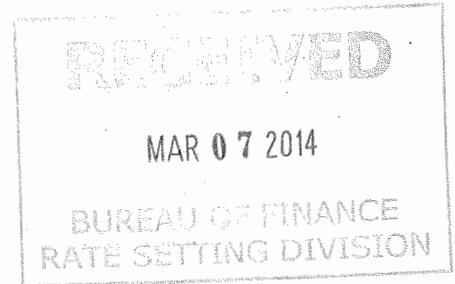




346 Coddington Way
Harleysville, PA 19438
215-588-5320

March 5, 2014

Commonwealth of Pennsylvania
Pennsylvania Department of Public Welfare
Office of Long-Term Living
Bureau of Finance
Forum Place, 6th floor
555 Walnut Street
Harrisburg, PA 17101-1919
ATTN: Participation Review Unit



Ladies and Gentlemen:

RE: Tulip Special Care - JD13004

This correspondence is in reference to the public comments on Tulip Special Care Log # JD13004, Bed Request Application.

Four comments were received; three from current providers of ventilator services and one from an association of nursing homes.

Not surprisingly, the majority of the comments from the current providers reflect their business concerns, i.e., any business would prefer to have fewer competitors. A close review of the facts shows the comments to be unsubstantiated. The balance of this letter addresses these issues.

Responding to the issues raised, Tulip Special Care's specific comments are:

- 1) The need for ventilator beds in Philadelphia County has clearly been demonstrated in the Tulip Special Care (TSC) Bed Request Application. TSC has so far received written acknowledgement from one of the largest managed care organizations in the area identifying the need for additional beds and we anticipate additional acknowledgements. We have also spoken with the Director of Case Management at a major Philadelphia hospital who will confirm the need for additional ventilator beds and we have received further verbal support from other major hospitals and referral sources. (Specific details are being provided to the Office of Long-Term Living under separate cover.)

It should be noted that the total number of beds for ventilator-dependent adults in the multi-county area is just over 400; in Philadelphia there are only 51 beds. Given Philadelphia's aging, 1.58 million person population, it is illogical to think that this number of ventilator beds is sufficient.

Excerpt from *Long-term Ventilator-Dependent Patients, New Facilities and New Models of Care. The American Perspective.*

The number of patients who receive mechanical ventilation as life support is rapidly increasing due to improvements in life saving medical therapy in critically ill patients, an aging population and the expanded use of aggressive surgical procedures. The historic annualized increase in prolonged mechanical ventilation use in the U.S. is approximately 5.5% compared with a 1% per annum increase in U.S. hospital admissions.¹ It is estimated that the population of patients who receive prolonged mechanical ventilation in the U.S. will more than double by the year 2020 and reach approximately 605,898 cases.¹ The increased number of patients who require prolonged mechanical ventilation strains the available resources of intensive care units (ICU) by requiring a greater degree of medical care and ICU hospitalization that exceeds the median length of stay.

1. Zilberberg MD, de Wit M, Pirone JR, Shorr AF. Growth in adult prolonged acute mechanical ventilation: implications for healthcare delivery. *Crit Care Med.* 2008;36:1451-5.

G. Criner, Temple University School of Medicine. Elsevier Revista Portuguesa de Pneumologia.

- 2) The experience and background of the applicants is fully detailed in the application in Attachment C, page 2. In summary, Dr. Erwin Carner owned and successfully operated five facilities, serving more than 200 concurrent ventilator dependent patients through Cambridge Management, LLC. These patients ranged from newborns to adults, many of whom were far more complex and medically fragile than typical patients in an adult-only facility.

Ed Burleigh has been a licensed Nursing Home Administrator for more than 25 years. And for more than 10 years, TSC's CFO was the CFO for Cambridge Management as well as one of Cambridge's predecessor facilities.

- 3) Attachment C, pages 23-48 of TSC's application provide extensive, detailed financial information, including sources of project funding, multi-year monthly and annual pro-forma P&Ls, expense and capital budgets and insurance analysis. Additionally, the DPW-required Bed Exception Request Revenue and Nursing Facility Days and Computation & Allocation of Allowable Cost are included.

Project funding is being provided by the Principals and a major local lender.

- 4) TSC will be finalizing a lease for approximately 27,000 square feet on floors 5, 6 and 7 of the former Northeastern Hospital by mid-March.
- 5) The Pennsylvania Department of Health Long Term Care Facility Licensure Regulations was consulted as we drafted our Policies & Procedures manual to ensure it was complete and in full compliance. Further detail will be the final manual.

Interestingly, none of the letters opposing the application indicated their facilities were experiencing occupancy difficulties. Not only does our own research show that most facilities

operate at >95% occupancy, at least one of the opposition letters indicates the need for additional beds. These points further make clear the need for additional beds.

And we take as tacit support the fact that the two major trade associations, Leading Age PA and The Pennsylvania Health Care Association have not opposed the application. This is yet further proof of the need for additional beds for ventilator-dependent patients.

Additional points in support of Tulip Special Care's Bed Request Application:

- 1) Being centrally located, Tulip Special Care is a short ambulance ride from most of the large center city hospitals. This is convenient for the hospitals as well as the patients and their families. Tulip's location will significantly reduce the costs of ambulance transportation thereby creating savings for the hospitals, Medicare and other insurers.
- 2) Tulip Special Care is the only ventilator program offering on-site specialty services. In the same hospital building there are multiple physician practices including dentistry, lab, x-ray, pharmacy, dialysis and a wound care center. Additional specialty providers are anticipated soon. Not only is this convenient, safer and less stressful for patients but also saves considerable staff time and transportation costs.
- 3) Tulip Special Care will be located in a former acute care hospital, with infrastructure far more robust than a traditional nursing home. And given the ICU configuration, rooms are central to the nurse stations and are easily visible from virtually anywhere on each floor.

Excerpt from Repurposing Closed Hospitals as For-Profit Medical Malls

Critics worry that these new medical complexes are no substitute for the hospitals they've replaced and may siphon off paying patients from them. Unlike a hospital, individual providers in a private medical complex are not required to provide charity care, nor do these complexes have nonprofit missions to serve a community's health needs, although some tenants are nonprofits.

Nevertheless, these buildings are often ideal for medical uses — an emergency department can be repurposed as an urgent care center. Existing operating rooms can be used for outpatient surgical centers. And an inpatient floor is a natural fit for a subacute care facility.

Ronda Kaysen, The New York Times, March 5, 2014

- 4) By virtue of Tulip Special Care's size, the facility will be a rich source of clinical data. TSC will be able to partner in the areas of research and development with major Philadelphia institutions.
- 5) Over the last few years, hospitals have been discharging more acutely ill patients than ever before. With the Affordable Care Act, hospitals are now being penalized for re-admissions.



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Given our clinical and professional expertise, TSC will be well-positioned to care for patients with complex medical issues that might have otherwise caused re-admissions.

- 6) Tulip Special Care will be larger than a traditional ventilator unit. This will allow us to hire more specialty staff and provide quality cost effective care. It will also allow us to accept tracheostomy patients and other pulmonary compromised patients.
- 7) Tulip Special Care will be the only long-term care provider specializing exclusively in adult ventilator services in Philadelphia.

Please feel free to contact us for amplification or further clarification.

Sincerely,

A handwritten signature in black ink, which appears to read 'J. Edward Burleigh, III, NHA'. The signature is written in a cursive style.

Tulip Special Care
J. Edward Burleigh, III, NHA
215-588-5320
Ed.Burleigh@tulipspecialcare.com