

REPORT OF THE HEALTH SERVICES COUNCIL
ON THE APPLICATIONS OF

HERITAGE HILLS OPERATOR LLC D/B/A HERITAGE HILLS REHABILITATION AND HEALTHCARE CENTER NAME(S) OF PARENT ENTITY(IES): QUINTO NEXGEN LLC (“QUINTO”) (78.6%), SKILLED VENTURE LLC (1.4%) AND UKR NEXGEN LLC (“UKR”) (20%); QUINTO TO BE OWNED BY TRYKO NEXGEN HOLDINGS LLC (“TRYKO”) (72.26%) AND RSBRMK HOLDINGS LLC (“RSBRMK”) (27.74%); UKR TO BE OWNED BY UAK 2020 IRREVOCABLE TRUST (99.999%) AND URI KAHANOW (.001%); TRYKO TO BE OWNED BY YR NEXGEN TRUST (50.002%), SK NEXGEN TRUST (24.999%) AND YK NEXGEN TRUST (24.999%); RSBRMK TO BE OWNED BY NFR 2020 IRREVOCABLE TRUST (99.999%) AND FRAIDE ROKEACH (.001%) FOR A CHANGE IN EFFECTIVE CONTROL OF HERITAGE HILLS NURSING & REHABILITATION CENTER (LTC00778), LOCATED AT 80 DOUGLAS PIKE, SMITHFIELD, RHODE ISLAND;

MORGAN OPERATOR LLC D/B/A MORGAN REHABILITATION AND HEALTHCARE CENTER NAME(S) OF PARENT ENTITY(IES): QUINTO NEXGEN LLC (“QUINTO”) (78.6%), SKILLED VENTURE LLC (1.4%) AND UKR NEXGEN LLC (“UKR”) (20%); QUINTO TO BE OWNED BY TRYKO NEXGEN HOLDINGS LLC (“TRYKO”) (72.26%) AND RSBRMK HOLDINGS LLC (“RSBRMK”) (27.74%); UKR TO BE OWNED BY UAK 2020 IRREVOCABLE TRUST (99.999%) AND URI KAHANOW (.001%); TRYKO TO BE OWNED BY YR NEXGEN TRUST (50.002%), SK NEXGEN TRUST (24.999%) AND YK NEXGEN TRUST (24.999%); RSBRMK TO BE OWNED BY NFR 2020 IRREVOCABLE TRUST (99.999%) AND FRAIDE ROKEACH (.001%) FOR A CHANGE IN EFFECTIVE CONTROL OF MORGAN HEALTH CENTER (LTC00622), LOCATED AT 80 MORGAN AVENUE, JOHNSTON, RHODE ISLAND;

RIVERVIEW OPERATOR LLC D/B/A RIVERVIEW REHABILITATION AND HEALTHCARE CENTER NAME(S) OF PARENT ENTITY(IES): QUINTO NEXGEN LLC (“QUINTO”) (78.6%), SKILLED VENTURE LLC (1.4%) AND UKR NEXGEN LLC (“UKR”) (20%); QUINTO TO BE OWNED BY TRYKO NEXGEN HOLDINGS LLC (“TRYKO”) (72.26%) AND RSBRMK HOLDINGS LLC (“RSBRMK”) (27.74%); UKR TO BE OWNED BY

UAK 2020 IRREVOCABLE TRUST (99.999%) AND URI KAHANOW (.001%); TRYKO TO BE OWNED BY YR NEXGEN TRUST (50.002%), SK NEXGEN TRUST (24.999%) AND YK NEXGEN TRUST (24.999%); RSBRMK TO BE OWNED BY NFR 2020 IRREVOCABLE TRUST (99.999%) AND FRAIDE ROKEACH (.001%) FOR A CHANGE IN EFFECTIVE CONTROL OF RIVERVIEW HEALTHCARE COMMUNITY (LTC00579), LOCATED AT 546 MAIN STREET, COVENTRY, RHODE ISLAND; AND

WESTERLY OPERATOR LLC D/B/A WESTERLY REHABILITATION AND HEALTHCARE CENTER NAME(S) OF PARENT ENTITY(IES): QUINTO NEXGEN LLC (“QUINTO”) (78.6%), SKILLED VENTURE LLC (1.4%) AND UKR NEXGEN LLC (“UKR”) (20%); QUINTO TO BE OWNED BY TRYKO NEXGEN HOLDINGS LLC (“TRYKO”) (72.26%) AND RSBRMK HOLDINGS LLC (“RSBRMK”) (27.74%); UKR TO BE OWNED BY UAK 2020 IRREVOCABLE TRUST (99.999%) AND URI KAHANOW (.001%); TRYKO TO BE OWNED BY YR NEXGEN TRUST (50.002%), SK NEXGEN TRUST (24.999%) AND YK NEXGEN TRUST (24.999%); RSBRMK TO BE OWNED BY NFR 2020 IRREVOCABLE TRUST (99.999%) AND FRAIDE ROKEACH (.001%) FOR A CHANGE IN EFFECTIVE CONTROL OF WESTERLY HEALTH CENTER (LTC00652), LOCATED AT 280 HIGH STREET, WESTERLY, RHODE ISLAND.

Health Services Council

Victoria Almeida, Esq. (Chair)
Raymond Coia, Esq. (Secretary)
Anne Marie Johnson
Lindsay Lang, Esq.
Robert Mancini (Vice-Chair)
Theresa Petisce
Edward Quinlan
James Riley
John Sepe

Submitted to the
Health Services Council
to Review and Adopt
August 30, 2022

Adopted by the
Health Services Council
August 30, 2022

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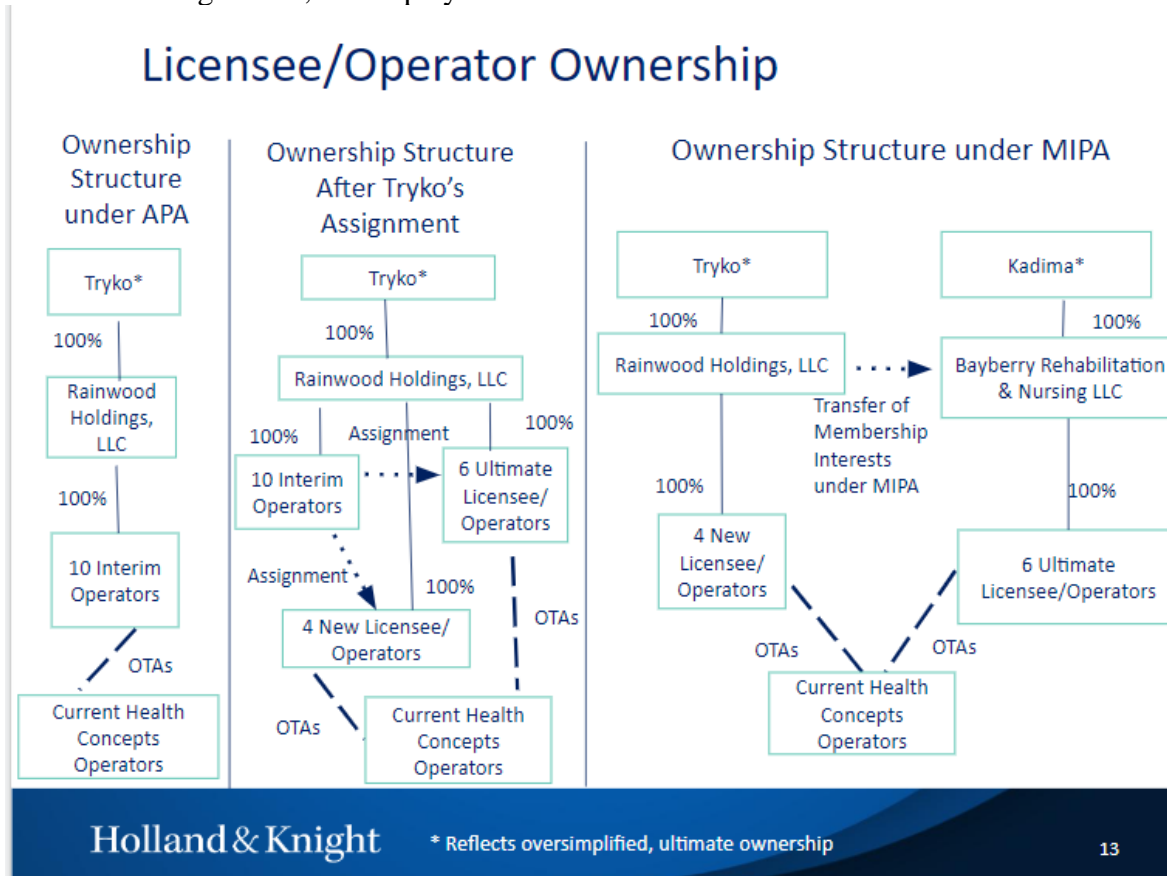
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I. SYNOPSIS

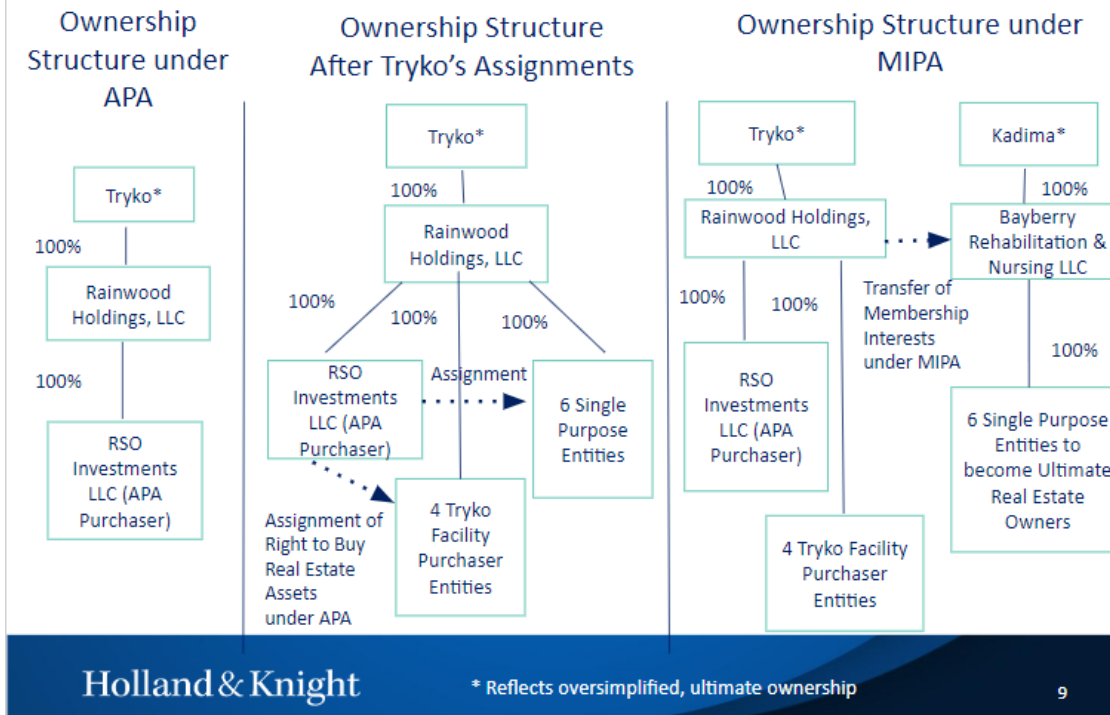
The Health Services Council (“Council”) recommends that the applications of Heritage Hills Operator LLC d/b/a Heritage Hills Rehabilitation and Healthcare Center (“Heritage Hills”) for the Change in Effective Control of Heritage Hills Nursing & Rehabilitation Center (LTC00778), located at 80 Douglas Pike, Smithfield, Rhode Island; Morgan Operator LLC d/b/a Morgan Rehabilitation and Healthcare Center (“Morgan”) for the Change in Effective Control of Morgan Health Center (LTC00622), located at 80 Morgan Avenue, Johnston, Rhode Island; Riverview Operator LLC d/b/a Riverview Rehabilitation and Healthcare Center (“Riverview”) for the Change in Effective Control of Riverview Healthcare Community (LTC00579), located at 546 Main Street, Coventry, Rhode Island; and Westerly Operator LLC d/b/a Westerly Rehabilitation and Healthcare Center (“Westerly”) for the Change in Effective Control of Westerly Health Center (LTC00652), located at 280 High Street, Westerly, Rhode Island (collectively the “Applicants”), be approved.

II. PROPOSAL DESCRIPTION

As presented in the applications, the Applicants are newly formed entities. The licensee/operator ownership and real estate/facility ownership diagrams, presented by Holland & Knight LLP, are displayed below.



Real Estate/Facility Ownership



As presented at the August 9, 2022 Health Services Council meeting, Health Concepts and Tryko entered into an Asset Purchase Agreement (“APA”) and Amendment thereto, effective October 15, 2021. Health Concepts agreed to sell the real estate for ten Health Concepts Facilities to Tryko affiliated entities.

Also presented at the Health Services Council meeting, Health Concepts and Tryko entered into ten Operation Transfer Agreements (“OTA”) effective July 8, 2021. Health Concepts agreed to transfer to the Tryko affiliated entities all rights, title, and interest to the nursing home beds and accompanying operational rights at the time of closing. Following the closing, the new property owners will enter into lease agreements with the new operating entities, the Applicants, for each facility.

In addition, the Applicants will enter into an Administrative Services Agreement with Marquis Health Consulting, LLC for assistance with administrative services and Clinical Care Consulting for assistance with clinical planning and strategy.

Following execution of the original APA and OTAs, Tryko identified Kadima Healthcare Group, Inc. (“Kadima”) to own and operate the remaining six Health Concepts facilities. Tryko and the Kadima affiliated entities entered into a Membership Interest Purchase Agreement (“MIPA”), effective October 15, 2021, pursuant to which Kadima will acquire Tryko’s membership interest in six Tryko operating entities at closing.

CEC applications for the six proposed Kadima facilities were filed contemporaneously with the CEC applications for the proposed Tryko facilities, in November 2021. Pursuant

to R.I. Gen. Laws 23-1-53, the Office of Health Systems Development engaged an independent consultant, Holland and Knight LLP, to assist the Council and RIDOH with a legal review of the applications and present a PowerPoint to the Council.

Holland and Knight LLP’s PowerPoint presentation may be accessed using the following link:

[Health Concepts Nursing Facilities Change of Ownership Deal Overview, Prepared by Holland & Knight](#)

Tryko Facilities Post-Transaction Ownership

Current Facility	New Operator - Applicant	New Property Owner
Heritage Hills Nursing and Rehabilitation Center	Heritage Hills Operator LLC d/b/a Heritage Hills Rehabilitation and Healthcare Center	Heritage Hills Property LLC
Morgan Health Center	Morgan Operator LLC d/b/a Morgan Rehabilitation and Healthcare Center;	Morgan Property LLC
Riverview Health Center	Riverview Operator LLC d/b/a Riverview Rehabilitation and Healthcare Center	Riverview Property LLC
Westerly Health Center	Westerly Operator LLC d/b/a Westerly Rehabilitation and Healthcare Center	Westerly Real Property LLC

Source: 2022.08.09 Tryko CEC Application Presentation by Patricia K. Rocha, Esq., Applicants’ Legal Counsel

The total acquisition cost of **Heritage Hills Operator LLC d/b/a Heritage Hills Rehabilitation and Healthcare Center** is \$6,920,543.00 to be funded with \$1,384,109.00, 20% equity which will be funded by the Applicant’s cash on hand, and \$5,536,434.00, 80% debt loan.

The total acquisition cost of **Morgan Operator LLC d/b/a Morgan Rehabilitation and Healthcare Center** is \$8,304,651.00 to be funded with \$1,660,930.00, 20% equity which will be funded by the Applicant’s cash on hand, and \$6,643,721.00, 80% debt loan.

The total acquisition cost of **Riverview Operator LLC d/b/a Riverview Rehabilitation and Healthcare Center** is \$13,149,031.00 to be funded with \$2,629,806.00, 20% equity which will be funded by the Applicant’s cash on hand, and \$10,519,225.00, 80% debt loan.

The total acquisition cost of **Westerly Operator LLC d/b/a Westerly Rehabilitation and Healthcare Center** is \$7,335,775.00 to be funded with \$1,467,155.00, 20% equity which will be funded by the Applicant’s cash on hand, and \$5,868,620.00, 80% debt loan.

III. INTRODUCTION

Pursuant to the requirements of Chapter 23-17 of the General Laws of Rhode Island titled "Licensing of Health Care Facilities," the Applicants filed four CEC applications of the subject-licensed facilities. These requests are made because the statute requires that any proposed change in owner, operator or lessee of a licensed health care facility be reviewed by the Council and approved by the state-licensing agency prior to implementation.

Staff reviewed the applications, found them to be acceptable in form, and notified the Applicants and the general public by a notice on the Rhode Island Department of Health's website and e-mail that the reviews would commence on May 24, 2022. The notice also advised that all persons wishing to comment on the applications submit their comments to the state agency by June 23, 2022, when practicable.

Pursuant to R.I. Gen. Laws 23-1-53, the Office of Health Systems Development engaged an independent consultant, Holland and Knight LLP, to assist the Council and RIDOH with a legal review of the applications and present a PowerPoint to the Council.

Written public comments received may be accessed at the following link:

[Written Public Comments Pertaining to the 4 Tryko CEC Applications](#)

Holland and Knight LLP's PowerPoint presentation may be accessed using the following link:

[Health Concepts Nursing Facilities Change of Ownership Deal Overview, Prepared by Holland & Knight LLP](#)

Four Tryko CEC applications are included in the following link:

[4 Tryko CEC applications](#)

The Council met on August 9, 2022 to review these proposals with the Applicants and their legal counsel in attendance at the meeting. At the August 9, 2022 meeting, the Applicants presented a PowerPoint which may be accessed using the following link:

[Presentation of the 4 Tryko CEC Applications](#)

The audio recording of the virtual meeting of the Council on the four Tryko CEC applications may be accessed using the following link:

[Audio recording of the August 9, 2022, meeting of the Council](#)

A transcript of the August 9, 2022 meeting of the Council on the four Tryko CEC applications can be accessed using the following link:

[Transcript of the August 9, 2022, meeting of the Council](#)

At the August 9, 2022 meeting, the Council voted four in favor, and none opposed (4-0) to recommend that the applications be approved, subject to the standard conditions of approval.

IV. FINDINGS

Section 23-17-14.3 of the licensing statute requires the Council to consider specific review criteria in formulating a recommendation for a change in effective control. The Council's comments and findings on each of the criteria follow:

1. The character, competence, commitment, and standing in the community of the proposed owners, operators or directors of the health care facility.

A letter of support was received by Kathleen Heren, Rhode Island State Long Term Ombudsman, which can be accessed using the following link:

[Written Public Comments Pertaining to the 4 Tryko CEC Applications](#)

Finding: The Council finds that the Applicants satisfy this criterion at the time, place, and circumstances as proposed.

2. The extent to which the facility will provide, without material effect on its viability, safe and adequate treatment for those individuals receiving the facility's services.

The following information is projected for the **Heritage Hills Operator LLC d/b/a Heritage Hills Rehabilitation and Healthcare Center** in FY 2023:

Total Revenues	\$9,797,260
Total Expenses	\$9,288,260
Operating Profit	\$ 509,000

As presented in the application, the total acquisition cost is \$6,920,543.00 to be funded with \$1,384,109.00, 20% equity which will be funded by the Applicant's cash on hand, and \$5,536,434.00, 80% debt loan.

The following information is projected for the **Morgan Operator LLC d/b/a Morgan Rehabilitation and Healthcare Center** in FY 2023:

Total Revenues	\$12,137,242
Total Expenses	\$12,218,748
Operating Profit	\$ (81,506)

As presented in the application, the total acquisition cost is \$8,304,651.00 to be funded with \$1,660,930.00, 20% equity which will be funded by the Applicant's cash on hand, and \$6,643,721.00, 80% debt loan.

The following information is projected for the **Riverview Operator LLC d/b/a Riverview Rehabilitation and Healthcare Center** in FY 2023:

Total Revenues	\$18,143,148
Total Expenses	\$17,527,683
Operating Profit	\$ 615,465

As presented in the application, the total acquisition cost is \$13,149,031.00 to be funded with \$2,629,806.00, 20% equity which will be funded by the Applicant’s cash on hand, and \$10,519,225.00, 80% debt loan.

The following information is projected for the **Westerly Operator LLC d/b/a Westerly Rehabilitation and Healthcare Center** in FY 2023:

Total Revenues	\$11,305,656
Total Expenses	\$10,799,284
Operating Profit	\$ 506,373

As presented in the application, the total acquisition cost is \$7,335,775.00 to be funded with \$1,467,155.00, 20% equity which will be funded by the Applicant’s cash on hand, and \$5,868,620.00, 80% debt loan.

Finding: The Council finds that the Applicants satisfy this criterion at the time, place and circumstances as proposed.

3. The extent to which the facility will provide safe and adequate treatment for individuals receiving the health care facility's services.

- In Rhode Island, the Applicants’ affiliates own and operate:
 - Elmhurst Rehabilitation and Healthcare Center, a 206 bed in Providence, Rhode Island;
 - Lincolnwood Rehabilitation and Healthcare Center, a 220 bed SNF in North Providence, Rhode Island;
 - Bayview Rehabilitation and Healthcare Center at Scalabrini, a 120 bed SNF in North Kingstown, Rhode Island; and
 - Harmony Hospice Care, a licensed Hospice provider.
- See A above.

Finding: The Council finds that the Applicants satisfy this criterion at the time, place and circumstances as proposed.

4. The extent to which the facility will provide appropriate access to traditionally under-served populations.

The following payor mix was projected for the **Heritage Hills Operator LLC d/b/a Heritage Hills Rehabilitation and Healthcare Center** if the proposal is approved for FY 2023:

Payor	Percent
Medicare	21%
Medicaid	59%
Blue Cross	0%
Commercial	0%
HMOs	10%
Self-Pay	9%
Other: Hospice	1%
Total	100%

The following payor mix was projected for the **Morgan Operator LLC d/b/a Morgan Rehabilitation and Healthcare Center** if the proposal is approved for FY 2023:

Payor	Percent
Medicare	13%
Medicaid	68%
Blue Cross	0%
Commercial	0%
HMOs	9%
Self-Pay	5%
Other: Hospice	4%
Total	100%

The following payor mix was projected for the **Riverview Operator LLC d/b/a Riverview Rehabilitation and Healthcare Center** if the proposal is approved for FY 2023:

Payor	Percent
Medicare	14%
Medicaid	58%
Blue Cross	0%
Commercial	0%
HMOs	12%
Self-Pay	12%
Other: Therapy	4%
Total	100%

The following payor mix was projected for the **Westerly Operator LLC d/b/a Westerly Rehabilitation and Healthcare Center** if the proposal is approved for FY 2023:

Payor	Percent
Medicare	53%
Medicaid	21%
Blue Cross	0%
Commercial	13%
HMOs	12%
Self-Pay	0%
Other: Hospice	0%
Total	100%

According to the Applicants, it is the policy of the Applicants and their affiliates not to discriminate because of race, creed, color, religion, national origin, sex, gender, handicap, disability, blindness, source of sponsorship, source of payment, marital status, age, sexual preference, genetic disposition, or carrier status in the admission, retention and care of residents and patients.

Finding: The Council finds that the Applicants satisfy this criterion at the time, place and circumstances as proposed.

V. RECOMMENDATION

After considering each of the review criteria as required by statute and the representations made by the Applicants, the Council recommends that the requests for four CEC applications, be approved.

Approval and implementation of this application will result in the termination of the existing nursing facility license issued to Heritage Hills Nursing & Rehabilitation Center and the issuance of a new nursing facility license to **Heritage Hills Operator LLC d/b/a Heritage Hills Rehabilitation and Healthcare Center.**

Approval and implementation of this application will result in the termination of the existing nursing facility license issued to Morgan Center and the issuance of a new nursing facility license to **Morgan Operator LLC d/b/a Morgan Rehabilitation and Healthcare Center.**

Approval and implementation of this application will result in the termination of the existing nursing facility license issued to Riverview Healthcare Community and the issuance of a new nursing facility license to **Riverview Operator LLC d/b/a Riverview Rehabilitation and Healthcare Center.**

Approval and implementation of this application will result in the termination of the existing nursing facility license issued to Westerly Health Center and the issuance of a new nursing facility license to **Westerly Operator LLC d/b/a Westerly Rehabilitation and Healthcare Center.**

VI. CONDITIONS OF APPROVAL

The Council recommends that approval of the instant applications shall be subject to the following conditions:

1. that the total project cost of **Heritage Hills Operator LLC d/b/a Heritage Hills Rehabilitation and Healthcare Center** not exceed \$6,920,543.00, to be financed with a minimum equity contribution of \$1,384,109.00 (i.e., 20%) which will be funded by the Applicant's cash on hand, and debt not to exceed \$5,536,434.00 (i.e., 80%);
2. that the total project cost of **Morgan Operator LLC d/b/a Morgan Rehabilitation and Healthcare Center** not exceed \$8,304,651.00 to be financed with a minimum equity contribution of \$1,660,930.00 (i.e., 20%) which will be funded by the Applicant's cash on hand, and debt not to exceed \$6,643,721.00 (i.e., 80%);
3. that the total project cost of **Riverview Operator LLC d/b/a Riverview Rehabilitation and Healthcare Center** not exceed \$13,149,031.00, to be financed with a minimum equity contribution of \$2,629,806.00 (i.e., 20%) which will be funded by the Applicant's cash on hand, and debt not to exceed \$10,519,225.00 (i.e., 80%);
4. that the total project cost of **Westerly Operator LLC d/b/a Westerly Rehabilitation and Healthcare Center** not exceed \$7,335,775.00, to be financed with a minimum equity contribution of \$1,467,155.00 (i.e., 20%) which will be funded by the Applicant's cash on hand, and debt not to exceed \$5,868,620.00 (i.e., 80%);
5. that the Applicants implement the projects as approved;
6. that within two years the Applicants attain and maintain an accreditation from a nationally recognized accrediting agency;
7. that the Applicants shall conduct national criminal background checks on their employees prior to employment;
8. that data, including but not limited to, finances, utilization and demographic resident information, be furnished to the state agency, upon request;
9. that the Applicants will provide services to all residents without discrimination including payment source and ability to pay; and
10. that the Applicants will work in good faith with residents to establish an alternative payor source when another payor source is no longer available. Further that the Applicants will not withhold or discontinue care or discharge the resident while an application for an alternative payor source (such as Medicaid) is pending, and for Medicaid residents, maintain compliance with

state regulation, 210-RICR-50-00-7, “Involuntary Discharge from a Long-Term Care Facility.”