

BEFORE THE ARKANSAS HEALTH SERVICES PERMIT AGENCY

In the Matter of:

Abbey Hill Nursing and Rehabilitation Center

File # HSPA (1267)-10

**FINDINGS OF FACT, CONCLUSIONS
OF LAW, AND ORDER**

Findings of Fact

The applicant, **Abbey Manor, LLC – John B. Montgomery**, is seeking an Approval to transfer the Permit of Approval (POA) held by **Abbey Hill Nursing and Rehabilitation Center** for a 120 bed replacement of Abbey Hill Nursing and Rehabilitation Center in Hot Springs, AR (Garland County), **File# HSPA (1244)-09**, to be called **Abbey Hill Nursing and Rehabilitation Center**, at 221 Files Rd, Hot Springs (Garland County), Projected capital expenditure is \$6,600,000.00. The Agency makes the following findings of fact:

NEED: Section III. B. 1(c) of the Permit of Approval Rulebook addresses POA Transfers. A permit may be transferred with Commission approval and requires an application. The POA must have at least \$2,500.00 of tangible assets that will be transferred with it. The applicant shows \$2,500 in tangible assets being transferred; a letter from the current POA owner states that the property located at 221 Files Rd, Hot Springs, is being transferred with the POA. The criterion for need has already been met for the original POA, and need not be redetermined with this transfer.

STAFFING: The Agency has no objective reason to believe the proposed facility could not be adequately staffed. The applicant provided a staffing plan. The applicant plans to target regional training and educational facilities to recruit qualified staff. In addition, they will use newspaper advertisements, word of mouth, and other written publications. The applicant plans to retain staff by offering a pleasant work environment, benefits,

and competitive pay.

ECONOMIC FEASIBILITY: Total cost for the project is \$7 million and the applicant intends to finance 100% of the project with a commercial loan. There is a letter submitted with the application from *Simmons First Bank of Northwest Arkansas*. The bank letter states that “such financing can be obtained with successful completion of final approval including negotiation of final documentation and evidence of approval the Arkansas Health Services Permit Agency transfer of the Permit of Approval.” When contacted, the bank indicated that as of 01/22/2010 the “due diligence” phase of the loan process had not yet begun and the final approval of the loan is contingent on the outcome of the due diligence process. The bank indicated that this process is not guaranteed and can last from one month to several months depending on circumstances at the bank or with the applicant. The applicant submitted a three-year pro forma budget, which appears in line with the average budgets.

COST CONTAINMENT: The applicant states new facility will better serve a growing part of the county. Applicant also notes the use of state of the art equipment resulting in a higher level of care and more efficient use of staff, which ultimately in the end will reduce expenditures to be taken into account in determining reimbursement rates.

LETTERS OF OPPOSITION AND RESPONSES: There was one letter of opposition submitted against Abbey Manor, LLC – John B. Montgomery, by Leo N Levi Memorial Hospital.

Opponent’s Comments

Levi Hospital alleges that Mr. Montgomery does not have the financial wherewithal to acquire and fully implement this Permit of Approval.

Applicant's Response

The applicant states that any failure of Country Club Manor, LLC to pay an alleged debt owed to Levi has no bearing on Abbey Manor. The Opponent's letter serves only to confuse the issues involved in the transfer of the POA with a dispute between unrelated entities.

Conclusions of Law

The Applicant has submitted all of the required components to fulfill the requirements for an application to transfer a Permit of Approval.

ORDER

Based on the Permit of Approval Rulebook, Section III. B. 3., Transfer of Permit of Approval, legal title, or right of ownership must be approved by the Health Services Permit Commission. Therefore, the request to transfer ownership of the POA for Abbey Hill Nursing and Rehab Center in Garland County is referred to the Health Services Permit Commission. The hearing and vote on the transfer of the POA request for the above referenced project will take place at the Commission meeting of March 10, 2010 at the Arkansas Department of Environmental Quality, 5301 North Shore Drive, North Little Rock.

IT IS SO ORDERED THIS 25th DAY OF JANUARY 2010

DIRECTOR, HEALTH SERVICES PERMIT AGENCY