

MATERIAL CHANGE NOTICE SUBMISSION DETAILS

Material Change Notice Number	2024-02-16-1071
OHCA Review Start Date	April 12, 2024
Anticipated date by which OHCA will determine whether or not transaction must undergo a cost and market impact review, if not tolled per regulation	May 27, 2024

SUBMITTER

HEALTH CARE ENTITY CONTACT FOR PUBLIC INQUIRY

Title	President
First Name	Linda
Last Name	Taetz
Email Address	lwttaetz@marinerhealthcare.com

GENERAL

Business Name	Rehabilitation Center of Santa Monica Operating Company, LP
Website	therehabilitationcenterofsantamonica.com
Ownership Type	Partnership
Tax Status	For-Profit
Federal Tax ID	46-4721939
Description of Submitting Organization	Rehabilitation Center of Santa Monica Operating Company, LP's 1% General Partner is Rehabilitation Center of Santa Monica Holding Company GP, LLC (EIN 81-2813576) and its 99% Limited Partner is GC Holding Company 2, LLC (EIN 47-2320394)
Governance and Operational Structure	Rehabilitation Center of Santa Monica Operating Company, LP's 1% General Partner is Rehabilitation Center of Santa Monica Holding Company GP, LLC (EIN 81-2813576) and its 99% Limited Partner is GC Holding Company 2, LLC (EIN 47-2320394)
Health Care Provider?	Yes
For Providers: Summary of provider type (hospital, physician group, etc.), facilities owned or operated, service lines, number of staff, geographic services area(s), and capacity or patients served in California (e.g., number of licensed beds, number of patients per county in the last year).	Skilled Nursing Facility Number of staff – 123; Number of beds – 144; Number of patients served in California in the last year – 312

LOCATIONS

Counties	Los Angeles
California licenses and numbers	<p>Skilled Nursing Facility license issued by State of California License No. 910000154; Department of Public Health; Registered with the California Secretary of State as a Limited Partnership-Out of State entity</p> <p>Submitter's entity number with the California Secretary of State is 201414100023. Submitter holds the Skilled Nursing Facility License for the Rehabilitation Center of Santa Monica (the "Facility"), License No. 910000154, issued by the California Department of Health. Submitter holds no other licenses or registrations from the California Department of Public Health. Additionally, Submitter is enrolled in Medicare [Provider No. 55-5808] and Medi-Cal [Provider No. LTC55808F].</p>
Other States Served	None
Other state(s) licenses and numbers	None
Primary Languages used when providing services	English; Armenian; Chinese; Farsi; Hindi; Hmong; Japanese; Korean; Russian; Spanish; Tagalog; Thai; Ukrainian; Vietnamese; Pashto

MATERIAL CHANGE

ADDITIONAL ENTITIES

Business Name	Description of the Organization	Ownership Type
1338 20th Street LLC	1338 20th Street LLC is a limited liability company. Individuals named Simcha Mandelbaum, Abe Bak, Mochi Bercovich and Adam Zenou have guaranteed certain obligations to us on behalf of this entity, and Submitter understands that each one has either a direct or indirect ownership in this entity.	Limited Liability Company
Miracle Mile Properties, LP	Miracle Mile Properties, LP is a limited partnership, and is the landlord under Submitter's current lease for the Facility property. Submitter believes that Miracle Mile Property Management, LLC is a general partner of Miracle Mile Properties, LP. Submitter does not have access to any other information relevant to this request.	Limited Partnership

CRITERIA

Health care entity with annual revenue of at least \$25M	Yes
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CIRCUMSTANCES FOR FILING

The transaction is likely to increase annual revenue of any health care entity that is a party to the transaction by at least \$10 million or 20% of annual revenue at normal or stabilized levels of utilization or operation	Yes
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TRANSACTION DETAILS

Anticipated Date of Transaction Closure	7/30/2024
Description of Transaction	<p>The submitter's lease for the skilled nursing facility property is expiring and the landlord requested submitter's cooperation in remaining the operator until the new operator/tenant obtains its license to operate the facility.</p> <p>A. The Goals of the Transaction: Submitter's lease for the Facility property is expiring, and the landlord requested Submitter's cooperation to transition the Facility's operations to a new tenant/operator so that the Facility does not close and may continue to serve its residents. Submitter is entering into this transaction solely as an accommodation to the landlord and the new operator in order to prevent closure of the Facility when Submitter's lease expires.</p> <p>B. Summary of Terms of the Transaction: As noted above, Submitter is entering into this transaction solely as an accommodation to the landlord and its new operator/tenant. Submitter is not "selling" its business, but is agreeing to transfer the business operations to the new operator when the new operator obtains its license to operate the Facility. Submitter is not receiving any purchase price consideration payment for its business operations. In order to prevent the Facility from closing when its lease expired on February 28, 2024, Submitter has agreed to continue operating the Facility for a period of time after the otherwise scheduled February 28, 2024 expiration date, to provide time for the new operator to obtain its new license from the California Department of Public Health and its Medicare and Medi-Cal provider agreements to operate the Facility.</p> <p>C. Statement of Why the Transaction is Necessary or Desirable: This transaction is necessary to provide for continuity of the skilled nursing operations at the Facility (because Submitter's lease is expiring), which is much more desirable and beneficial to the community than the alternative of Submitter winding down operations and closing the Facility.</p>

	<p>D. General Public Impact or Benefits of the Transaction, Including Quality and Equity Measures and Impacts: Again, without this transaction Submitter would wind down operations and close the Facility. By cooperating with the new operator and the landlord, the community benefits from continued skilled nursing services at this location.</p> <p>E. Narrative Description of the Expected Competitive Impacts of the Transaction: Submitter’s affiliate operates a skilled nursing facility adjacent to the Facility, so this transaction will increase competition by bringing in a new operator.</p> <p>F. Description of Any Actions or Activities to Mitigate Any Potential Adverse Impacts of the Transaction on the Public: There is no expected adverse impact to the public as a result of the transaction itself. To the contrary, the main purpose of this transaction is to avoid the Facility's closure.</p>
Submitted to US Department of Justice or Federal Trade Commission?	No
Subject to court proceeding?	No
Description of current services provided and expected post-transaction impacts on health care services	<p>Skilled Nursing and Therapy Services and no changes expected after the transaction.</p> <p>A. Counties Where Services are Currently Performed and Any Post transaction Changes Thereto: Services are currently performed in Los Angeles County. There are no expected post-transaction changes thereto that Submitter is aware of.</p> <p>B. Levels and Type of Health Care Services Currently Offered, And Any Post-transaction Changes Thereto: Currently skilled nursing and therapy services are offered. There are no expected post-transaction changes thereto that Submitter is aware of.</p> <p>C. Current Community Needs Assessments, Charity Care, and Community Benefit Programs, and Any Post-Transaction Changes Thereto: There are currently no community needs assessments, charity care, or community benefit programs. There are no expected post transaction changes thereto that Submitter is aware of.</p> <p>D. Whether Medi-Cal and Medicare Patients are Currently Accepted and Any Post-transaction Changes Thereto: Currently the Facility accepts both Medi-Cal and Medicare patients. There are no expected post transaction changes thereto</p>

	that Submitter is aware of.
Prior Transaction Description	n/a
Description of Potential Post Transaction Changes	<p>New operator is a limited liability company; submitter does not have information about its affiliates, subsidiaries, or other entities that control, govern, or are financially responsible for the health care entity or that are subject to the control, governance, or financial control of the health care entity. The landlord is a limited partnership, and its General Partner is Miracle Mile Property Management, LLC. However, to submitter’s knowledge the landlord is not a health care entity and submitter does not have information about its affiliates, subsidiaries or other entities. employees will be retained by the new operator and the same wages and benefit levels.</p> <p>A. Ownership, Governance, or Operational Structure of the Parties to the Transaction: Submitter will cease operations of the Facility. Additionally, Submitter’s Facility employees will also be transferred to the new operator, as described in further detail in item B below. The transaction will not otherwise change Submitter’s ownership, governance, or operational structure. 1338 20th Street LLC will be taking over operations of the Facility thereafter. Submitter is not aware of nor has access to any information with respect to any potential post-transaction change to the ownership, governance, or operational structure of any other parties to the transaction.</p> <p>B. Submitter’s Employee Staffing Levels, Job Security, Retraining Policies, Wages, Benefits, Working Conditions, and/or Employment Protections: Pursuant to the terms of the Operations Transfer Agreement, dated December 28, 2023 (the “Operations Transfer Agreement”), by and between Submitter and 1338 20th Street LLC (the “New Operator”), Submitter shall terminate its Facility employees upon the transfer of operations. Submitter will pay directly to such employees any unpaid earned and accrued wages and benefits upon termination, unless otherwise agreed to by the parties. Except for Excluded Employees (as that term is defined by the Operations Transfer Agreement), the New Operator is required to offer to hire such terminated employees at substantially similar wages, benefits and conditions of employment (including health insurance benefits) and base pay levels and other compensation consistent with those provided to such employees prior Submitter’s termination of their employment. See Art. 10 of the Operations Transfer Agreement (on pages 15-17 of the Operations Transfer Agreement, which are pages 22-25 of the uploaded document titled, “TRCSM-Fully Executed Lease Termination Agreement with OTA Exhibit (Updated).pdf”).</p>

	<p>C. City or County Contracts Regarding the Provision of Health Care Services Between the Parties to the Transaction and Cities or Counties: There are currently no city or county contracts regarding the provision of health care services between the Submitter and cities or counties. There are no expected post-transaction changes thereto that Submitter is aware of nor does Submitter have access to information as to whether any other parties to the transaction have their own contracts with cities or counties, or any post-transaction changes to such contracts, if any.</p> <p>D. If a Provider, Comparable Health Care Services Currently Offered By Other Health Care Entities Within 20 Miles of Any Location Where the Submitter Offers Health Care Services: Submitter is unaware of any potential post-transaction changes to comparable health care services offered by other health care entities within 20 miles of any location where Submitter offers health care services resulting from this transaction.</p>
<p>Description of the nature, scope, and dates of any pending or planned material changes occurring between the Submitter and any other entity, within the 12 months following the date of the notice.</p>	<p>None</p>