

Michael Gordon
[REDACTED]



June 30, 2020

Via electronic mail

The Honorable James E. Clyburn
Chairman
Select Subcommittee on the Coronavirus Crisis
2157 Rayburn House Office Building
Washington, DC 20515

Dear Chairman Clyburn:

On behalf of my client, Consulate Health Care, I am writing in response to your June 16, 2020 letter to CEO Chris Bryson. We appreciate and share your concern about the impact of the coronavirus on residents and employees at long-term care facilities. We respect the important mandate of the Select Subcommittee on the Coronavirus Crisis, and we welcome all constructive efforts by policymakers to improve the functioning of our health care system and promote positive outcomes for America's deserving seniors. We look forward to cooperating with your inquiry, while remaining focused on our mission of patient care.

Health care providers, including long-term care facilities, have been on the front lines of the fight to stem the coronavirus crisis. At Consulate, we continue to work tirelessly to protect our residents and staff from the on-going threat of COVID-19.

Today we are producing our first installment of responsive information, following several productive conversations with Subcommittee staff. Some information we provide may be designated as "Confidential Business Information" or "Sensitive Personal Information." Based on discussions with staff, we understand that the Subcommittee intends to abide by the House Committee on Oversight and Reform guidelines for Handling of Sensitive Personal and Commercial Information. We look forward to conferring with you prior to the release of any confidential or sensitive information in order to protect privacy and commercial interests.

Requests 1 and 2

Consulate Health Care is the name under which LaVie Care Centers, LLC (LVCC) does business. Through a combination of entities, Consulate leases, manages and operates skilled nursing and assisted living facilities in Florida, Virginia, North Carolina, Pennsylvania, Kentucky, Mississippi, and Louisiana. The document "Consulate Healthcare Operational Overview" provides an illustration of the types of entities in our corporate structure that perform significant operations.

The company parent is FC Investors XXI, LLC (FC21), which wholly owns LVCC.¹ FC21 is owned by a number of different limited liability corporations made up of private investors. No single LLC or group of LLCs owns a majority or controlling interest of FC21. FC21 files a consolidated tax return for all of its subsidiaries. FC21 serves as the entity through which the companies' credit facility is maintained. Neither LVCC nor any related party or affiliate own the physical nursing homes or any businesses that provide support services to the facilities. FC21 and LVCC do not have employees.

Beneath LVCC in our organization structure are three main types of entities:² (1) Individual Facilities; (2) Master Tenants; and (3) a Facility Management Company.

Each long-term care facility is organized as an Individual Facility LLC (Facility). Each Facility is a stand-alone company that has its own employees, accounting systems, cost reports, etc. to allow it to operate and provide patient care. Each Facility is issued its own license to operate by its respective state regulatory agency and has its own provider agreement for Medicare and Medicaid services. The Facility employees include direct caregivers and administrators of the facility (Executive Director, Director of Nursing, nurses etc.), among others. All reimbursement for care is paid to and received by each individual Facility. Facilities contract with independent third-party vendors to supply housekeeping, dietary, therapy, pharmacy, and other services.

The document "Consulate Alphabetical Facility Listing" provides a list of all Consulate Facilities. As indicated on the document, Consulate operates 137 facilities -- 125 of which are skilled nursing facilities, 6 are assisted living facilities, 4 are independent living facilities, and 2 have state-specific designations and provide a level of care less acute than nursing home care.

Master Tenants secure Facility leases with the various third parties that own differing groups of the Facilities. The Master Tenants are organized as LLCs and serve as the respective master tenant under master leases for a particular landlord and its Facility group. The Master Tenant assumes the global obligation to pay rent for the Facilities covered by the master lease, and then subleases each Facility within that grouping to individual Facilities. The document "Consulate Alphabetical Master Tenant Listing" identifies the Master Tenants.

CMC II, LLC is the management company for the Consulate's Facilities. Each Facility has a contract for management and back office services with CMC II. This management entity is a pass-through entity, meaning it receives no direct reimbursement from any payer, and it bills Facilities only for what is necessary to cover its costs. Consulate's corporate offices are housed at CMC II, which also employs various "regional" and "division" staff who support the Facilities

¹ Between FC21 and LVCC are single member LLCs that serve as guarantors for various obligations of Consulate such as its leases, vendor agreements and credit facility. These LLCs do not own real estate or have employees.

² These three types of entities include all entities that perform significant functions at Consulate. In addition to these three entity types, there are a small number of additional entities that do not perform any significant function. For example, some are merely holding companies with no current function that were brought into Consulate through prior acquisitions. These additional entities are not listed in the produced documents.

The Honorable James E. Clyburn

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in the performance of their obligations, for example, business office management, clinical support, human resources management, and operational tasks.

Request 3(a)

Request 3(a) seeks, in part, the total number of beds per Facility. This information can be found in the document “Consulate Alphabetical Facility Listing.”

Request 9

This request seeks information about “additional fees” charged by Consulate related to the coronavirus. The State of Florida approached Consulate seeking assistance finding beds for COVID-19 positive patients in a segregated COVID-only facility. Consulate offered to assist by utilizing one of its facilities, the Oakbridge Healthcare Center (Oakbridge), as a COVID-19 only facility where Consulate would provide skilled nursing services to COVID-19 positive patients. In May 2020, Oakbridge entered into an agreement with the Florida Agency for Health Care Administration (AHCA). Oakbridge accepts COVID-19 positive patients in need of such services who are being transferred from other facilities or hospitals in Florida. Pursuant to its agreement with AHCA, Oakbridge provides services at rates that exceed normal reimbursement rates. Our production includes the Supplemental Medicaid Provider Agreement between Oakbridge and AHCA; rate information is detailed in the agreement.

Request 10

Request 10 seeks, in part, Consulate’s employee benefits policies. We are producing a document “Consulate Health Care – Employee Benefits Summary for 2020” that contains benefit information responsive to this request.

We are making our document production available to the Subcommittee on a secured portal. We will provide your staff with information on how to access the documents on the portal. Please do not hesitate to contact me if you have any questions about the information we are providing to the Subcommittee.

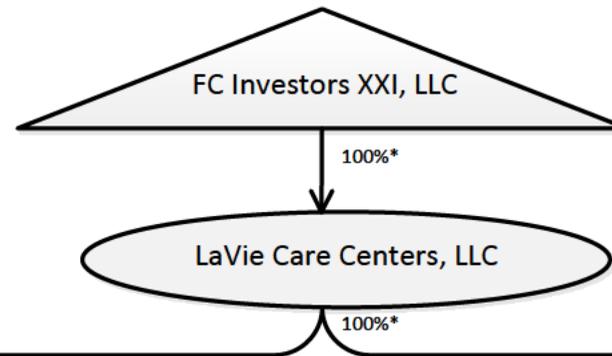
Sincerely,

A solid black rectangular box redacting the signature of Michael Gordon.

Michael Gordon

cc: The Honorable Steve Scalise, Ranking Member of the Select Subcommittee on the Coronavirus Crisis

Consulate Healthcare Operational Overview



Operational Companies

(See Separate Listing)

Each Individual Facility LLC is a stand-alone. It is issued its own license to operate by the state regulatory agency and has its own provider agreement for Medicare and Medicaid services. The facility employees include direct caregivers and administrators of the facility.

Facility Management Company

(CMC II, LLC)

Each Individual Facility LLC has a contract for management and back office services with CMC II. This entity receives no direct reimbursement from any payer and bills only what is necessary to cover its costs. CMC II runs the Consulate corporate office and employs various "regional" and "division" staff who support various departments and individuals at the facilities in the performance of their obligations, including business office management, nursing, human resources and operational tasks.

Master Tenants

(See Separate Listing)

The Master Tenants are organized to serve as the respective master tenant under master leases for a particular landlord and its facility group. The Master Tenant assumes the global obligation to pay rent for the facilities covered by the master lease, and then subleases each facility within that grouping to the Individual Facility LLC.

* For simplicity, certain Consulate entities with no employees or revenue have been omitted (e.g., holding companies, inactive companies). All entities (listed or omitted) are owned, directly or indirectly, by FC Investors XXI, LLC.