

**WELLMAN HEALTHCARE GROUP, INC.**

**DON APPLICATION #PHC-21052014-LE**

**ATTACHMENTS**

**LONG TERM CARE SUBSTANTIAL CAPITAL EXPENDITURE**

**PALMER HEALTHCARE CENTER**

**NOVEMBER 2, 2021**

**WELLMAN HEALTHCARE GROUP, INC.**

**DON APPLICATION #PHC-21052014-LE**

TABLE OF CONTENTS

1. Determination of Need Narrative
2. Notice of Intent
3. Factor 4 – Independent CPA Analysis
4. Articles of Organization
5. Affidavit of Truthfulness and Compliance
6. Filing Fee

## **EXHIBIT 1**

## **2. Project Description**

Palmer Healthcare Center (“PHC” or the “Facility”) is a 61-bed skilled nursing facility located on 12.6 acre campus in Palmer, Massachusetts that has been serving the greater Palmer community for over 55 years. It is the only nursing facility of its kind in the area, serving a high Medicaid population (approximately 80%) and providing specialized services to residents requiring geriatric-psychiatric and Alzheimer’s care in a locked environment. PHC was built in 1963 and is a single story, 20,976 gross square feet (“GSF”) building with 20 rooms as follows: 5 rooms are quads; 11 rooms are triples; 4 rooms are doubles; and there are no single rooms. The de-densification licensure requirements for long-term care facilities at 105 CMR 150.320(B) (the “De-Densification Requirements”) would reduce the Facility to only 40 beds, which is less than the size of a unit designed for maximal efficiency (i.e., 41 beds) as recognized by DPH<sup>1</sup> and would not be sufficient to serve the Applicant’s Patient Panel.

The Applicant proposes to construct a modern, state-of-the-art de-densified 82-bed<sup>2</sup> replacement skilled nursing facility on the same campus as the Facility (the “Replacement Facility” or the “Proposed Project”). The Replacement Facility will replace the Facility and comply with the De-Densification Requirements. The Replacement Facility will be a two story, 46,225 GSF building with 82 beds. There will be 41-beds on each floor (21 rooms per floor – 20 hybrid<sup>3</sup> semi-private rooms and 1 single room), plus an enclosed exterior garden and a secured roof patio. The second floor of the Replacement Facility will be a locked 41-bed memory care unit certified by the Department as a dementia special care unit (“DSCU”) which will allow the Applicant to continue to serve its existing Patient Panel. The first floor of the Replacement Facility would be a 41-bed unit to serve short-term and long-term residents who do not need a DSCU. The short-term and long-term units on the first floor would serve a different patient population than the one PHC currently serves. It is important that there are skilled nursing care services that do not require a locked unit available to the Palmer community. As discussed in the application, PHC regularly has to turn away referrals of residents needing these services. The Proposed Project will ensure that such residents will be able to receive care close to home in a community that has high health needs coupled with numerous social and economic challenges which contribute to the health inequities.

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<sup>1</sup> See, 105 MASS. CODE. REGS. 150.300(A) (2021).

<sup>2</sup> The Replacement Facility will consist of 82 Level II beds. The Applicant will convert its 61 Level III beds to Level II beds and will add 21 Level II beds. Walter Mackie, Licensure Unit Coordinator, Division of Health Care Facility Licensure and Certification confirmed that a DoN is not required to convert Level III beds to Level II beds and that it only requires plan approval and prior notice to the Department.

<sup>3</sup> A semi-private hybrid room meets the licensure requirements for single room and can be used as a single or double as needed by the Applicant.



The Proposed Project also proposes to add 21-beds<sup>4</sup> and will provide access to treatment and/or services at the Facility for individuals with various types of short and long-term skilled care needs in both locked and unlocked units. In particular, the Replacement Facility will have the capacity to serve: (1) individuals with the following mental health disorders: a geriatric-psychiatric or dementia diagnosis who need access to skilled nursing care in a secure facility; and (2) individuals with COVID-19 (or other similar infectious, airborne diseases). To serve these resident populations, the Applicant is maintaining its secure memory unit, and ensuring that it has an easy and quick means to cohort and isolate residents with suspected or positive COVID-19. Each floor of the Replacement Facility will have a special care room for isolation of residents with COVID-19 or other respiratory illnesses. In addition, the Applicant would use room at the end of the unit on the first floor which will have access to separate entrance and exits if needed as the primary area to cohort and isolate residents in the event of an outbreak.

The Proposed Project will capitalize on the Applicant's successful infection control measures at the Facility. The Replacement Facility will have a separate entrance and exit vestibule which enhances screening and infection control measures and there will be a handwashing sink near the Replacement Facility's entrance. The Replacement Facility will have a layered approach to maximizing outdoor air ventilation and/or reducing recirculation of air indoors, consistent with the layered approach described in the Centers for Disease Control and Prevention Guidelines. The Replacement Facility's mechanical systems will include a state-of-the-art VRF forced air HVAC system which can provide both heating and cooling in separate rooms or zoned areas throughout the building, ensuring the health, comfort, and well-being of the residents, families and staff. The building systems include mechanical fresh air provided by a series of Energy Recovery Ventilators (ERV's) which pre-condition incoming outside air with heated or cooled air, thereby increasing energy efficiency and maximizing infection control by achieving the required level of air exchanges and filtering the fresh air with MERV-13 filtration throughout the building, which effectively targets airborne contaminants. Additionally, the Replacement Facility will have a localized air filtration and interior mechanical air exchange which has been shown to improve the indoor air quality (IAQ) and further mitigate air contamination.

The Proposed Project will also address more than one of the DoN health priorities. The Proposed Project will meet the DoN regulation's health priorities of social and built environment in that the Replacement Facility will have a modern environment with open and bright common spaces that will allow for increased resident socialization and enhanced emotional wellbeing. This will help to minimize the isolation and lack of engagement that contributes to loneliness, depression and negative impacts on overall health in elders – and particularly in elders with mental health diagnoses. The Proposed Project will also meet the health priority of employment. The Applicant currently employs approximately 89 individuals, many of whom are long-term employees. Most

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<sup>4</sup> The Department of Public Health authorized the Applicant's request to add twenty-one (21) new Level II long-term care beds to its 61-bed skilled facility on July 2, 2021 pursuant to the April 28, 2021 Memorandum "Applications for Determination of Need from Long-Term Care Facilities".

of Applicant's workforce lives locally and the Facility is an important economic engine in this low-income area. The Proposed Project will allow the Applicant not only to retain but to expand the workforce, creating further opportunities for the surrounding communities.

**F.1.a.i Patient Panel:**

**Describe your existing Patient Panel, including incidence or prevalence of disease or behavioral risk factors, acuity mix, noted health disparities, geographic breakdown expressed in zip codes or other appropriate measure, demographics including age, gender and sexual identity, race, ethnicity, socioeconomic status and other priority populations relevant to the Applicant's existing patient panel and payer mix.**

PHC is a small facility (61-bed skilled nursing beds) located in a rural, high-needs area. From January 1, 2018 through December 31, 2020, the Patient Panel consisted of 97 residents (57 female, 40 male). The ages of the Patient Panel range from 50-99 years of age with the average age of the Patient Panel being 70-79. 71% of the Patient Panel is from Hamden County with approximately 42.2% of the Patient Panel from zip codes of towns and cities within 10 miles and 34% of the Patient Panel from zip codes of towns and cities within 20 miles of the Facility. The Patient Panel self-identified as 55% White, 4% Hispanic, 2% Black, and 39% unknown. The Facility serves a high volume of government payers. At the time of admission, many residents are admitted with Medicare Part A as the payer; however, once the resident is no longer eligible for Medicare they convert to MassHealth or private pay. This conversion typically happens within the first fifty days of a resident's stay at the Facility. From Jan 1, 2019 through December 31, 2020 the Patient Panel payer mix at the time of admission was 52% Medicare, 38% Medicaid (MassHealth and MCOs) and 9% commercial insurance and private pay. However, because of the long lengths of stay at the Facility as discussed below, a more typical payer mix for the Facility is captured monthly. For example, as of August 2021, the payer mix was 10% Medicare, 80% Medicaid (MassHealth and MCOs) and 10% commercial insurance and private pay.

The Applicant operates at or near capacity most of the time and often has to turn away referrals. For example during the CY 2021, PHC had on average 31 referrals per month that it could not accommodate. The referrals include individuals with behavioral health diagnosis that could be cared for in both locked and unlocked units, and individuals needing the short and long-term care that the Proposed Project will provide in the unit on the first floor.

From June 2017 to May 2019, the Applicant served 94 unique residents with a total of 59,785 resident days as follows:

<b>Resident Days By Year</b>	<b>Resident Days Level II</b>
1/1/2018-12/31/18	19,231
1/1/2019-12/31/19	20,457

PHC provides activities of daily living (“ADLs”) such as bathing and dressing and skilled nursing services. The Patient Panel has a high level of cognitive impairment and has more behavioral than medical needs as evidenced by the average Medicare case-mix index of 1.34 to 1.38 and average MMQ score of N. This results in higher levels of physical therapy and occupational therapy being provided to the Patient Panel than skilled care. The Patient Panel is at risk for and /or present with declines in swallowing and nutritional intake, self-feeding, balance, muscle weakness and mobility and ADL performance. They also have diagnosis that include the need for pain management. Occupational, physical and speech therapy help the Patient Panel adopt to the environment, promotes the highest level of independence and safety and enhances the quality of life. Approximately 23% of the Patient Panel are on anti-psychotic medications, many times it is because the residents have a dual diagnosis of dementia and schizophrenia or bipolar disorder.

The majority of the Patient Panel has midlevel to advanced dementia, which results in an average length of stay at the Facility of 3.2 years. This length of stay is longer than a typical nursing facility. In addition, residents are typically not discharged back into the community after coming to PHC as they are at risk of wandering because of their dementia. There are, however, from time-to-time, short term stays and residents with low-level dementia whose physical health improves, resulting in discharge to a lower level of care or home. The Facility’s staff has received training to be attuned to the specific needs of its residents.

**F1.a.ii Need by Patient Panel:**

**Provide supporting data to demonstrate the need for the Proposed Project. Such data should demonstrate the disease burden, behavioral risk factors, acuity mix, health disparities, or other objective Patient Panel measures as noted in your response to Question F1.a.i that demonstrates the need that the Proposed Project is attempting to address. If an inequity or disparity is not identified as relating to the Proposed Project, provide information justifying the need. In your description of Need, consider the principles underlying Public Health Value (see instructions) and ensure that Need is addressed in that context as well.**

There is a demonstrated need for the provision of short and long-term skilled nursing facility services in Palmer. The Baystate Health Community Needs Assessment found that Palmer was one of the two communities that “had consistently higher rates for the majority of health conditions identified as prioritized health needs.”<sup>5</sup> For example, it found that the town of “Palmer has more than double the rate of mental health hospitalizations (1,744 per 100,000) as the state-wide rate

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<sup>5</sup> PUB. HEALTH INST. OF W. MASS., COMMUNITY NEEDS ASSESSMENT, 69 (2019) (Adopted by the Baystate Health Board of Trustees on Sept. 10, 2019) (available at <https://www.baystatehealth.org/-/media/files/about-us/community-programs/community-benefits/2019-community-health-needs-assessments/baystate-wing-2019-chna-report-final-web.pdf?la=en>).

(854 per 100,000).”<sup>6</sup> It also found that “[a]bout 30% of older adults experience depression” in Palmer, while 15% of people over the age of 65 in Palmer have some form of Alzheimer’s or dementia.<sup>7</sup> The report found that Palmer “disproportionately experience[s] numerous social and economic challenges which contribute to the health inequities, such as lower household incomes and lower educational attainment levels.”<sup>8</sup>

In addition, Baystate Wing Hospital, a 74-bed community hospital is located less than a mile from the Facility. The Hospital provides inpatient and outpatient behavioral health through the Griswold Behavioral Health Center and the Center for Geriatric Psychiatry. The Facility has a close relationship with the Hospital, which serves a primary referral source. In addition, the Facility also receives many referrals from other skilled nursing facilities who are unable to accommodate the behavioral needs of residents.

Through ongoing discussions with the Hospital and its orthopedic team, the Applicant has identified a need for short-term rehabilitation beds in the community so that patients can stay in their local community and receive their short-term rehabilitation care. Currently, the Facility is locked and is mostly triples and quads, which cannot accommodate these residents. Additionally, when residents need to step down from a locked unit they have to be transferred to another facility. The Proposed Project would allow them to remain at PHC with their same caregivers and ensure continuity of care and reduction of transfer trauma.

As noted above, the Applicant is currently not able to meet the current demand. The Proposed Project will assist in meeting this need. In addition, the modern state-of-the art build environment will be specifically designed to address the behavioral health needs of the Patient Panel where the role of the physical environment is crucial to supporting their care and providing an atmosphere of familiarity that can positively contribute to their health outcomes<sup>9</sup>.

**F1.a.iii Competition:**

**Provide evidence that the Proposed Project will compete on the basis of price, total medical expenses, provider costs, and other recognized measures of health care spending. When responding to this question, please consider Factor 4, Financial Feasibility and Reasonableness of Costs.**

The Facility is fully Medicaid-certified, and the Replacement Facility will maintain full Medicaid certification. As noted above, the Facility is located in a high-needs area. In fact, the Facility historically qualified for a MassHealth low-income municipality adjustment.<sup>10</sup> Accordingly, the

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<sup>6</sup> *Id.* at 50.

<sup>7</sup> *Id.* at 52.

<sup>8</sup> *Id.*

<sup>9</sup> Bram de Boer et al., *The Physical Environment of Nursing Homes for People with Dementia: Traditional Nursing Homes, Small-Scale Living Facilities, and Green Care Farms*, 6(4) HEALTHCARE (BASEL) 137 (Nov. 26, 2018), <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC6315793/>

<sup>10</sup> See 101 MASS. CODE. REGS. 206.06 (15) (2021) (provides that a “nursing facility will be eligible for a Low-income Municipality Adjustment to its payment rate if it is located in a city or town in Massachusetts with a median

Applicant has always provided services to a large number of MassHealth members at the Facility and intends to continue to serve a significant MassHealth resident population at the Replacement Facility.

PHC is rated a four-star facility by the Centers for Medicare & Medicaid Services (CMS). PHC's average daily census is approximately 84%. The government payer mix for the Facility on average is 90% (10% Medicare; 80% Medicaid and MCOs).

In addition, the Replacement Facility will include modern, efficient building systems that will, in both the short and long run, reduce the Applicant's high maintenance cost in place at the old Facility and lower the Applicant's utility costs per square foot. Even though the Proposed Project is larger than the Facility, the technology advances and build environment has significantly improved since when the Facility was built in 1963 and will provide a high level of comfort, health and air quality to the residents.

The Proposed Project will not impact the Applicant's ability to compete on price, total medical expenses, provider costs, and other recognized measures of health care spending. The rates of payment for its residents who are Medicare and Medicaid beneficiaries will not be impacted and are determined by government programs based on resident acuity and other regulated add-ons. The rates for its very small percentage of private pay residents will be competitive with the other facilities in the area.

**F1.b.i Public Health Value /Evidence-Based:**

**Provide information on the evidence-base for the Proposed Project. That is, how does the Proposed Project address the Need that Applicant has identified.**

A primary reason for the Proposed Project is to comply with the De-Densification Requirements. The De-Densification Requirements limit nursing facilities rooms of no more than two beds and updates spacing / square footage room requirements to provide for better physical distancing of nursing home residents to protect against the spread of COVID-19. Since the outbreak of COVID-19, research has found that there is a higher incidence of COVID-19 cases and mortality in small rooms with multiple beds<sup>11</sup> and the Centers for Disease Control (CDC) states that older adults living in congregate settings are at high risk of being affected by respiratory and other pathogens, such as SARS-COV-2<sup>12</sup>. The CDC guidance highlights that a strong infection prevention and

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household income level that is below the 20<sup>th</sup> percentile of median household income across all Massachusetts cities and towns, based on the US Census Bureau's 2013–2017 American Community Survey (ACS) data.”)

<sup>11</sup> Kevin A. Brown et al., *Association Between Nursing Home Crowding and COVID-19 Infection and Mortality in Ontario, Canada*, 181(2) JAMA INTERN MED., 229–36 (Nov. 9, 2020), available at <https://jamanetwork.com/journals/jamainternalmedicine/fullarticle/2772335>; Sheryl Zimmerman et al., *Nontraditional Small House Nursing Homes Have Fewer COVID-19 Cases and Deaths* 22(3) J. AM. MED. DIR. ASS'N 489-93 (Jan. 25, 2021), available at [https://www.jamda.com/article/S1525-8610\(21\)00120-1/fulltext](https://www.jamda.com/article/S1525-8610(21)00120-1/fulltext)

<sup>12</sup> See CTRS. FOR DISEASE CONTROL AND PREVENTION. KEY POINTS, <https://www.cdc.gov/coronavirus/2019-ncov/hcp/long-term-care.html> (last updated Sept. 10, 2021).

control program as well as social distancing and the ability to isolate residents is critical. A few recent studies also found that redesigned nursing facilities to allow for social distancing and isolating residents will fare better in light of what is known about COVID-19 and can contribute to increased infection control<sup>13</sup>.

Building a Replacement Facility will not only put the Applicant and PHC in compliance with the De-Densification Requirements but it will capitalize on PHC's successful infection control practices. As described in the Project Description, the Replacement Facility will have the state-of-the-art mechanical systems to maximize ventilation and reduce recirculation of indoor air to mitigate air contamination. The Replacement Facility will also have a sink near the entrance and many other handwashing stations throughout the building for hand hygiene. There is also ample outdoor space that will allow for outdoor activities and visitations, weather permitting. This will position PHC to better address COVID-19 and other outbreaks that may occur at a skilled nursing facility serving a vulnerable, elderly population.

**F1.b.ii Public Health Value /Outcome-Oriented:**

**Describe the impact of the Proposed Project and how the Applicant will assess such impact. Provide projections demonstrating how the Proposed Project will improve health outcomes, quality of life, or health equity. Only measures that can be tracked and reported over time should be utilized.**

As described above, the Proposed Project will comply with the De-Densification Requirements and provide enhanced infection control. As described in the Project Narrative, the Proposed Project will allow the Applicant to care for infected residents in a new, modern facility with appropriate ventilation systems designed to minimize airborne disease transmission and give the Applicant flexibility to effectively isolate and quarantine infected residents. The Applicant will have a dedicated Infection Preventionist on staff, as defined by the Centers for Medicare and Medicaid Services, who will work with the Applicant on the Proposed Project to identify and mitigate infection control risks and will continue to provide regular, ongoing infection control training to its staff. To assess the impact of the Proposed Project, the Applicant will monitor hospital readmissions, COVID-19 testing, COVID-19 infection rate data and resident satisfaction.

**F1.b.iii Public Health Value /Health Equity-Focused:**

**For Proposed Projects addressing health inequities identified within the Applicant's description of the Proposed Project's need base, please justify how the Proposed Project will reduce the health inequity, including the operational components (e.g. culturally competent staffing). For Proposed Projects not specifically addressing a health disparity or inequity, please provide information about specific actions the Applicant is and**

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<sup>13</sup> Terry T. Fulmer et al., *Reimagining Nursing Homes in the Wake of COVID-19*. NATL. ACAD. MED. (Sep. 21, 2020), <https://doi.org/10.31478/202009a>; Diana C. Anderson et al., *Nursing Home Design and COVID-19: Balancing Infection Control, Quality of Life, and Resilience*. 21(11) J. AM. MED. DIR. ASS'N. 1519-24 (Oct. 31, 2020), <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC7603995/>

**will take to ensure equal access to the health benefits created by the Proposed Project and how these actions will promote health equity.**

The Applicant has always and will continue to promote health equity. PHC does not discriminate on the basis of race, color, religion (creed), gender, gender expression, age, national origin (ancestry), disability, marital status, sexual orientation, or military status, in any of its activities or operations and accepts all appropriate residents.

PHC serves a high volume of MassHealth beneficiaries as noted throughout the application. Many of the MassHealth residents are underserved or difficult-to-place, and because PHC is currently operated as a fully locked facility, the entire Patient Panel has behavioral health diagnoses. The Proposed Project will continue to serve the Patient Panel, but also proposes to expand so that it can provide a more diverse set of skilled nursing services meeting the broader long-term care needs of its community.

**F1.b.iv Provide additional information to demonstrate that the Proposed Project will result in improved health outcomes and quality of life of the Applicant's existing Patient Panel, while providing reasonable assurances of health equity.**

The Replacement Facility will increase efficiency and continue to improve the Patient Panel's health outcomes and quality of life. The Applicant anticipates that the Proposed Project will continue to serve a diverse patient population including a high percentage of MassHealth beneficiaries. The second floor of the Proposed Project will be a locked DSCU unit and PHC will continue to serve individuals with behavioral health diagnosis, many of whom cannot be appropriately cared for in other area skilled nursing facilities because of other facilities' physical plant limitations.

**F1.c Provide evidence that the Proposed Project will operate efficiently and effectively by furthering and improving continuity and coordination of care for the Applicant's Patient Panel, including, how the Proposed Project will create or ensure appropriate linkages to patients' primary care services.**

The Proposed Project will continue to ensure appropriate linkages to patient's primary care services and other community services by utilizing the model that is currently in place at the Facility. Currently the Facility experiences few discharges, so this model will be more widely deployed with the Proposed Project.

Starting at admission, the Facility coordinates with a resident's primary care provider. If the resident is a short-term resident, the resident's primary care provider from the community will be involved in the resident's care and have regular and ongoing communication with the Facility. If the resident is a long-term resident, over time the resident typically transitions his or her primary care to the Facility's medical director who has ongoing and regular involvement in the resident's

care. In addition to coordinating with residents' primary care providers, the Facility coordinates with the residents' families who can be involved in residents care depending on a resident's needs and/or desires.

At the time of discharge, the Facility's social worker and nursing staff, led by the Director of Nursing, coordinate the discharge process to ensure that the resident has the appropriate community support in place for the transition home, to an assisted living residence or another nursing facility. This includes, but is not limited to, ensuring that there is a post-discharge visit scheduled with the resident's primary care providers, and coordinating with community providers and agencies based on a resident's needs and individual care plan such as visiting nurse, elder services, private home care, elder services at risk or hospice/palliative care. For those residents who are ready for discharge but who may not be safe to be at home, there is a community resource that works with families and the Facility to help find an appropriate assisted living residence.

**F1.d Provide evidence of consultation, both prior to and after the Filing Date, with all Government Agencies with relevant licensure, certification, or other regulatory oversight of the Applicant or the Proposed Project.**

The Applicant and its representatives have had discussions with the Department of Public Health Determination of Need Program.

**F1.e.i Process for Determining Need/Evidence of Community Engagement: For assistance in responding to this portion of the Application, Applicant is encouraged to review Community Engagement Standards for Community Health Planning Guideline. With respect to the existing Patient Panel, please describe the process through which Applicant determined the need for the Proposed Project.**

The Applicant has had conversations about the Proposed Project with a variety of stakeholders in the greater Palmer community as detailed in F1.e.ii.

**F1.e.ii Please provide evidence of sound Community Engagement and consultation throughout the development of the Proposed Project. A successful Applicant will, at a minimum, describe the process whereby the "Public Health Value" of the Proposed Project was considered, and will describe the Community Engagement process as it occurred and is occurring currently in, at least, the following contexts: Identification of Patient Panel Need; Design/selection of DoN Project in response to "Patient Panel" need; and Linking the Proposed Project to "Public Health Value".**

As noted above, the Applicant had discussions with a variety of stakeholders in the greater Palmer community concerning the Proposed Project. The Applicant also had discussions with State and local officials, HealthDrive (the Facility's mental health/geri-psych provider), Baystate Wing Hospital, and Palmer's own employees and staff. Everyone has been supportive of the Proposed Project and the need to keep skilled care in the local community and preserve the locked unit. The



Applicant has also sent out a letter to the Facility's neighbors introducing the Proposed Project. Upon approval of the Proposed Project, the Applicant will update its residents and their families about the Replacement Facility and projected timeline.

**Factor 2: Health Priorities**

**Addresses the impact of the Proposed Project on health more broadly (that is, beyond the Patient Panel) requiring that the Applicant demonstrate that the Proposed Project will meaningfully contribute to the Commonwealth's goals for cost containment, improved public health outcomes, and delivery system transformation.**

The Proposed Project will ensure that the Facility complies with the De-Densification Requirements which in part were implemented to ensure that residents in skilled nursing facilities had adequate privacy and that the facilities could implement effective infection control policies and procedures to address COVID-19 and future infectious diseases.

**F2.a Cost Containment:**

**Using objective data, please describe, for each new or expanded service, how the Proposed Project will meaningfully contribute to the Commonwealth's goals for cost containment.**

The Proposed Project will be a state-of-the-art building with a number of operational efficiencies. The Replacement Facility will meet or exceed certifiable "silver level," or equivalent, of the Leadership in Energy and Environmental Design-health Care (LEED-HC) Green Guide for Healthcare (GGHC). It will be energy efficient and have modern mechanicals, including air ventilation system. The floor plan is also designed to maximize resident care and work flow efficiencies. The Proposed Project is also primarily hybrid semi-private rooms which provides for the Applicant flexibility to go from singles to doubles adopt based on census and current need, provides for resident privacy, and will maximize infection control and help minimize any future COVID-19 or other infection disease outbreaks. The addition of the 21 beds will slightly increase staffing costs; however, the overall project will improve the health and wellbeing of the patient panel and the overall operating costs of the building will decrease as compared to maintaining an old, in efficient facility.

**F2.b Public Health Outcomes:**

**Describe, as relevant, for each new or expanded service, how the Proposed Project will improve public health outcomes.**

As noted above, the Proposed Project will comply with the De-Densification Requirements and will have private and semi-private rooms and physical plant that maximizes infection control, which will help minimize any future COVID-19 or other outbreaks. In turn, this will lower and ideally prevent hospitalized readmissions and improve on the already successful public health outcomes that PHC has achieved for its Patient Population. As noted above, PHC's residents have a long average length of 3.2 years and have had positive health outcomes from the care they receive at PHC. Expanding the beds at the Proposed Project will allow PHC to provide its skilled nursing

services to more individuals and likewise contribute to their positive health outcomes and reduce burdens on the local families that cannot care for these individuals at home.

### **F2.c Delivery System Transformation:**

**Because the integration of social services and community-based expertise is central to goal of delivery system transformation, discuss how the needs of their patient panel have been assessed and linkages to social services organizations have been created and how the social determinants of health have been incorporated into care planning.**

As a majority of PHC's residents are long-term, with the Proposed Project, PHC can provide the appropriate psychosocial support and address social determinant of health needs, including nutrition and stable housing. PHC provides an atmosphere and a community that prevents isolation and contributes to improved mental and physical well-being. Because the Patient Panel all has some level of cognitive disorders, there are activities provided throughout the day that are tailored to stimulate residents with these diagnosis. There are opportunities to go outside and when appropriate, have performers at the Facility. For residents who are not able to leave their room, there are different activities and multiple daily visits by staff to prevent isolation. Recently PHC has introduced music therapy. There are also tablets available for the residents.

PHC has always been connected to the local community. Prior to COVID-19, PHC regularly visited local senior centers and provided outreach and education on their services. In addition, F1.c discusses the community supports that PHC works to have in place upon discharge. Moreover, as described above, PHC encourages the small number of families who have a loved one discharged from PHC to directly contact PHC if they are concerned for their loved one's safety once at home because of the behavioral health diagnosis. Under the Proposed Project, this program would be expanded. This allows PHC to directly admit the individual back to the Facility instead of the hospital, which also helps with the health outcomes and cost containment discussed above in F1.b and F2.a.

### **Factor 5: Relative Merit**

**F5.a.i Describe the process of analysis and the conclusion that the Proposed Project, on balance, is superior to alternative and substitute methods for meeting the existing Patient Panel needs as those have been identified by the Applicant pursuant to 105 CMR 100.210(A)(1). When conducting this evaluation and articulating the relative merit determination, Applicant shall take into account, at a minimum, the quality, efficiency, and capital and operating costs of the Proposed Project relative to potential alternatives or substitutes, including alternative evidence-based strategies and public health interventions.**

**Proposal:** The Proposed Project is a request to construct a modern, state-of-the art de-densified 82-bed replacement facility on the same campus as the Facility.

**Quality:** The Proposed Project would enable the Applicant to comply with the De-Densification Requirements and modernize its old facility so that it can continue to care for the Patient Panel with both short and long-term needs, behavioral health challenges and an environment that is specifically designed for enhanced infection control in compliance with COVID-19 guidance.

**Efficiency:** The Proposed Project would allow the Applicant to be more efficient and operate in a more cost effective manner.

**Capital Expense:** The total capital expenditure for the Proposed Project is \$18,838,384.00.

**Operating Costs:** Operating costs for building maintenance will decrease as described in Section F2.a, but there will be a cost increase related to the additional clinical staff needed to manage the additional 21 beds that will be part of the Proposed Project and related to the increased food and supplies. The Proposed Project also will meet the health priority of employment. The Proposed Project will allow the Applicant not only to retain but to expand the workforce, creating further opportunities for the surrounding communities

**Option 1:**

**Alternative Proposal:** There is no alternative proposal to the Proposed Project. The Applicant is precluded from renovating the current facility due to zoning, abutting wetlands, and parking limitations which do not allow for compliance with the De-Densification Requirements.

**Alternative Quality:** NA

**Alternative Efficiency:** NA

**Alternative Capital Expense:** NA

**Alternative Operating Costs:** NA

**F5.a.ii Describe the process of analysis and the conclusion that the Proposed Project, on balance, is superior to alternative and substitute methods for meeting the existing Patient Panel needs as those have been identified by the Applicant pursuant to 105 CMR 100.210(A)(1). When conducting this evaluation and articulating the relative merit determination, Applicant shall take into account, at a minimum, the quality, efficiency, and capital and operating costs of the Proposed Project relative to potential alternatives or substitutes, including alternative evidence-based strategies and public health interventions.**

The Applicant considered the above options to meet its Patient Panel's need, and building a Replacement Facility was found to be the only feasible option. It achieves operational

efficiencies, meets the De-Densification Requirements, and implements the most-current infection control measures.

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## **EXHIBIT 2**







AMHERST  
COVID-19 cases  
fall at UMass

New COVID-19 cases at the University of Massachusetts Amherst fell in the past week by nearly 75% after a sharp spike the week prior infected almost 400 students with the virus.

Testing data released by the school yesterday showed that 91 students and nine employees contracted the virus between Sept. 15 and 21. This marks a noticeable downturn from the week of Sept. 8 to 14, when 380 people — most of them off-campus students — tested positive.

UMass conducted roughly 8,000 tests between Sept. 15 and 21 and had a positivity rate of 1.27%, a steep drop from the prior week's rate of over 4%.

The school does not require testing for vaccinated students. But after the rise in cases last week, UMass announced that it would begin "adaptive testing," in which specific students would be asked to test as a means of monitoring the virus' spread.

Infections continue to be driven largely by off-campus students, the data shows, with those students accounting for more than 75% of cases this year. Administrators have said that many of the cases stem from unmasked socialization, not from classroom settings.

Most of the UMass cases have been mild to moderate illness, the school said.

EAST LONGMEADOW  
High haloacetic acid  
level found in water

The town Water Department is reporting a 9-month average for monitoring amounts of haloacetic acids in the drinking water was a trickle above the maximum amount allowed by Massachusetts.

Officials said the average recorded between December and September at the Harkness Road pump station does not represent an emergency, and people do not need to take any action.

Haloacetic acids, according to the state Department of Environmental Protection, are a group of disinfection byproducts that form when chlorine compounds that are used to disinfect water react with other naturally occurring chemicals in the water.

The 9-month average at the pumping station showed 69 micrograms of haloacetic acids per liter of water. The state's limit is 60 micrograms per liter.

Drinking water with excessive haloacetic acid levels over a period of years can increase the risk of getting cancer.

The Water Department and Springfield Water and Sewer Department are reviewing water treatment methods and will evaluate options for reducing levels to below acceptable amounts, official said.

People with any questions are asked to contact Felix Vachon at the Water Department at 413 525-5400, Ext. 1204 or by email at felix.vachon@eastlongmeadowma.gov

PITTSFIELD  
Halloween  
parade canceled

Pittsfield's Halloween parade has been canceled for the second year in a row due to the COVID-19 pandemic, according to its website.

It noted, however, that there will be virtual contests and that more details will be available soon.

The city told MassLive that trick-or-treating is allowed this year, something the city discouraged in 2020.

Pittsfield said it still encourages "all those who participate to continue to adhere to personal safety protocols to ensure a safe and enjoyable time."

MONSON

# Cannabis growing facility faces mold problems

## Company says safety plans not compromised

By JIM RUSSELL  
Special to The Republican

Holistic Industries is battling a mold problem at a marijuana growing facility here that supplies cannabis to recreational and medical retailers.

Reacting to complaints from employees, the Monson Board of Health has called for an immediate inspection of the 96 Palmer Road facility, in concert with state regulators.

The mold infestation has not compromised the safety of the plants, said Holistic in a statement to The Republican.

"No products were sold that did not meet state regulations," the company stated. "We did have some complaints about product that had a 'different' smell. Once we identified mold was present in our facility, but had not compromised the safety of the plants, we assumed some of the facility smell transferred to product or packaging. This is when we proactively added the extra QA (quality assurance) processes

of sensory and visual inspections, pulling any batches that did not meet our standards."

The company, which has retail operations in Easthampton and Springfield, added that it was "aware of any and all obligations, if any, to report this to our partner state agencies and are taking the appropriate steps."

"It's important to note that federal safety agencies, such as (Occupation Safety and Health Administration) and the (Centers for Disease Control), have not identified a level of mold for any building that is 'safe' or 'unsafe'. Further, we consulted with environmental science experts and have been assured that the mold in our facility does not pose a human health hazard. However, everyone who works in our facility is, and has been, required to wear face coverings since early March 2020."

The company is disputing as "inaccurate" allegations by employees, in documents sent this week to Monson officials, that Holistic managers "have stalled for months and have not relayed any plan of action to Employees at the Monson location. They have failed to

act on the strong recommendations of the Industrial Hygienists."

"We had a power outage in our facility on Christmas in 2020 causing a high humidity event," Holistic said. "We anticipated that a few batches might have been affected so we monitored the situation closely."

The company added, "In June, there was a report of a pervasive smell in the facility which prompted us to investigate. We identified contained areas in the facility in which mold was present and began to implement a remediation strategy."

Employees at the Monson growing facility sent photographs and documents regarding the operation to town officials earlier this week.

According to employees who asked not to be identified, the documents include photos of mold patches inside facility and an investigative report the company paid for with tests documenting a mold problem in some areas.

Holistic told The Republican that Monson officials "were not alone in receiving a portion of a third-party inspection report prepared by EnviroMed

Services. Apparently, it was widely distributed by an unknown source. It was not the full report and our understanding is that the document you and/or others received may have included an additional cover sheet inaccurately calling out executives and making inaccurate claims."

During a Monson Board of Health meeting Wednesday night, the board determined the employee reports contain "credible evidence" and asked town administrator Jennifer Wolowicz to help them address the matter, and to involve the state Cannabis Control Commission.

The commission declined to comment on the Monson facility, saying: "In general, the agency takes seriously the health and safety of patients and consumers who purchase product from licensed facilities, and the agents who staff them. Commission staff will continue to conduct scheduled and unannounced inspections of Marijuana Establishments and Medical Marijuana Treatment Centers, including routine compliance checks and investigations into constituent complaints."

WEST SPRINGFIELD

# Big E, Baker honor restaurateur

## Plaque unveiled at fairgrounds in Andy Yee's memory

By JIM KINNEY  
jkinney@repub.com

When raindrops started pounding the tent yesterday at the Big E Wurst Haus restaurant during a tribute to the late restaurateur Andy Yee, Yee's friend and business partner Peter A. Picknelly took it as a message.

"He wants everyone to come inside," Picknelly said. "Only Andy Yee would find a way to get everyone in here to drink his beer."

Picknelly joined the Yee family, Gov. Charlie Baker, Lt. Gov. Karyn Polito and the Big E to unveil a plaque in Andy Yee's memory yesterday.

Baker got emotional, his voice cracking as he talked about his friend.

"What Andy really built and what he developed was joy," Baker said.

Yee was often present as Baker toured Western Massachusetts, always stepping up with a smile and a greeting. Baker sought out Yee as well, often at The Fort.

"He was special," Baker said. "I'm so grateful I got to know the guy during the course of my time on earth."

Baker joined the crowd in a toast to Yee.

Afterwards, Baker toured the grounds and the Massachusetts building, a tradition on Massachusetts Day. Baker took time meeting folks, buying wine and apple pastries and enjoying a smoothie before heading off to events in Springfield and Westfield.

Yee died in May after a recurrence of cancer. He was 59, just a week short of his 60th birthday.

Picknelly and Yee headed the Student Prince Cafe and The Fort Dining Room from certain closure in 2014 and they branched out after that, including adding a Wurst Haus at the fair five years ago and pitching in to save another icon, the White Hut, in 2020. White Hut also has a location at the fair.

Before the ceremony, dignitaries, businesspeople — including competitor Peter Roskothen, owner of the Log Cabin and Delaney House — and Big E officials milled about yesterday awaiting the governor and a procession by the Hampden County Sheriff's



From left, Linda Yee, mother of the late Andy Yee; Peter A. Picknelly, Peter Pan Bus Lines chairman and CEO and a longtime business partner of Yee; Lt. Gov. Karyn Polito; and Gov. Charlie Baker applaud during yesterday's tribute to Andy Yee at the Big E. Yee died in May at age 59. Below, Sarah Yee, front row center, wife of Andy Yee, and other Yee family members at the event. See more photos at MassLive.com. (HOANG LEON NGUYEN / THE REPUBLICAN)



Office from the Big E administration building to the Wurst Haus.

For Andy's brother, Edison Yee, the crowd only drove home the bittersweet nature of the day.

"He'd have been in his element," Yee said. "He would have been going around greeting people, shaking hands, giving hugs. He loved people."

Andy Yee's son, Matt, said he appreciated the tribute. They family is adjusting, he said, and also moving forward with running a restaurant empire.

The Yee family's Bean restaurant group includes The Fort, Union Kitchen in West Hartford, Connecticut; Johnny's Tavern in Amherst; Johnny's Bar and Grill in South Hadley; Iya Sushi and Noodle kitchen locations in Amherst and South Hadley; Johnny's Roadside Grill in Hadley; The Boathouse in South Hadley; The Halfway House in South Hadley; Johnny's Tap Room in South Hadley; The Fort's Wurst Haus in Northampton, and Samsbury and West Hartford, Connecticut; and the White

Hut in West Springfield.

It was Andy Yee who was the family spokesman when the family closed its iconic Hu Ke Lau in Chicopee in 2018.

Andy Yee cherished his relationship with Baker. Matt Yee said the admiration was based on Andy's efforts to bring business, employment and money to Western Massachusetts. His father wanted to bring the focus to the opportunities here.

In Westfield, Baker was on hand to celebrate the planting of the 30,000th tree in the Greening the Gateway Cities program. The planting was meant to mark Climate Week.

He also cut the ribbon for Springfield Prep Charter School on Roosevelt Avenue.

SPRINGFIELD

# Casino eyes poker's return

## 10-12 tables expected to open by year's end

By COLIN A. YOUNG  
State House News Service

Things have been going smoothly at the state's casinos and slots parlor as they adapt to local health and safety measures and continue to adjust their offerings to consumers, gaming regulators said yesterday.

The push-and-pull of the persistent pandemic and gamblers' desires to get back to a more normal casino atmosphere is on full display at MGM Springfield, where the casino recently began removing slot machines from its former poker room in preparation of the reintroduction of that game but also went back to requiring its guests to wear masks in keeping with a local mandate that began Sept. 13.

"MGM was prepared for the new order. Before the new order, you may recall, they had already reinstated mask mandates for employees. They were able to quickly update their signage, their social media and their other web-based messaging notifying guests of the requirement," said Loretta

Lillios, director of the Gaming Commission's Investigations and Enforcement Bureau. "There have been no significant issues with patron compliance."

Bruce Band, assistant director of the IEB, said MGM had begun to remove about 20% of the slot machines from its former poker room "in preparation of introducing poker."

MGM Springfield and Encore Boston Harbor both resumed mostly normal operations in late May without offering poker, which had been prohibited by the commission when regulators first allowed the casinos to reopen under health and safety restrictions last year.

After an outcry from poker players, MGM Springfield told the Gaming Commission last month that it plans to reintroduce poker by the end of this year, though at a reduced capacity.

An MGM official said players can expect about 10 to 12 tables instead of the 28 that used to populate the casino's poker room.

Encore Boston Harbor has said it will make a decision about poker by the end of this year and has said that bringing the game back would likely mean the closure of some other table games at the Everett casino.

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### Public Announcement Concerning a Proposed Health Care Project Wellman Healthcare Group, Inc.

Wellman Healthcare Group, Inc. ("Applicant") intends to file a Notice of Determination of Need ("Application") with the Massachusetts Department of Public Health for Palmer Healthcare Center, a skilled nursing facility located at 250 Shearer Street, Palmer, MA 01069 (the "Facility") to construct a modern, state-of-the-art, 82-bed skilled nursing replacement facility in compliance with 105 CMR 160.000 Standards for Long-Term Care Facilities, the recent de-densification regulations (the "Proposed Project"). The Proposed Project will be constructed on the same campus as the Facility which will be closed upon project completion. The Facility to be replaced is a 20,976 gross square feet ("GSF") single story building with 61 beds in double and three- and four-bedded rooms. The Proposed Project will be a two story, 46,266 GSF building with an enclosed exterior garden and secure roof patio. It will have 82 beds (61 existing beds plus 21 new beds) comprised as a 41 bed unit on each floor with private and two-bedded rooms. The Proposed Project will have capacity to serve individuals with various types of short and long-term skilled care needs, including the Facility's current special population of individuals with dementia that require a secure facility. The Applicant does not anticipate any price or service impacts on the Applicant's existing Patient Panel as a result of the Proposed Project. The total value of the Proposed Project based on the maximum capital expenditure is \$18,838,384.00. Any ten Taxpayers of Massachusetts may register in connection with the intended Application by no later than October 15, 2021 or 30 days from the Filing Date, whichever is later, by contacting the Department of Public Health Determination of Need Program by email at [doh@massmail.state.ma.us](mailto:doh@massmail.state.ma.us), or via United States Postal Services at 250 Washington Street, 4th Floor, Boston, MA 02108.



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## **EXHIBIT 3**



**WELLMAN HEALTHCARE GROUP, INC. - FACTOR 4 ATTACHMENTS**

**TABLE OF CONTENTS**

- 1) PROJECTED FINANCIAL STATEMENTS AND INDEPENDENT ACCOUNTANTS' COMPILATION  
REPORT YEARS ENDING DECEMBER 31, 2021 THROUGH DECEMBER 31, 2026**
- 2) CONSULTING REPORT BENCHMARKING MANAGEMENT'S PROJECTED FINANCIAL ANALYSIS  
FOR THE YEARS ENDING DECEMBER 31, 2021 THROUGH DECEMBER 31, 2026**

**WELLMAN HEALTHCARE GROUP, INC. AND AFFILIATE**  
**COMBINED PROJECTED FINANCIAL STATEMENTS AND**  
**INDEPENDENT ACCOUNTANTS' COMPILATION REPORT**  
**YEARS ENDING DECEMBER 31, 2021 THROUGH 2026**



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**WELLMAN HEALTHCARE GROUP, INC. AND AFFILIATE  
TABLE OF CONTENTS  
PROJECTED YEARS ENDING DECEMBER 31, 2021 THROUGH 2026**

<b>INDEPENDENT ACCOUNTANTS' COMPILATION REPORT</b>	<b>1</b>
<b>COMBINED FINANCIAL STATEMENTS</b>	
<b>COMBINED PROJECTED BALANCE SHEETS</b>	<b>2</b>
<b>COMBINED PROJECTED STATEMENTS OF OPERATIONS</b>	<b>4</b>
<b>COMBINED PROJECTED STATEMENTS OF CHANGES IN EQUITY</b>	<b>5</b>
<b>COMBINED PROJECTED STATEMENTS OF CASH FLOWS</b>	<b>6</b>
<b>SUMMARY OF SIGNIFICANT PROJECTION ASSUMPTIONS AND     ACCOUNTING POLICIES</b>	<b>8</b>



CliftonLarsonAllen LLP  
CLAAconnect.com

## INDEPENDENT ACCOUNTANTS' COMPILATION REPORT

Board of Directors  
Wellman Healthcare Group, Inc. and Affiliate  
Palmer, Massachusetts

Management is responsible for the accompanying combined projected financial statements of Wellman Healthcare Group, Inc. and Affiliate, which comprise the combined projected balance sheets as of December 31, 2021, 2022, 2023, 2024, 2025, and 2026 and the related combined projected statements of operations, changes in equity, and cash flows for the projected years ending December 31, 2021, 2022, 2023, 2024, 2025, and 2026 and the related summary of significant assumptions and accounting policies in accordance with the guidelines for presentation of a financial projection established by the American Institute of Certified Public Accountants (AICPA) (the "Projection"). We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not examine or review the combined projected financial statements, nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these combined projected financial statements or the assumptions.

Furthermore, even if Wellman Healthcare Group, Inc. can complete the construction of the Project (as defined in the summary of significant assumptions and accounting policies) at the costs and timeline presented hereafter, and is able to achieve the operating assumptions, collectively, the "Hypothetical Assumptions", there will usually be differences between the projected and actual results because events and circumstances frequently do not occur as expected, and those differences may be material. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

The financial information in the accompanying combined projection is presented in accordance with the requirements of the Massachusetts Department of Public Health Determination of Need Program, and is not intended to be a complete representation of the projected assets, liabilities, equity, and operations of Wellman Healthcare Group, Inc. and Affiliate.

The accompanying combined projection, and this report, are intended solely for the information and use of management, officers and board of directors of Wellman Healthcare Group, Inc. and Affiliate, and the Massachusetts Department of Public Health Determination of Need Program (DPH-DoN) in its review of the Determination of Need application under regulation 105 CMR 100.210 (4) (a) and is not intended to be, and should not be, used by anyone other than these specified parties.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Boston, Massachusetts  
October 5, 2021



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**WELLMAN HEALTHCARE GROUP, INC. AND AFFILIATE**  
**COMBINED PROJECTED BALANCE SHEETS**  
**UNDER THE HYPOTHETICAL ASSUMPTIONS DESCRIBED IN NOTE 1**  
**DECEMBER 31, 2021 THROUGH 2026**  
**(000S OMITTED)**

	2021	2022	2023	2024	2025	2026
<b>ASSETS</b>						
<b>CURRENT ASSETS</b>						
Cash	\$ 694	\$ 819	\$ 609	\$ 1,230	\$ 1,886	\$ 2,589
Accounts Receivable - Patients/Residents	675	703	732	773	819	867
Prepaid Expenses	76	76	76	76	76	76
Other Current Assets	2	2	2	2	2	2
Total Current Assets	<u>1,447</u>	<u>1,600</u>	<u>1,419</u>	<u>2,081</u>	<u>2,783</u>	<u>3,534</u>
<b>PROPERTY AND EQUIPMENT</b>						
Land	687	687	687	687	687	687
Building Existing	1,513	1,513	1,513	1,513	1,513	1,513
Building New	-	-	-	18,814	18,814	18,814
Equipment	516	516	516	916	966	1,016
Leasehold Improvements	144	144	144	144	144	144
Total	<u>2,860</u>	<u>2,860</u>	<u>2,860</u>	<u>22,074</u>	<u>22,124</u>	<u>22,174</u>
Less: Accumulated Depreciation	<u>1,146</u>	<u>1,251</u>	<u>1,357</u>	<u>1,965</u>	<u>2,520</u>	<u>3,075</u>
Property and Equipment, Net	<u>1,714</u>	<u>1,609</u>	<u>1,503</u>	<u>20,109</u>	<u>19,604</u>	<u>19,099</u>
<b>OTHER ASSETS</b>						
Construction in Progress	245	6,564	19,441	-	-	-
Due From Related Party	338	338	338	338	338	338
Total Other Assets	<u>583</u>	<u>6,902</u>	<u>19,779</u>	<u>338</u>	<u>338</u>	<u>338</u>
Total Assets	<u>\$ 3,744</u>	<u>\$ 10,111</u>	<u>\$ 22,701</u>	<u>\$ 22,528</u>	<u>\$ 22,725</u>	<u>\$ 22,971</u>

See Summary of Significant Assumptions and Accounting Policies and Independent Accountants' Compilation Report.

**WELLMAN HEALTHCARE GROUP, INC. AND AFFILIATE**  
**COMBINED PROJECTED BALANCE SHEETS**  
**UNDER THE HYPOTHETICAL ASSUMPTIONS DESCRIBED IN NOTE 1**  
**DECEMBER 31, 2021 THROUGH 2026**  
**(000S OMITTED)**

	2021	2022	2023	2024	2025	2026
<b>LIABILITIES AND EQUITY</b>						
<b>CURRENT LIABILITIES</b>						
Current Portion of Long-Term Debt	\$ 89	\$ 55	\$ 432	\$ 462	\$ 485	\$ 1,885
Accounts Payable and Accrued Expenses	567	591	613	642	677	712
Deferred Revenue	3	3	3	3	3	3
Total Current Liabilities	659	649	1,048	1,107	1,165	2,600
<b>DUE TO RELATED PARTIES</b>	7	7	7	7	7	7
<b>LONG-TERM DEBT, Net</b>	1,632	7,526	19,296	18,622	18,151	16,281
Total Liabilities	2,298	8,182	20,351	19,736	19,323	18,888
<b>EQUITY</b>	1,446	1,929	2,350	2,792	3,402	4,083
Total Liabilities and Equity	\$ 3,744	\$ 10,111	\$ 22,701	\$ 22,528	\$ 22,725	\$ 22,971

*See Summary of Significant Assumptions and Accounting Policies and Independent Accountants' Compilation Report.*

**WELLMAN HEALTHCARE GROUP, INC. AND AFFILIATE  
COMBINED PROJECTED STATEMENTS OF OPERATIONS  
UNDER THE HYPOTHETICAL ASSUMPTIONS DESCRIBED IN NOTE 1  
YEARS ENDING DECEMBER 31, 2021 THROUGH 2026  
(000S OMITTED)**

	2021	2022	2023	2024	2025	2026
<b>REVENUE</b>						
Private	\$ 209	\$ 624	\$ 636	\$ 1,261	\$ 1,495	\$ 1,525
Medicaid	2,919	4,256	4,341	5,397	5,948	6,067
Medicare Part A	1,744	458	467	1,105	1,458	1,487
Commerical	50	158	161	169	225	230
Part B - Therapy	97	199	203	207	211	216
HHS Stimulus	419	-	-	-	-	-
Other Income	160	163	167	170	173	177
Total Revenues	<u>5,598</u>	<u>5,858</u>	<u>5,975</u>	<u>8,309</u>	<u>9,510</u>	<u>9,702</u>
<b>EXPENSES</b>						
Administrative and Indirect Program Expenses	1,434	1,462	1,491	1,521	1,552	1,583
Property	60	61	63	314	320	327
Interest	100	92	163	983	935	912
Depreciation	106	106	106	607	555	555
Plant Operations	229	234	239	243	248	253
Dietary	354	362	369	402	454	463
Laundry	101	103	105	107	109	112
Housekeeping	103	105	107	109	111	113
Nursing	1,731	1,766	1,801	2,194	2,951	3,010
Nursing Support	649	662	675	689	702	716
Social Services	64	66	67	68	70	71
Recreation	144	147	150	153	156	159
Ancillaries	450	459	468	477	487	497
Total Operating Expenses	<u>5,525</u>	<u>5,625</u>	<u>5,804</u>	<u>7,867</u>	<u>8,650</u>	<u>8,771</u>
<b>NET INCOME</b>	<u>\$ 73</u>	<u>\$ 233</u>	<u>\$ 171</u>	<u>\$ 442</u>	<u>\$ 860</u>	<u>\$ 931</u>

See Summary of Significant Assumptions and Accounting Policies and Independent Accountants' Compilation Report.

**WELLMAN HEALTHCARE GROUP, INC. AND AFFILIATE  
COMBINED PROJECTED STATEMENTS OF CHANGES IN EQUITY  
UNDER THE HYPOTHETICAL ASSUMPTIONS DESCRIBED IN NOTE 1  
YEARS ENDING DECEMBER 31, 2021 THROUGH 2026  
(000S OMITTED)**

	2021	2022	2023	2024	2025	2026
<b>BEGINNING BALANCE- EQUITY</b>	\$ 1,523	\$ 1,446	\$ 1,929	\$ 2,350	\$ 2,792	\$ 3,402
Net Income	73	233	171	442	860	931
(Distributions)/Contributed Capital	(150)	-	-	-	(250)	(250)
(Distributions)/Contributed Capital	-	250	250	-	-	-
<b>ENDING BALANCE- EQUITY</b>	<u>\$ 1,446</u>	<u>\$ 1,929</u>	<u>\$ 2,350</u>	<u>\$ 2,792</u>	<u>\$ 3,402</u>	<u>\$ 4,083</u>

*See Summary of Significant Assumptions and Accounting Policies and Independent Accountants' Compilation Report.*



**WELLMAN HEALTHCARE GROUP, INC. AND AFFILIATE**  
**COMBINED PROJECTED STATEMENTS OF CASH FLOWS**  
**UNDER THE HYPOTHETICAL ASSUMPTIONS DESCRIBED IN NOTE 1**  
**YEARS ENDING DECEMBER 31, 2021 THROUGH 2026**  
**(000S OMITTED)**

	2021	2022	2023	2024	2025	2026
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Net Income	\$ 73	\$ 233	\$ 171	\$ 442	\$ 850	\$ 931
Adjustments to Reconcile Net Income to						
Net Cash Provided (Used) by Operations:						
Depreciation	106	106	106	607	555	555
Amortization of Deferred Financing Costs	6	6	6	15	15	15
(Increase) Decrease in Assets:						
Accounts Receivable	(100)	(28)	(29)	(41)	(47)	(48)
Other Receivable	15	-	-	-	-	-
Prepaid Expenses	(43)	-	-	-	-	-
Increase (Decrease) in Liabilities:						
Accounts Payable and Accrued Expenses	22	23	24	30	35	35
Deferred Revenue	(276)	-	-	-	-	-
Net Cash Provided (Used) ( by Operating Activities	(197)	340	278	1,053	1,418	1,488
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Purchases of Property and Equipment	(21)	-	-	-	(50)	(50)
Purchases of Construction in Progress	(159)	(376)	(683)	-	-	-
Net Cash Used by Investing Activities	(180)	(376)	(683)	-	(50)	(50)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>						
(Distributions)/Contributed Capital	(150)	250	250	-	(250)	(250)
Advances (to) from Related Parties	(101)	-	-	-	-	-
Payment of Long-Term Debt	(91)	(89)	(55)	(432)	(462)	(485)
Net Cash (Used) Provided by Financing Activities	(342)	161	195	(432)	(712)	(735)
<b>NET INCREASE (DECREASE) IN CASH</b>	(719)	125	(210)	621	656	703
Cash - Beginning of Year	1,413	694	819	609	1,230	1,886
<b>CASH - END OF YEAR</b>	\$ 694	\$ 819	\$ 609	\$ 1,230	\$ 1,886	\$ 2,589
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>						
Interest Paid	\$ 94	\$ 87	\$ 158	\$ 969	\$ 920	\$ 897

See Summary of Significant Assumptions and Accounting Policies and Independent Accountants' Compilation Report.

**WELLMAN HEALTHCARE GROUP, INC. AND AFFILIATE**  
**COMBINED PROJECTED STATEMENTS OF CASH FLOWS**  
**UNDER THE HYPOTHETICAL ASSUMPTIONS DESCRIBED IN NOTES 1 THROUGH 5**  
**YEARS ENDING DECEMBER 31, 2021 THROUGH 2026**

	2021	2022	2023	2024	2025	2026
<b>SUPPLEMENTAL DISCLOSURES OF NONCASH INVESTING AND FINANCING TRANSACTIONS</b>						
Long Term Debt Acquired - Construction Loan	\$ -	\$ 5,943	\$ 12,195	\$ -	\$ -	\$ -
Construction in Progress Financed Via Construction Loan	-	(5,943)	(12,195)	-	-	-
Proceeds from Long Term Debt Acquired	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Deferred Financing Costs	\$ -	\$ -	\$ -	\$ (227)	\$ -	\$ -
Construction in Progress Placed in Service	-	-	-	227	-	-
Cash Paid for Deferred Financing Costs	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Purchase of Property and Equipment	\$ (21)	\$ -	\$ -	\$ (19,214)	\$ (50)	\$ (50)
Construction in Progress Placed in Service	-	-	-	19,214	-	-
Cash Paid for Property and Equipment	<u>\$ (21)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (50)</u>	<u>\$ (50)</u>
Construction In Progress	\$ (159)	\$ (6,319)	\$ (12,878)	\$ 19,441	\$ -	\$ -
Construction in Progress Financed Via Construction Loan	-	5,943	12,195	-	-	-
Construction In Progress Placed in Service	-	-	-	(19,441)	-	-
Cash Paid for Construction in Progress	<u>\$ (159)</u>	<u>\$ (376)</u>	<u>\$ (683)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

*See Summary of Significant Assumptions and Accounting Policies and Independent Accountants' Compilation Report.*

**WELLMAN HEALTHCARE GROUP, INC. AND AFFILIATE**  
**SUMMARY OF SIGNIFICANT PROJECTION ASSUMPTIONS AND ACCOUNTING POLICIES**  
**DECEMBER 31, 2021 THROUGH 2026**

**NOTE 1 BASIS OF PRESENTATION AND NATURE AND LIMITATIONS OF PROJECTIONS**

**Basis of Presentation**

The combined financial projection (the "Projection") presents, to the best of the knowledge and belief of management ("Management") of Wellman Healthcare Group, Inc. and Affiliate, (the "Applicant", "the Company", or the "Nursing Home"), the expected combined financial position as of December 31, 2021 through 2026, and the expected combined results of operations and cash flows for the years ending December 31, 2021 through 2026 (the "Projection Period").

A projection although similar to a forecast, is a presentation of prospective financial information that is subject to one or more hypothetical assumptions. Management has included several assumptions that are considered to be hypothetical assumptions as defined by the American Institute of Certified Public Accountants' *Guide for Prospective Financial Information*.

Management's hypothetical assumptions (the "Hypothetical Assumptions") are as follows:

- The Applicant is able to develop, market, construct, and complete the proposed replacement facility (the "Project", as defined more fully hereinafter).
- The Applicant is able to obtain all regulatory approvals for construction of its Project, including obtaining an additional 21 beds.
- The Applicant is able to obtain debt financing (the "Financing") via a construction loan for approximately \$18,138,000 (the "Construction Loan") consistent with the plans presented in this Summary of Significant Projection Assumptions and Accounting Policies.
- The Applicant is able to complete the Project within the cost structure presented in this Summary of Significant Projection Assumptions and Accounting Policies of total Project costs of approximately \$19,441,000.
- The Applicant is able to achieve the occupancy, payer mix, and average rates detailed in Note 4. If this is not achieved, it may significantly impact the Projection results.
- The Applicant is able to maintain its projected operating structure and limit the additional expenses associated with operating the facility under the completed Project model to the scenario as outlined in Note 4.

Accordingly, the Projection reflects Management's judgement as of October 5, 2021 the date of the Projection, of the expected conditions and its expected course of action assuming the Hypothetical Assumptions. The assumptions disclosed herein, while not all-inclusive, are the assumptions which Management believes are significant to the Projection.

**WELLMAN HEALTHCARE GROUP, INC. AND AFFILIATE  
SUMMARY OF SIGNIFICANT PROJECTION ASSUMPTIONS AND ACCOUNTING POLICIES  
DECEMBER 31, 2021 THROUGH 2026**

**NOTE 1 BASIS OF PRESENTATION AND NATURE AND LIMITATIONS OF PROJECTIONS  
(CONTINUED)**

**Basis of Presentation (Continued)**

The prospective results may not be achieved. Furthermore, even if the Hypothetical Assumptions were to occur, there will usually be differences between the projected and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material.

**NOTE 2 NATURE OF THE ORGANIZATION AND PROJECT DESCRIPTION**

**Nature of the Organization**

Wellman Healthcare Group, Inc., is a Subchapter S corporation, which operates Palmer Healthcare Center (the "Facility") a 61-bed nursing home in Palmer, Massachusetts. Wellman Realty, LLC (the Realty), a limited liability company, is a realty holding company that leases its fixed assets to the Company (collectively, the Companies).

**Project Description**

The Applicant is submitting a request for a Notice of Determination of Need ("DoN") for a replacement facility on the property adjacent to the Facility located at 250 Shearer Street in Palmer, Massachusetts. The existing Facility is a single story building with 61 beds with two, three, and four bedded rooms. The Proposed Project will be a new two story building, plus an enclosed exterior garden and secure roof patio. It will be comprised of 82 beds (61 beds from the Facility plus 21 new beds), de-densified, with 41 beds on each floor, with only semi-private and private rooms. The Proposed Project will have capacity to serve individuals with various types of short and long-term skilled care needs, including the Facility's current special population of individuals with dementia that need access to a secure facility.

Construction is expected to begin in mid-2022 and is anticipated to be completed by the end of 2023. The Projection presentation reflects the Project assets being placed in service in January 2024. Additionally, the majority of the associated debt, approximately \$12,195,000, utilized to fund the Project is assumed to be incurred in 2023. The remaining \$5,943,000 of associated debt is assumed to be incurred in 2022. Finally, approximately \$1,303,000 of existing cash, and owner contributions will be used to fund the project as follows: previously funded \$85,000, 2021 \$159,000, 2022 \$376,000, and 2023 \$683,000.

The total Project costs assumed in the Projections are approximately \$19,441,000.

**WELLMAN HEALTHCARE GROUP, INC. AND AFFILIATE**  
**SUMMARY OF SIGNIFICANT PROJECTION ASSUMPTIONS AND ACCOUNTING POLICIES**  
**DECEMBER 31, 2021 THROUGH 2026**

**NOTE 2 NATURE OF THE ORGANIZATION AND PROJECT DESCRIPTION (CONTINUED)**

**Project Description (Continued)**

As noted below, the bed configuration for the facility will change as a result of the renovations.

Resident Room Configuration							
Pre-Renovation - 61 Beds				Post Renovation - 82 Beds			
Type	Bed Capacity	Inventory	Total Beds	Type	Bed Capacity	Inventory	Total Beds
Private	1	0	0	Private	1	20	20
Semi	2	4	8	Semi	2	31	62
Three-Bedded	3	11	33	Three-Bedded	3	0	0
Four-Bedded	4	5	20	Four-Bedded	4	0	0
Total Beds			61	Total Beds			82

**NOTE 3 FINANCING, LONG-TERM DEBT**

**Construction Loan**

The accompanying Projection assumes that the Project will be financed by the Construction Loan, secured by a mortgage on the real property, in the amount of approximately \$18,138,000, and existing cash and cash equivalents, and contributions of approximately \$1,303,000. Approximately, \$85,000 of existing pre-planning construction in progress costs were funded prior to the Projection Period. The interest rate assumed in the Projection for the Construction Loan is 5.05% during construction, 4.95% for 2024 and 4.8% thereafter. Payments on the Construction Loan are assumed to be interest only through completion of the Project. Subsequent to the Project completion, it is assumed the Construction Loan will be converted to a mortgage payable in monthly installments of principal and interest of approximately \$103,000 to \$106,000 maturing on December 1, 2048. Any material changes in the terms of the actual financing Loan would impact the results of the Projection.

**Existing Long-Term Debt**

The Projection assumes the Applicant's existing Long-Term Debt remains. The debt consists of a 5% note payable of \$1,762,896 at the start of the projection period, secured by the existing building and guaranteed by the primary shareholder. The note is payable in monthly installments of \$11,188 due August 22, 2027. Additionally, the Applicant is obligated under an equipment loan and capital lease obligation totaling approximately \$85,000 at the start of the projection period. These obligations are payable in monthly installments ranging from \$1,127 to \$3,102 at interest rates ranging from approximately 10.4% to 11.3% maturing in 2022 and 2023.

Projected interest charged to operations, including amortization of debt issuance costs, amounted to approximately \$100,000, \$92,000, \$163,000, \$983,000, \$935,000, and \$912,000 for the projected years ending December 31, 2021, 2022, 2023, 2024, 2025 and 2026, respectively. Capitalized interest amounted to \$77,000 in 2022 and \$627,000 in 2023.

**WELLMAN HEALTHCARE GROUP, INC. AND AFFILIATE**  
**SUMMARY OF SIGNIFICANT PROJECTION ASSUMPTIONS AND ACCOUNTING POLICIES**  
**DECEMBER 31, 2021 THROUGH 2026**

**NOTE 3 FINANCING, LONG-TERM DEBT(CONTINUED)**

The following are assumed current maturities of long-term debt for each of the next five years excluding the first projection year :

<u>Projected Year Ending December 31,</u>	<u>Assumed Current Maturities</u>
2022	\$ 89,000
2023	55,000
2024	432,000
2025	462,000
2026	485,000

**NOTE 4 MANAGEMENT'S BASIS FOR PROJECTION OF REVENUES AND EXPENSES**

Projected revenue consists of revenue from operating the Nursing Home. Management's baseline projected revenue and expenses for 2021 were derived from interim financial data for the current period, and Management's historical experience of operating the Facility. This information was utilized to project and establish a baseline for the year ending 2021. Future years were projected utilizing assumptions for rate increases and operating expenses, and any known changes for operating the replacement Facility during the Projection Period.

Additionally, for the year ending 2021 Management incorporated estimated temporary impacts of COVID-19. In March of 2020, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. Specific to the Company, COVID-19 has impacted various parts of its 2021 operations and financial results including but not limited to additional costs for emergency preparedness, disease control and containment, potential shortages of health care personnel, additional wages, or loss of revenue due to reductions in certain revenue streams. The projection has incorporated significant COVID-19 revenue impact in the base period of 2021 primarily related to census and occupancy decline. Census impact is removed starting in 2022 through the end of the projection period. Additional expenditures related to COVID-19 were included in the base expenditures, phased down to an impact of approximately \$293,000 in the Projection Period. Any material changes in the terms of the length and magnitude of the lost revenues and additional expenditures due to COVID-19 compared to the assumptions would impact the results of the Projection.

**WELLMAN HEALTHCARE GROUP, INC. AND AFFILIATE**  
**SUMMARY OF SIGNIFICANT PROJECTION ASSUMPTIONS AND ACCOUNTING POLICIES**  
**DECEMBER 31, 2021 THROUGH 2026**

**NOTE 4 MANAGEMENT'S BASIS FOR PROJECTION OF REVENUES AND EXPENSES**  
**(CONTINUED)**

The following tables summarize the current and projected baseline payer mix and per diems:

	Current			
	Payer Mix		Per Diem	
Private	2.00 %		\$	428
Medicare	21.00			490
Medicaid	76.00			228
HMO/Other	1.00			373
Total	100.00 %			

	2021	2022-2023	2024	2025-2026	2021	2022	2023	2024	2025	2026
	Projected	Projected	Projected	Projected	Per Diem	Per Diem	Per Diem	Per Diem	Per Diem	Per Diem
	Payer Mix	Payer Mix	Payer Mix	Payer Mix						
Private	2.00 %	7.00 %	10.00 %	10.00 %	\$ 428	\$ 428	\$ 437	\$ 530	\$ 541	\$ 551
Medicare	21.00	4.00	8.00	9.00	490	550	561	572	583	595
Medicaid	76.00	87.00	80.00	79.00	228	235	240	267	273	278
HMO	1.00	2.00	2.00	2.00	373	380	388	396	404	412
Total	100.00 %	100.00 %	100.00 %	100.00 %						

The following tables summarize the historical and projected occupancy at December 31:

	2016	2017	2018	2019	2020
Historical Occupancy %	85.14%	79.25%	86.37%	91.88%	90.02%

	2021	2022	2023	2024	2025	2026
Projected Occupancy %	75.95%	93.50%	93.50%	83.10%	92.34%	92.34%
Projected Total Days	16,910	20,817	20,817	24,926	27,636	27,636
Beds	61	61	61	82	82	82

Management calculated the baseline revenues for the year ending December 31, 2021, utilizing current reimbursement and economic conditions, and current nursing home regulations.

Management estimated the COVID-19 impact on revenue for 2021 based on various indicators and changes in operations primarily actual census decline. Management utilized the average daily census through April of 2021 to establish the base occupancy and mix for 2021 as noted above.

*See Independent Accountants' Compilation Report*

**WELLMAN HEALTHCARE GROUP, INC. AND AFFILIATE**  
**SUMMARY OF SIGNIFICANT PROJECTION ASSUMPTIONS AND ACCOUNTING POLICIES**  
**DECEMBER 31, 2021 THROUGH 2026**

**NOTE 4    MANAGEMENT'S BASIS FOR PROJECTION OF REVENUES AND EXPENSES  
(CONTINUED)**

The Projection assumes the Applicant received approximately \$419,000 in supplemental Federal and State stimulus payments in 2021. No stimulus monies were included in the projection for 2022 and thereafter. Management assumed an occupancy rate of 93.5% for all of 2022 and 2023. Upon completion of the replacement facility management assumed an occupancy rate of 83.10% for 2024 to account for the fill up of the additional bed capacity, with stabilized levels achieved by December 2024. The remaining years of the Projection Period (2025-2026) utilize an assumed stabilized occupancy of 92.34%. Management applied an increase of approximately \$60 in the Medicare rate in 2022 to account for the change in volume and expected acuity returning to levels that reflect 2020. Additionally, management applied an approximate \$23 increase in their publicly aided rates as the current Medicaid regulations allow upon completion of the replacement facility. Except as noted above, Management applied a 2% rate increase per year for the Projection Period (years ending December 31, 2022-2026).

**Other Operating Revenue Items**

Other operating revenue items include Medicare Part B services and Other Miscellaneous Revenue. The base year of the projection annualized actual results through April of 2021. Management applied a 2% inflationary increase to the above noted base amounts per year for the Projection Period (years ending December 31, 2022-2026).

**Operating Expenses**

Operating expenses have been projected to be recognized during the month incurred. Management's baseline projected expenses for the year ending 2021 were derived from interim financial data of the facility operations for the current period and Management's historical experience of operating the facility. This information was utilized to project and establish a baseline for the year ending December 31, 2021. Management adjusted the projection for additional COVID-19 expenditures for 2021 with an annualized impact of approximately \$293,000 included in the base year projection and subsequent years. In subsequent years, in general, operating expenses are projected to increase 2% annually throughout the projection period. The specific basis for inflationary increases in major expense categories were formulated by Management and are discussed below.

**Salaries and Related Taxes and Benefits**

A full time equivalent employee ("FTE") is assumed to represent 2,080 hours of time paid annually. Unless noted otherwise, salaries were assumed to increase 2% annually during the Projection Period. Employee benefits such as federal and state payroll taxes, health insurance, workers compensation, pension costs, and other miscellaneous benefits for the entire Facility were assumed to approximate 20% of wages during the Projection Period. Additional staffing needs upon completion of the replacement facility for Nursing Salaries are assumed to be approximately \$357,000 in 2024 and \$713,000 in 2025.



**WELLMAN HEALTHCARE GROUP, INC. AND AFFILIATE**  
**SUMMARY OF SIGNIFICANT PROJECTION ASSUMPTIONS AND ACCOUNTING POLICIES**  
**DECEMBER 31, 2021 THROUGH 2026**

**NOTE 4    MANAGEMENT'S BASIS FOR PROJECTION OF REVENUES AND EXPENSES**  
**(CONTINUED)**

**Administration**

Management has projected non salary costs of general and administrative services to include liability insurance, accounting and legal fees, computer expenses, human resources, professional fees, telephone and internet service, marketing costs and other miscellaneous costs associated with administrative services. Generally, these costs are anticipated to increase 2% annually throughout the Projection Period for inflation.

**Dietary**

Non salary costs of dining services relate to the projected costs for providing food services to the residents, including raw food, dietary supplies, and other such costs. Management assumes that these costs would vary with occupancy levels. Additionally, these costs are anticipated to increase at 2% annually throughout the Projection Period.

**Plant Operations, Housekeeping, and Laundry and Linen**

Non salary related costs of plant, housekeeping, and laundry and linen operations are projected to include the cost of service contracts, repairs, supplies, and other miscellaneous costs associated with providing these services. In addition, these costs are anticipated to increase at 2% annually throughout the Projection Period.

**Utilities and Property**

Utilities are included under the caption Plant on the Projected Statement of Operations. Non salary related utility costs are projected to include the cost of gas and oil, electricity, water, and sewer services, and trash removal. In addition, these costs are anticipated to increase at 2% annually throughout the Projection Period for inflation. In addition, property costs such as real estate taxes and property insurance are included under the caption Property on the Statement of Operations. These costs are anticipated to increase 2% annually throughout the Projection Period. Additionally, these costs are assumed to incur an additional \$250,000 in 2024 upon completion of the replacement facility.

**Nursing Support, Social Services, Recreation, & Ancillaries**

Non salary related health service costs are projected based upon Management's estimate of the cost of nursing supplies, ancillary supplies, consultants, and other miscellaneous costs associated with providing health care services. Management assumes that these costs would vary with changes in occupancy levels. These costs are anticipated to increase 2% annually throughout the Projection Period.

**Depreciation**

Property and equipment are projected to be depreciated over the estimated useful lives by the straight-line method. Management has assumed the existing building remains in service and is breaking even.

**WELLMAN HEALTHCARE GROUP, INC. AND AFFILIATE**  
**SUMMARY OF SIGNIFICANT PROJECTION ASSUMPTIONS AND ACCOUNTING POLICIES**  
**DECEMBER 31, 2021 THROUGH 2026**

**NOTE 4    MANAGEMENT'S BASIS FOR PROJECTION OF REVENUES AND EXPENSES**  
**(CONTINUED)**

**Operating Assets and Liabilities**

The accompanying Projection assume an increase of 2% of revenue to the accounts receivable balance in the baseline projection year ending December 31, 2021 and .50% throughout the subsequent years of the Projection Period. Accounts payable is assumed to be 20% of total operating expenses net of depreciation, interest, and any non-operating expenditures (projected accounts payable) in each of the Projection years. Additionally, the accounts payable balance is projected to increase by 2% throughout the Projection Period. Excess cash flow generated is assumed to increase operating cash except as noted elsewhere. Additionally, in the projected years ending December 31, 2025 and 2026 \$50,000 is assumed to be utilized for the purchase of property and equipment.

All other items, if any, were assumed to be constant during the Projection Period.

**NOTE 5    SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting**

The Companies maintain their accounting and financial records according to the accrual basis of accounting.

**Basis of Combination**

The accompanying projected combined financial statements present the combined balance sheet, results of operations, changes in equity, and cash flows of the Companies. All material intercompany balances and transactions have been eliminated in the projected combined financial statements. Note the Projection assumes the Realty breaks even throughout the Projection Period as it is assumed the Companies will amend terms in their leasing arrangement to reflect this.

**Property and Equipment**

Property and equipment are recorded at cost. Depreciation is computed using the straight-line method over the estimated useful life of the assets. The Companies review long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable.

Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to the future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying value of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of carrying amount or the fair value less costs to sell. No impairment losses were recorded in the Projection.

**WELLMAN HEALTHCARE GROUP, INC. AND AFFILIATE**  
**SUMMARY OF SIGNIFICANT PROJECTION ASSUMPTIONS AND ACCOUNTING POLICIES**  
**DECEMBER 31, 2021 THROUGH 2026**

**NOTE 5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Property and Equipment**

The useful lives of property and equipment for purposes of computing depreciation are:

Building (Existing and Replacement)	40 Years
Equipment	5 to 10 Years
Leasehold Improvements	20 Years

**Estimates**

The preparation of combined financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the combined financial statements and reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

**Cash and Cash Equivalents and Restricted Cash**

The Companies consider all short-term debt securities purchased with an original maturity of three months or less to be cash equivalents. The Companies also consider cash or cash equivalents that are restricted as cash and cash equivalents for cash flow purposes.

**Related Party Loans Receivable and Payables**

The Company's loan portfolio is comprised of unsecured related party loans receivable from the shareholder that bear interest at the applicable federal rate .36% projected December 31, 2021-2026 and have no fixed repayment terms, and is considered a single portfolio class. Loans receivable are recorded net of an allowance for expected loan losses (allowance). The Company establishes an allowance as an estimate of inherent risk in the Company's loan portfolio. Although management believes the allowance to be adequate, ultimate losses may vary from its estimates. The allowance is established through a provision for loan losses that is charged to expense. Management has assumed that there is no allowance throughout the Projection Period. The related Party Receivable is approximately \$338,000 and is assumed to remain constant throughout the Projection Period.

Loan losses are charged off against the allowance when the Company determines the loan balance to be uncollectible. Proceeds received on previously charged off amounts are recorded as a recovery in the year of receipt. The Company assumed that all related party loans receivable are fully collectible throughout the Projection Period.

The Company reviews the adequacy of the allowance, including consideration of the relevant risks in the loan portfolio, current economic conditions, and other factors periodically. The Company internally monitors related party borrowers to assess the risk of nonperformance. If the Company determines that changes are warranted based on those reviews, the allowance is adjusted.

Related Party Payables are not material to the Projection.

**WELLMAN HEALTHCARE GROUP, INC. AND AFFILIATE**  
**SUMMARY OF SIGNIFICANT PROJECTION ASSUMPTIONS AND ACCOUNTING POLICIES**  
**DECEMBER 31, 2021 THROUGH 2026**

**NOTE 5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Accounts Receivable**

Accounts receivable are recorded net of an allowance for expected losses. The allowance is estimated from historical performance and projections of trends. Credit is extended to customers and collateral is not required. The Company determines delinquent accounts based on individual facts and circumstances. The Company does not plan to charge interest on accounts that are deemed to be delinquent.

**Contributions and Grants**

In June 2018, the Financial Accounting Standards Board (FASB) issued ASU 2018-08, *Accounting Guidance for Contributions Received and Made*. This ASU was issued to clarify accounting guidance for contributions received and contributions made. The amendments to this ASU assists entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, *Not-for-Profit Entities*, or as an exchange (reciprocal) transaction subject to other guidance and (2) determining whether a contribution is conditional. Management has determined it is appropriate to analogize this ASU and Topic 958 to properly record the amounts received for the Federal and State Relief Grant Revenues.

**Income Taxes**

Wellman Healthcare Group, Inc. has elected to be taxed under the provisions of Subchapter S of the Internal Revenue Code. Under those provisions, Wellman Healthcare Group, Inc. does not pay federal taxes on its taxable income. Instead, the stockholders are liable for income taxes on their respective share of the Company's taxable income. There are certain gross income limitations for state income tax purposes that could subject Wellman Healthcare Group, Inc. to state corporate income taxes. Due to the uncertainty of the tax rates during the Projection Period Management has assumed future tax rates will approximate current tax rates approximately 3% at the beginning of the Projection Period. Management has assumed the estimated impact for exceeding the income threshold would not be material to the Projection.

Wellman Realty, LLC is not a taxpaying entity for purposes of federal or state income taxes. Federal and state income taxes are computed on the member's total income from all sources and accordingly, no provision for income taxes is made in these statements.

The Company follows the accounting standard for income taxes in evaluating uncertain tax positions and has assumed that no uncertain tax positions exist during the Projection Period. The Company is generally no longer subject to income tax examinations by federal or state income tax authorities three years from the date the return is filed.

**Promotional Advertising**

Promotional advertising costs are expensed as incurred.

**WELLMAN HEALTHCARE GROUP, INC. AND AFFILIATE**  
**SUMMARY OF SIGNIFICANT PROJECTION ASSUMPTIONS AND ACCOUNTING POLICIES**  
**DECEMBER 31, 2021 THROUGH 2026**

**NOTE 5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Debt Issuance Costs**

Deferred financing costs are amortized over the period the obligation is outstanding using the effective interest method, and are reflected as a component of interest expense. Amortization charged to operations for the Projection Period amounted to approximately \$6,000 for the projected years ending December 31, 2021-2023 and approximately \$15,000 for the projected years ending December 31, 2024-2026.

**New Accounting Pronouncements**

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases*, pertaining to recording of leases. While the standard will not be effective for the Companies until the year ending December 31, 2022, the standard can be adopted as early as the year ending December 31, 2016. Early adoption has not been exercised. Implementation of the new standard can result in changes to the reporting and disclosure of leases. Management is in the process of evaluating the impact on the Companies. The Projection does not reflect the impact of implementation of ASU 2016-02, as Management does not believe it will have a material impact on the Companies based on its current leasing arrangements. If circumstances change and the impact of the implementation of ASU 2016-02 is material it would significantly impact the results of the Projection.

**Patient Services Revenues from Third Party Payors**

Patient care service revenue is reported at the amount that reflects the consideration to which the Nursing Home expects to be entitled in exchange for providing patient care. These amounts are due from residents, third-party payors (including health insurers and government programs), and others and includes variable consideration for retroactive revenue adjustments due to settlement of audits, reviews, and investigations. Generally, the Nursing Home bills the residents and third-party payors several days after the end of the month that services are performed. Revenue is recognized as performance obligations are satisfied.

Performance obligations are determined based on the nature of the services provided by the Nursing Home. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected (or actual) charges. The Nursing Home believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to residents in our facility receiving skilled nursing or outpatient therapy services. The Nursing Home measures the performance obligation from admission into the facility, or the commencement of an outpatient service, to the point when it is no longer required to provide services to that resident, which is generally at the time of discharge or completion of the outpatient services.

**WELLMAN HEALTHCARE GROUP, INC. AND AFFILIATE**  
**SUMMARY OF SIGNIFICANT PROJECTION ASSUMPTIONS AND ACCOUNTING POLICIES**  
**DECEMBER 31, 2021 THROUGH 2026**

**NOTE 5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Patient Services Revenues from Third Party Payors (Continued)**

The Nursing Home determines the transaction price based on standard charges for goods and services provided, reduced by contractual adjustments provided to third-party payors, discounts provided to uninsured patients in accordance with the Nursing Home's policy, and/or implicit price concessions provided to patients. The Nursing Home determines its estimates of contractual adjustments based on contractual agreements, its policy(ies), and historical experience. The Nursing Home determines its estimate of implicit price concessions based on its historical collection experience.

Agreements with third-party payors typically provide for payments at amounts less than established charges. A summary of the payment arrangements with major third-party payors follows:

**Medicaid – Standard Payments to Nursing Facilities**

The Company receives reimbursement from the Commonwealth of Massachusetts under a standard rate of reimbursement payment system for the care and services rendered to publicly-aided patients pursuant to regulations promulgated by the Center for Health Information and Analysis. Under the regulations, current year rates are a combination of actual base year costs blended with industry standards adjusted for inflation. The base year costs are subject to audit and could result in a retroactive rate adjustment for the current year.

**Medicare – Prospective Payment System**

Through September 30, 2019 the Nursing Home received reimbursement for the care of certain patients under the federally sponsored Medicare prospective payment system (PPS) through an insurance intermediary. The federal rates utilize facility case-mix resident assessment data, completed by the skilled nursing facility (SNF), to assign patients into Resource Utilization Groups (RUG). SNFs must complete the resident assessments according to a specific time schedule designed for Medicare payment.

SNFs that do not comply with this requirement will be paid at a default payment (the lowest of the federal rates) for the days of a patient's care for which the SNF is not in compliance.

The PPS program mandates the implementation of fee schedules for SNF therapy services to residents not in a covered Part A stay and to nonresidents who receive outpatient rehabilitation services from the SNF. The Centers for Medicare and Medicaid Services imposed a limit for both physical therapy (including speech therapy) and occupational therapy services, except for certain medical conditions. Program is administered by the Centers for Medicare and Medicaid Services (CMS).

**WELLMAN HEALTHCARE GROUP, INC. AND AFFILIATE**  
**SUMMARY OF SIGNIFICANT PROJECTION ASSUMPTIONS AND ACCOUNTING POLICIES**  
**DECEMBER 31, 2021 THROUGH 2026**

**NOTE 5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Patient Services Revenues from Third Party Payors (Continued)**

Medicare – Prospective Payment System (Continued)

Effective October 1, 2019, the Medicare Reimbursement System underwent a significant change in methodology and implemented a patient driven payment model (PDPM). Under PDPM, therapy minutes are removed as the primary basis for payment and instead uses the underlying complexity and clinical needs of a patient as a basis for reimbursement. In addition, PDPM introduces variable adjustment factors that change reimbursement rates during the patient's length of stay. Therapy services to patients not in a covered Part A stay remain the same.

Hospice

The Hospice receives reimbursement for the care of certain patients under the hospice program. Under the program, the patient pays a base rate according to their payor status (private or Medicaid) and the Hospice receives an additional add-on from the Medicare program to provide hospice care for residents of the Nursing Home.

Other

Payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations provide for payment using prospectively determined daily rates.

Laws and regulations concerning government programs, including Medicare and Medicaid, are complex and subject to varying interpretation. As a result of investigations by governmental agencies, various health care organizations have received requests for information and notices regarding alleged noncompliance with those laws and regulations, which, in some instances, have resulted in organizations entering into significant settlement agreements. Compliance with such laws and regulations may also be subject to future government review and interpretation as well as significant regulatory action, including fines, penalties, and potential exclusion from the related programs. There can be no assurance that regulatory authorities will not challenge the Company's compliance with these laws and regulations, and it is not possible to determine the impact (if any) such claims or penalties would have upon the Company. In addition, the contracts the Company has with commercial payors also provide for retroactive audit and review of claims.

Settlements with third-party payors for retroactive adjustments due to audits, reviews or investigations are considered variable consideration and are included in the determination of the estimated transaction price for providing patient care. These settlements are estimated based on the terms of the payment agreement with the payor, correspondence from the payor and the Company's historical settlement activity, including an assessment to ensure that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the retroactive adjustment is subsequently resolved.

**WELLMAN HEALTHCARE GROUP, INC. AND AFFILIATE**  
**SUMMARY OF SIGNIFICANT PROJECTION ASSUMPTIONS AND ACCOUNTING POLICIES**  
**DECEMBER 31, 2021 THROUGH 2026**

**NOTE 5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Patient Services Revenues from Third Party Payors (Continued)**

Estimated settlements are adjusted in future periods as adjustments become known (that is, new information becomes available), or as years are settled or are no longer subject to such audits, reviews, and investigations. Adjustments arising from a change in an implicit price concession impacting transaction price, were not significant during the Projection Period.

Generally, residents who are covered by third-party payors are responsible for related deductibles and coinsurance, which vary in amount. The Company estimates the transaction price for residents with deductibles and coinsurance based on historical experience and current market conditions. The initial estimate of the transaction price is determined by reducing the standard charge by any contractual adjustments, discounts, and implicit price concessions. Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to resident service revenue in the period of the change.

Additional revenue recognized due to changes in its estimates of implicit price concessions, discounts, and contractual adjustments were assumed to not be considered material for the projected years ending December 31, 2021 through 2026. Subsequent changes that are determined to be the result of an adverse change in the resident's ability to pay are recorded as bad debt expense.

The Company has determined that the nature, amount, timing and uncertainty of revenue and cash flows are affected by the following factors:

- Payors (for example, Medicare, Medicaid, managed care or other insurance, patient) have different reimbursement/payment methodologies
- Length of the patient's service/episode of care
- Method of reimbursement (fee for service or capitation)
- The Company's line of business that provided the service (for example, skilled nursing, therapy care, etc.)

For the projected years ending December 31, 2021, 2022, 2023, 2024, 2025 and 2026, the Company recognized revenue of approximately \$5,019,000, \$5,695,000, \$5,808,000, \$8,139,000, and \$9,337,000, and \$9,525,000 respectively, from goods and services that transfer to the customer over a period of time.

**Equity**

Equity is Comprised of the following components for the projected years ending December 31, 2021-2026. Management has assumed the Realty performed at break even performance throughout the Projection Period.



**WELLMAN HEALTHCARE GROUP, INC. AND AFFILIATE**  
**SUMMARY OF SIGNIFICANT PROJECTION ASSUMPTIONS AND ACCOUNTING POLICIES**  
**DECEMBER 31, 2021 THROUGH 2026**

**NOTE 5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Equity (Continued)**

	2021	2022	2023	2024	2025	2026
Common Stock	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300
Member's Capital	894,028	894,028	894,028	894,028	894,028	894,028
Retained Earnings	552,121	1,035,167	1,455,593	1,898,124	2,508,148	3,188,758
Total Equity	<u>\$ 1,446,449</u>	<u>\$ 1,929,495</u>	<u>\$ 2,349,921</u>	<u>\$ 2,792,452</u>	<u>\$ 3,402,476</u>	<u>\$ 4,083,086</u>

Common stock: authorized 200,000 shares with \$1 par value; issued and outstanding, 300 shares.

Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor. CLA is an independent member of Nexia International, a leading, global network of independent accounting and consulting firms. See [nexia.com/member-firm-disclaimer](http://nexia.com/member-firm-disclaimer) for details. CliftonLarsonAllen LLP





CliftonLarsonAllen LLP  
CLAconnect.com

October 5, 2021

Lara Szent-Gyorgyi, Director  
Determination of Need Program  
Department of Public Health  
250 Washington Street, 6<sup>th</sup> Floor  
Boston, MA 02108

RE: Determination of Need Application – Wellman Healthcare Group, Inc.

Dear Ms. Szent-Gyorgyi,

The accompanying report is included as relevant additional financial information to assist the department in rendering a decision regarding the proposed construction project of Wellman Healthcare Group, Inc. (the "Company"). The report is intended solely for the information and use of management and members of the Company, and the Massachusetts Department of Public Health Determination of Need Program in its review of the Company's Determination of Need application under regulation 100.210 (4) a. It is not intended to be and should not be used by anyone other than these specified parties.

Please contact me should you have any questions or need further information.

Sincerely,  
CLA (CliftonLarsonAllen)

Mark Cummings, CPA  
Principal  
617-984-8100  
[mark.cummings@CLAconnect.com](mailto:mark.cummings@CLAconnect.com)

**WELLMAN HEALTHCARE GROUP, INC.**

**BENCHMARKING MANAGEMENT'S**

**PROJECTED FINANCIAL ANALYSIS**

**FOR THE PROJECTED YEARS ENDING**

**DECEMBER 31, 2021 THROUGH DECEMBER 31, 2026**

## **PROCESS OVERVIEW**

### **Management's Projections**

CliftonLarsonAllen LLP (CLA) was requested by the management of Wellman Healthcare Group, Inc. to read the financial projections prepared by Wellman Healthcare Group, Inc. ("Management" or "Wellman") for the projected years ending December 31, 2021 through 2026 and benchmark the stabilized year of Management's projection.

We have not compiled or examined any of the financial data utilized in the benchmarking analyses and express no assurance of any kind on it. Furthermore, even if the assumptions disclosed herein were to materialize, there will be differences between projected and actual results, because events and circumstances frequently do not occur as expected and those differences may be material. These analyses are intended for the internal use of Management and the Massachusetts Department of Health Determination of Need Program (DoN) and are not intended to be and should not be used or relied on by anyone other than these specified parties.

## **BENCHMARK STAFFING AND COST ANALYSIS**

Providers in Hampden County were used to benchmark Management's projections. Wellman's 2019 Medicare and Medicaid cost report data were compared to Hampden County Medicare and Medicaid cost report data for the most recent available period of 2019. The data was then projected out to 2026 with an applied 2% revenue inflation factor and 2% expense inflation factor.

## **MANAGEMENT'S PROJECTIONS**

### **Occupancy/Payer Mix/Revenue per Patient Day**

Projected revenue consists of revenue from operating the skilled nursing facility. Management's baseline projected revenue for the first year of the projection, 2021, was derived from interim financial data for the current period, management's historical experience of operating the Facility, and current reimbursement and nursing home regulations. This information and the estimated impact of COVID-19 on operations, was utilized to project and establish a baseline for the projection; 2021. Management utilized the average daily census through April of 2021 to establish the base occupancy and mix for 2021. Future years were projected utilizing assumptions for rate increases and operating expenses, and any known changes for operating the renovated facility during the Projection Period. Additionally, Management assumed occupancy levels would return to normal levels by 2022.

### **Historical Operations**

Historical Average Occupancy December 31,					
	2016	2017	2018	2019	2020
Occupancy %	85.14%	79.25%	86.37%	91.88%	90.02%

## Historical Operations (Continued)

### Historical Average Payer Mix\* December 31,

	2016	2017	2018	2019
Private	5.61%	8.48%	8.40%	7.81%
Medicare	4.90%	5.66%	10.24%	9.25%
Medicaid	88.63%	85.12%	79.08%	80.10%
HMO/Other	0.86%	0.74%	2.28%	2.84%
Total	100.00%	100.00%	100.00%	100.00%

\*Massachusetts' Medicaid Cost Report Data

## Projected Operations

The following table summarizes Wellman's 2019 projected data compared to 2019 Hampden County data for beds and occupancy, payer mix and revenue per patient day. The numbers are then inflated out for Hampden County to compare to Wellman's projected year six which is 2026.

	2019	2019				2026			
	PALMER HEALTHCARE CENTER	Hampden, MA 25th percentile	Hampden, MA 50th percentile	Hampden, MA 75th percentile	Inflation Adjustment	PALMER HEALTHCARE CENTER	Hampden, MA 25th percentile	Hampden, MA 50th percentile	Hampden, MA 75th percentile
<b>Occupancy~</b>									
Occupancy %	91.9%	71.9%	87.3%	93.1%		92.3%	71.9%	87.3%	93.1%
Total SNF/NH Days	20,457	21,213	32,056	39,101		27,636	21,213	32,056	39,101
<b>SNF Payor Mix (% of Days)</b>									
Medicare FFS	9.3%	5.9%	7.3%	10.7%		9.0%	5.9%	7.3%	10.7%
Medicaid	81.6%	48.1%	64.6%	77.8%		79.0%	48.1%	64.6%	77.8%
Other (including MC Advantage)	9.1%	46.0%	28.1%	11.5%		12.0%	46.0%	28.1%	11.5%
<b>Revenue per Patient Day</b>									
Medicare FFS	\$448	\$539	\$564	\$578	2.0%	\$595	\$619	\$648	\$664
Other	\$228	\$247	\$258	\$285	2.0%	\$311	\$284	\$297	\$327

### Projected Average Occupancy December 31,

	2021	2022	2023	2024	2025	2025
Occupancy %	75.95%	93.50%	93.50%	83.10%	92.34%	92.34%
Total Days	16,910	20,817	20,817	24,926	27,636	27,636

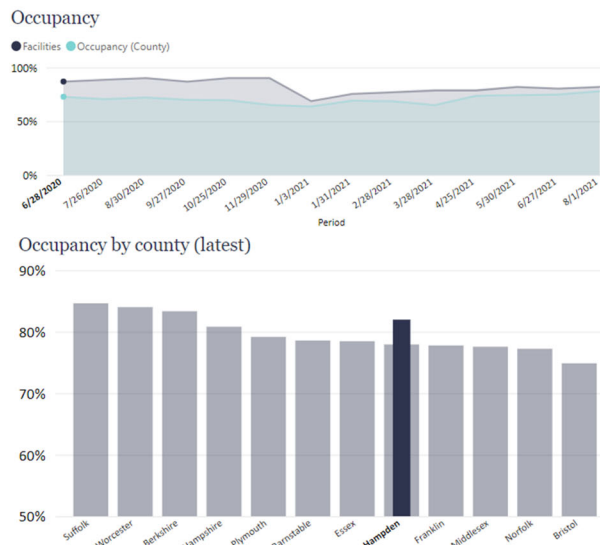
## Observations:

- Wellman's projected occupancy is above the median and close to the 75<sup>th</sup> percentile for the county both before and after the proposed project's completion.

## Projected Operations/Observations (Continued):

- Wellman's current operating business model will be carried out with the additional beds that will be added. The Proposed Project will have capacity to serve individuals with various types of short and long-term skilled care needs, including the Facility's current special population of individuals with dementia that need access to a secure facility.
- Wellman's patient mix is expected to remain consistent after the completion of the replacement facility, continuing to provide access to all potential community members regardless of payor.
- Wellman's Medicare rate is lower than the median before the proposed project and at the end of the projection in 2026. The primary focus of this provider is long-term residents with dementia and therefore they serve a small population of short-term, medically intensive patients who generally drive the higher Medicare rates with their clinical and rehabilitation needs.

## Covid's Impact on Occupancy



Provider Name	Average of Number of All Beds	Occupancy (selected period)	Occupancy (latest)	Occupancy Change
MARY'S MEADOW AT PROVIDENCE PLACE	40	92.5%	97.5%	5.0%
EAST LONGMEADOW SKILLED NURSING CENTER	131	77.9%	96.9%	19.1%
DAY BROOK VILLAGE SENIOR LIVING	92	81.5%	95.7%	14.1%
CARE ONE AT HOLYOKE	164	94.5%	92.1%	-2.4%
WILLIMANSETT CENTER EAST	85	88.2%	91.8%	3.5%
MONT MARIE REHABILITATION & HEALTHCARE CENTER	84	91.7%	91.7%	0.0%
WILLIMANSETT CENTER WEST	103	88.3%	88.3%	0.0%
MISSION CARE AT HOLYOKE	125	59.2%	86.4%	27.2%
VERO HEALTH & REHAB OF HAMPDEN	100	72.0%	86.0%	14.0%
GOVERNORS CENTER	100	78.0%	85.0%	7.0%
VERO HEALTH & REHAB OF WILBRAHAM	135	61.5%	83.7%	22.2%
LOOMIS LAKESIDE AT REEDS LANDING	42	73.8%	83.3%	9.5%
LIFE CARE CENTER OF WILBRAHAM	123	69.9%	82.9%	13.0%
<b>PALMER HEALTHCARE CENTER</b>	<b>61</b>	<b>86.9%</b>	<b>82.0%</b>	<b>-4.9%</b>
CHAPIN CENTER	160	78.8%	79.4%	0.6%
JULIAN J LEVITT FAMILY NURSING HOME	200	56.0%	76.5%	20.5%
SIXTEEN ACRES HEALTHCARE CENTER	120	60.8%	75.8%	15.0%
CARE ONE AT REDSTONE	213	77.0%	75.6%	-1.4%
HERITAGE HALL WEST	164	48.8%	73.8%	25.0%
MEMORY SUPPORT OF HERITAGE HALL	123	53.7%	70.7%	17.1%
CHICOPEE REHABILITATION AND NURSING	68	73.5%	69.1%	-4.4%
WESTFIELD GARDENS NURSING AND REHAB	68	69.1%	69.1%	0.0%
HOLYOKE HEALTHCARE CENTER	102	78.4%	65.7%	-12.7%
HERITAGE HALL NORTH	124	50.8%	62.9%	12.1%
CHESTNUT HILL OF EAST LONGMEADOW	115	74.8%	62.2%	-12.6%
WESTFIELD CENTER	98	61.2%	60.2%	-1.0%
BEAR MOUNTAIN AT WEST SPRINGFIELD	168	56.0%	57.7%	1.8%
<b>Total</b>	<b>116</b>	<b>72.8%</b>	<b>77.9%</b>	<b>5.2%</b>

- Like other facilities, Palmer's occupancy has been affected by COVID. However, it has remained above the county median.

## EXPENSES

Operating expenses have been projected to be recognized during the month incurred. Management's baseline projected expenses for the first year of the projection (2021) were derived from actual financial data of the facility for the current period, and Management's historical experience of operating the facility. This information and the estimated impact of COVID-19 on operations, was utilized to project and establish a baseline for the projection; 2021. The specific basis for inflationary increases in major expense categories were formulated by Management.

## Historical Operations

The Following table summarizes the historical cost per patient day by department:

Historical Costs per Patient Day by Department*		
	December 31,	
	2017	2018
Administration	\$79	\$73
Plant	15	14
Dietary	19	17
Laundry	6	6
Housekeeping	5	5
Nursing	68	71
Social Services	4	2
Other General Services	8	7
Total Costs	\$204	\$195

\*Medicare Cost Report Data

## Projected Operations

The following table summarizes Wellman's 2019 data compared to 2019 Hampden County data expenses by department per patient day. The 2019 Hampden County numbers are then inflated 2% each year to compare to Wellman's projected year six which is 2026.

	2019	2019			Inflation Adjustment	2026			
	PALMER HEALTHCARE CENTER	Hampden, MA 25th percentile	Hampden, MA 50th percentile	Hampden, MA 75th percentile		PALMER HEALTHCARE CENTER	Hampden, MA 25th percentile	Hampden, MA 50th percentile	Hampden, MA 75th percentile
<b>Costs per Patient Day*</b>									
Administration	\$74	\$51	\$57	\$69	2.0%	\$84	\$59	\$65	\$79
Plant	\$14	\$12	\$13	\$18	2.0%	\$19	\$13	\$15	\$21
Dietary	\$17	\$18	\$21	\$24	2.0%	\$20	\$21	\$24	\$28
Laundry	\$5	\$4	\$5	\$5	2.0%	\$5	\$4	\$6	\$6
Housekeeping	\$6	\$6	\$6	\$8	2.0%	\$7	\$7	\$7	\$9
Nursing	\$66	\$88	\$110	\$122	2.0%	\$120	\$101	\$126	\$140
Social Services	\$3	\$3	\$4	\$4	2.0%	\$8	\$3	\$5	\$5
Other General Services	\$7	\$2	\$4	\$6	2.0%	\$4	\$3	\$5	\$7
Total Costs	\$192	\$184	\$220	\$256		\$268	\$211	\$253	\$295

\*Palmer numbers include benefits which are included in Administration. Benchmark data excludes benefits. Additionally, Ancillary expenditures are excluded for both Palmer and the Benchmark data.

## Observations:

- Wellman reports a cost structure lower than the median and 75<sup>th</sup> percentile historically and a slightly higher than the median for the projection upon completion of the project. However, as noted below in the financial ratios, Wellman remains either at or above the median in all of these categories and does not anticipate a negative impact on care as a result.



### Expenses/Projected Operations/Observations (Continued)

- Historically, Wellman's costs, except for nursing have been within a reasonable range compared to facilities in the county. Upon completion of the Project Wellman's cost will be slightly above the Median. The Nursing costs are expected to increase the most upon completion of the Project and are expected to be approaching the Median. As noted above Wellman will remain at or above the Median in all of the financial ratio categories analyzed, thus does not anticipate any drastic change in the operating structure for care of the patient panel.
- For purpose of this observation, it is assumed, with no other information on the future of various healthcare factors or changes, that the facilities in Hampden County will make no changes in nursing staffing.

### KEY FINANCIAL RATIOS

In performing this analysis both Medicare and Medicaid cost report data maintained by CMS and the Massachusetts Center for Health Information and Analysis (CHIA) was utilized, with the aid of a proprietary software application. This allowed management the ability to compare key financial ratios with those of similarly located facilities. The ratios below are a common tool used by financial institutions and the health care industry to evaluate the operations of a health care entity.

### Earnings before Interest, Depreciation and Amortization (EBIDA) Margin:

EBIDA is a measure of a company's operating performance. Essentially, it's a way to evaluate a company's performance without having to factor in financing decisions, accounting decisions or tax environments. EBIDA Margin can be a meaningful gauge of a provider's ability to contain costs, it offers a clearer reflection of operations by stripping out expenses that can obscure how the company is really performing. The EBIDA margin is calculated by dividing EBIDA by total revenue.

The greater a company's EBIDA Margin, the lower the company's operating expenses in relation to total revenue. EBIDA margin eliminates the non-operating profitability and cash flow and is important in measuring performance across a single industry with companies of different size and tax situations.

The following chart shows the provider's projected EBIDA Margin against the Hampden County Median EBIDA Margin.

	2019	2019			2026			
	PALMER HEALTHCARE CENTER	Hampden, MA 25th percentile	Hampden, MA 50th percentile	Hampden, MA 75th percentile	PALMER HEALTHCARE CENTER	Hampden, MA 25th percentile	Hampden, MA 50th percentile	Hampden, MA 75th percentile
EBIDA	17.3%	1.8%	8.1%	9.8%	25.2%	1.8%	8.1%	9.8%

### Observations

- Wellman's EBIDA was the highest in the county and is projecting to maintain that position.
- Additionally, for both 2019 and 2026 Wellman's EBIDA is well over the top quartile which shows Management's ability to contain and control operating cost.
- The EBIDA for Hampden County was assumed to remain at its 2019 level for purposes of this analysis.

## Operating and Capital Budgets

In Benchmarking management's projected financial analysis, we analyzed and considered Wellman's past and present operating and capital budgets. Wellman does not maintain formal capital budgets. However, except for the first year following construction, a review of past and present capital expenditures indicates that Wellman intends to invest in the built environment of the residents at amounts consistent with the capital needs of a new property.

	2020	Planned 2025	Planned 2026
Capital Expenditures	<u>\$ 28,505</u>	<u>\$ 50,000</u>	<u>\$ 50,000</u>

## Balance Sheets

In benchmarking management's projected financial analysis, we analyzed Wellman's balance sheets.

## Days Cash on Hand

We analyzed Wellman's days cash on hand ratio for 2019 and the last year of the projection, 2026. The days cash on hand ratio is a liquidity ratio that indicates an entity's ability to satisfy its current operating expenses with the current cash available.

	2019	2019				2026			
	PALMER HEALTHCARE CENTER	Hampden, MA 25th percentile	Hampden, MA 50th percentile	Hampden, MA 75th percentile		PALMER HEALTHCARE CENTER	Hampden, MA 25th percentile	Hampden, MA 50th percentile	Hampden, MA 75th percentile
Days Cash on Hand	21.0	20.1	20.9	26.1		115.0	20.1	20.9	26.1

Absent specific operating conditions and criteria, Worcester County days cash on hand data was assumed to remain constant

- Wellman's days cash on hand ratio is consistent with the county median on December 31, 2019 and is projected to be above the top quartile by 2026, the last year of the projection.

## Debt Service Coverage Ratio

In Benchmarking management's projected financial analysis, we considered the level of financing necessary to support the proposed project. In doing so, we analyzed the debt service coverage ratio of Wellman. The debt service coverage ratio measures Wellman's ability to meet its annual debt service requirements. The debt service coverage ratio is an indicator used by lenders to determine an organization's ability to incur additional financing and service its existing debt.

The following chart shows Wellman's projected debt service coverage ratio compared to the Massachusetts debt service coverage ratio median:

	2019	2019			2026			
	Nursing Home	Massachusetts 25th percentile	Massachusetts 50th percentile	Massachusetts 75th percentile	Nursing Home	Massachusetts 25th percentile	Massachusetts 50th percentile	Massachusetts 75th percentile
Debt Service Coverage (DSC)	3.35	0.62	1.47	5.8	1.47	0.62	1.47	5.8

- Wellman's debt service coverage ratio is above the Massachusetts's state median in 2019 and at the median in the final year of the projection, 2026.

### **Working Capital Ratio**

Is a measure of liquidity, meaning the business's ability to meet its payment obligations as they fall due. Working capital is the money used to cover all of a company's short-term expenses, including inventory, payments on short-term debt, and day-to-day expenses-called operating expenses.

	<b>*2020</b>	<b>^2026</b>
<b>Working Capital Ratio</b>	2.23	1.36

\* December 31, 2020 Financial Statements

^ includes Maturity on existing debt in 2027 of \$1,440,000  
2026 ratio 3.05 , excluding current maturity

- Generally, a working capital ratio of less than one is an indicator of potential future liquidity problems.
- As noted above, Wellman's liquidity ratios are projected to be at or above state medians upon completion of the proposed project.
- The above liquidity ratios have historically been accepted in the industry as an indicator of operational performance and financial health. As indicated above, the Wellman's Key Performance Indicators (KPIs) before and upon completion of the proposed project are at or above the state medians. This is also consistent with management's plans to operate the facility similarly to the past and present without any material alterations in operations or impact in care.

## **EXHIBIT 4**

**D**

Examiner

Name  
Approved

# The Commonwealth of Massachusetts

William Francis Galvin  
Secretary of the Commonwealth  
One Ashburton Place, Boston, Massachusetts 02108-1512

## ARTICLES OF ORGANIZATION (General Laws, Chapter 156B)

### ARTICLE I

The exact name of the corporation is:

Wellman Healthcare Group, Inc.

### ARTICLE II

The purpose of the corporation is to engage in the following business activities:

To own and operate long-term care facilities, including nursing homes and rehabilitation facilities.

To participate in governmental programs of every kind, nature and description, including without limitation, the Medicaid and Medicare programs.

To be a partner, joint venturer, guarantor and participant in any ventures.

To purchase, lease, improve, or otherwise acquire, hold, own, sell or dispose of real and personal property of all kinds, including, but not limited to, land, buildings, business concerns and undertakings, stocks, mortgages, bonds and other securities and any interest in real or personal property incidental to the purposes of this corporation.

To take all actions in furtherance of the following.

To do any and all things permitted a business corporation under Chapter 156B of the General Laws of the Commonwealth of Massachusetts.

See Continuation Sheets 2A - 2C.

C  
P  
M  
R.A.

*Note: If the space provided under any article or item on this form is insufficient, additions shall be set forth on one side only of separate 8 1/2 x 11 sheets of paper with a left margin of at least 1 inch. Additions to more than one article may be made on a single sheet so long as each article requiring each addition is clearly indicated.*

P.C.

### ARTICLE III

State the total number of shares and par value, if any, of each class of stock which the corporation is authorized to issue.

WITHOUT PAR VALUE		WITH PAR VALUE		
TYPE	NUMBER OF SHARES	TYPE	NUMBER OF SHARES	PAR VALUE
Common:	200,000	Common:	- 0 -	
Preferred:	- 0 -	Preferred:	- 0 -	

### ARTICLE IV

If more than one class of stock is authorized, state a distinguishing designation for each class. Prior to the issuance of any shares of a class, if shares of another class are outstanding, the corporation must provide a description of the preferences, voting powers, qualifications, and special or relative rights or privileges of that class and of each other class of which shares are outstanding and of each series then established within any class.

NONE

### ARTICLE V

The restrictions, if any, imposed by the Articles of Organization upon the transfer of shares of stock of any class are:

NONE

### ARTICLE VI

\*\*Other lawful provisions, if any, for the conduct and regulation of the business and affairs of the corporation, for its voluntary dissolution, or for limiting, defining, or regulating the powers of the corporation, or of its directors or stockholders, or of any class of stockholders:

See Attached

*\*\*If there are no provisions state "None".*

*Note: The preceding six (6) articles are considered to be permanent and may ONLY be changed by filing appropriate Articles of Amendment.*

CONTINUATION SHEET 2A

(b) To subscribe for, receive, purchase or otherwise acquire, underwrite, obtain an interest in, own, hold, pledge, hypothecate, mortgage, loan, assign, deposit, create trusts with respect to, deal in exchange, sell and otherwise dispose of, alone or in syndicates or otherwise in conjunction or partnership with others, and generally deal in and with all or any of the following (hereinafter sometimes referred to collectively as "securities" or individually as "security"), namely: all kinds of shares, stock, voting trust certificates, trust certificates, bonds, mortgages, debentures, trust receipts, notes and other securities obligations, contracts, certificates of interest, units, choses in action and evidence of indebtedness generally of any corporation, association, partnership, syndicate, entity, person or governmental, municipal or public authority, domestic or foreign and evidences of any interest therein in respect thereto; to acquire or become interested in any such securities by original subscription, underwriting, participation in syndicates or otherwise, and irrespective of whether or not such securities are fully paid or subject to further payments or assessments; and while the owner or holder of any such to exercise all the rights, powers and privileges of ownership or interest in respect thereof, including the right to vote thereon and otherwise act with respect thereto.

(c) To conduct research, investigations and examinations of businesses and enterprises of every kind and description throughout the world with the aim of securing information and particulars for the investment and employment of capital.

(d) To promote, cause to be organized, finance and aid by loan, subsidy, guaranty or otherwise, any corporation, association, partnership, syndicate, entity, person, or governmental, municipal or public authority, domestic or foreign, located in or organized under the laws of any authority in any part of the world, any security of which is held directly or indirectly by or for the corporation, or in the business, financing or welfare of which the corporation shall have any interest; and in connection therewith to guarantee or become surety for the performance of any undertaking or obligation of any of the foregoing, and to guarantee by endorsement or otherwise the payment of the principal of, or interest or dividends on, any such security, and generally to do any acts or things designed to protect, preserve, improve, or enhance the value of any such security.

(e) To acquire, purchase, own, hold, operate, develop, lease, mortgage, pledge, exchange, sell, transfer or otherwise invest, trade or deal in, in any manner permitted by law, real and personal property of every kind and description or any interest therein.

CONTINUATION SHEET 2B

(f) To engage in any mercantile, manufacturing or trading business of any kind or character whatsoever throughout the world, and to do all things incidental to any such business.

(g) To acquire all or any part of the securities, goodwill, rights, property or assets of all kinds and to undertake or assume the whole or any part of the obligations or liabilities of any corporation, association, partnership, syndicate, entity, person, or governmental, municipal or public authority, domestic or foreign, located in or organized under the laws of any authority in any part of the world, and to pay for the same in cash, stocks, bonds, debentures or other securities of this or any other corporation, or otherwise in any manner permitted by law; and to conduct in any lawful manner the whole or any part of any business so acquired.

(h) To enter into any lawful arrangement for sharing profits, union of interests, reciprocal concession or cooperation with any corporation, association, partnership, syndicate, entity, person or governmental, municipal or public authority, domestic or foreign, located in or organized under the laws of any authority in any part of the world, in the carrying on of any business which the corporation is authorized to carry on, or any business or transaction deemed necessary, convenient or incidental to carrying out any of the purposes of the corporation.

(i) To borrow or raise moneys for any of the purposes of the corporation and from time to time, without limit as to amount, to draw, make, accept, endorse, guarantee, execute and issue promissory notes, drafts, bills of exchange, warrants, bonds, debentures and other negotiable or non-negotiable instruments and evidences of indebtedness, and to secure the payment thereof and of the interest thereon by mortgage on, or pledge, conveyance or assignment in trust of, the whole or any part of the assets of the corporation, real, personal or mixed, including contract rights, whether at the time owned or thereafter acquired, and to sell, pledge or otherwise dispose of such securities or other obligations of the corporation for its corporate purposes.

(j) To lend money, either without any collateral security or on the security of real or personal property, and to enter into, make, perform and carry out, or cancel and rescind contracts of every kind and for any lawful purpose with any person, firm, association, corporation, syndicate, governmental, municipal or public authority, domestic or foreign, or others.

(k) To engage in the business of intermediation on such terms as may be arranged.



CONTINUATION SHEET 2C

(l) To apply for, obtain, register, purchase, lease or otherwise acquire, and to hold, use, pledge, lease, sell, assign, or otherwise dispose of formulas, secret processes, distinctive marks, improvements, processes, trade names, trademarks, copyrights, patents, licenses, concessions, and the like, whether used in connection with or secured under letters patent of or issued by any country or authority; and to issue, exercise, develop and grant licenses, in respect thereof or otherwise turn the same to account.

(m) To make any guaranty respecting securities, indebtedness, dividends, interest, contracts or other obligations so far as the same may be permitted to be done under the laws of The Commonwealth of Massachusetts by any corporation.

(n) To purchase or otherwise acquire, hold sell, pledge, transfer or otherwise dispose of and to reissue or cancel the shares of its own capital stock or any securities or other obligations of the corporation in the manner and to the extent now or hereafter permitted by the laws of The Commonwealth of Massachusetts.

(o) To do everything necessary, proper, advisable or convenient for the accomplishment of any of the purposes or the attainment of any of the objects or the furtherance of any of the powers herein set forth and to do every other act and thing incidental thereto or connected therewith, provided the same be not forbidden by the laws of The Commonwealth of Massachusetts.

In addition, the corporation has been formed for the purpose of carrying on any business and exercising all of the powers to do any and all of the acts and things herein set forth to the same extent as natural persons could do, and in any part of the world as principal, factor, agent, contractor, trustee or otherwise, either alone or in syndicates, partnership or otherwise in conjunction with any person, entity, syndicate, partnership association or corporation, governmental, municipal or public authority, domestic or foreign; to establish and maintain offices and agencies and to exercise all or any of its corporate powers and rights throughout the world.

The foregoing clauses shall be construed as independent objects, purposes and powers and it is hereby expressly provided the foregoing enumerations of specific objects, purposes or powers shall not be held to limit or restrict in any manner the general powers of this corporation under the laws of The Commonwealth of Massachusetts.

## Article VI

### OTHER LAWFUL PROVISIONS

(a) The corporation may carry on any business, operation or activity referred to in Article 2 to the same extent as might an individual, whether as principal, agent, contractor or otherwise, and either alone or in conjunction or a joint venture or other arrangement with any corporation, association, trust, firm or individual.

(b) The corporation may carry on any business, operation or activity through a wholly or partly owned subsidiary.

(c) The corporation may be a partner in any business enterprise which it would have the power to conduct by itself.

(d) The directors may make, amend or repeal the by-laws in whole or in part, except with respect to any provision thereof which by law or the by-laws requires action by the stockholders.

(e) Meeting of the Stockholders may be held anywhere in the United States.

(f) Except as otherwise provided by law, no stockholder shall have any right to examine any property or any books, accounts or other writings of the corporation if there is reasonable ground for belief that such examination will for any reason be adverse to the interests of the corporation, and a vote of the directors refusing permission to make such examination and setting forth that in the opinion of the directors such examination would be adverse to the interests of the corporation shall be prima facie evidence that such examination would be adverse to the interests of the corporation. Every such examination shall be subject to such reasonable regulations as the directors may establish in regard thereto.

(g) The directors may specify the manner in which the accounts of the corporation shall be kept and may determine what constitutes net earnings, profits and surplus, what amounts, if any, shall be reserved for any corporate purpose, and what amounts, if any, shall be declared as dividends. Unless the board of directors otherwise specifies, the excess of the consideration for any share of its capital stock with par value issued by it over such par value shall be surplus. The board of directors may allocate to capital stock less than all of the consideration for any share of its capital stock without par value issued by it, in which case the balance of such consideration shall be surplus. All surplus shall be available for any corporate purpose, including the payment of dividends.

(h) The purchase or other acquisition or retention by the corporation of shares of its own capital stock, shall not be deemed a reduction of its capital stock. Upon any reduction of capital or capital stock, no stockholder shall have any right to demand any distribution from the corporation, except as and to the extent that the stockholders shall have provided at the time of authorizing such reduction.

(i) The directors shall have the power to fix from time to time their compensation. No person shall be disqualified from holding any office by reason of any interest. In the absence of fraud, any director, officer or stockholder of this corporation individually, or any individual having any interest in any concern which is a stockholder of this corporation, or any concern in which any of such directors, officers, stockholders or individuals has any interest, may be a party to, or may be pecuniarily or otherwise interested in any contract, transaction or other act of this corporation, and

- (1) such contract, transaction or act shall not be in any way invalidated or otherwise affected by that fact;
- (2) no such director, officer, stockholder or individual shall be liable to account to this corporation for any profit or benefit realized through any such contract, transaction or act; and
- (3) any such director of this corporation may be counted in determining the existence of a quorum at any meeting of the directors or of any committee thereof which shall authorize any such contract, transaction or act, and may vote to authorize the same;

provided, however, that any contract, transaction or act in which any director or officer of this corporation is so interested individually or as a director, officer, trustee or member of any concern which is not a subsidiary or affiliate of this corporation, or in which any directors or officers are so interested as holders, collectively, of a majority of shares of capital stock or other beneficial interest at the time outstanding in any concern which is not a subsidiary or affiliate of this corporation, shall be duly authorized or ratified by a majority of the directors who are not so interested, to whom the nature of such interest has been disclosed and who have made any findings required by law;

the term "interest" including personal interest and interest as a director, officer, stockholder, shareholder, trustee, member or beneficiary of any concern;

the term "concern" meaning any corporation, association, trust, partnership, firm, person or other entity other than this corporation; and

the phrase "subsidiary or affiliate" meaning a concern in which a majority of the directors, trustees, partners or controlling persons is elected or appointed by the directors of this corporation, or is constituted of the directors or officers of this corporation.

To the extent permitted by law, the authorizing or ratifying vote of the holders of shares representing a majority of the votes of the capital stock of this corporation outstanding and entitled to vote for the election of directors at any annual meeting or a special meeting duly called for the purpose (whether such vote is passed before or after judgment rendered in a suit with respect to such contract, transaction or act) shall validate any contract, transaction or act of this corporation, or of the board of directors or any committee thereof, with regard to all stockholders of this corporation, whether or not of record at the time of such vote, and with regard to all creditors and other claimants under this corporation; provided, however, that

(A) with respect to the authorization or ratification of contracts, transactions or acts in which any of the directors, officers or stockholders of this corporation have an interest, the nature of such contracts, transactions or acts and the interest of any director, officer or stockholder therein shall be summarized in the notice of any such annual or special meeting, or in a statement or letter accompanying such notice, and shall be fully disclosed at any such meeting;

(B) the stockholders so voting shall have made any findings required by law;

(C) stockholders so interested may vote at any such meeting except to the extent otherwise provided by law; and

(D) any failure of the stockholders to authorize or ratify such contract, transaction or act shall not be deemed in any way to invalidate the same or to deprive this corporation, its directors, officers or employees of its or their right to proceed with or enforce such contract, transaction or act.

If this corporation has more than one class or series of capital stock outstanding, the vote required by this paragraph shall be governed by the provisions of the Articles of Organization applicable to such classes or series.

No contract, transaction or act shall be avoided by reason of any provision of this paragraph (i) which would be valid but for such provision or provisions.

(j) A director of this corporation shall not be liable to the corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except to the extent that exculpation from liability is not permitted under the Massachusetts Business Corporation Law as in effect at the time such liability is

determined. No amendment or repeal of this paragraph (j) shall apply to or have any effect on the liability or alleged liability of any director of the corporation for or with respect to any acts or omissions of such director occurring prior to such amendment or repeal.

(k) The corporation shall have all powers granted to corporations by the laws of the Commonwealth of Massachusetts, provided that no such power shall include any activity inconsistent with the Business Corporation Law or the general laws of said Commonwealth.

1803.wtk

#### ARTICLE VII

The effective date of organization of the corporation shall be the date approved and filed by the Secretary of the Commonwealth. If a *later* effective date is desired, specify such date which shall not be more than *thirty days* after the date of filing.

#### ARTICLE VIII

The information contained in Article VIII is not a permanent part of the Articles of Organization.

a. The street address (*post office boxes are not acceptable*) of the principal office of the corporation *in Massachusetts* is:

625 Wellman Avenue, No. Chelmsford, MA 01863

b. The name, residential address and post office address of each director and officer of the corporation is as follows:

	NAME	RESIDENTIAL ADDRESS	POST OFFICE ADDRESS
President:	David M. Cavalier	625 Wellman Avenue No. Chelmsford, MA	01863 SAME
Treasurer:	Paul F. Bowler	41 Thorndyke Road Worcester, MA	01506 SAME
Clerk:	James M. Tracy	4 Rose Lane Milford, MA	01757 SAME
<del>Directors:</del>			
Assistant Clerk:	David Cavalier	625 Wellman Avenue No. Chelmsford, MA	 SAME
Directors:	David Cavalier	SAME AS ABOVE	
	Paul F. Bowler	SAME AS ABOVE	
	James M. Tracy	SAME AS ABOVE	

c. The fiscal year (i.e., tax year) of the corporation shall end on the last day of the month of: December

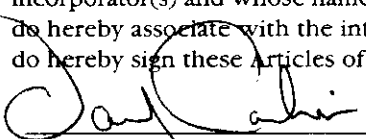
d. The name and business address of the resident agent, if any, of the corporation is:

N/A

#### ARTICLE IX

By-laws of the corporation have been duly adopted and the president, treasurer, clerk and directors whose names are set forth above, have been duly elected.

IN WITNESS WHEREOF AND UNDER THE PAINS AND PENALTIES OF PERJURY, I/we, whose signature(s) appear below as incorporator(s) and whose name(s) and business or residential address(es) *are clearly typed or printed* beneath each signature do hereby associate with the intention of forming this corporation under the provisions of General Laws, Chapter 156B and do hereby sign these Articles of Organization as incorporator(s) this 2ND day of October, ~~19~~ 2002

  
\_\_\_\_\_  
David Cavalier

*Note: If an existing corporation is acting as incorporator, type in the exact name of the corporation, the state or other jurisdiction where it was incorporated, the name of the person signing on behalf of said corporation and the title he/she holds or other authority by which such action is taken.*

811275

# 2848

THE COMMONWEALTH OF MASSACHUSETTS

ARTICLES OF ORGANIZATION

(General Laws, Chapter 156B)

I hereby certify that, upon examination of these Articles of Organization, duly submitted to me, it appears that the provisions of the General Laws relative to the organization of corporations have been complied with, and I hereby approve said articles; and the filing fee in the amount of \$ 275 having been paid, said articles are deemed to have been filed with me this 2nd day of October 2002

Effective date: \_\_\_\_\_

*William Francis Galvin*

WILLIAM FRANCIS GALVIN

Secretary of the Commonwealth

**FILING FEE:** One tenth of one percent of the total authorized capital stock, but not less than ~~\$200.00~~ \$275.00. For the purpose of filing, shares of stock with a par value less than \$1.00, or no par stock, shall be deemed to have a par value of \$1.00 per share.

TO BE FILLED IN BY CORPORATION

Photocopy of document to be sent to:

MARK J. COLTIN, ESQ.

101 MERRIMAC STREET

P.O. BOX 9601 - BOSTON, MA 02114-9601

Telephone: (617) 482-0060

62057-2 FILED  
CORPORATION DIVISION

## **EXHIBIT 5**





**Massachusetts Department of Public Health**  
**Determination of Need**  
**Affidavit of Truthfulness and Compliance**  
**with Law and Disclosure Form 100.405(B)**

Version: 7-6-17

**Instructions:** Complete Information below. When complete check the box "This document is ready to print". This will date stamp and lock the form. Print Form. Each person must sign and date the form. When all signatures have been collected, scan the document and e-mail to: [dph.don@state.ma.us](mailto:dph.don@state.ma.us) Include all attachments as requested.

Application Number: PHC-21052014-LE Original Application Date:

Applicant Name: Wellman Healthcare Group, Inc.

Application Type: Long Term Care Substantial Capital Expenditure

Applicant's Business Type: ☒ Corporation ☐ Limited Partnership ☐ Partnership ☐ Trust ☐ LLC ☐ Other

Is the Applicant the sole member or sole shareholder of the Health Facility(ies) that are the subject of this Application? ☒ Yes ☐ No

The undersigned certifies under the pains and penalties of perjury:

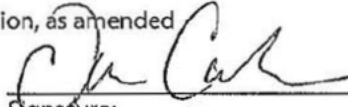
1. The Applicant is the sole corporate member or sole shareholder of the Health Facility(ies) that are the subject of this Application;
2. I have read<sup>1</sup> 105 CMR 100.000, the Massachusetts Determination of Need Regulation;
3. I understand and agree to the expected and appropriate conduct of the Applicant pursuant to 105 CMR 100.800;
4. I have read<sup>1</sup> this application for Determination of Need including all exhibits and attachments, and certify that all of the information contained herein is accurate and true;
5. I have submitted the correct Filing Fee and understand it is nonrefundable pursuant to 105 CMR 100.405(B);
6. I have submitted the required copies of this application to the Determination of Need Program, and, as applicable, to all Parties of Record and other parties as required pursuant to 105 CMR 100.405(B);
7. I have caused, as required, notices of intent to be published and duplicate copies to be submitted to all Parties of Record, and all carriers or third-party administrators, public and commercial, for the payment of health care services with which the Applicant contracts, and with Medicare and Medicaid, as required by 105 CMR 100.405(C), et seq.;
8. I have caused proper notification and submissions to the Secretary of Environmental Affairs pursuant to 105 CMR 100.405(E) and 301 CMR 11.00;
9. If subject to M.G.L. c. 6D, § 13 and 958 CMR 7.00, I have submitted such Notice of Material Change to the HPC - in accordance with 105 CMR 100.405(G);
10. Pursuant to 105 CMR 100.210(A)(3), I certify that both the Applicant and the Proposed Project are in material and substantial compliance and good standing with relevant federal, state, and local laws and regulations, as well as with all previously issued Notices of Determination of Need and the terms and Conditions attached therein;
11. I have read<sup>2</sup> and understand the limitations on solicitation of funding from the general public prior to receiving a Notice of Determination of Need as established in 105 CMR 100.415;
12. I understand that, if Approved, the Applicant, as Holder of the DoN, shall become obligated to all Standard Conditions pursuant to 105 CMR 100.310, as well as any applicable Other Conditions as outlined within 105 CMR 100.000 or that otherwise become a part of the Final Action pursuant to 105 CMR 100.360;
13. Pursuant to 105 CMR 100.705(A), I certify<sup>2</sup> that the Applicant has Sufficient Interest in the Site or facility; and
14. Pursuant to 105 CMR 100.705(A), I certify<sup>2</sup> that the Proposed Project is authorized under applicable zoning by-laws or ordinances, whether or not a special permit is required; or,
  - a. If the Proposed Project is not authorized under applicable zoning by-laws or ordinances, a variance has been received to permit such Proposed Project; or,
  - b. The Proposed Project is exempt from zoning by-laws or ordinances.

**Corporation:**

Attach a copy of Articles of Organization/Incorporation, as amended

David Cavalier

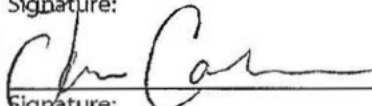
CEO for Corporation Name:

Signature: 

Date: 9-23-21

David Cavalier

Board Chair for Corporation Name:

Signature: 

Date: 9-23-21

This document is ready to print: ☐

Date/time Stamp:

---

<sup>1</sup>been informed of the content of

<sup>2</sup>been informed of/that

## **EXHIBIT 6**

## COMMONWEALTH OF MASSACHUSETTS

Palmer Healthcare Center

Invoice Number	Description	PO No	Date	Amount	Discount	Net Amount
DON FILING FEE	Filing Fee		09/30/21	\$37,676.77		\$37,676.77

Krekidas &amp; Bluestein LLP

OCT 04 2021

Check Date:	09/30/21	Check Number:	20593	Amount:	\$37,676.77
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THE KEY TO DOCUMENT SECURITY • HEAT ACTIVATED THUMB PRINT • ADDITIONAL SECURITY FEATURES INCLUDED • SEE BACK FOR DETAILS

WELLMAN HEALTHCARE GROUP, INC.  
DBA PALMER HEALTHCARE CENTER  
250 SHEARER STREET  
PALMER, MA 01069

FREEDOM CU  
53-8598 / 2118

20593

Thirty-Seven-Thousand-Six-Hundred-Seventy-Six and 77/100 dollars

DATE

AMOUNT

09/30/21

\$37,676.77

COMMONWEALTH OF MASSACHUSETTS

PAY  
TO THE  
ORDER  
OF

AUTHORIZED SIGNATURE

HEAT SENSITIVE  
FADING WITH TOUCH