

SJEC's Key Contracts with Konig- and Krausman-Owned Entities

M&A/Comprehensive Health Care Management Systems, LLC (Comprehensive)

Comprehensive entered into a series of contracts with SJEC to provide the following services, among others, at a cost of seven percent of SJEC's gross revenues, plus \$90,000 annually for the cost of an Administrator and \$84,000 annually for the cost of an Assistant Administrator.

- Provide operational, accounting, and financial oversight to the facility;
- Provide management and administrative services to the facility;
- Oversee nursing care to patients, staffing, accounting, and maintenance of the facility's books and records, billing, collections, rate setting, and general onsite administration of third parties under contract with the facility;
- Negotiate service and vendor contracts on behalf of the facility;
- Oversee and supervise an appropriate quality assurance program;
- Arrange for the purchase of food, beverage, medical, cleaning and other supplies, equipment, furniture, and furnishings necessary for the operation and maintenance of the facility;
- Oversee, coordinate, and ensure that the facility is maintained and repaired;
- Ensure compliance with applicable federal, state, and local laws, rules, and regulations pertaining to licensing and certification of a skilled nursing facility and nursing facility;
- Monitor and manage cash flow of the facility on a weekly basis. Prepare and review all bank reconciliations for the facility accounts;
- Supervise disbursements from the Operating Account as required in Manager's reasonable business judgment; and
- Prepare an annual budget for facility expenses and operations.

Broadway Health Care Management, LLC (Broadway or Broadway Management): Nursing and Infection Control

Broadway Management entered into multiple contracts with SJEC to provide "Nursing and Infection Control" services. These contracts included the costs of all nursing and ancillary staff (such as certified nurse aides/assistants (CNAs), the MDS coordinator, and other direct care staff) as well as the cost of the Director of Nursing. In 2021, the contract provided that these services would cost SJEC \$398,125 per month (\$4,777,500 annually). In 2022 and 2023, the cost increased to \$449,881.25 per month (\$5,398,575 annually).¹ Under these contracts Broadway Management was to provide the services described below, among others.

- Provide complete nursing and infection control services and personnel through appropriately licensed individuals to furnish professional and other nursing services, reasonably necessary for the day-to-day operation of the facility's nursing and infection control departments;
- Ensure the facility is and remains in full compliance with all state and federal laws, rules, and regulations pertaining to the provision of nursing and infection control services;

¹ SJEC did not have or could not provide its contracts with Broadway Management prior to 2021.

- Nursing services shall be provided under the supervision of a Registered Nurse (RN) and shall be designed to provide for the complete operation, management, and supervision of the facility's Nursing and Infection Control Departments. This includes ensuring that all assessment, documentation, and patient nursing care is performed in accordance with applicable federal and state licensure, certification, and accreditation standards, and in compliance with professional standards of nursing practice applicable to a long-term care facility;
- Provide a full-time Director of Nursing with appropriate qualifications and experience;
- Provide at least one RN on duty on all shifts;
- Provide a full-time Assistant Director of Nursing;
- Be responsible for all salaries, taxes, insurance, and benefits with respect to the personnel employed by Broadway Management; and
- Perform adequate and appropriate background checks, including checks of the nurse aide registry.

Broadway Health Care Management, LLC (Broadway or Broadway Management): Bookkeeping and Administrative Services

Broadway Management also entered into a series of contracts with SJEC to provide Bookkeeping and Administrative Services. Under these contracts, Broadway Management would provide the services described below, among others. In exchange, SJEC would pay Broadway Management \$37,000 per month (\$444,000 annually) in 2021 to 2023.

- Provide administrative support services, supplies, and personnel reasonably necessary for the day-to-day operation of the facility, specifically services necessary for the operation of the facility's Administrative Support Department;
- Provide all necessary or desirable data processing personnel and equipment;
- Provide cost break-downs and other appropriate financial reports on at least a monthly basis;
- Consult with the facility Manager with regard to recommended cost control actions;
- Provide ongoing review and continual monitoring of the Facility's compliance with all state and federal laws, rules, regulations, and policies applicable to the facility and its operations;
- Maintain a comprehensive system of books, records, and accounts;
- Oversee, coordinate, and use best efforts to ensure that routine goods and services procured by the facility are procured on the most advantageous terms to the facility;
- Oversee the preparation and payment of employee payroll and of all accounts payable.