TREATMENT PER 15' UNIT	\$28.50	\$28.50	N/A	Not available from Partridge website
ST CONCURRENT TREATMENT PER 15' UNIT	\$28.50	\$28.50	N/A	Not available from Partridge website
ST COTREATMENT TREATMENT PER 15' UNIT	\$28.50	\$28.50	N/A	Not available from Partridge website

Attachment 1N-Supplemental #1-Page 1**13. Service Specific Criteria (Inpatient Rehabilitation Services), 1.
Determination of Need**

a. It is noted that an estimated 5,609 patients from the proposed service area received services at three rehabilitation hospitals / units in Chattanooga in 2020. Given the applicant's statement in response to Item 6.N. that a limited number of lower acuity cases are projected to shift from the Siskin Hospital for Rehabilitation in Chattanooga to the proposed facility, please elaborate on the methodology for projecting 7,300 patients from the service area in Year One of the project.

Response: This section discussed days, not patients. Tables 1N-(1) and 1N-(2) (on pages 39 and 40 of the application) show that 5,609 days of care were provided to service area residents by the three Chattanooga facilities in 2020, and that the service area bed need projected by the State Health Plan (not by the applicant) is for 50 beds-- which translates to 15,513 days of care at an 85% occupancy.

The applicant projects that in Year One, the ETPRH would provide 7,300 days of care. That is only 47% of the area need in terms of days of care. It is only 69.6% of the need in terms of the 50 beds needed. With Siskin Hospital for Physical Rehabilitation managing this project, the applicant believes that service area residents familiar with Siskin Hospital's national reputation for quality of care will fill the facility rapidly, as stated on page 17 of the application, where the projection methodology is quantified.

In addition, Table 1N-(3) shows that at last report (2020 Joint Annual Reports), the three Chattanooga rehabilitation facilities and units were already approximately 83% occupied. The 32 new rehabilitation beds in this project will offer a more accessible option for future patients, especially in rapidly growing Bradley County.

b. During the COVID-19 pandemic, inpatient rehabilitation facilities were allowed to accept patients from an acute care hospital experiencing a surge (Source: www.medicare.gov/coverage/inpatient-rehabilitaiton-care). Please discuss if this impacted occupancy rates of inpatient rehabilitation hospitals in Hamilton County.

Response: Siskin Hospital for Physical Rehabilitation did not exercise this option to admit acute patients from hospitals experiencing a surge, so its occupancy rates reflect only inpatient rehabilitation services. The applicant does not have information on whether the option was exercised by Encompass or Parkridge; but it seems unlikely that Parkridge's very small 12-bed rehabilitation unit would have been used for such highly infectious and critical patients.

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c. Where are patients referred to currently by staff at the host hospital?

Response: Administration at Tennova Cleveland—West tells the applicant that patients seeking full-service inpatient rehabilitation post-discharge are referred to either Siskin Hospital for Physical Rehabilitation or to Encompass Health Rehabilitation Hospital in Chattanooga. Others requiring post-discharge care typically are referred to nursing homes with designated Skilled Nursing Facility (SNF) beds, where limited rehabilitation services are available.

d. Are there any other regional facilities in addition to the three that are referenced in the application that admit a significant number of service area residents?

Response: There are none others known to the applicant. Outside the region, Knoxville's new rehabilitation hospital opened only a few months ago and has not yet filed JAR data on patient origin. In Middle Tennessee, a total of only 13 patients from this project's service area are reported to have been admitted at Vanderbilt Stallworth Rehabilitation Hospital in Davidson County and Encompass Health Rehabilitation Hospital in Williamson County, combined.

e. Are these projected patients currently being served in a lower acuity setting such as a skilled nursing facility?

Response: Presumably, there are many area patients receiving some degree of rehabilitation in area SNF beds after discharge from a general acute care hospital. However, this project – and the State Health Plan itself – focus on patients needing more comprehensive rehabilitation than is typically available in a skilled nursing facility. The application has provided ample documentation of the superior outcomes for patients who need and receive comprehensive rehabilitation, in a Federally-designated IRF or IRU such as this project.

To quote some of the material submitted in the application's attachment "Supplemental Data Supporting Project Need or Consumer Advantage" (pages 55 et seq.):

A major study has shown that clinically comparable patients who utilized an inpatient rehabilitation hospital instead of a skilled nursing facility, on average returned home two weeks earlier, remained home nearly two months longer before needing additional care, had fewer Emergency Room visits per year, and had significantly fewer hospital readmissions for brain injury, pain syndrome, hip fracture, and major medical complexity.*

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Over a two-year period, patients with limb loss, being rehabilitated in a facility rather than in skilled nursing beds, returned home from their initial rehabilitation hospital stay 16 days earlier, remained home 3 months longer, and lived months longer than those who had access only to skilled nursing facility rehabilitation. They also had a 12% lower mortality rate, 16% fewer Emergency Room visits per year, and 43% fewer hospital readmissions per year.

Brain injury patients returned home 17 days sooner, remained home 3 months longer, and lived more than 3 months longer. They experienced a 16% lower mortality rate and made 4% fewer Emergency Room visits per year.

Stroke patients had a 14% lower mortality rate, 4% fewer Emergency Room visits, and 10% fewer hospital readmissions per year. They returned home 17 days earlier.

Hip fracture patients experienced 5% fewer hospital readmissions per year, 4% fewer Emergency Room visits per year, and an 11% lower mortality rate. They returned home 19 days earlier, lived 3 months longer.

*Another major study** found that stroke patients served by inpatient rehabilitation hospitals or units had mobility functional scores higher than 10 points on average, and self-care functional scores higher by 8-12 points on average, than comparable patients served in skilled nursing facilities.*

*A 2019 study*** found that burn patients who utilized inpatient rehabilitation hospitals or units were sicker (in severity of injury, inhalation injury, facing amputation) than those using skilled nursing facilities -- yet were nearly 10 times more likely to successfully return to employment. Trauma patients utilizing rehabilitation hospitals and units had significantly increased functional independence and likelihood of discharge to home, and had decreased mortality 1 year post-injury, compared to those treated in skilled nursing facilities, Stroke patients had improved physical and cognitive function compared to those using skilled nursing facilities.*

f. Please document the applicant's ability to comply with Medicare's 60% rule. Under the rule at least 60% of an inpatient rehabilitation facility's patient population must have one of 13 qualifying conditions to receive higher Medicare payments.

Response: Siskin Hospital for Physical Rehabilitation in Chattanooga manages its operations to comply with the Medicare 60% rule by assessing patients prior to admission and accurately recording patient diagnoses for compliance. Compliance with the 60% Rule is reviewed on a regular basis by management, and the hospital has always been compliant. A similar assessment and review process will be implemented for the proposed facility to insure 60% Rule compliance.

Attachment 1N-Supplemental #1-Page 4**14. Service Specific Criteria (Inpatient Rehabilitation Services, Item 7,
Adequate Staffing**

Please clarify if the proposed project will have a Board-Certified Psychiatrist on staff.

Response: Please see the response to question #10A. It is the intention of the applicant to recruit a Board-certified Psychiatrist to the project. Siskin Hospital for Physical Rehabilitation has identified such a specialist on its Chattanooga staff. He will serve that function for ETPRH until a new psychiatrist is recruited to reside in Cleveland.

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15. Quality Standards, Item 3Q

It is noted the applicant will seek accreditation from CIHQ. Briefly describe CIHQ accreditation?

Response: The Center for Improvement in Healthcare Quality (CIHQ) was established more than twenty years ago to provide accreditation services to hospitals and other healthcare entities across the United States. CIHQ has been granted "deeming authority" by CMS for its accreditation programs, i.e. CIHQ's accreditation standards and survey procedures have been "deemed" by CMS to meet Medicare requirements. This allows hospitals accredited by CIHQ to participate in the Medicare program.

The standards applied by CIHQ in its accreditation surveys and evaluations are based on the Medicare Conditions of Participation (COP) for acute care hospitals. CIHQ also applies a set of additional standards to address gaps in the Medicare COP's in the areas of patient safety and quality of care. Rehabilitation hospitals are accepted as "acute care" hospitals for purposes of accreditation.

CIHQ conducts accreditation surveys at the hospital every three years and resulting accreditations are valid for a three-year period. For the typical hospital, site surveys of 3 to 4 days are conducted by a team of 2-4 full-time clinicians with experience in the hospital setting and with national certification.

In addition to overall accreditation, CIHQ also offers Center of Excellence designations in rehabilitation care, long-term acute care, nursing services, respiratory services, palliative care, emergency services, and environmental health and safety. (Siskin Hospital for Physical Rehabilitation has such a designation.) CIHQ also offers disease specific certifications as an acute stroke ready hospital, a primary stroke center, a thrombectomy-capable stroke center, a comprehensive stroke center, heart failure, and joint replacement.

Hospitals accredited by CIHQ also have access to a variety of resources, such as monthly webinars; template policies, forms, training aides and other documentation tools to assist in compliance; web-based reference and staff training libraries; alerts of changes in CMS regulations; and other resources.

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16. Quality Standards, Item 4Q.

It is noted the applicant will not contract with the TennCare MCOs AmeriGroup and AmeriChoice. Please indicate where consumers enrolled in those plans would be referred for inpatient rehabilitation services.

Response: Per TennCare Medicare Rules 1200-13-13-.04 and 1200-13-14-.04, Inpatient Rehabilitation Services are not covered for persons aged 21 and older (which is the majority of patients served by an IRF).

However, TennCare MCOs can approve inpatient rehabilitation at their discretion. It is Siskin Hospital's experience that TennCare patients can be adequately served by contracting with BlueCare and TennCare Select. Single case agreements will be considered if patients appropriate for inpatient rehabilitation with coverage by either AmeriGroup or AmeriChoice are referred to ETPRH.

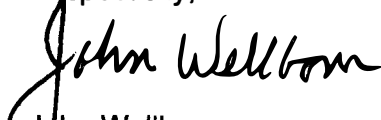
17. Quality Standards, Item 8Q

The staffing chart is noted. However, please indicate which position will be responsible for recreational therapy.

Response: The facility will not offer recreational therapy. Nor does Siskin Hospital for Physical Rehabilitation in Chattanooga.

Thank you for your assistance. We hope this provides the information needed to accept the application into the next review cycle. If more is needed please email or telephone me so that we can respond in time to be deemed complete.

Respectfully,


John Wellborn
Consultant