

Health Care Impact Statement

Regarding the Proposed Sale and Change in Control and Governance of Bethel Lutheran Home, Inc. to Bayshire Central Valley LLC, doing business as Jericho Care Group, and its affiliates, 2280 Dockery Holdings LLC, and Bethel Skilled Care LLC

Prepared for the Office of the Attorney General
California Department of Justice
Healthcare Rights and Access Section

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Table of Contents

Page

A.	Scope of the Health Care Impact Statement & Qualifications	3
B.	Proposed Transaction	4
C.	List of Materials Relied Upon	5
D.	Overview of Facility, Communities Served & Payor Mix	6
E.	Summary of Site Visit & Interviews at Bethel Lutheran Home Inc.	6
F.	Summary of Stakeholder Interviews	7
G.	Skilled Nursing Facility Performance Analysis	7
H.	SNF Staffing and Staff Turnover Analysis	30
I.	Alternative Purchaser	32
J.	RCFE Performance Analysis	34
K.	Summary	37
L.	Recommendations	38

Appendix 1

Appendix 2

A. Scope of the Health Care Impact Statement & Qualifications

I have been retained by the Office of the Attorney General to provide an independent analysis of the effects on availability and accessibility of health care services from the proposed sale and acquisition of Bethel Lutheran Home, Inc., a nonprofit religious corporation affiliated with the Social Ministry Organization of the Sierra Pacific Synod of the Evangelical Lutheran Church of America, to Bayshire Central Valley LLC, a for-profit California limited liability company doing business as Jericho Care Group, and its newly formed for-profit affiliates, 2280 Dockery Holdings LLC, a California limited liability company, and Bethel Skilled Care, LLC, a California limited liability company.

Qualifications

I am a licensed nursing home administrator and recognized expert with over 36 years of experience in nursing home operations and quality improvement. I am an author and coauthor of two books, “Meeting the Leadership Challenge in Long-Term Care,” and “A Long-Term Care Leader’s Guide to High Performance,” and I have published multiple articles related to improving clinical and human resource outcomes in senior care communities. I have served on the Centers for Medicare and Medicaid Services (CMS) technical expert panel, which designed the Quality Assurance Performance Improvement (QAPI) federal regulation and provider education materials. In addition, I have served as project manager of California’s and Rhode Island’s federally funded Quality Improvement Organizations (QIOs) under contract with the CMS, as part of the National Nursing Home Quality Initiative. I have also served as the chairman of California’s Advancing Excellence in Nursing Homes campaign, and I served as lead faculty for the California Association of Health Facilities’ Long Term Care Leadership Academy in California for over 20 years. Finally, throughout the COVID-19 pandemic, I served on the Alameda County Public Health Department’s long-term care facility COVID-19 outbreak team.

Scope of the Health Care Impact Statement

Specifically, I have been asked to assess whether the proposed sale and acquisition of nonprofit Bethel Lutheran Home, Inc., by for-profit Bayshire Central Valley LLC, doing business as Jericho Care Group, and its for-profit affiliates, would create any potential negative impacts on the availability, accessibility, and quality of health care services of Bethel Lutheran Home, Inc. In addition, I have been asked to recommend potential conditions that the Attorney General might consider in order to address the potential negative impacts, should the Attorney General approve the transaction. This health care impact statement is prepared pursuant to and in accordance with the provisions of California Corporations Code section 5914 et seq, and section 999.5 of Chapter 15, Division I, of Title 11 of the California Code of Regulations.

Statutory & Regulatory Requirements

Pursuant to Corporations Code section 5917, the Attorney General shall consider any factors that the Attorney General deems relevant when making a determination on whether to consent to any agreement or transaction for which written consent is required, including but not limited to, whether the agreement or transaction creates a significant effect on the availability and accessibility of health care services of the affected communities. Pursuant to 11 C.C.R. section 999.5 (e)(6), the Attorney General shall prepare an independent health care impact statement to address these factors.

The Health Care Impact Statement shall include an assessment of the effect of the transaction on the provision of health care services to Medi-Cal patients, county indigent patients, and any other class of patient, the staffing for patient care, and the retention of employees and rights of employees to provide input on health quality and staffing issues. The health care impact statement also addresses mitigating measures to reduce potential adverse effects on health care services and discusses alternatives to the proposed agreement or transaction. Finally, the health care impact statement includes recommendations for additional mitigation measures that may reduce any significant adverse effect on health care services that are identified.

This Health Care Impact Statement evaluates the relevant factors related to the proposed sale, including the performance history of applicant Bethel Lutheran Home, Inc.'s skilled nursing facility (SNF) and assisted living, and Residential Care Facility for the Elderly (RCFE), in comparison to the historical performance of the SNFs and RCFEs currently operated by the proposed buyer, Bayshire Central Valley LLC or its affiliates, members and owners, as well in comparison to state and national averages. It concludes with recommendations to the Attorney General.

B. Proposed Transaction

The proposed transaction shall result in the sale and transfer of control and governance of the skilled nursing, assisted living, and independent senior living facilities of nonprofit Bethel Lutheran Home, Inc. to for-profit Bayshire Central Valley LLC, doing business as Jericho Care Group, and its for-profit affiliates, including newly formed 2280 Dockery Holdings LLC, a California limited liability company, and Bethel Skilled Care, LLC, a California limited liability. The members and owners of the purchaser include individuals who jointly or separately own, operate and hold ownership interests in over 25 health facilities, including SNFs, RCFEs, and independent living communities located in and around central and southern California, including those of for-profit entity, Bayshire LLC.

The seller, Bethel Lutheran Home, Inc., operates a multi-level senior care community with 36 independent living cottages, an RCFE with 33 suites, and a 59-bed SNF located at 2280 Dockery Avenue and 1250 Rorden Avenue in Selma, California. Bethel Lutheran Home, Inc. is a non-profit 501(c)(3) organization that has been serving seniors since 1928.

In California, a SNF is a licensed health facility that provides 24-hour skilled nursing care and rehabilitative services to individuals with complex medical needs. A SNF is often referred to by various names, including “nursing home,” “convalescent hospital,” and “rehabilitation center.” These facilities are designed to care for individuals who require ongoing medical care. Most residents need assistance with activities of daily living (ADLs) due to chronic illnesses, are recovering from recent hospitalization, or they have other complex health-related issues. SNFs in California must comply with both state and federal regulations, and the California Department of Public Health (CDPH) oversees and inspects SNFs to determine compliance with both state and federal regulations.

In California, RCFEs provide 24-hour *non-medical* care for adults over 60. These facilities offer personal care, supervision, room and board, housekeeping, meals, and assistance with ADLs such as personal hygiene and dressing. This level of care and supervision is for people who are unable to live by themselves, but who do not need 24-hour nursing care. RCFEs are licensed and inspected by the Department of Social Services, Community Care Licensing (CCL) Division.

An Independent Living Community for the elderly is a type of senior living arrangement designed for older adults who are typically independent but want to maintain a social lifestyle while receiving some assistance and meals. These communities offer a private residence with amenities such as housekeeping, meal services, and recreational activities, allowing residents to live independently while enjoying a supportive environment. They cater to individuals who do not require ADL assistance or medical care.

C. List of Materials Relied Upon

The list of documents, research studies, materials, and information from public websites are noted as references on the bottom of each page and are summarized below.

- Bethel Lutheran Home, Inc. Notice of Proposed Transaction and Request for Consent, dated July 16, 2025, and supplemental materials and correspondence from the parties
- Records of CMS Care Compare Achieves - <https://data.cms.gov/provider-data/archived-data/nursing-homes>
- Records of CMS Care Compare - <https://www.medicare.gov/care-compare/>
- Records of Nursing Home Compare Five-Star Quality Rating System Technical User’s Guide, January 2026 - <https://www.cms.gov/medicare/provider-enrollment-andcertification/certificationandcompliance/downloads/usersguide.pdf>
- Medi-Cal Cost Reports - <https://reports.siera.hcai.ca.gov>
- Records of California Long Term Care Compare - www.callongtermcarecompare.org
- Records of state licensing and federal certification from the California Department of Public Health (CDPH) and from the Centers for Medicare and Medicaid Services (CMS)
- Records of state licensing from the California Department of Social Services (DSS) and Community Care Licensing Division (CCL)
- Records of CMS Payroll Based Journal staffing database - <https://data.cms.gov/quality-of-care/payroll-based-journal-daily-nurse-staffing/data>

- Records of CMS Nursing home affiliated entities - <https://data.cms.gov/quality-of-care/nursing-home-chain-performance-measures/data>
- Summaries of interviews with stakeholders and community organizations
- Published literature on skilled nursing and assisted living facilities, and quality of long-term care

D. Overview of Facility, Communities Served & Payor Mix

Bethel Lutheran Home is in Selma, California, located sixteen miles southeast of the city of Fresno, CA.¹ Approximate 40.93% of the population is age 30 to 64 years, 11.59% age 65 to 84 years, and 0.79% age 85 years and older.² The population of Selma was 24,674 in 2020, with over 1,800 seniors, or 12% of the population. Including Bethel Lutheran Home, there are 40 licensed nursing homes within 25 miles of Selma, CA.³

Historically, Bethel Lutheran Home, Inc.'s senior living community served both private pay residents and those covered by Medi-Cal. Medicare certification was established in 2021, and in 2024, the payor mix at the SNF was 7.2% Medicare, 82.6% Medi-Cal, 7.9% self-pay, and 2.2% other payors. The Bethel Lutheran Home, Inc.'s residents living in the RCFE and independent living apartments are all self-payors. To provide care and to serve the residents at Bethel Lutheran Home, Inc., the community employs licensed nurses, certified nursing assistants, non-licensed caregivers, housekeepers, dietary staff, therapists and administrative staff.

E. Summary of Site Visit & Interviews at Bethel Lutheran Home Inc.

On February 10, 2026, I conducted an onsite review of the community of Bethel Lutheran Home, Inc., where I observed the SNF, RCFE and independent living areas of the campus. After the tour, I had the opportunity to interview several board members and a resident.

I observed the 59-bed SNF and 33-bed RCFE were in the same building. I also noted the friendly staff, the cleanliness of the facilities, and the well-groomed residents. Staff sufficiency markers that I observed included the following: there were no unpleasant odors throughout the community, resident call lights answered timely, and a large group of residents were engaged with activities department staff.

Also, I observed that the independent living community residents live in their own apartments which were connected by footpaths to a large community space with a dining area where residents come together for meals. And I walked into the spacious and inviting chapel.

From my interviews, I learned of the financial challenges at Bethel Lutheran Home, Inc., which also precipitated the Board's decision to sell with the goal of keeping the community open and serving elders, as it has been for nearly 100 years. In early 2025, changes in

¹ https://en.wikipedia.org/wiki/Selma,_California

² <https://www.neilsberg.com/insights/selma-ca-population-by-age/>

³ <https://www.nursinghomes.com/>

facility operations led to staff departures and residents voicing concerns, but most issues were subsequently resolved and staff stability returned. Furthermore, representatives of Bayshire Central Valley LLC attended the Independent Living resident council meetings where they answered questions which helped to mitigate residents' concerns with the proposed transaction.

F. Summary of Stakeholder Interviews

Community, regulatory, and third-party payors and stakeholders were separately interviewed concerning the proposed transaction. Stakeholders relayed concerns regarding the potential negative impacts from the proposed transaction on health, safety, and welfare of the Bethel Lutheran Home, Inc. residents. The stakeholders cited concerns about low staffing levels, slow call bell response times, and lack of staff training that may occur at Bethel Lutheran Home, Inc., after the transaction.

Local payors indicated a strong preference that non-profit SNF providers which historically accept Medi-Cal residents continue to do so. They further noted that SNFs are sometimes less willing to accept Medi-Cal residents post transactions based on a proposed buyers' preference for Medicare and Medicare Advantage admissions, which can result in longer lengths of stay for Medi-Cal patients at local hospitals.

G. Skilled Nursing Facility Performance Analysis

As of December 2025, Bayshire LLC (Bayshire) owned and operated 15 SNFs in California with available data.⁴ Eight of Bayshire's SNFs are located in Fresno and Madera counties are jointly owned with Bayshire Central Valley LLC, doing business as Jericho Care Group, an affiliate of Bayshire LLC.⁵ The seven other SNFs are located in Southern California and have been under Bayshire's direct operational control since mid-2021. Therefore, Bayshire SNF's regulatory, staffing, and financial data were analyzed to determine how Bethel Lutheran Home, Inc.'s SNF residents and staff may be similarly impacted by the transaction.

The Centers for Medicare and Medicaid Services (CMS) Care Compare website that provides performance ratings for SNFs was launched over 20 years ago.⁶ It includes a set of star ratings, (1 – 5 stars), for each SNF that participates in Medicare or Medicaid within the United States. The rating system features an overall star rating based on each nursing home's performance across three types of performance domains, each of which has its own associated five-star rating. See Table 1, below.

⁴ Appendix 1, Bayshire Facilities List.

⁵ <https://www.cdph.ca.gov/Programs/CHCQ/LCP/CalHealthFind/Pages/Home.aspx> (accessed April 2026).

⁶ <https://www.cms.gov/medicare/provider-enrollment-and-certification/certificationandcompliance/downloads/usersguide.pdf>.

Table 1. CMS Care Compare Performance Domains.

Care Compare Performance Domain	Subject of Evaluation
Health Inspections	Outcomes of Regulatory Inspections
Staffing	Staffing Levels and Staff Stability
Quality Measures	Clinical Care Outcomes

The goal of CMS Care Compare is to provide consumers with a simple way to distinguish between both high and low performing nursing homes. It aims to provide a single, user-friendly interface that aggregates complex information from multiple datasets. By offering a simple design for consumers to research different nursing homes, CMS aims to drive consumers to higher-rated nursing homes (4-5 stars) and away from lower-rated nursing homes (1-2 stars).

The star rating under the health inspections domain is based on outcomes from CDPH surveys and complaint investigations. The star ratings for the health inspections domain are based on the number, scope, and severity of deficiencies identified during the two most recent annual inspection surveys, as well as findings from the 24 most recent months of complaint investigations.

The star ratings under the staffing domain are based on six measures. This includes three nurse staffing-level measures and three measures of staff turnover. Staffing star ratings are based on nursing homes' staffing levels compared to their aggregate resident clinical acuity level (acuity = care complexity, labor intensity) to ensure consumers are not misled by staffing hours alone.

Quality measures star ratings are based on resident assessments and Medicare claims. The ratings for the quality measures are based on 15 individual quality measures that are currently posted on the CMS Care Compare website. These include quality measures such as the percentage of residents with pressure wounds, the percentage of resident falls with injuries, and percentage of resident emergency room visits.

Bethel Lutheran Home, Inc.'s SNF, with 59 beds, received Medicare certification in August 2021. CMS began displaying Care Compare data for Bethel Lutheran Home, Inc., in January 2023. Over the past three years, Bethel Lutheran Home Inc.'s overall star rating on CMS Care Compare was 2.7 stars.⁷ See Table 2, below.

⁷ CMS star ratings range from 1 star (well below average) to 5 stars (well above average). A 3-star rating is considered "average."

Table 2. Bethel Lutheran Home Inc. star ratings on CMS Care Compare.⁸

Bethel Lutheran Home, Inc.	Overall Rating	Health Inspection Rating	Quality Measures Rating	Staffing Rating
2023	2	2	4	2
2024	3	3	3	2
2025	3	3	2	4
Average	2.7	2.7	3	2.7

Bayshire SNFs’ average overall star rating was slightly higher than Bethel Lutheran Home, Inc., SNF. One facility was rated 5 stars on CMS Care Compare, while two facilities had the lowest rating possible of 1 star. The average overall star rating among the group was 2.86 stars. A total of 14 out of 15 Bayshire SNFs in California were utilized in this analysis.⁹ See Table 3, below.

Table 3. Bayshire’s SNF star ratings on CMS Care Compare, December 2025.¹⁰

CMS Care Compare Star Ratings	Overall	Health Inspections	Staffing	Quality Measures
Vineyard Care Center	3	3	3	4
Morning Star Post Acute	3	2	2	5
Cornerstone Care Center	2	2	4	4
Covenant Post Acute	3	2	2	5
El Centro Post-Acute Care	2	3	1	4
Bayshire Carlsbad	5	4	3	5
Bayshire Rancho Mirage	4	4	2	3
Bayshire Torrey Pines Post Acute	4	4	2	4
Bayshire Yorba Linda Post Acute	4	3	3	5
Bayshire San Dimas Post Acute	3	2	2	5
Santa Fe Post Acute	1	1	3	3
Keystone Post Acute	2	2	2	3
Majestic Mountain Care Center	1	1	1	3
Countryside Care Center	3	3	3	4
Average	2.86	2.57	2.36	4.07

Bethel Lutheran Home, Inc.’s star ratings are higher than the average star ratings of Bayshire’s in three out of four performance domains of CMS Care Compare, including a significantly higher average rating in the staffing domain, while quality measure ratings are higher at Bayshire SNFs. See Table 4, below.

⁸ <https://data.cms.gov/provider-data/archived-data/nursing-homes>

⁹ Stonehaven Senior Living SNF has no data on CMS Care Compare.

¹⁰ <https://www.medicare.gov/care-compare/> (accessed December 2025).

Table 4. Comparison of Bethel Lutheran Home, Inc. and. Bayshire SNFs December 2025.¹¹

As of December, 2025	Star Ratings Bethel Lutheran Home, Inc. SNF	Average Star Ratings Bayshire SNFs
Overall Star Rating	3	2.86
Health Inspections	3	2.57
Staffing	4	2.36
Quality Measures	2	4.07

Bayshire Central Valley LLC directly operates eight SNFs in Fresno and Madera counties. Stonehaven Senior Living and Keystone Post-Acute, two recent acquisitions, were excluded from the analysis due to the lack of performance data for those facilities while under Bayshire Central Valley LLC’s control. Thus, the performance of six out of eight Bayshire Central Valley LLC’s SNFs was analyzed to determine how Bethel Lutheran Home, Inc.’s SNF may be similarly impacted by the transfer of operations to the proposed buyer, Bayshire Central Valley LLC. See Table 5, below.

Table 5. List of Six Bayshire Central Valley LLC SNFs.¹²

Bayshire Central Valley LLC SNFs	Location	Operational Control Since
Vineyard Care Center	Reedley, CA	2022
Morning Star Post Acute	Clovis, CA	2022
Cornerstone Care Center	Sanger, CA	2022
Covenant Post Acute	Fresno, CA	2022
Countryside Care Center	Fresno, CA	2021
Majestic Mountain Care Center	Oakhurst, CA	2024

In January 2026, the Bayshire Central Valley LLC SNFs’ average overall star rating on CMS Care Compare was 2.5 stars, less than average. See Table 6 and Exhibit 1, below.

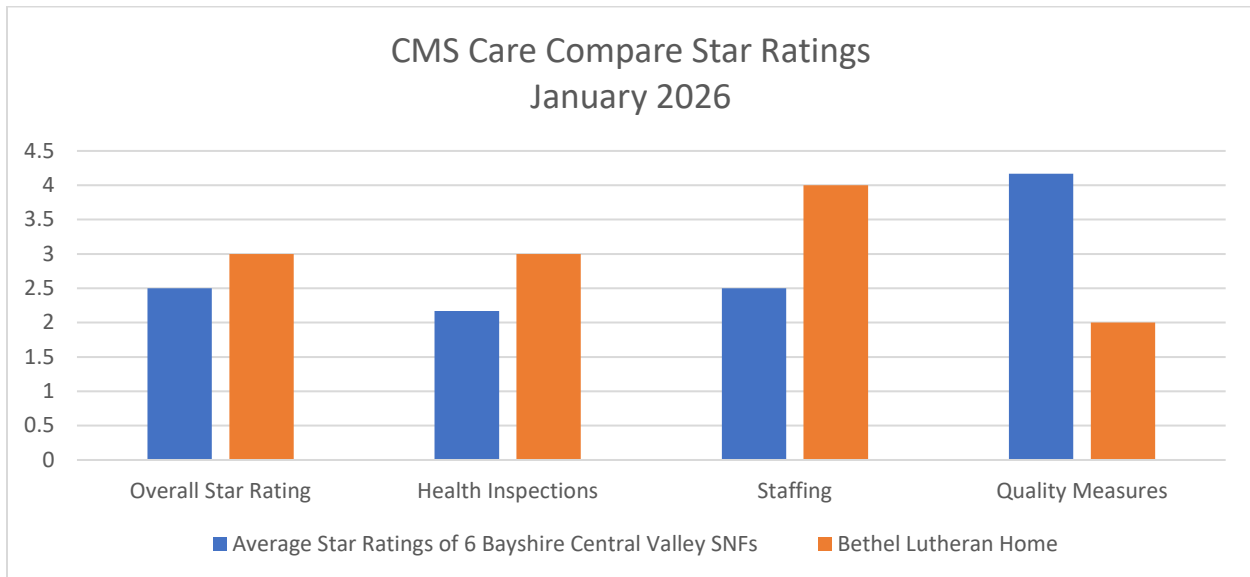
¹¹ <https://www.medicare.gov/care-compare/> (accessed December 2025).

¹² Stonehaven Senior Living SNF and Keystone Post-Acute were not included in the analysis.

Table 6. Bayshire Central Valley LLC’s SNF star ratings on CMS Care Compare, January 2026.¹³

<i>Bayshire Central Valley</i>				
CMS Care Compare Star Ratings	Overall	Health Inspections	Staffing	Quality Measures
Vineyard Care Center	3	3	3	4
Morning Star Post Acute	3	2	2	5
Cornerstone Care Center	2	2	4	4
Covenant Post Acute	3	2	2	5
Majestic Mountain Care Center	1	1	1	3
Countryside Care Center	3	3	3	4
Average	2.5	2.17	2.5	4.17

Exhibit 1. Comparison of Bethel Lutheran Home, Inc. and Bayshire Central Valley LLC’s SNFs.¹⁴



To analyze the potential impact of the proposed sale on Bethel Lutheran Home, Inc., Bayshire Central Valley LLC SNFs’ performance ratings were compared to their performance ratings under previous owners. The year 2019 was selected as the baseline comparison year because each Bayshire Central Valley LLC SNF was operating under previous owners, and it is the last full year of data prior to the start of the COVID-19 pandemic. The years 2024 and 2025 were utilized for comparison purposes, as Bayshire Central Valley LLC had full operational control and the COVID-19 pandemic was over.

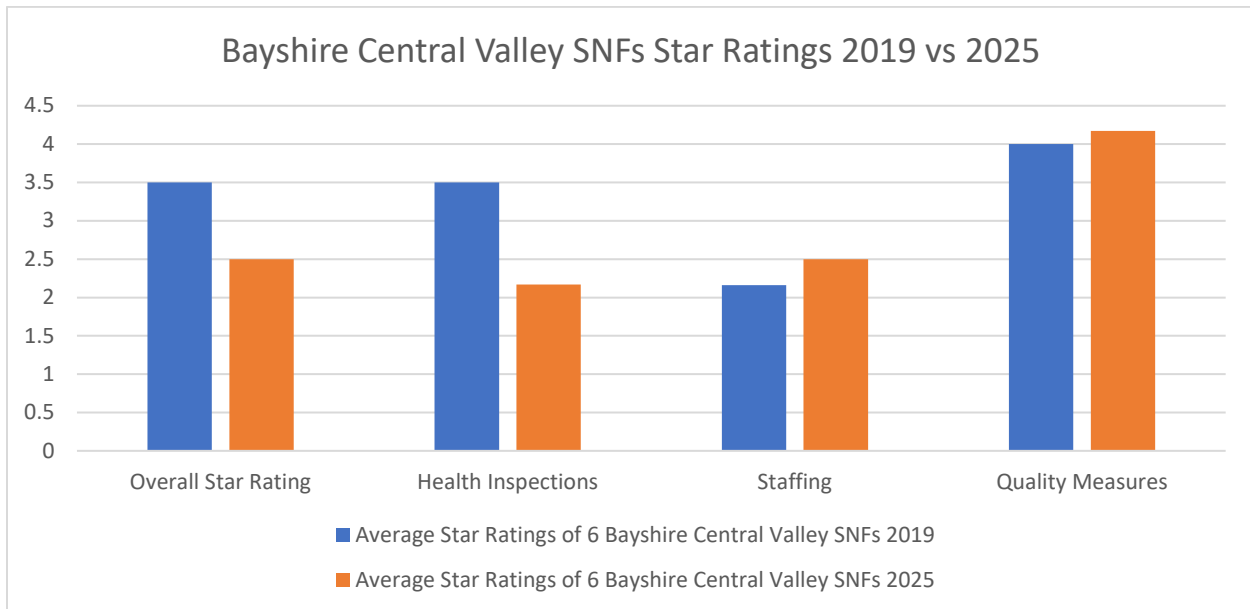
In 2019, while operated by prior owners, Bayshire Central Valley LLC’s SNFs had higher average overall and health inspection star ratings than the SNFs did in December 2025 under

¹³ <https://www.medicare.gov/care-compare/> (accessed January 2026).

¹⁴ <https://www.medicare.gov/care-compare/> (accessed January 2026).

Bayshire Central Valley LLC's direct control. Average staffing and quality measures ratings among the SNFs increased slightly in 2025 compared to 2019. See Exhibit 2, below.

Exhibit 2. Comparison of Bayshire Central Valley LLC's SNFs star ratings on CMS Care Compare, December 2019 vs December 2025.¹⁵



SNFs that participate in Medicare and Medicaid have annual onsite recertification and regulatory focused inspections, with very rarely more than 15 months elapsing between inspections. CMS contracts with the California Department of Public Health (CDPH) to inspect SNFs in California. Inspections are unannounced and conducted by a team of healthcare professionals who spend several days in the SNF to assess whether they are following federal and state nursing home requirements and regulations.

The CMS Care Compare star rating for SNF regulatory performance (health inspections) is weighted more heavily in the calculation of the overall star rating for a facility. To assign a star rating for regulatory performance, CMS calculates each SNF's health inspection score based on deficiencies (violations of federal nursing home regulations) identified in two of the most recent 12-month time periods, and the most recent year of deficiencies are weighted more than the later year.

In California, a "deficiency" issued to a SNF is a finding by CDPH that a regulatory requirement is not being met. A deficiency is rated according to its scope (number of residents impacted or potentially impacted) and severity (amount of harm or potential harm). Minor administrative infractions have low scope and severity levels compared to cases in

¹⁵ <https://data.cms.gov/provider-data/archived-data/nursing-homes>

which a number of residents are harmed, which carry a high scope and severity. See Exhibit 3, below.

Exhibit 3. Federal Deficiency Scope and Severity Scale¹⁶

Severity	Scope		
	Isolated	Pattern	Widespread
Immediate jeopardy to resident health or safety	J 50 points* (75 points)	K 100 points* (125 points)	L 150 points* (175 points)
Actual harm that is not immediate jeopardy	G 20 points	H 35 points (40 points)	I 45 points (50 points)
No actual harm with potential for more than minimal harm that is not immediate jeopardy	D 4 points	E 8 points	F 16 points (20 points)
No actual harm with potential for minimal harm	A 0 point	B 0 points	C 0 points

Note: Figures in parentheses indicate points for deficiencies that are for substandard quality of care.

The most severe and potentially life-threatening regulatory deficiencies are flagged as those presenting Immediate Jeopardy, a situation in which immediate corrective action on the part of nursing home managers is necessary because the facility’s noncompliance with one or more federal regulations has caused, or is likely to cause, serious injury, harm, impairment, or death to a resident.

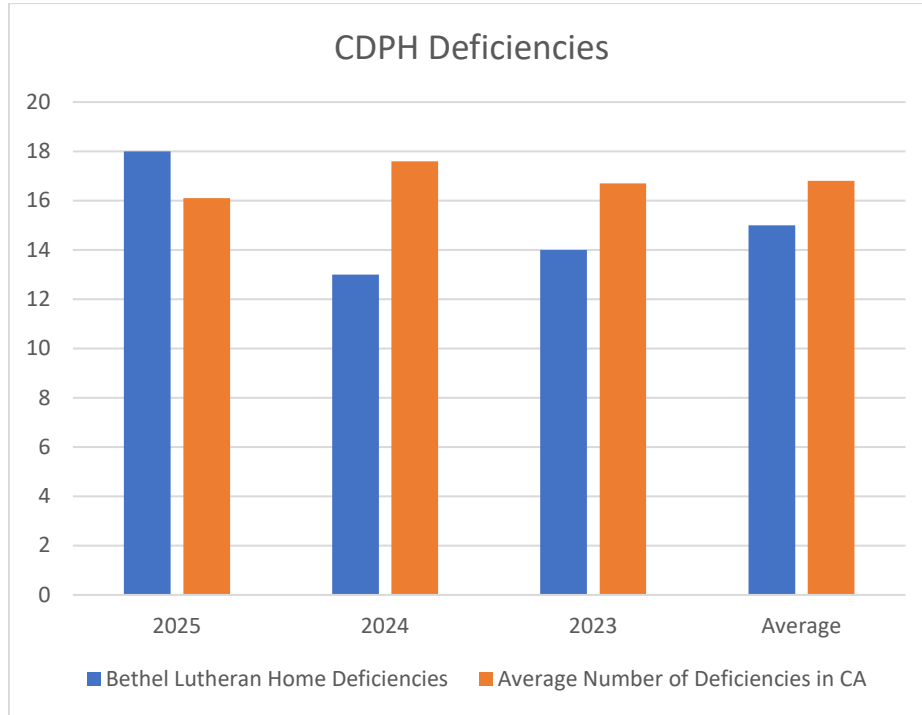
In 2019, Bethel Lutheran Home, Inc. was a 1-star rated skilled nursing facility on CMS Care Compare after accumulating 37 health deficiencies and two Immediate Jeopardy violations. Immediate Jeopardy deficiencies were cited for failure to prevent avoidable contractures and failure to report resident abuse. In addition, the facility struggled to clear the deficiencies, which was a contributing factor to Bethel Lutheran Home, Inc. being placed on the CMS Special Focus Facility (SFF) candidate list.¹⁷ SFF facilities are nursing homes with serious quality issues based on the volume of deficiencies cited during inspections, combined with an assessment of the scope and severity level of the deficiencies cited. SFFs have more frequent surveys and are subject to progressive enforcement.

Since 2019, Bethel Lutheran Home, Inc. received their Medicare certification (2021), and their CDPH inspection results have improved. The health deficiencies cited at Bethel Lutheran Home by CDPH inspectors in 2025 slightly exceeded the California state average. However, over the past three years combined, Bethel Lutheran Home, Inc. has received fewer health inspection deficiencies than average among all nursing homes in the state. In addition, Bethel Lutheran Home, Inc. was able to clear the deficiencies with acceptable plans of correction in a timely manner. See Exhibit 4, below.

¹⁶ *Nursing Home Compare Five-Star Quality Rating System Technical User’s Guide*, January 2026. <https://www.cms.gov/medicare/provider-enrollment-and-certification/certificationandcompliance/downloads/usersguide.pdf>.

¹⁷ <https://data.cms.gov/provider-data/archived-data/nursing-homes>

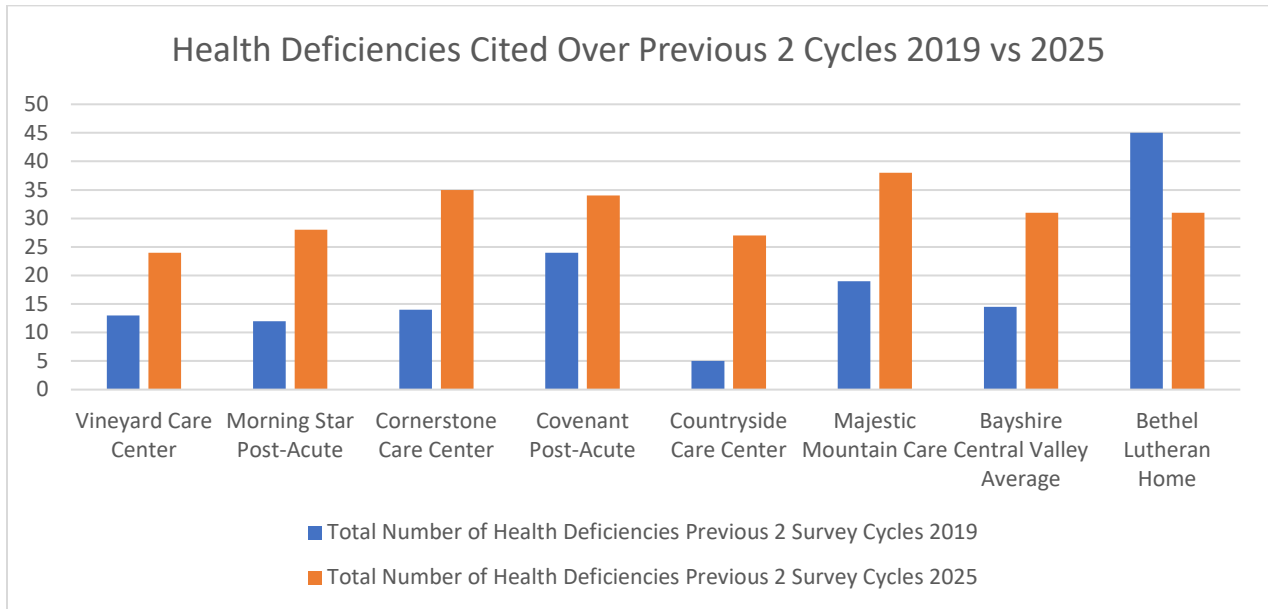
Exhibit 4. Health inspection deficiencies issued to Bethel Lutheran Home, Inc.¹⁸



Compared to 2019 under previous owners, in 2025, the six Bayshire Central Valley LLC SNFs have seen an increase in their average number of health deficiencies, from an average of 14.5 deficiencies per SNF in 2019 under prior owners to an average of 36 deficiencies per SNF in 2025 under Bayshire Central Valley LLC’s operational oversight. See Exhibit 5, below.

¹⁸ <https://data.cms.gov/provider-data/archived-data/nursing-homes>

Exhibit 5. Bayshire Central Valley LLC health inspection deficiencies cited over the previous 2 survey cycles, 2019 vs 2025.¹⁹



Since 2023, five of six Bayshire Central Valley LLC SNFs have been cited for a total of 14 actual harm or immediate jeopardy deficiencies.²⁰ Based on my experience, 14 actual harm and immediate jeopardy deficiencies are more than expected. Three of the deficiencies were issued to Majestic Mountain Care Center in 2024, after Bayshire Central Valley LLC took operational control of the facility.²¹ Subsequently, the facility was placed on the SFF candidate list by CMS in late 2025.²²

Staffing

According to CMS, “There is considerable evidence of a relationship between nursing home staffing levels and resident outcomes.”²³ Inadequate staffing at nursing homes leads to higher resident mortality rates and more falls, pressure wounds, urinary tract infections, weight loss, and dehydration.²⁴ In fact, numerous research studies show that there is a strong relationship

¹⁹ <https://data.cms.gov/provider-data/archived-data/nursing-homes>, the 38 deficiencies issued by CDPH to Majestic Mountain occurred after Bayshire Central Valley LLC’s operational control in May 2024.

²⁰ <https://www.cdph.ca.gov/Programs/CHCQ/LCP/CalHealthFind/Pages/SearchResult.aspx> (accessed December 2025).

²¹ Appendix 2. Bayshire Central Valley LLC, 2023-2025.

²² <https://www.cms.gov/files/document/sff-posting-candidate-list-march-2026.pdf-0>

²³ *Design for the Nursing Home Compare Five-Star Quality Rating System, Technical Users Guide*, April 2019. <https://www.cms.gov/medicare/provider-enrollment-and-certification/certificationandcompliance/downloads/usersguide.pdf>

²⁴ Harrington, C., et al., *Experts Recommend Minimum Nurse Staffing Standards at Nursing Facilities in the US*. *The Gerontologist*. 40(1):5-16. (2000)

between nursing home residents' positive care outcomes and *higher* total nursing staff hours.^{25 26 27 28} Finally, researchers find that CNA staffing levels predict missed or omitted ADL care and can explain the relationship between poor resident outcomes and low staffing levels.²⁹

Federal nursing home regulations specify that each nursing home must provide nursing services to meet the care needs of its residents.

According to 42 C.F.R. 483.70(e)³⁰:

The facility must have sufficient nursing staff with the appropriate competencies and skill sets to provide nursing and related services to assure resident safety and attain or maintain the highest practicable level of physical, mental, and psychosocial well-being of each resident, as determined by resident assessments and individual plans of care and considering the number, acuity, and diagnosis of the facility's resident population.

Nursing homes are required to conduct clinical assessments of each resident at regular intervals. In their aggregate, these assessments provide evidence of the acuity level of the nursing homes' resident population. This in turn establishes the type and amount of nursing staff needed to meet the residents' needs.

To allow consumers to accurately assess nursing home staffing levels, CMS case-mix adjusts a nursing home's staffing hours under the staffing domain of CMS Care Compare by incorporating the residents' aggregate acuity level into the calculation. A facility with a 1-star or 2-star rating under the staffing domain reflects that the nursing home had insufficient staffing levels for the residents' aggregate acuity.

Section 6106 of the Affordable Care Act (ACA) requires all nursing homes certified by Medicare to electronically submit direct care staffing information based on payroll data. The payroll data, when combined with census information, can then be used to report on the level

²⁵ Centers for Medicare & Medicaid Services, Abt Associates Inc., *Appropriateness of Minimum Nurse Staffing Ratios in Nursing Homes. Report to Congress: Phase II Final*. Volumes I–III. Baltimore, MD: CMS, 2001.

²⁶ Schnelle, J.F., Schroyer, L.D., Saraf, A.A., and Simmons, S.F. *Determining nurse aide staffing requirements to provide care based on resident workload: A discrete event simulation model*. JAMDA. 2016; 17:970-977.

²⁷ Dellefield, M.E., Castle, N.G., McGilton, K.S., & Spilsbury, K. *The relationship between registered nurses and nursing home quality: An integrative review (2008-2014)*. Nursing Economics, 2015; 33 (2):95-108 and 116.

²⁸ Castle, N. *Nursing home caregiver staffing levels and quality of care: A literature review*. Journal of Applied Gerontology, 2008; 27: 375-405.k

²⁹ Kalisch, B.J. Et al. *Do staffing levels predict missed nursing care?* Int J Qual Health Care. 2011; 23:302-308.

³⁰ <https://www.govinfo.gov/content/pkg/CFR-2019-title42-vol5/pdf/CFR-2019-title42-vol5-sec483-70.pdf>

of staff in each nursing home (HPPD). Therefore, CMS has developed the Payroll Based Journal (PBJ) system for nursing homes to submit payroll information to CMS.³¹ This system allows nursing home staffing data to be collected on a regular basis and submitted to CMS. Each nursing payroll data submission is audited to ensure accuracy, and all SNFs have access to this system at no cost. CMS PBJ data was utilized for this analysis.

California’s SNFs must adhere to specific minimum staffing requirements which are based on a low acuity³² resident population.

California requires SNFs -

- Have a minimum of one RN or licensed vocational nurse (LVN) always awake and on duty for facilities licensed for 59 or fewer beds.
- At least one RN or LVN awake and on duty at all times for facilities licensed for 60 to 99 beds, in addition to the director of nursing services.
- At least one RN awake and on duty at all times for facilities licensed for 100 or more beds, in addition to the director of nursing services.
- Minimum of 3.50 total nursing hours per person per day (HPPD), of which 2.40 HPPD must be CNAs.³³

From 2022-2025, total nursing hours HPPD at Bethel Lutheran Home, Inc. exceeded the California state minimum requirement (3.50 HPPD), and the CNA staffing hours were higher than the average among all SNFs in California. The RN hours at Bethel Lutheran Home, Inc. increased after their Medicare certification in 2021, however, the average RN HPPD was less than the average among other SNFs in California. See Table 7, below.

Table 7. Bethel Lutheran Home, Inc. average staffing HPPD from 2022-2025.³⁴

Staffing	Bethel Lutheran Home, Inc. 2022-2025	CA Average 2022-2025
RN HPPD	0.31	0.60
CNA HPPD	2.85	2.57
Total Nursing HPPD	4.33	4.40

³¹ Payroll Based Journal - <https://www.cms.gov/medicare/quality-initiatives-patient-assessment-instruments/nursinghomequalityinits/downloads/pbj-policy-manual-final-v25-11-19-2018.pdf>

³² Acuity of residents is a measure of their clinical complexity, and the nursing staff time needed to deliver safe care.

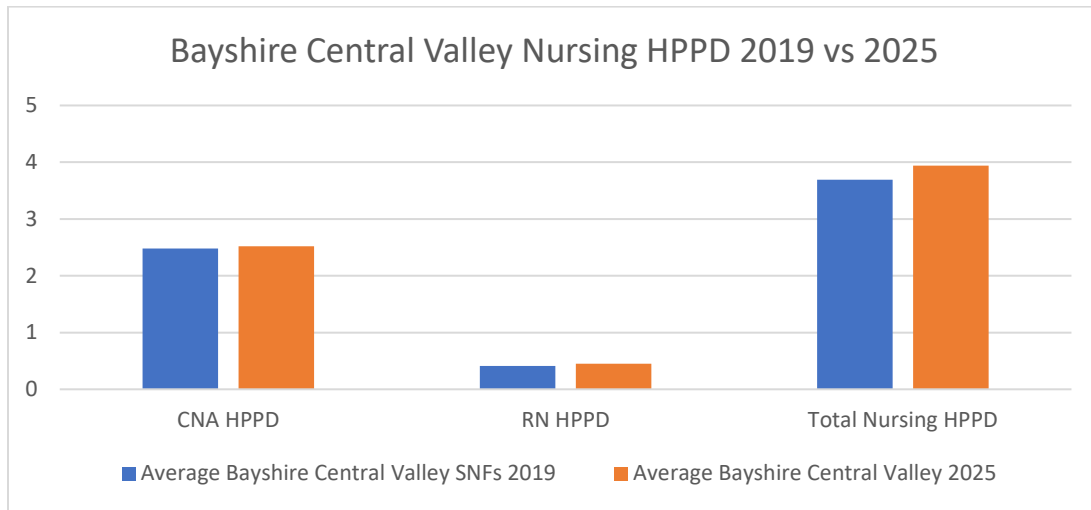
³³ Specifically, the formula for calculating the standard 3.50 HPPD is as follows: Total number of actual direct care service hours performed by direct caregivers per patient day ÷ The average census during the patient day. The formula for calculating the standard 2.40 HPPD for CNAs is as follows: Total number of actual direct care service hours performed by CNAs per patient day ÷ the average census during the patient day.

³⁴ <https://www.medicare.gov/care-compare/> (accessed December 2025).

Nursing homes in California are required to post their nursing hours in a visible location for consumers. Specifically, they must display the projected number of nursing staff directly responsible for resident care for each shift and their projected total nursing and CNA HPPD. The posting of RN hours is not required. This requirement ensures transparency and compliance with state regulations regarding staffing levels in nursing facilities. During an onsite review of Bethel Lutheran Home, Inc. on February 10, 2026, the posted projected total nursing HPPD was 3.68 total nursing HPPD, and 2.50 CNA HPPD, significantly less than Bethel Lutheran Home Inc.’s average from 2022 – 2025 in Table 7, above.

Utilizing CMS archived staffing data, Bayshire Central Valley LLC SNFs saw their average total nursing HPPD increase slightly in 2025 under Bayshire Central Valley LLC control compared to the staffing levels under prior owners in 2019. See Exhibit 6, below.

Exhibit 6. Bayshire Central Valley LLC SNFs total nursing HPPD, 2019 vs 2025.³⁵



The research regarding the positive impact of RN hours in nursing homes is compelling. One literature review focused exclusively on RN staffing in nursing homes and found that higher RN staffing was associated with better resident care quality, including decreased mortality, fewer pressure wounds, and reduced probability of rehospitalization.³⁶

CMS points out the importance of RN staffing, stating:

“Registered nurses (RNs) are licensed healthcare professionals who are responsible for the coordination, management and overall delivery of care to the residents. Some nursing

³⁵ <https://data.cms.gov/provider-data/archived-data/nursing-homes>

³⁶ Dellefield, M.E. · Castle, N. · McGilton, K. *The relationship between registered nurses and nursing home quality: An integrative review* (2008-2014) *Nursing Economics*. 2015; 32:95-106.

home residents who are sicker than others may require a greater level of care, and nursing homes that have more RN staff may be better able to meet the needs of those residents.”³⁷

RNs have advanced education and training, and they are essential to design, implement, and monitor individual resident care plans. RNs are trained in infection control, resident assessment, and care planning. In fact, RNs are the only discipline that can clinically assess a resident. RNs are responsible for supervising licensed practical nurses and CNAs.³⁸

In the third quarter of 2025, Bayshire Central Valley LLC SNFs averaged .45 RN HPPD, which was less than the average RN HPPD among all nursing homes in California (.63 RN HPPD), but in line with Bethel Lutheran Home, Inc. (.46 RN HPPD). See Table 8, below.

Table 8. Analysis of RN HPPD.³⁹

Bayshire Central Valley LLC SNFs	RN HPPD
Vineyard Care Center	.35 HPPD
Morning Star Post Acute	.46 HPPD
Cornerstone Care Center	.56 HPPD
Covenant Post Acute	.35 HPPD
Countryside Care Center	.67 HPPD
Majestic Mountain Care	.30 HPPD
Bayshire Central Valley LLC Average	.45 RN HPPD
Bethel Lutheran Home, Inc. Average	.46 RN HPPD
California SNFs Average	.63 RN HPPD

California state staffing requirements allow the hours of a Director of Nurses (DON) to meet the RN staffing requirement if the facility has 59 residents or less, and this is the case at Bethel Lutheran Home, Inc. However, as noted above, SNFs are required to provide sufficient staffing levels according to the aggregate resident acuity level, which may be significantly above the state and federal minimum RN staffing requirements if the SNF is serving a high percentage of Medicare and Medicare Advantage residents.

In 2025, Bethel Lutheran Home, Inc. began implementing strategic changes designed to increase revenue by admitting more short-term, clinically complex, higher-paying Medicare

³⁷ CMS Five-Star Technical User’s Manual January 2025, <https://www.cms.gov/medicare/provider-enrollment-and-certification/certificationandcompliance/downloads/usersguide.pdf>

³⁸ California Nurse Practice Act - <https://rn.ca.gov/practice/npa.shtml>

³⁹ <https://data.cms.gov/quality-of-care/payroll-based-journal-daily-nurse-staffing/data> (accessed December 2025)

and Medicare Advantage residents to their SNF.⁴⁰ Through a consulting contract established in June 2025, and approved by Bethel Lutheran Home, Inc.'s Board of Directors, Bayshire Central Valley LLC executives began consulting with Bethel Lutheran Home, Inc. in July 2025, and with Board approval, they began implementing strategic changes designed to both boost revenues and reduce expenses.⁴¹

The following organizational changes at Bethel Lutheran Home, Inc. have occurred or have been approved to occur, since July 2025:

- Investments in marketing and relationship-building with local acute hospitals to increase short-stay Medicare and Medicare Advantage referrals and admissions at Bethel Lutheran Home, Inc.⁴²
- Raising rents for Bethel Lutheran Home, Inc.'s self-paying SNF residents, RCFE residents, and independent living residents.⁴³
- Cutting staff hours from 8 to 7.5 hours per shift and eliminating five full-time positions.⁴⁴
- Contracting with a company to help establish contracts with Medicare Advantage and other insurance companies.⁴⁵
- Converting offices back to seven RCFE units.⁴⁶

Bayshire Central Valley LLC consultants estimated that the changes would boost annual revenue at Bethel Lutheran Home, Inc., by approximately \$2.6 million, and the community would realize an annual cost savings of \$325,000 after the proposed expense reductions were in place.

If Bethel Lutheran Home, Inc. were to reach their goal of increasing the short-stay Medicare and Medicare Advantage population to 25%, the direct care RN hours should increase accordingly as their aggregate resident acuity would likely increase significantly. Failure to increase RN hours in accordance with an increase in clinically complex residents may place all of residents at risk.

The third quarter 2025 PBJ staffing data reflects that on August 1, 2025, the RN staffing pattern at Bethel Lutheran Home, Inc. changed, and the direct care RN hours dropped from .38 RN HPPD in July 2025 to .14 RN HPPD in September 2025. Furthermore, from September 13, 2025, to September 30, 2025, direct care RN hours fell even further to .09 RN

⁴⁰ Party Correspondence dated October 15, 2025, and January 15, 2026, and Supplemental Bethel Lutheran Home, Inc. Board Meeting Minutes, August through November 2025.

⁴¹ *Id.*

⁴² *Id.*

⁴³ *Id.*

⁴⁴ *Id.*

⁴⁵ *Id.*

⁴⁶ *Id.*

HPPD (5.4 minutes of direct care RN time per resident, per day), and the DON was the only RN on duty at the Bethel Lutheran Home, Inc. SNF for ten days in September 2025.⁴⁷

A SNF director of nursing has numerous managerial tasks to complete each day, regardless of the size of the SNF. Thus, when a DON is forced to deliver clinical care as the only RN at Bethel Lutheran Home, Inc., the opportunities for omissions of managerial and clinical supervision increase.

New resident admissions is an important proxy for determining if a SNF is serving short-stay rehabilitation residents covered by Medicare and Medicare Advantage plans. According to Medi-Cal cost report census data, compared to their performance under prior owners in 2019, the 6 SNFs experienced a significant increase in resident admissions in 2024 under Bayshire Central Valley LLC. In fact, Bayshire Central Valley LLC SNFs averaged twice as many new resident admissions in 2024 as they did under previous ownership in 2019. See Table 9, below.

Table 9. New resident admissions 2019 vs 2024.⁴⁸

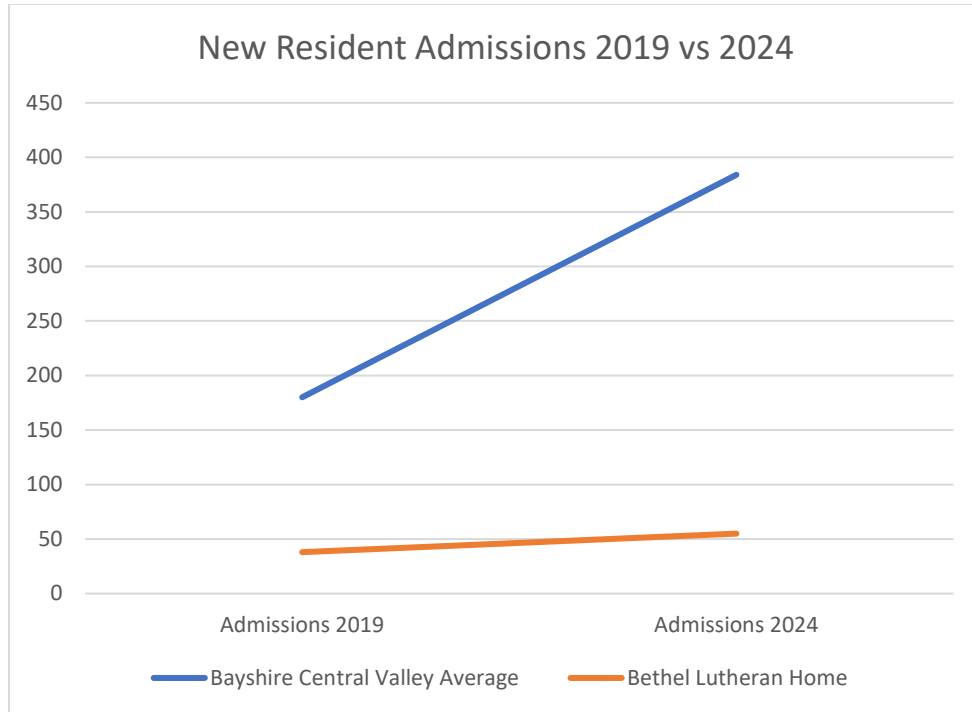
	Admissions 2019	Admissions 2024
Vineyard Care Center	124	283
Morning Star Post Acute	257	314
Cornerstone Care Center	133	378
Covenant Post Acute	407	628
Countryside Care Center	21	Not reported
Majestic Mountain Care	136	318
Bayshire Central Valley Average (6 of 8 SNFs)	180	384

The chart below depicts the significant increase in new resident admissions from 2019 under the previous owners compared to 2024, under the direction of Bayshire Central Valley LLC. See Exhibit 7, below.

⁴⁷ <https://data.cms.gov/quality-of-care/payroll-based-journal-daily-nurse-staffing/data> (accessed December 2025)

⁴⁸ <https://reports.siera.hcai.ca.gov>

Exhibit 7. New resident admissions, Bethel Central Valley LLC SNFs vs Bethel Lutheran Home Inc. SNF, 2019 vs 2024.⁴⁹



If the proposed buyer, Bayshire Central Valley LLC, achieves a 25% short-stay Medicare and Medicare Advantage census at Bethel Lutheran Home, Inc.,⁵⁰ it is more likely than not that Bethel Lutheran Home, Inc.’s SNF will experience a similar spike in new resident admissions. Bethel Lutheran Home, Inc. had only 55 new resident admissions in all of 2024,⁵¹ significantly less than the average number of new resident admissions among the Bayshire Central Valley LLC SNFs. However, according to the Administrator, Bethel Lutheran Home, Inc. had 12 new resident admissions in January 2026. Therefore, compared to 2024, Bethel Lutheran Home, Inc. will likely triple the number of new resident admissions in 2026 if they meet their Medicare and Medicare Advantage occupancy goals. Admitting a new SNF resident is a time-consuming process requiring RNs and LVNs to conduct clinical assessments, develop a care plan, order medications and clarify MD orders. As such, staffing levels will need to flex higher to accommodate the increased workload commensurate with an increase in new resident admissions (and discharges).

The proposed buyer’s strategic approach designed to increase new short-stay residents to Bethel Lutheran Home, Inc.’s SNF may help to increase and stabilize the census at the RCFE and independent living sections of Bethel Lutheran Home Inc. Historically, many of the

⁴⁹ <https://reports.siera.hcai.ca.gov>

⁵⁰ Supplemental Bethel Lutheran Home, Inc. Board Meeting Minutes, October 2025 and November 2025.

⁵¹ <https://reports.siera.hcai.ca.gov>

residents admitted to the Bethel Lutheran Home, Inc. likely came from their RCFE or independent living units because the SNF was not certified by Medicare. If Bethel Lutheran Home, Inc. increases the volume of new Medicare and Medicare Advantage resident admissions at their SNF, it may lead to some SNF residents who are unable to discharge home to transfer the RCFE or independent living units.

According to their Medi-Cal cost reports, since 2016, the SNF at Bethel Lutheran Home, Inc. has incurred over \$3.8 million in losses.⁵² Medicare certification of the SNF in August 2021 should have triggered a steady stream of higher-paying Medicare and Medicare Advantage short-term rehabilitation residents to the Bethel SNF. However, from 2022 – 2024, less than 10% of the residents in the SNF were covered by Medicare, and Bethel Lutheran Home Inc. lost almost \$1.3 million. See Table 10, below.

Table 10. Bethel Lutheran Home Profit 2016-2024.⁵³

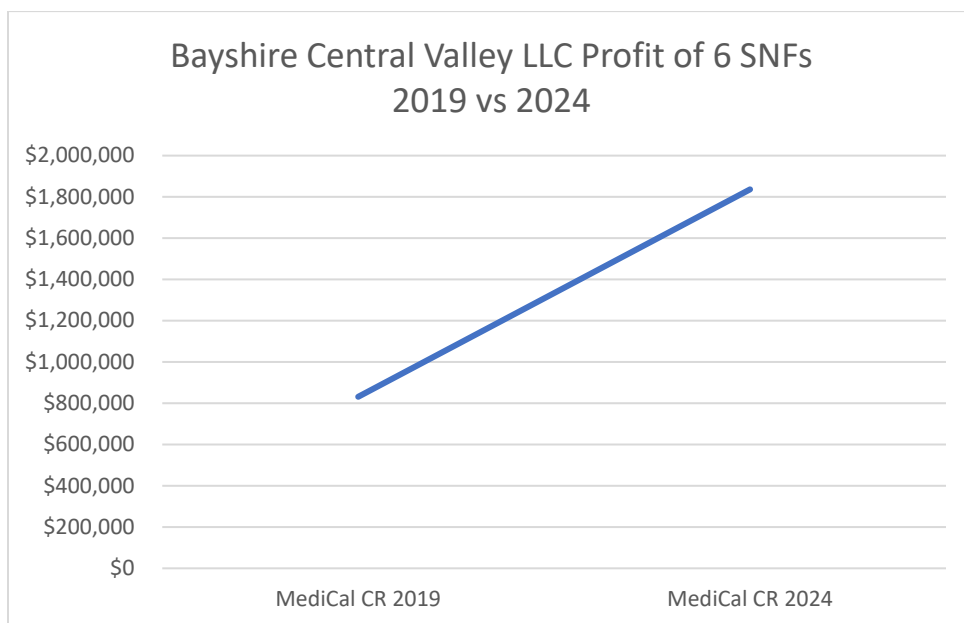
Bethel Lutheran Home	Profit
2016	(\$131,275)
2017	(\$714,501)
2018	(\$689,583)
2019	(\$1,447,050)
2020	\$837,231
2021	(\$443,195)
2022	(\$803,275)
2023	\$688,161
2024	(\$1,165,183)
Total	(\$3,868,670)

Bayshire Central Valley LLC’s focus on increasing Medicare and Medicare Advantage admissions has resulted in a higher aggregate profit of their six out of eight SNFs. In 2019, under previous ownership, the Bayshire Central Valley LLC SNFs earned just over \$800,000 in profit. In 2024, under Bayshire Central Valley LLC’s operational control, those same SNFs saw their aggregate profit more than double to over \$1.8 million. See Exhibit 8, below.

⁵² <https://reports.siera.hcai.ca.gov>

⁵³ *Id.*

Exhibit 8. Bayshire Central Valley LLC SNFs profit 2019 vs 2024.⁵⁴



Two of Bayshire Central Valley LLC SNFs have experienced significant financial turnarounds since 2019. For example, Cornerstone Care Center and Morning Star Post Acute had an aggregate profit of over \$3.5 million in 2024, compared to a combined loss in 2019 under prior owners. See Table 11, below.

Table 11. Comparison of Bayshire Central Valley LLC SNFs’ profit vs. Bethel Lutheran Home, Inc. SNF’s profit reported on Medi-Cal cost reports, 2019 vs 2024.⁵⁵

Bayshire Central Valley LLC SNFs	Profit 2019	Profit 2024
Cornerstone Care Center	(\$313,122)	\$2,105,516
Covenant Post Acute	\$736,079	(\$26,428)
Vineyard Care Center	\$227,801	(\$176,438)
Morning Star Post Acute	\$67,443	\$1,402,524
Countryside Care Center	\$132,102	(\$1,332,679)
Majestic Mountain Care Center	(\$19,021)	(\$135,863)
Bayshire Central Valley LLC Total	\$831,282	\$1,836,362
Bethel Lutheran Home, Inc.	(\$1,477,050)	(\$1,165,183)

⁵⁴ *Id.*

⁵⁵ *Id.*

Bayshire Central Valley LLC SNF’s profit increases are partially attributable to their increase in their percentage of Medicare and Medicare Advantage residents. Compared to 2019, under previous ownership, the Bayshire Central Valley LLC SNFs experienced an increase in the percentage of Medicare and Medicare Advantage residents from 17% to 26% in 2024. Only two of six Bayshire Central Valley LLC SNFs experienced a decline, yet they both had a high percentage of Medicare and Medicare Advantage residents in 2019. See Table 12, below.

Table 12. Percentage of Medicare and Medicare Advantage residents at Bayshire Central Valley LLC SNFs in comparison to Bethel Lutheran Home, Inc. SNF, 2019 vs. 2024.⁵⁶

Skilled Nursing Facilities	Medicare + Medicare Advantage 2019	Medicare + Medicare Advantage 2024
Vineyard Care Center	17%	29%
Morning Star Post Acute	29%	46%
Cornerstone Care Center	11%	32%
Covenant Post Acute	22%	21%
Countryside Care Center	3%	10%
Majestic Mountain Care	23%	18%
Bayshire Central Valley LLC	17%	26%
Bethel Lutheran Home, Inc.	0%	7%

Bethel Lutheran Home, Inc. will likely increase the percentage of Medicare and Medicare Advantage residents substantially under Bayshire Central Valley LLC’s operational control if the proposed transaction is approved. An increase in Medicare and Medicare Advantage residents will result in additional residents with clinically complex needs, which require assessments by RNs. As such, additional nursing staff with higher clinical competencies will be necessary to meet the projected higher aggregate clinical acuity of the residents congruent with a Medicare and Medicare Advantage population of 25%. Bethel Lutheran Home, Inc. SNF has historically served a Medi-Cal population. See Table 13, below.

Table 13. Bethel Lutheran Home, Inc. SNF Payor Mix 2021-2024.⁵⁷

Year	Medicare	Medi-Cal	Self-Pay	Managed Care	Other Payors
2021	0%	75.47%	11.81%	0%	12.72%
2022	2.21%	70.91%	14.00%	0%	12.88%
2023	6.59%	68.28%	16.18%	8.95%	0%
2024	7.16%	82.64%*	7.93%	0%	2.27%

⁵⁶ *Id.*

⁵⁷ *Id.*

Bayshire Central Valley LLC SNFs are serving a higher percentage of Medicare and Medicare Advantage residents. As a result, because the number of SNF beds in each facility is static, you would expect that the percentage of long-stay Medi-Cal residents would decline through attrition, and more beds will be set aside to accommodate short-stay residents. Medi-Cal cost report data reflects that five Bayshire Central Valley LLC SNFs saw a decline in the percentage of Medi-Cal residents in 2024 compared to 2019, under the previous owners. More than likely, Bethel Lutheran Home Inc. will see a similar decline in their Medi-Cal resident census if it reaches the goal of 25% Medicare and Medicare Advantage residents. See Table 14, below.

Table 14. Change in the percentage of Medi-Cal resident days 2019 vs 2024.⁵⁸

Skilled Nursing Facility	Medi-Cal 2019	Medi-Cal 2024
Vineyard Care Center	82%	71%
Morning Star Post Acute	71%	50%
Cornerstone Care Center	89%	68%
Covenant Post Acute	76%	69%
Countryside Care Center	96%	65%
Majestic Mountain Care	71%	82%
Bayshire Central Valley LLC Average	81%	68%
Bethel Lutheran Home, Inc.	74%	82%

Bayshire Central Valley LLC’s centralized business model has the potential to bring Bethel Lutheran Home, Inc. marketing expertise, local clinical support, and operational efficiencies, but with additional expense. According to 2024 Medicare cost reports, Bayshire Central Valley LLC SNFs pay Bayshire LLC for related party expenses for services such as home office management costs, home office nursing salaries and benefits, and home office medical records and benefits.

Furthermore, the potential buyer plans to include Bethel Lutheran Home, Inc., in the Bayshire LLC master lease agreement. As a result, Bethel Lutheran Home, Inc. may have a lease payment of \$150,000 a month.⁵⁹ The Bethel Lutheran Home, Inc. owns the land and the buildings. As such, the SNF’s annual lease and rental expenses in 2024 were under \$35,000.⁶⁰ If the transaction is approved, the SNF’s annual lease and rental expenses will increase by over \$1 million a year, and may account for 9-10% of their total health care expenses.⁶¹ The proposed lease arrangements will likely place significant financial pressure on Bethel Lutheran Home, Inc. and may result in additional rent and fee increases, as well as

⁵⁸ <https://reports.siera.hcai.ca.gov>

⁵⁹ Party Correspondence dated April 20, 2026.

⁶⁰ <https://reports.siera.hcai.ca.gov>

⁶¹ According to the 2024 Medi-Cal cost report, the total healthcare expenses of Bethel Lutheran Home, Inc. were \$8,449,054 in 2024. The industry average lease payment is 6-8% of a SNF’s total healthcare expense.

greater pressure to admit more Medicare and Medicare Advantage short-stay residents to the SNF.

What constitutes a related party is defined by CMS as an entity which has common ownership and control over the reporting facility (42 CFR § 413.17(6)(1)).

- Related to the facility—The organization providing services, supplies, or facilities is associated or affiliated with, has control of, or is controlled by the facility.
- Common ownership—Common ownership exists if entities and/or individual(s) possess significant ownership or equity in the Facility and the organization(s) providing services, facilities, and supplies to it.
- Control—Control exists if entities and/or individual(s) have the power, directly or indirectly, to influence, direct, or control the actions and policies of the facility.

In 2003, an article published in the *Journal of Health Law* suggested that skilled nursing facilities undergo corporate restructuring utilizing related parties.⁶² By using separate, single-purpose-related party entities, skilled nursing facilities can separate the operational side from the real estate side of its businesses:

“There is an emphasis on separating the ownership of the real estate from the ownership of the operating entity that holds the license and Medicare and Medicaid provider agreements. This is normally achieved by having the operating entity lease the facility from the real property entity. This can be accomplished even where there is identical ownership and control between and among the real-property entity and the operating entity.”

Nursing home Medicare cost reports are financial documents submitted by Medicare-certified entities, such as SNFs, to CMS. According to CMS, these reports are essential for monitoring spending, verifying reimbursement, and ensuring transparency in the healthcare industry.⁶³

These reports are available to the public and include:

- Provider Information: Details about the facility, including characteristics and utilization data.
- Cost and Charges: Breakdown of costs and charges by cost center, both total and for Medicare.
- Medicare Settlement Data: Information regarding payments and settlements related to the facility's services.
- Financial Statement Data: Comprehensive financial statements that reflect the facility's financial health and operations.

⁶² Casson JE, McMillen J. *Protecting nursing home companies: limiting liability through corporate restructuring*. *J Health Law*. 2003 Fall;36(4):577-613.

PMID: 15068276

⁶³ <https://www.cms.gov/data-research/statistics-trends-and-reports/cost-reports>

- **Related Parties Data:** Information regarding payments to commonly owned business entities.

Related parties refer to any organization or individual that has a direct or indirect financial interest in the SNF. These can include related management companies, staffing agencies, or any other entities that share ownership or control with the SNF. Related party costs must be reported accurately to ensure that taxpayer funds are used for resident care and not inflated related party profits. The reporting requirements are outlined in federal statute, which mandates that costs be reported at the actual cost incurred by the related organization and not at the price charged to the facility.⁶⁴ This regulation is crucial for maintaining program integrity and ensuring fair market value in Medicare reimbursements.⁶⁵

The 2024 Medicare cost reports were examined for four of the Bayshire Central Valley LLC’s SNFs. The Medicare cost reports show that the four of Bayshire Central Valley LLC’s SNFs had related party expenses that exceeded the amount allowed by Medicare by over \$525,000.⁶⁶ See Table 15, below.

Table 15. Four Bayshire SNFs Medicare Cost Reports 2024, related party expenses.⁶⁷

Bayshire SNFs	Amount Allowable	Amount Included in Worksheet	Adjustment
Vineyard Care Center	\$231,225	\$338,179	(\$106,954)
Morning Star Post Acute	\$298,357	\$525,186	(\$226,829)
Cornerstone Care Center	\$408,101	\$705,894	(\$297,373)
Countryside Care Center	\$500,373	\$395,579	\$104,796
Bayshire Total	\$1,438,056	\$1,964,838	(\$526,360)

The CMS rules governing related parties have been instituted to avoid potential cost inflation schemes between related parties.⁶⁸ Excessive related party costs can shift resources away from a SNF and towards its owners and investors, leaving the SNF at risk of lower budgeted

⁶⁴ 42 CFR §413.17 Cost to related organizations.

⁶⁵ <https://www.cms.gov/data-research/statistics-trends-and-reports/cost-reports>

⁶⁶ According to the United States Department of Health and Human Services, exceeding the related party amounts on a Medicare cost report means that the facility did not properly disclose

⁶⁷ Medicare Cost Reports 2024.

⁶⁸ CMS requires nursing home providers to be “prudent buyers,” meaning they must actively seek to minimize costs by ordering in bulk, negotiating with suppliers, and obtaining multiple quotes for goods or services. If a nursing home is found to have excessive costs beyond what a prudent buyer would pay, absent a “clear justification” for the excess, CMS should not reimburse these costs. Ctrs. for Medicare & Medicaid Servs, U.S. Dep’t. of Health & Hum. Servs., Program Manuals §2103 (Rev. 454).

staffing levels.⁶⁹ The CMS rules regarding related party transactions are intended to ensure that there is a “prudent buyer” who will make certain that the monies expended are not used to artificially inflate nursing home costs to the financial benefit of a related party and the detriment of resident quality of care.⁷⁰

Research has shown that many SNFs engage in related-party transactions.⁷¹ The use of related parties has evolved to include many aspects of their nursing home operations. It is now common for skilled nursing facilities to do business with several related parties, including management companies, physical therapy companies, real estate holding companies and staffing companies. For example, in 2024, Bayshire LLC charged Cornerstone Care Center for related party expenses that exceeded \$700,000. Related party expenses included management fees, Bayshire home office expenses, and the salary and benefits for centralized nursing and medical records personnel. See Exhibit 9, below.

Exhibit 9. Cornerstone Care Center Medicare Cost Report 2024.⁷²

FORM CMS 2540-10
 INSTRUCTIONS AS PUBLISHED IN CMS PUB. 15-II, , REV. 1
 SANGER SKILLED CARE LLC - SANGER, CA
 Cost report status - Settled Without Audit
 [Record code 1438646 - 2010]

STATEMENT OF COSTS OF SERVICES FROM RELATED ORGANIZATIONS AND HOME OFFICE COSTS				Provider CCN: 056100	PERIOD: FROM 01/01/2024 TO 12/31/2024	WORKSHEET A-8-1	
PART I - COSTS INCURRED AND ADJUSTMENTS REQUIRED AS A RESULT OF TRANSACTIONS WITH RELATED ORGANIZATIONS OR CLAIMED HOME OFFICE COSTS							
Line No.	Cost Center	Expense Items	Amount Allowable In Cost	Amount Included in Wkst. A., col. 5	Adjustments (col. 4 minus col. 5)		
1	2	3	4	5	6		
1	4	ADMINISTRATIVE & GENERAL	MANAGEMENT FEE		705,894	-705,894	1
2	4	ADMINISTRATIVE & GENERAL	POOLED COSTS HOME OFFICE	316,997		316,997	2
3	30	SKILLED NURSING FACILITY	HO - NURSING SALARIES	76,771		76,771	3
4	30	SKILLED NURSING FACILITY	HO - NURSING BENEFITS	6,005		6,005	4
5	30	SKILLED NURSING FACILITY	HO - NURSING OTHER	811		811	5
6	4	ADMINISTRATIVE & GENERAL	HO - MED RECORDS SALARY	6,947		6,947	6
7	4	ADMINISTRATIVE & GENERAL	HO - MED RECORDS BENEFITS	570		570	7
8							8
9							9
10	TOTALS (sum of lines 1-9) (Transfer column 6, line 10 to Wkst. A-8, col. 3, line 12)			408,101	705,894	-297,793	10

After the proposed sale, Bethel Lutheran Home, Inc. will likely incur similar related party expenses, as well as a new facility lease payment. Concurrently, Bethel Lutheran Home, Inc.

⁶⁹ <https://medicareadvocacy.org/hidden-profits-that-detract-from-nursing-facility-care-are-unregulated-and-ignored/>

⁷⁰ CMS requires nursing home providers to be “prudent buyers”-meaning they must actively seek to minimize costs by ordering in bulk, negotiating with suppliers, and obtaining multiple quotes for goods or services.). If a nursing home is found to have excessive costs beyond what a prudent buyer would pay, absent a “clear justification” for the excess, CMS should not reimburse these costs. Ctrs. for Medicare & Medicaid Servs, U.S. Dep’t. of Health & Hum. Servs., Program Manuals §2103 (Rev. 454).

⁷¹ Ashvin Gandhi and Andrew Olenski, "Tunneling and Hidden Profits in Health Care," NBER Working Paper 32258 (2024), <https://doi.org/10.3386/w32258>.

⁷² Cornerstone Care Center, Medicare Cost Report 2024.

might also eliminate some duplicative expenses associated with processing payroll, accounts payable, legal expenses and other business functions. In addition, Bethel Lutheran Home, Inc. may benefit from being a part of the Bayshire Central Valley LLC regional group of nursing homes where critical management staff can be deployed where necessary to support other SNFs.

H. SNF Staffing and Staff Turnover Analysis

The association between staff stability and quality outcomes has been well documented in published nursing home research.⁷³ Measures of staff stability (staff turnover, staff retention) are mutually reinforcing measures and are important proxies for clinical outcomes of care.⁷⁴ In fact, CMS recently explored the relationship between staff turnover and quality and their analysis reflects that when the staff turnover rate decreases in a SNF, the overall Care Compare star rating increases, suggesting that lower staff turnover is associated with higher overall quality.⁷⁵

Based on my experience, and highlighted in my books,⁷⁶ SNFs with lower direct-care staff turnover rates and higher staff retention rates have a foundational *clinical* advantage over other SNFs. For example, when nursing staff turnover is low, the nursing staff are more likely to know the residents very well. As a result, they can identify a resident's change in condition sooner, and the early identification of a change in condition enables the nursing staff to implement clinical interventions timely. Therefore, nursing staff stability is an important predictor of clinical quality.

The potential transaction may negatively impact staffing levels and the retention of employees at Bethel Lutheran Home, Inc., which in turn may disrupt the residents' continuity of care. Bayshire Central Valley LLC SNFs' average staff turnover rate is 46%, which exceeds the average among all SNFs in the state (38%). One Bayshire Central Valley LLC SNF, Majestic Mountain Care Center, represents a negative outlier among the group with a 68% nursing staff turnover rate. See Table 16, below.

⁷³ Bostick, Rantz, Flesner, Riggs. *Systematic Review of Studies of Staffing and Quality in Nursing Homes*. JAMDA. April 2006, <https://pubmed.ncbi.nlm.nih.gov/16843237/> (accessed December 2025).

⁷⁴ Collier and Harrington. *Staffing Characteristics, Turnover Rates, and Quality of Resident Care in Nursing Facilities*. Research in Gerontological Nursing. July 2008, <https://pubmed.ncbi.nlm.nih.gov/20077960/> (accessed December 2025).

⁷⁵ CMS QSO-22-08-NH, January 2022, <https://www.cms.gov/files/document/qso-22-08-nh.pdf>

⁷⁶ Farrell, David et al., *Meeting the Leadership Challenge in Long-Term Care: What You Do Matters* (2011) and Brady, Cathie et al., *A Long-Term Care Leader's Guide to High Performance: Doing Better Together* (2018).

Table 16. Bayshire Central Valley LLC nursing staff turnover rates, December 2025.⁷⁷

Skilled Nursing Facilities	Total Nursing Staff Turnover	Registered Nurse Turnover
Vineyard Care Center	41%	60%
Cornerstone Care Center	41%	11%
Morning Star Post Acute	44%	50%
Covenant Post acute	40%	54%
Countryside Care Center	43%	17%
Majestic Mountain Care Center	68%	71%
Bayshire Central Valley LLC Average	46%	44%
Bethel Lutheran Home, Inc.	51%	25%
California State Average	38%	40%

Clinical Quality Measures Associated with Staffing and Staff Turnover

Resident clinical quality measures serve as another important proxy when analyzing nursing home staffing levels and turnover rates. Two quality measures displayed on CMS Care Compare, the percentage of long-stay residents with pressure wounds and the percentage of long-stay residents who had one or more falls with a major injury, are both highly sensitive to, and impacted by, nursing staffing levels, and the stability and consistency of the nursing staff on duty each shift.⁷⁸

CMS Care Compare describes these two quality measures as follows:⁷⁹

Percentage of long-stay residents experiencing one or more falls with major injury.

This measure reports the percentage of long-stay residents who have experienced one or more falls with major injury reported in the target period or look-back period (one full calendar year).

Percentage of long-stay residents with pressure wounds.

This measure captures the percentage of long-stay residents with Stage II-IV or unstageable pressure wounds in the target period or look-back period (one full calendar year).

Bethel Lutheran Home, Inc. has a lower percentage of long-stay residents with pressure wounds than the Bayshire Central Valley LLC SNFs, but the Bayshire Central Valley LLC SNFs have fewer long-stay residents who fell and experienced serious injury. In addition,

⁷⁷ www.medicare.gov (accessed December 2025).

⁷⁸ Bostick, Rantz, Flesner, Riggs. *Systematic Review of Studies of Staffing and Quality in Nursing Homes*. JAMDA. April 2006, <https://pubmed.ncbi.nlm.nih.gov/16843237/>).

⁷⁹ *Nursing Home Care Compare Technical Users Guide*, January 2026

Bayshire Central Valley LLC SNFs average quality measures were at or below the average in California (lower is better). See Table 17, below.

Table 17. Quality Measures for Bayshire Central Valley LLC SNFs vs. Bethel Lutheran Home, Inc. SNF, January 2026.⁸⁰

SNFs	Long-Stay Residents with Pressure Wounds	Long-Stay Residents with Falls and Major Injury
Cornerstone Care Center	2.1%	0%
Covenant Care Center	1%	2.3%
Morning Star Post Acute	1.3%	3.4%
Vineyard Care Center	3.2%	0%
Majestic Mountain Care Center	5.7%	3.9%
Countryside Care Center	3.8%	0%
Bayshire Central Valley LLC Average	2.9%	1.6%
Bethel Lutheran Home, Inc. Average	1%	5.4%
National Average	5.1%	3.3%
California Average	4.7%	1.6%

I. Alternative Purchaser

An alternative SNF operator for Bethel Lutheran Home, Inc was Skillserve Inc.,⁸¹ a regional, for-profit nursing home corporation. According to CMS, Skillserve Inc. operates 15 SNFs located in southern California. According to CMS data, a side-by-side comparison shows that Skillserve Inc.’s SNFs outperform Bayshire’s SNFs on CMS Care Compare. See Table 18, below.

Table 18. Skillserve Inc.’s SNFs vs. Bayshire’s SNFs.⁸²

Corporation	Overall Rating	Health Inspections	Staffing	Quality Measures
Skillserve, Inc.	3.7	3.1	3.3	4.5
Bayshire	3.1	2.6	2.2	4.4

⁸⁰ <https://www.medicare.gov/care-compare/> (accessed January 2026).

⁸¹ Bethel Lutheran Home, Inc. Notice of Proposed Transaction and Request for Consent, dated July 16, 2025, p. 557.

⁸² <https://data.cms.gov/quality-of-care/nursing-home-chain-performance-measures/data> (accessed March 2026)

Skillserv Inc.’s SNFs have higher average total nursing hours than Bayshire’s SNFs (4.90 HPPD vs 4.30 HPPD), including higher average RN hours (.60 vs .50). Finally, Skillserv Inc.’s SNFs received fewer federal regulatory fines than Bayshire’s SNFs. See Table 19, below.

Table 19. Skillserv Inc.’s SNFs regulatory federal fines vs Bayshire’s SNFs.⁸³

Corporation	Total Number of Fines	Average Number of Fines per SNF	Aggregate Total Amount of Fines
Skillserv Inc.	8	.53	\$196,999
Bayshire LLC	47	3.92	\$730,720

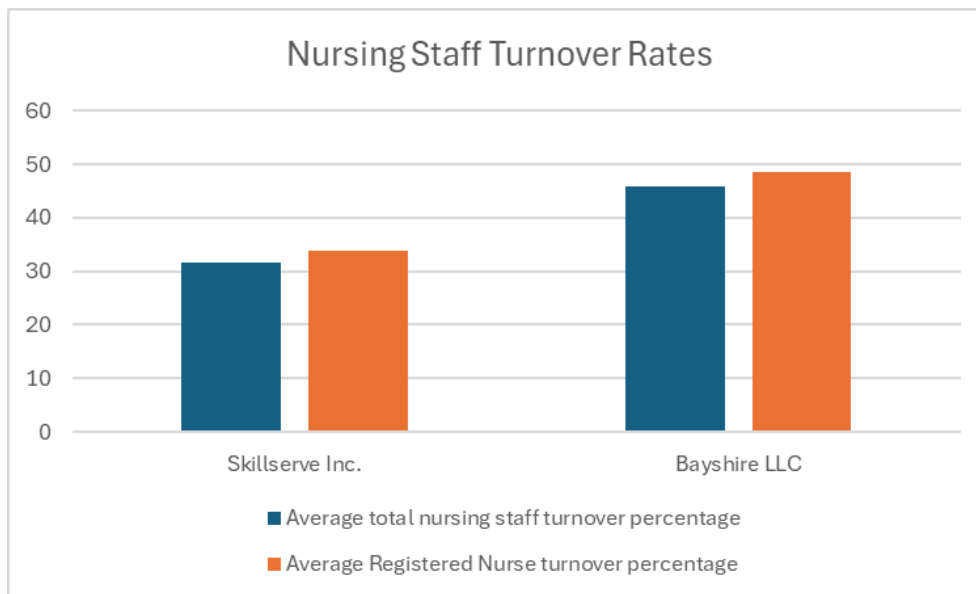
SNFs are fined by CMS for failing to comply with Medicare or Medicaid requirements. These fines, known as civil monetary penalties, are imposed to ensure that facilities maintain the necessary standards of care and compliance. The fines can range from per day to per instance penalties, depending on the severity of the deficiencies identified during inspections. CMS has the authority to impose these penalties to protect the health and safety of residents and to maintain the integrity of the Medicare and Medicaid programs.⁸⁴

Regarding staff stability, Skillserv Inc. SNFs had a lower average staff turnover rate than Bayshire SNFs. See Exhibit 10, below.

⁸³ <https://data.cms.gov/quality-of-care/nursing-home-chain-performance-measures/data> (accessed March 2026)

⁸⁴ <https://www.cms.gov/medicare/health-safety-standards/enforcement/nursing-home-enforcement> (accessed April 2026)

Exhibit 10. Skillserve Inc.’s SNFs nursing staff turnover rates compared to Bayshire’s SNFs.⁸⁵



J. RCFE Performance Analysis

RCFEs are licensed by CDSS.⁸⁶ RCFEs are governed by regulations and must meet quality, care, and safety standards as defined by California. An RCFE provides care and supervision to its residents and is designed to promote independence and self-direction to the greatest extent possible in a residential setting. RCFEs are non-medical settings that offer some or all the following ancillary services:

- Consistent monitoring of the residents’ mental and physical state.
- Assistance with ADLs.
- Regular meals and snacks, with diet modifications.
- Recreational activities and social engagement.
- Transportation and outings.
- Medication management.

Outside agencies, such as those providing home health or hospice services, may provide licensed services within their scope of practice to residents at an RCFE.

⁸⁵ <https://data.cms.gov/quality-of-care/nursing-home-chain-performance-measures/data> (accessed March 2026)

⁸⁶ https://www.aging.ca.gov/Care_Options/Assisted_Living_Facilities/ (accessed April 2026).

During annual compliance inspections of RCFEs, CDSS determines if the RCFE has been deficient in complying with state RCFE regulations.⁸⁷ CDSS issues citations for regulatory violations. Type A citations indicate an immediate health and safety risk to residents in their care and type B citations indicate a potential threat to the health and safety of residents in their care. Citations range from minor infractions to more serious events, including resident abuse caused by another resident or staff member. Citations for these violations will always be issued even if the violation is corrected immediately during the inspection.

Bayshire LLC owns and operates RCFEs, which are generally larger than the typical RCFE in California. Since 2023, considering their average number of residents (91.5 residents) compared to the typical RCFE in California (22 residents), Bayshire's RCFEs have received *fewer* citations than expected. Bayshire's RCFEs had a slightly higher average number of citations, (6.67), compared to the RCFE at Bethel Lutheran Home, Inc., (6).⁸⁸ Since 2023, nine of Bayshire's RCFEs were issued 60 citations, 32% of which were A citations.⁸⁹

Many RCFE residents can advocate for themselves. Therefore, the percentage of citations triggered by complaints is an important proxy for resident satisfaction with the quality of the services being delivered at each RCFE. Since 2023, over 58% of the citations received by Bayshire's RCFEs were triggered by complaints from either residents or their representatives. See Table 20, below.

⁸⁷ <https://www.cdss.ca.gov/inforesources/letters-regulations/legislation-and-regulations/community-care-licensing-regulations/residential>

⁸⁸ <https://www.cclcd.dss.ca.gov/carefacilitysearch> (accessed March 2026).

⁸⁹ *Id.*

Table 20. Nine Bayshire RCFEs’ Citations vs. Bethel Lutheran Home, Inc. RCFE’s Citations, October 2022 – October 2025.⁹⁰

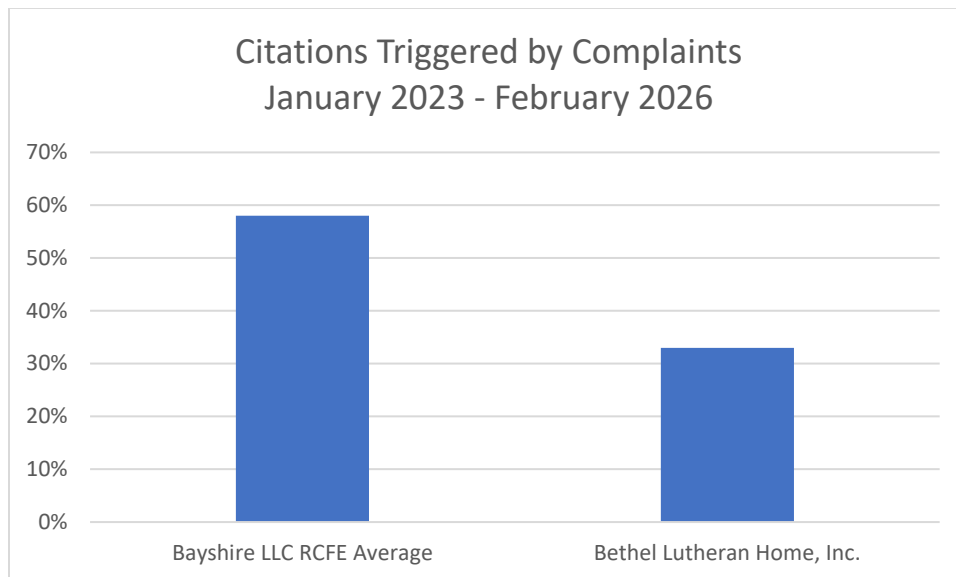
RCFE	Total Number of Citations Issued	A Citations	B Citations	Citations Triggered by Complaints	Citations Issued after 1/1/25	Resident Capacity
Stonehaven Senior Living	5	2	3	0	5	116
Heritage Hills	18	5	13	10	6	72
Cloisters of the Valley	21	7	14	15	9	64
Vista del Lago Memory Care	7	1	6	4	6	99
Hidden Glen Senior Living I - VII	1	0	1	0	0	105
Bayshire Rancho Mirage	5	2	3	5	1	115
Shadowridge Senior Living	0	0	0	0	0	40
Bayshire Yorba Linda Senior Living	3	2	1	1	2	114
Vista Gardens	0	0	0	0	0	99
Bayshire RCFE Totals	60	19	41	35	29	824
Bayshire Average	6.67	2.11	4.55	3.89	3.22	91.56
Bethel Lutheran Home, Inc.	6	0	6	2	4	33

At Bethel Lutheran Home, Inc.’s RCFE, 33% of all their citations were triggered by complaints.⁹¹ See Exhibit 11, below.

⁹⁰ *Id.*

⁹¹ *Id.*

Exhibit 11. Percentage of citations triggered by complaints at Bethel Lutheran Home, Inc.’s RCFE & Bayshire’s RCFEs.⁹²



K. Summary

This Health Care Impact Statement evaluated the relevant factors related to the proposed transaction, including the performance history of Bethel Lutheran Home, Inc.’s SNF and RCFE, in comparison to the performance of the SNFs and RCFE currently operated by the proposed buyer, Bayshire Central Valley LLC and its affiliates. In addition, Bayshire Central Valley LLC SNFs’ organizational outcomes in 2024 and 2025 were compared to the same SNFs’ data under previous owners in 2019. Based on my comprehensive analysis and covered in this report, I recommend that the transaction should be approved with conditions on the purchaser, Bayshire Central Valley LLC, and their affiliates.

The data shows that Bayshire Central Valley LLC SNFs have achieved higher profits, driven by an increase in admissions of short-stay Medicare and Medicare Advantage residents. However, despite an increase in resident admissions and aggregate resident acuity levels, Bayshire Central Valley LLC SNFs staffing levels were relatively flat in 2025 compared to 2019, and their average RN HPPD were less than the California state average. Over the last 3 years, the Bayshire Central Valley LLC SNFs have been cited for numerous deficiencies by CDPH, including 14 actual harm and immediate jeopardy deficiencies. As a result, their overall star rating, and their health inspection and staffing star ratings on CMS Care Compare are all below average.

The transaction will likely lead to reduced access for Medi-Cal residents to SNF beds at Bethel Lutheran Home, Inc. With just 59 SNF beds, Bayshire Central Valley LLC’s

⁹² *Id.*

occupancy goal of 25% Medicare and Medicare Advantage residents at Bethel Lutheran Home, Inc. will result in fewer beds being available for Medi-Cal residents. However, if there is demand, Bayshire Central Valley LLC will likely push the Medicare and Medicare Advantage census at Bethel Lutheran Home, Inc. higher than 25%, which may be necessary to cover the new lease payments and related party expenses if the proposed transaction is approved.

L. Recommendations

Based on my extensive experience, and the findings documented in this report, I recommend that the Attorney General conditionally approve the proposed sale of the Bethel Lutheran Home, Inc. to Bayshire Central Valley, LLC and their affiliates with the recommended conditions below designed to monitor and address the potential negative impacts of the transaction on the residents and staff at Bethel Lutheran Home, Inc. The conditions should be in place for a minimum of five to seven years, with monitoring of the impacts of the proposed sale for a minimum period of three years after the closing of the sale.

(1) Maintain State Licensure and Federal Certification.

The parties to the proposed transaction should be required to maintain continuous CDPH and CDSS licensures for the SNF, assisted living facility, and RCFE of Bethel Lutheran Home, Inc. and to maintain continuous federal certification and participation in CMS for both Medicare and Medi-Cal.

(2) Maintain Operations and Services as a SNF, Assisted Living Facility, and RCFE.

The parties to the proposed transaction should be required to continuously operate and maintain Bethel Lutheran Home, Inc. as a SNF, with a minimum 59 skilled nursing beds, and an assisted living facility and RCFE with a minimum 33 suites, and to continuously operate and maintain the same licensure, types, and/or levels of services being provided as of June 1, 2025. In addition, the operator, manager, or licensee of Bethel Lutheran Home, Inc. should not place all or any portion of its licensed bed capacity or services in voluntary suspension or surrender its licenses for any beds or services.

(3) Prohibition on Discrimination.

The parties to the proposed transaction should be required to prohibit discrimination at Bethel Lutheran Home, Inc. on the basis of any protected personal characteristics identified in state and federal civil rights laws, including California Civil Code section 51 and title 42, Code of Federal Regulations, section 18116. Categories of protected personal characteristics include:

- Gender, including sex, gender, gender identity, and gender expression.
- Intimate relationships, including sexual orientation and marital status.
- Ethnicity, including race, color, ancestry, national origin, citizenship, primary language, and immigration status.

- Religion.
- Age.
- Disability, including disability, protected medical condition, and protected genetic information.

(4) Establish Quality & Staffing Committee.

The parties to the proposed transaction should be required to establish a quality committee composed of clinical nurses and CNAs, housekeepers and dietary staff to meet with Bethel Lutheran Home Inc. managers and provide input on quality of care and staffing issues. The quality committee should meet at a minimum every 3 months.

(5) Maintain Appropriate Staffing at the SNF.

The parties to the proposed transaction should be required to continuously maintain compliance with state and federal minimum staffing requirements in the SNF. Furthermore, staffing levels and staff competencies should be adjusted based on aggregate resident acuity in the SNF. Compliance with this condition should be evaluated and determined by the appointment of an independent monitor.

(6) Monitoring of Bethel Lutheran Home, Inc.

A Monitor should be appointed by the Attorney General to monitor compliance with any Attorney General Conditions for a minimum period of three years, with the option to extend monitoring for the duration of the Attorney General Conditions. The parties to the proposed transaction should be required to submit quarterly reports to the Monitor detailing their compliance with the Attorney General Conditions by the 15th day of the calendar month following each quarter. The parties' quarterly compliance reports should contain summary data from the previous quarter to include, but not be limited to, all the following –

- a. Average projected and actual total nursing staffing HPPD.
- b. Average projected and actual total CNA staffing HPPD.
- c. Average total RN HPPD.
- d. Total average census.
- e. Average percentage of SNF residents whose care was covered by Medicare or Medicare Advantage plans.
- f. Average percentage of Medi-Cal recipients in the SNF.
- g. CDPH activity report including the number of facility-reported incidents, number of complaint investigations, the number of reports involving alleged abuse, and the number of deficiencies received in the SNF.
- h. CDSS activity report including the number of complaint investigations and number of A and B citations received in the RCFE.
- i. Copies of the quality committee meeting minutes from the previous quarter.
- j. Copies of the resident council meeting minutes from the previous quarter for the SNF, RCFE, and independent living sections of Bethel Lutheran Home Inc.
- k. A list and description of any facility-initiated transfers and discharges from the SNF and RCFE.

1. Copies of CMS Care Compare Provider Rating Reports over the previous 3 months.

(7) Preserving Access to Medi-Cal Beds at Bethel Lutheran Home, Inc.

The parties to the proposed transaction should be required to maintain a minimum of 65% accessibility for Medi-Cal recipients to SNF beds at Bethel Lutheran Home, Inc. The SNF has historically served a large percentage of Medi-Cal residents, and access for Medi-Cal recipients should be sustained.

Respectfully Submitted,

David J. Farrell
Consultant
Farrell Consulting Services

Appendix 1. List of Bayshire Facilities

Bayshire Central Valley LLC dba Jericho Care Group		
Name of Facility	Address	Facility Type
Cornerstone Care Center	2550 9 th Street, Sanger, CA 93657	SNF
Covenant Post-Acute	3408 East Shields Avenue, Fresno, CA 93726	SNF
Countryside Care Center	925 N. Cornelia Avenue, Fresno, CA 93706	SNF
Keystone Post-Acute	3672 North First Street, Fresno, CA 93726	SNF
Majestic Mountain Care Center	40131 Highway 49, Oakhurst, CA 93644	SNF
Morning Star Post-Acute	111 Barstow Avenue, Clovis, CA 93612	SNF
Stonehaven Senior Living	1717 South Winery Avenue Fresno, CA 93727	SNF & RCFE
Vineyard Care Center	1090 East Dinuba Avenue, Reedley, CA 93654	SNF

Bayshire LLC		
Name of Facility	Address	Facility Type
Bayshire Carlsbad Senior Living	3140 El Camino Real, Carlsbad, CA 92008	SNF RCFE-CCRC
Bayshire San Dimas Senior Living	1740 South San Dimas Avenue, San Dimas, CA 91773	SNF RCFE-CCRC
Bayshire Rancho Mirage Senior Living	72201 County Club Drive, Rancho Mirage, CA 92270	SNF RCFE
Bayshire Torrey Pines Senior Living	13101 Hartfield Avenue, San Diego, CA 92130	SNF RCFE-CCRC
Bayshire Yorba Linda Post-Acute	17803 Imperial Highway, Yorba Linda, CA 92886	SNF RCFE-CCRC
Cloisters of the Valley	4171 Camino Del Rio, San Diego, CA 92108	RCFE
El Centro Post-Acute	1700 South Imperial Avenue, El Centro, CA 92243	SNF
Heritage Hills	2108 South El Camino Real, Oceanside, CA 92054	RCFE
Hidden Glenn Senior Living	612 Tranquility Glen, Escondido, CA 92027	RCFE
Santa Fe Post-Acute	247 East Bobier Drive, Vista, CA 92084	SNF
Shadowridge Senior Living	2354 Watson Way, Vista, CA 92081	RCFE
Vista Del Lago Memory Care	1817 Avenida Del Diablo, Escondido, CA 92029	RCFE
Vista Gardens	1863 Devon Place, Vista, CA 92084	RCFE

Appendix 2. Bayshire Central Valley LLC, 2023-2025

Facility	Date Issued	Scope and Severity	Description
Morning Star Post Acute	9/19/25	G – Actual Harm	<i>Notification of Changes of Condition.</i>
Majestic Mountain Care Center	10/30/25	G – Actual Harm	<i>Increase/Prevent Decrease in range of motion/mobility</i>
Countryside Care Center	8/12/25	G – Actual Harm	<i>Ensure that a nursing home area is free from accident hazards and provides adequate supervision to prevent accidents.</i>
Majestic Mountain Care Center	7/24/25	G – Actual Harm	<i>Provide enough food/fluids to maintain a resident's health.</i>
Majestic Mountain Care Center	8/7/24	IJ – Immediate Jeopardy	<i>Provide appropriate pressure ulcer care and prevent new ulcers from developing.</i>
Majestic Mountain Care Center	8/7/24	IJ – Immediate Jeopardy	<i>Provide and implement an infection prevention and control program.</i>
Cornerstone Care Center	6/10/24	G – Actual Harm	<i>Treatment/devices to maintain vision/hearing.</i>
Cornerstone Care Center	6/10/24	G – Actual Harm	<i>Free from unnecessary psychotropic medications, PRN use.</i>
Cornerstone Care Center	6/23/23	G - Actual Harm	<i>Protect each resident from all types of abuse such as physical, mental, sexual abuse, physical punishment, and neglect by anybody.</i>
Cornerstone Care Center	3/3/23	G – Actual Harm	<i>Provide safe, appropriate pain management for a resident who requires such services.</i>
Covenant Post Acute	3/27/23	G – Actual Harm	<i>Ensure that feeding tubes are not used unless there is a medical reason and the resident agrees; and provide appropriate care for a resident with a feeding tube.</i>
Countryside Care Center	2/23/24	G – Actual Harm	<i>Protect each resident from all types of abuse such as physical, mental, sexual abuse, physical punishment, and neglect by anybody.</i>
Cornerstone Care Center	3/3/23	G – Actual Harm	<i>Pharmacy services.</i>
Majestic Mountain Care Center	9/12/25	G – Actual Harm	<i>Free of Accident Hazards/Supervision/Devices.</i>
Majestic Mountain Care Center	9/12/25	G – Actual Harm	<i>Pain Management.</i>

