

**STATE AGENCY ACTION REPORT
ON APPLICATION FOR CERTIFICATE OF NEED**

A. PROJECT IDENTIFICATION

1. Applicant/CON Action Number

NF Escambia, LLC/CON #10241

40 South Palafox Place, Suite 400
Pensacola, Florida 32502

Authorized Representative: Craig Robinson
(800) 861-9907

PruittHealth – Escambia County, LLC/CON #10242

1626 Jeurgens Court
Norcross, Georgia 30093

Authorized Representative: Neil L. Pruitt, Jr.
(770) 806-6893

Sandy Ridge Investors, Inc./CON #10243

2123 Centre Pointe Boulevard
Tallahassee, Florida 32308

Authorized Representative: Joseph D. Mitchell, C.P.A.
(850) 386-2522

2. Service District/Subdistrict

District 1/Subdistrict 1-1 (Escambia and Santa Rosa Counties)

B. PUBLIC HEARING

A public hearing was not held or requested regarding any of the proposed projects.

Letters of Support

NF Escambia, LLC (CON #10241): The Agency received several letters of support submitted by the applicant. Some were of a form letter variety but some were individually composed. These area support letters were from a variety of sources, primarily a physician and staff from Arcadia

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Health and Rehabilitation Center and Rosewood Manor (both affiliates of the applicant), other senior/home care providers, Sacred Heart Health System staff and registered nurses (RNs).

PruittHealth – Escambia County, LLC (CON #10242): The Agency received many letters of support submitted by the applicant. All were form letters of support, in a survey context, signed by local health care providers. Some of these were from the applicant’s sister organization PruittHealth – Santa Rosa’s nursing home and affiliated staff.

In addition, the Agency received one letter of support by mail delivery from Fresenius Medical Care that provides outpatient dialysis clinics in the subdistrict.

Sandy Ridge Investors, Inc. (CON #10243): The Agency received several letters of support submitted by the applicant. Most were form letters of support, signed by area physicians, an ARNP-C, an elected official and area hospitals including Mr. Phillip L. Wright, CEO of Santa Rosa Medical Center and Mr. Brian Baumgardner, President and CEO of West Florida HealthCare.

C. PROJECT SUMMARY

NF Escambia, LLC (CON #10241), hereafter referred to as NF Escambia or the applicant, proposes to establish a new 90-bed community nursing home in Subdistrict 1-1, Escambia County. NF Escambia indicates that 20 beds of the 90-bed proposed project will be voluntarily delicensed from 120-bed Bayside Health and Rehabilitation Center (Bayside), an affiliate of the applicant. NF Escambia identifies itself as an affiliate of Gulf Coast Health Care, LLC (Gulf Coast). NF Escambia indicates a preferred project location in ZIP Code 32514.

Gulf Coast Health Care, LLC operates 33 skilled nursing facilities (SNF)s in Florida, listed below:

- Accentia Health and Rehabilitation Center of Tampa Bay
- Arcadia Health and Rehabilitation Center
- Bayside Health and Rehabilitation Center
- Boynton Health Care Center
- Brynwood Health and Rehabilitation Center
- Chipola Nursing Pavilion and Retirement Center
- Coastal Health and Rehabilitation Center
- DeBary Health and Rehabilitation Center
- Flagler Health and Rehabilitation Center

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- GlenCove Health and Rehabilitation Center
- Glen Oaks Health and Rehabilitation Center
- Grand Boulevard Health and Rehabilitation Center
- Heritage Park Health and Rehabilitation Center
- Lake Eustis Health and Rehabilitation Center
- Lake Placid Health and Rehabilitation Center
- Longwood Health and Rehabilitation Center
- Margate Health and Rehabilitation Center
- Oakbrook Health and Rehabilitation Center
- Oaks of Kissimmee Health and Rehabilitation Center
- Parkside Health and Rehabilitation Center
- Panama City Health and Rehabilitation Center
- Rehabilitation Center of Winter Park, The
- Riverchase Health and Rehabilitation Center
- Rosewood Healthcare and Rehabilitation Center
- Royal Palm Beach Health and Rehabilitation Center
- Salerno Bay Health and Rehabilitation Center
- Seaside Health and Rehabilitation Center
- Silvercrest Health and Rehabilitation Center
- Southern Lifestyle Senior Living Center
- Specialty Health and Rehabilitation Center
- Suwannee Health and Rehabilitation Center
- Wave Crest Health and Rehabilitation Center
- Windsor Health and Rehabilitation Center

The project involves 69,044 gross square feet (GSF) of new construction. The construction cost is \$12,676,500. Total project cost is \$19,032,800. Project cost includes land, building, equipment, project development, financing, start-up and other intangible assets/deferred costs.

The applicant does not wish to accept any conditions for the proposed project.

PruittHealth – Escambia County, LLC (CON #10242), an affiliate of PruittHealth, proposes to establish a new 120-bed community nursing home in Subdistrict 1-1, Escambia County.

The applicant operates one SNF with 120 beds in Florida, located in Subdistrict 1-1:

- PruittHealth – Santa Rosa

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The project involves 79,859 GSF of new construction. The construction cost is \$11,186,978. Total project cost is \$18,559,775. Project cost includes land, building, equipment, project development, financing and start-up costs.

The applicant proposes to condition the project as shown below:

- Seek Joint Commission accreditation or accreditation from some other similarly recognized accrediting body
- Implement a program designed to reduce hospital readmissions
- Incorporate a minimum of 61 percent private rooms/beds into the facility design
- Participate in an organization-wide Quality Assurance/Performance Improvement initiative that entails quarterly visits in regard to clinical, operational, pharmaceutical and reimbursement areas by corporate consultants to ensure compliance with all local, state and federal laws
- Implement the WanderGuard system as a management component of the Alzheimer program
- Implement Electronic Medical Records (EMR) at the facility and include Smart Charting or other similar bed side patient charting tool
- Implement Resident Safety Technology including Call Guard and WanderGuard into the facility
- Implement Clinical Kiosks in appropriate locations throughout the facility
- Implement Alzheimer, dementia and other special behavioral health management programs
- Implement the top five special amenities requested by existing health care providers in this subdistrict:
 - State of the art rehab suites, specialized care staff, specialized therapy equipment, therapy pool and occupational therapy kitchens
 - Other such special amenities as discussed throughout the CON application
- Implement the top special operational initiatives requested by existing health care providers:
 - Reduce hospital readmissions, high percentage of private rooms, competitive private pay room charge, resident safety technologies, Electronic Medical Record and other such initiatives as discussed throughout the CON application

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- Implement the top five clinical services requested by existing health care providers:
 - Mental/behavioral health programs, chronic disease management, diabetes care, medication management, wound care and other specialized clinical services as discussed throughout the CON application
- Assure all staff maintains ongoing training and continuing education credits utilizing Pruitt University and at no cost to employees
- Participate in a company-wide Annual Quality Report to demonstrate transparency in operations and make this Quality Report available to the public
- Adopt the PruittHealth patient model of care including the UniPath Programs appropriate for this facility and described in the CON application and Supporting Documents
- Implement PointRight Technology (or a future similar technology) in ongoing operations
- Maintain a minimum Medicaid percentage which exceeds the subdistrict wide average Medicaid percentage in regard to percentage occupancy
- Offer semi private room rate charges not to exceed five percent greater and offer private room rate charges not to exceed ten percent greater than the Medicaid reimbursement rate for a period of three years. PruittHealth will strive to offer such condition for more years, however, given the uncertainty as to what the ultimate Medicaid rate may be, or any changes to the overall Medicaid system – tying such rates to Medicaid needs a time limitation from a practical perspective

NOTE: Section 408.043 (4) Florida Statutes, prohibits accreditation by any private organization as a requirement for the issuance or maintenance of a certificate of need, so Joint Commission accreditation (the first condition listed) will not be cited as a condition to approval. Should the project be approved, the applicant's proposed conditions would be reported in the annual condition compliance report as required by Rule 59C-1.013 (3) Florida Administrative Code.

Sandy Ridge Investors, Inc. (CON #10243), hereafter referred to as Sandy Ridge or the applicant, licensee of Sandy Ridge Health and Rehabilitation (SRHR), proposes to add 30 community nursing home beds to the existing 60-bed SRHR facility in District 1/Subdistrict 1-1, Santa Rosa County. The proposed addition would be located at 5360 Glover Lane, Milton, Florida 32570. Sandy Ridge states being an affiliate of Summit Care.

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Summit Care operates 11 SNFs in Florida, listed below:

- Century Health and Rehabilitation Center
- Sandy Ridge Health and Rehabilitation Center
- Santa Rosa Health and Rehabilitation Center
- Madison Health and Rehabilitation Center
- Seven Hills Health & Rehabilitation Center
- Diamond Ridge Health and Rehabilitation Center
- The Springs at Boca Ciega Bay
- Surrey Place Healthcare and Rehabilitation
- Valencia Health and Rehabilitation Center
- Ybor City Health and Rehabilitation Center
- The Springs at Lake Point Woods

The project involves 17,766 GSF of new construction. The construction cost is \$2,572,000. Total project cost is \$3,328,073. Project cost includes land, building, equipment, project development and financing costs.

The applicant does not wish to accept any conditions for the proposed project.

Total GSF and Project Costs of Co-Batched Applicants

Applicant	CON #	Project	GSF	Costs \$	Cost Per Bed
NF Escambia LLC	10241	New 90-Bed Facility	69,044	\$19,032,800	\$211,476
PruittHealth – Escambia County LLC	10242	New 120-Bed Facility	79,859	\$18,559,775	\$154,665
Sandy Ridge Investors, Inc.	10243	Add 30 Beds to a 60-Bed Facility	17,776	\$3,328,073	\$110,936

Source; CON applications #10241-#10243, Schedule 1 and 9

D. REVIEW PROCEDURE

The evaluation process is structured by the certificate of need review criteria found in Section 408.035, Florida Statutes; and applicable rules of the State of Florida, Chapters 59C-1 and 59C-2, Florida Administrative Code. These criteria form the basis for the goals of the review process. The goals represent desirable outcomes to be attained by successful applicants who demonstrate an overall compliance with the criteria. Analysis of an applicant's capability to undertake the proposed project successfully is conducted by evaluating the responses and data provided in the application, and independent information gathered by the reviewer.

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Applications are analyzed to identify strengths and weaknesses in each proposal. If more than one application is submitted for the same type of project in the same district, applications are comparatively reviewed to determine which applicant(s) best meets the review criteria.

Rule 59C-1.010(3)(b), Florida Administrative Code, prohibits any amendments once an application has been deemed complete. The burden of proof to entitlement of a certificate rests with the applicant.

As such, the applicant is responsible for the representations in the application. This is attested to as part of the application in the Certification of the Applicant.

As part of the fact-finding, the consultant, Steve Love analyzed the application, with consultation from the financial analyst, Eric West of the Bureau of Central Services, who evaluated the financial data and Said Baniahmad of the Office of Plans and Construction, who reviewed the application for conformance with the architectural criteria.

E. CONFORMITY OF PROJECT WITH REVIEW CRITERIA

The following indicate the level of conformity of the proposed project with the criteria and application content requirements found in Florida Statutes, sections 408.035 and 408.037; applicable rules of the State of Florida, Chapter 59C-1 and 59C-2, Florida Administrative Code.

1. Fixed Need Pool

a. Does the project proposed respond to need as published by a fixed need pool? Or does the project proposed seek beds or services in excess of the fixed need pool? Rule 59C-1.008 (2), Florida Administrative Code.

In Volume 40, Number 193 of the Florida Administrative Register dated October 3, 2014, a fixed need pool of 160 community nursing home beds was published for Subdistrict 1-1 for the July 2017 Planning Horizon.

After publication of this fixed need pool, zero existing Subdistrict 1-1 SNFs filed exemption requests or filed expedited CON reviews to increase or add community nursing home beds.

As of November 19, 2014, Subdistrict 1-1 had 2,098 licensed and zero approved community nursing home beds. During the 12-month period ending June 30, 2014, Subdistrict 1-1 experienced 90.85 percent

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utilization at 17 existing community nursing homes. Below is a table illustrating nursing home patient days and total occupancy within Subdistrict 1-1, for the referenced time frame.

Escambia and Santa Rosa County Nursing Home Patient Days and Total Occupancy July 1, 2013-June 30, 2014

County/Facility	Comm. Nursing Home Bed Inventory	Bed Days	Patient Days	Total Occupancy	Medicaid Occupancy
Escambia County					
Arcadia Health & Rehabilitation Center	170	62,050	55,063	88.74%	61.42%
Bayside Health and Rehabilitation Center	120	43,800	40,077	91.50%	70.64%
Century Health and Rehabilitation Center	88	32,120	30,885	96.16%	79.12%
Consulate Health Care of Pensacola	120	43,800	42,770	97.65%	58.13%
Haven of our Lady of Peace	120	43,800	40,551	92.58%	33.61%
Health Center of Pensacola, The	180	65,700	59,777	90.98%	53.12%
Life Care Center of Pensacola	120	43,800	40,114	91.58%	33.60%
Rehabilitation Center at Park Place	118	43,070	36,788	85.41%	83.64%
Rosewood Healthcare and Rehabilitation Center	155	56,575	53,054	93.78%	80.89%
Southern Oaks Rehabilitation and Nursing Center	210	76,650	66,050	86.17%	84.67%
Specialty Health and Rehabilitation Center	120	43,800	41,341	94.39%	63.45%
University Hills Health and Rehabilitation	120	43,800	42,600	97.26%	74.64%
Willowbrooke Court at Azalea Trace	47	17,155	10,842	63.20%	35.39%
Santa Rosa County					
Bay Breeze Senior Living and Rehabilitation Center	120	43,800	39,997	91.32%	60.57%
PruittHealth-Santa Rosa	120	43,800	40,714	92.95%	67.62%
Sandy Ridge Health and Rehabilitation	60	21,900	20,097	91.77%	74.10%
Santa Rosa Health & Rehabilitation Center	110	40,150	34,974	87.11%	80.31%
Total	2,098	765,770	695,694	90.85%	65.62%

Source: Florida Nursing Home Bed Need Projections by District and Subdistrict, October 2014 Batching Cycle

The reviewer notes the current and projected population of each county within the subdistrict, the subdistrict overall, the district in total and Florida, for the planning horizon. The projected population growth, both numerically and by percent, is provided in the table below.

**Current and Projected Population Growth Rate
Escambia and Santa Rosa Counties, Subdistrict 1-1, District 1 and Florida
January 2014 and January 2017**

County/Area	January 1, 2014 Population			January 1, 2017 Population		
	0-64	65+	Total	0-64	65+	Total
Escambia	253,089	47,108	300,197	253,042	51,066	304,108
Santa Rosa	136,695	21,830	158,525	144,008	24,973	168,981
Subdistrict 1-1	389,784	68,938	458,722	397,050	76,039	473,089
District 1	601,340	107,594	708,934	610,395	117,962	728,357
Florida	15,881,702	3,548,756	19,430,458	16,349,888	3,891,621	20,241,509
County/Area	2014-2017 Increase			2014-2017 Growth Rate		
	0-64	65+	Total	0-64	65+	Total
Escambia	-47	3,958	3,911	-0.02%	8.40%	1.30%
Santa Rosa	7,313	3,143	10,456	5.35%	14.40%	6.60%
Subdistrict 1-1	7,266	7,101	14,367	1.86%	10.30%	3.13%
District 1	9,055	10,368	19,423	1.51%	9.64%	2.74%
Florida	468,186	342,865	811,051	2.95%	9.66%	4.17%

Source: Florida Agency for Health Care Administration Population Estimates, September 2013

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The community nursing home beds per 1,000 residents for the age 65 and older cohort in the subdistrict are shown below.

County/Area	Community Beds	2014 Pop. Aged 65+	Beds per 1,000 Residents Age 65 and Older	
			2014 Beds per 1,000	2017 Beds per 1,000
Escambia	1,688	47,108	36	33
Santa Rosa	410	21,830	19	16
Subdistrict 1-1	2,098	68,938	30	28
District 1	3,274	107,594	30	28
Florida	80,050	3,548,756	23	21

Source: Florida Agency for Health Care Administration Population Estimates, September 2013 and Florida Nursing Home Bed Need Projections by District and Subdistrict, October 2014 Batching Cycle

Each co-batched applicant states its proposed project is being submitted in response to the Agency’s fixed need pool publication dated October 3, 2014.

NF Escambia, LLC (CON #10241) indicates that to implement the proposed project, Bayside will decompress its physical plant with no residents being displaced. NF Escambia states that work will be staged and admissions slowed to create vacancies so that the rooms can be renovated at Bayside. The applicant indicates that Bayside will be retooled to a smaller facility, with improved room sizes and amenities for residents, consistent with cultural change priorities. The applicant notes that improvements include:

- Convert 10 semi-private rooms to private therapy suites
- Expand therapy space to include an occupational therapy suite
- Build more handicapped-accessible shower rooms
- Expand internet/computer space for residents
- Build an additional life enrichment space
- Build a private family dining room

The applicant asserts that the proposed 90-bed facility has several hallmarks associated with culture change requested by advocates and among those changes are features such as:

- Six interior courtyards for residents
- Each side of the facility provides for a separate living room and activity room for residents
- Each side of the facility provides for a gathering room with a featured aquarium for residents’ enjoyment
- The resident room availability within the facility is 45 privates, 15 semi-privates and 15 suites

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- A large, centralized dining room also is provided
- Back of the house functions are located in centralized areas and not intermixed with resident rooms and areas of the facility
- Therapeutic areas are grouped for efficiencies
- A complete activities of daily living suite is provided

The reviewer verifies a signed and notarized letter from the authorized representative of Bayside (CON application #10241, Exhibit 1-1) agreeing to voluntarily de-license 20 of the total 120 licensed nursing home beds from the nursing home, should the proposed project be approved.

PruittHealth – Escambia County, LLC (CON #10242) states its application is being submitted in response to the Agency’s fixed need pool publication on October 3, 2014. The applicant states that the proposed 120-bed facility will serve residents of Escambia and Santa Rosa Counties.

PruittHealth states that it completed an extensive market research initiative that included surveying/interviewing existing health care providers, analyzing existing health care provider data and conducting extensive bed need analysis. The applicant asserts that it incorporated a multitude of element identified by the market research into the overall proposed facility plan. PruittHealth indicates that some of the most critical areas with demonstrated need the proposed facility will respond to are:

- The service area’s health care providers indicated that the community’s strongest needs in relation to beds and program mix were having a secure Alzheimer’s unit with specialized Alzheimer programming, possessing a high percentage of private rooms and providing a high proportion of Medicaid services
- The service area’s health care providers indicated that the community’s strongest needs in relation to special operational initiatives were a facility that could implement a program designed to reduce hospital readmissions, possessing a high percentage of private rooms, having electronic medical records, instituting resident safety technologies and maintaining a high ratio of licensed nursing hours per patient day

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- The service area’s health care providers indicated that the community’s strongest need in relation to clinical services were for a facility that could provide mental/behavioral health, respiratory care, wound care, PT/OT/ST and chronic disease management
- The service area’s health care providers indicated that the community’s strongest need in relation to special amenities include providing state of the art rehab suites, providing specialized care staff, possessing a therapy pool, maintaining specialized therapy equipment and offering custom meal planning

The applicant indicates the proximate location of PruittHealth—Santa Rosa and that it provides a distinct advantage as it will help evaluate referral patterns, understand the area’s health care needs and foster relationships within the subdistrict.

PruittHealth notes that based on data from the Alzheimer’s Association and Department of Elder Affairs, there are an estimated 8,800 persons in the subdistrict at varying stages of Alzheimer’s disease ages 65 and older. The applicant maintains that this corroborates the need for Alzheimer’s specialty programming and a secure Alzheimer’s unit from a new skilled nursing facility in the market. PruittHealth asserts that it will incorporate an extremely comprehensive and well-established behavioral health program geared to residents with dementia. See the table below.

Alzheimer Estimates Population 65+ Subdistrict 1-1		
	Estimates	Percent of Total
Escambia County	6,233	70.2%
Santa Rosa County	2,647	29.8%
Total	8,880	100.0%

Source: CON application #10242, page 43

The applicant notes that if proposed project is approved, PruittHealth will provide a 20-bed secure Alzheimer’s unit. PruittHealth notes that the proposed facility will adopt the following programmatic elements in the delivery of a comprehensive Alzheimer’s and dementia care program:

- Care planning
- Resident rights and safety
- Dietary programs
- Activities program
- WanderGuard utilization

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PruittHealth asserts that it is the preferred applicant as demonstrated by the following facts:

- The applicant will implement a 20-bed secure Alzheimer's/dementia unit
- The applicant is committed to providing Medicaid services at 4.4 percentage points higher than the current subdistrict average
- 62 percent of the facility's beds will be private beds—10 times the subdistrict's facility average
- The applicant will implement a state-of-the-art rehab suite equipped to include a Hydroworx therapy pool
- The applicant will implement programs to reduce hospital readmissions that have already been successfully introduced in Subdistrict 1-1
- The applicant commits to technology, including PointRight, Smart Charting, Wanderguard, Careguard, electronic medical records and extensive rehabilitation equipment
- The proposed facility will be responsive to healthcare provider surveys

Sandy Ridge Investors, Inc. (CON #10243) points out that the proposed project is for only 30 beds of the 160-bed estimated need and further contends that this allows need to be distributed among various providers and applicants in the service area, promoting competition and access. The applicant further contends that most importantly, the applicant is the only applicant for Santa Rosa County.

The applicant provides several maps of Santa Rosa County on pages 1-4, 1-5, 1-6, 3-3 and 3-6 of CON application #10243. Sandy Ridge indicates that these maps illustrate the following:

- Santa Rosa Medical Center, the county's largest hospital, is located in Milton near SRHR-- a driving distance of 0.06 miles from Sandy Ridge Health and Rehabilitation
- Travel time to nursing facilities within Escambia County would be in excess of 20 minutes (drive time) for many individuals living in Santa Rosa County and this would likely create hardships for individuals to remain connected with family, friends and medical follow-up
- A large portion of the zip codes with a high concentration of persons 65+ are included within the 20 minute drive time
- Sandy Ridge Health and Rehabilitation is centrally located within Santa Rosa County, providing ready access to county residents requiring skilled nursing care

- b. **If no Agency policy exists, the applicant will be responsible for demonstrating need through a needs assessment methodology, which must include, at a minimum, consideration of the following topics, except where they are inconsistent with the applicable statutory or rule criteria:**

Each co-batched applicant is responding to the Agency's published fixed need pool, so this criterion is not applicable.

2. **Agency Rule Preferences**

Please indicate how each applicable preference for the type of service proposed is met. Chapter 59C-1.036, Florida Administrative Code.

Chapter 59C-1.036 of the Florida Administrative Code does not contain preferences relative to community nursing home beds nor does the Agency publish specific preferences for these facilities. However, the rule does contain standards the Agency utilizes in assessing an applicant's ability to provide quality care to the residents.

- a. **Geographically Underserved Areas. In a competitive certificate of need review within the nursing home subdistrict as defined in 59C-2.200, Florida Administrative Code, the Agency shall award a certificate of need if the applicant meets all applicable criteria for a geographically underserved area as specified in subsection 408.032(18), Florida Statutes, and if the applicant meets the applicable statutory certificate of need review criteria specified in section 408.035, Florida Statutes, including bed need according to the relevant bed need formula contained in this rule. If the applicant is awarded a certificate of need based on the provisions of this paragraph, the applicant shall agree that the nursing facility will be located in a county without a nursing facility, or in the center of an area within the subdistrict of a radius of at least 20 miles which meets the definition of a geographically underserved area. The center of the geographically underserved area shall be the proposed nursing home location in the application.**

None of the co-batched applications were submitted to remedy a geographically underserved area as defined above.

- b. **Proposed Services.** Applicants proposing the establishment of Medicare-certified nursing facility beds to be licensed under Chapter 400, Florida Statutes, shall provide a detailed description of the services to be provided, staffing pattern, patient characteristics, expected average length of stay, ancillary services, patient assessment tools, admission policies and discharge policies.

NF Escambia, LLC (CON #10241) states plans to provide skilled nursing/restorative care and rehabilitation services, both short-term and long-term. The applicant notes that all facility residents will receive:

- Restaurant style dining with specialized dietary needs accommodated
- Enclosed courtyards
- Spa and laundry services
- Satellite TV and Wi-Fi
- Medical transportation assistance
- Full day of calendar activities
- 24-hour visitation
- Pet therapy
- 24-hour RN coverage
- State of the art therapy gym and equipment
- Newspaper delivery
- Community outings
- Pharmacy and laboratory services

NF Escambia asserts that Gulf Coast continues to develop specialized programs to provide residents with the highest level of care. The applicant maintains that Gulf Coast follows specific standards of care which differentiate it and allow for treating specific diagnoses and problem areas of their residents as well as minimizing the risk of hospitalization. The applicant notes that specialized programs include:

- Physical, speech, occupational and respiratory therapy
- Specialized wound care
- Cardiac services
- Vital Stim therapy
- IV therapy
- KCI wound vac care
- Complex medical and pain management

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- Stroke rehab
- Orthopedic services
- Tracheotomy, hospice and respite care
- Alzheimer's and dementia care
- Surgical recovery

The applicant indicates that ancillary services include:

- Pulmonary
- Infectious disease
- Psychology
- Optometry
- Orthopedics
- Internal medicine
- Psychiatry
- Podiatry
- Family services
- Registered Dietician

NF Escambia provides a detailed analysis of the services to be provided on pages 2-6 through 2-16 of CON application #10241. The applicant explains that each of the top seven major diagnostic categories (MDCs) was examined to identify the diagnostic related groups that comprised it that contained hospital discharges to SNFs. The applicant asserts that Gulf Coast already has a variety of specialized programs and continues to innovate in order to best meet residents' needs.

The applicant indicates that admission is a coordinated process that assures the individual and his or her family that the facility has the required staff and services to appropriately and effectively meet the medical and nursing needs. NF Escambia explains that upon admission and detailed assessment to provide a plan of care, effort is directed toward discharge.

NF Bay maintains that discharge plans begin with the initial assessment when patient and family needs and attributes are assessed with admission diagnosis specifically addressed. The applicant states that it is responsibility of the facility to have identified the medically related social service or home-based services needs of the resident and assure the needs are met by the appropriate disciplines.

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The applicant’s Schedule 7 indicates that the average length of stay (ALOS) will be 35.83 days in year one and 35.88 days in year two. Schedule 6 illustrates that FTEs for year one (ending June 30, 2018) total 60.2 and total 99.7 for year two (ending June 30, 2019)). The proposed project’s year one and year two FTEs are shown in the table below.

NF Escambia, LLC (CON application #10241) Projected Year One and Year Two Staffing		
	Year One FTEs	Year Two FTEs
Administration		
Administrator	1.0	1.0
Director of Nursing	1.0	1.0
Admissions Director	2.0	2.0
Bookkeeper	1.0	1.0
Secretary	1.4	1.4
Medical Records Clerk	1.5	2.0
Other: Nursing Admin	3.4	5.4
Physicians		
Medical Director (Contract)	0.1	0.2
Nursing		
RNs	4.1	7.5
LPNs	6.8	12.8
Nurses’ Aides	20.5	38.4
Dietary		
Dietary Supervisor	2.0	2.0
Cooks	1.4	2.8
Dietary Aides (including servers)	3.6	6.6
Social Services		
Social Service Director	1.5	1.5
Activity Director	1.0	1.0
Activities Assistant	0.8	1.5
Housekeeping		
Housekeeping Supervision	1.0	1.0
Housekeepers	3.2	6.0
Laundry		
Laundry Aides	1.4	2.6
Plant Maintenance		
Maintenance Supervisor	1.0	1.0
Maintenance Assistance	0.5	1.0
Total	60.2	99.7

Source: CON application #10241, Schedule 6

The reviewer notes that though physical therapy, speech therapy and occupational therapy are each listed by the applicant as a specialized program, there are no FTEs for any of these programs and notes to Schedule 6 to do not indicate a plan for a contractual arrangement for such programs although Schedule 8 lists them as ancillary costs.

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PruittHealth – Escambia County, LLC (CON #10242) indicates that it has designed a facility that is responsive to surveys from existing health care providers. The survey methodologies utilized by the applicant--including a copy of the survey, survey responses and how PruittHealth-Escambia will respond to these needs--can be found on pages 38 through 79 of CON application #10242. The applicant asserts that these providers have spoken, and responsively, PruittHealth's design and outlook for PruittHealth-Escambia includes the following:

- Alzheimer dementia program and secure unit
- High percent of private rooms
- Medicaid beds
- Programs designed to reduce hospital readmissions
- Low private pay room charge
- Resident safety technologies
- Electronic medical record
- State of the art rehab units
- Specialized care staff
- Specialized therapy equipment
- Therapy pool
- Occupational therapy kitchen
- Mental/behavioral health program
- Chronic disease management
- Diabetes care
- Medication management
- Wound care
- PT/OT/ST

The applicant notes that essential services will include, but not be limited to the following:

- 24-hour nursing services
- Physical therapy
- Occupational therapy
- Speech therapy
- IV therapy
- Tube feeding and total parental nutrition
- Wound care management
- Pain management
- Central lines
- Oxygen therapy
- Outpatient therapy

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The applicant indicates that unique services and characteristics that set it apart from other nursing home providers include, but are not limited to:

- UniPath specialty care programs
- Clinic oversight teams
- Mandatory daily interdisciplinary team meetings
- Electronic medical records
- Medication monitoring
- Dedicated quality staff
- General and clinical kiosks

PruittHealth-Escambia discusses the programs and routine services to be offered at PruittHealth-Escambia on pages 84 through 106 of CON application #10242.

PruittHealth – Escambia states that the proposed facility will have strict admissions policies to accurately screen inquiries to assure the appropriateness of facility placement and to assure medical necessity of services. The applicant emphasizes that based on information gathered during preadmission screening, the Admissions Committee, in consultation with the facility’s Medical Director, will determine if the facility is the appropriate setting for the prospective resident.

The applicant asserts that the proposed facility will develop a discharge plan for each resident from the day of admission for a smooth transfer of the resident from the facility to home or another care setting to provide continuity of care.

Notes to the applicant’s Schedule 7 indicate a range of ALOS depending on the type of admission, with the lowest ALOS (13.3 days) attributed to hospice and a the highest ALOS (315 days) attributed to Medicaid. The applicant’s Schedule 7 indicates that the ALOS will be 56.94 days in year one and 78.66 days in year two.

Schedule 6 illustrates that FTEs for year one (ending June 30, 2018) total 62.83 and total 140.28 for year two (ending June 30, 2019). The proposed project’s year one and year two FTEs are shown in the table below.

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PruittHealth – Escambia County, LLC (CON application #10242) Projected Year One and Year Two Staffing		
	Year One FTEs	Year Two FTEs
Administration		
Administrator	1.00	1.00
Director of Nursing	1.00	1.00
Admissions Director	1.00	1.00
Secretary	1.40	1.40
Medical Records Clerk (CNA)	0.70	1.00
Other: Financial Counselor	1.00	1.00
Physicians		
Medical Director (Contracted)	0.20	0.20
Other: Physician Services (Contracted)	0.02	0.02
Nursing		
RNs	4.40	8.20
LPNs	10.00	23.80
Nurses' Aides	21.60	57.40
Nursing Admin, Central Supply	0.80	2.00
Ancillary		
Physical Therapist (Contracted)	0.93	2.52
Physical Therapist Assistant (Contracted)	1.10	2.96
Speech Therapist (Contracted)	0.45	1.21
Occupational Therapist (Contracted)	1.07	2.90
Occupational Therapy Assistant (Contracted)	0.40	1.07
Dietary		
Dietary Supervisor	1.00	1.00
Cooks	1.50	2.80
Dietary Aides	2.80	8.40
Social Services		
Social Service Director	1.00	1.00
Activity Director	1.00	1.00
Housekeeping		
Housekeepers	5.10	12.60
Laundry		
Laundry Aides	1.40	2.80
Plant Maintenance		
Maintenance Supervisor	2.00	2.00
Total	62.83	140.28

Source: CON application #10242, Schedule 6

Sandy Ridge Investors, Inc. (CON #10243) indicates that it provides a broad range of nursing and restorative care to manage short-term rehabilitation, long-term care and complex medical conditions. The applicant indicates being dually certified for both Medicare and Medicaid participation. The applicant lists the following services at the existing facility:

- Physical therapy
- Occupational therapy
- Speech therapy
- Orthopedic rehabilitation
- Neurological rehabilitation
- Pulmonary rehabilitation

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- Medical management
- Palliative care
- Hospice care
- Wound care

Sandy Ridge includes other services and amenities that provide support, comfort and security:

- Full-time medical manager
- 24-hour RN coverage
- On site x-rays and clinical lab testing
- Ostomy and enteral care
- Foley catheter care, changes and teaching
- Diabetic care and management
- Medication management
- Bowel and bladder training
- IV therapy
- Dialysis support
- Structured activities seven days a week
- Pet therapy
- Security system
- Daily transportation
- Beauty/barber shop

Sandy Ridge contends that developing a plan of care for a resident in a long-term care facility is the single most important task undertaken for that resident. The applicant lists the staff (interdisciplinary team) that is responsible for the development and/or implementation of the resident's care plan on page 2-4 of the application.

According to Sandy Ridge, upon admission, each resident is evaluated by the admitting nurse, which includes but is not limited to:

- Medical diagnosis
- Description of skin condition
- Current level of activity/mobility
- Cognitive status
- Diet orders
- Weight
- ADL performance
- Physical impairments

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Sandy Ridge offers a list of 20 items included in the Admission Packet (CON application #10243, page 2-5). The applicant provides an extensive packet of Policies and Procedures for Care Planning, Admissions, Discharges and Resident Right in exhibit 2-1 of CON application #10243. Sandy Ridge asserts that placement into a nursing home is a last resort, reducing the independence of individuals. Steps in the discharge planning process are described on page 2-6 and 2-7 of the application.

Sandy Ridge provides a detailed analysis of the services to be provided on pages 2-10 through 2-17 of CON application #10243. The applicant explains that each of the top seven major diagnostic categories (MDCs) was examined to identify the diagnostic related groups that comprised it that contained hospital discharges to SNFs. Sandy Ridge declares that its responses address the provisions of rule and show services planned for patients discharged in particular MDCs.

The reviewer notes that the ALOS for the proposed addition of 30 beds is 45.02 for year one and 45.41 for year two of operations. Schedule 7 shows 132 incremental admissions and 5,942 incremental patient days for year one and 209 incremental admissions and 9,490 incremental patient days for year two of operations. Schedule 6A illustrates that 12.87 FTEs will be added for year one (ending June 30, 2018) and 20.41 for year two (ending June 30, 2019). The proposed 30-bed addition's year one and year two FTEs are shown in the table below.

Sandy Ridge Investor's, Inc. (CON application #10243) Projected Year One and Year Two Staffing		
	Year One FTEs	Year Two FTEs
Nursing		
RNs	1.19	1.91
LPNs	2.57	4.11
Nurses' Aides	7.91	12.64
Dietary		
Dietary Aides	0.80	0.25
Social Services		
Social Service Director	0.00	1.00
Activities Assistant	0.40	0.50
Total	12.87	20.41

Source: CON application #10243, Schedule 6A

The reviewer notes a decline in FTEs from year one to year two for dietary aides, yet Schedule 7 shows an increase of 132 admissions (5,942 patient days) in year one to 209 admissions (9,490 patient days) in year two, pursuant to the 30-bed proposed addition.

- c. **Quality of Care. In assessing the applicant's ability to provide quality of care pursuant to ss. 408.035 (1) (c), Florida Statutes, the agency shall evaluate the following facts and circumstances:**

1. **Whether the applicant has had a Chapter 400, Florida Statutes, nursing facility license denied, revoked or suspended within the 36 months prior to the current application.**

NF Escambia, LLC (CON #10241) states that having been created to support the proposed project, this item does not apply.

PruittHealth – Escambia County, LLC (CON #10242) states that as a newly formed entity, it has no operational history.

Sandy Ridge Investors, Inc. (CON #10243) states not having had a nursing home license denied, revoked or suspended.

2. **Whether the applicant has had a nursing facility placed into receivership at any time during the period of ownership, management or leasing of a nursing facility in the 36 months prior to the current application?**

NF Escambia, LLC (CON #10241) states that having been created to support the proposed project, this item does not apply.

PruittHealth – Escambia County, LLC (CON #10242) states that as a newly formed entity, it has no operational history.

Sandy Ridge Investors, Inc. (CON #10243) states not having had a nursing home placed into receivership.

3. **The extent to which the conditions identified within subparagraphs 1 and 2 threatened or resulted in direct significant harm to the health, safety or welfare of the nursing facility residents.**

NF Escambia, LLC (CON #10241) states that having been created to support the proposed project, this item does not apply.

PruittHealth – Escambia County, LLC (CON #10242) indicates that this provision is not applicable.

Sandy Ridge Investors, Inc. (CON #10243) indicates that this provision does not apply.

4. **The extent to which the conditions identified within subparagraph 3 were corrected within the time frames allowed by the appropriate state agency in each respective state and in a manner satisfactory to the agency.**

NF Escambia, LLC (CON #10241) states that having been created to support the proposed project, this item does not apply.

PruittHealth – Escambia County, LLC (CON #10242) indicates that this provision is not applicable.

Sandy Ridge Investors, Inc. (CON #10243) indicates that this provision does not apply.

5. **Rule 59C-1.036 (4) (f) Harmful Conditions. The Agency shall question the ability of the applicant to provide quality of care within any nursing facility when the conditions identified in the subparagraph (e) 1 and (e) 2 result in the direct, significant harm to the health, safety or welfare of a nursing facility resident, and were not corrected within the time frames allowed by the appropriate state agency in each respective state and in a manner satisfactory with the Agency.**

NF Escambia, LLC (CON #10241) states that having been created to support the proposed project, this item does not apply.

PruittHealth – Escambia County, LLC (CON #10242) indicates that this provision is not applicable.

Sandy Ridge Investors, Inc. (CON #10243) does not respond to this provision.

- d. **Rule 59C-1.036 (5) Utilization Reports. Within 45 days after the end of each calendar quarter, facilities with nursing facility beds licensed under Chapter 400, Florida Statutes shall report to the Agency, or its designee, the total number of patient days, which occurred in each month of the quarter, and the number of such days that were Medicaid patient days.**

NF Escambia, LLC (CON #10241) states that it will provide the required data to the Northwest Florida Health Council, Inc. and to the Agency/.

PruittHealth – Escambia County, LLC (CON #10242) states that within 45 days after the end of each calendar quarter, it will report its total number of patient days which occurred in each month of the quarter and the number of such days which were Medicaid patient days.

Sandy Ridge Investors, Inc. (CON #10243) states that it will continue to provide the required data to the Northwest Florida Health Council, Inc. and to the Agency.

3. **Statutory Review Criteria**

- a. **Is need for the project evidenced by the availability, quality of care, accessibility and extent of utilization of existing health care facilities and health services in the applicants service area? ss. 408.035 (1)(b) and (e), Florida Statutes.**

There are 27 licensed community nursing homes with a total of 3,274 community nursing home beds in District 1. Subdistrict 1-1 is composed of Escambia and Santa Rosa Counties and has 17 licensed community nursing homes with a total of 2,098 community nursing home beds. The subdistrict averaged 90.85 percent total occupancy for the 12-month period ending June 30, 2014.

NF Escambia, LLC (CON #10241) indicates that the proposed project ZIP code of 32514 has, for the Pensacola area, the largest number of elderly to the north of I-10 and is accessible by several major roadways. NF Escambia estimates 14,662 resident days per 1,000 people age 65+ within a five-mile radius of the preferred project site, compared to 11,766 such days for Escambia and 14,766 such days for Subdistrict 1-1, as of the 12 months ending June 30, 2014. See the table below.

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**Comparison of Licensed Beds and Nursing Home Resident Days for Preferred Site,
Escambia County and Nursing Home Subdistrict 1-1
July 1, 2013 to June 30, 2014**

Factor	Under Circle Radius 5 Miles	Escambia County	Subdistrict 1-1
2014 Population 65+	22,630	47,587	71,297
Licensed Beds	997	1,688	2,098
Resident Days	331,794	559,912	1,052,779
Days per 1,000 65+	14,662	11,766	14,766

Source: CON application #10241, page 1-5, Table 1-1

The applicant notes that with respect to financial accessibility, the proposed SNF will be both Medicare and Medicaid-certified and in addition, NF Escambia will have third-party contracts to assure the widest coverage for the community. The applicant points out that as a community nursing home, the facility will be open to all persons.

NF Escambia discusses utilization in Subdistrict 1-1 and District 1 for the 12-month period ending June 2014—noting the subdistrict’s facility occupancy rate (87.93 percent) is higher than that of the district (87.35 percent).

The applicant provides a table of forecasted nursing home resident days for the Escambia County and the proposed facility assuming a 92 percent occupancy rate in the second year of operation. NF Escambia believes Escambia County will experience growth in resident days to 658,606 and assuming 92 percent occupancy, the new facility would absorb 30,222 days, leaving a balance of 628,384 days to be allocated to the existing SNFs in the county. See the table below.

**Forecasted Nursing Home Resident Days for the Subdistrict and New Facility
Assuming a 92 Percent Occupancy Rate, Second Year of Operation**

Resident Days July 1, 2013 to June 30, 2014	559,912
Average Daily Census 2014	1,534
Escambia County Population 65+ 2014	47,587
Days per 1,000 Persons, 65+, 2014	11,766
Escambia County Population 65+ 2019	55,975
Resident Days Forecasted for 2019	658,606
Average Daily Census Year 2019	1,804
Proposed Nursing Facility Days @ 92%	30,222
Deduct New Facility Resident Days from Forecast	628,384
Average Daily Census year 2019, Remaining Days	1,722

Source: CON application #10241, page 1-15

The applicant projects that with the new nursing home, the number of licensed beds increases by 90 to 1,778 and at 658,606 forecasted resident days for 2019, the subdistrict’s occupancy rate would be 101 percent in 2019. The reviewer notes that the proposed project is only requesting 70 beds and that the number of licensed beds would increase by 70 to 1,758.

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NF Escambia allocates the balance of 628,384 resident days to each existing nursing home by market share. The applicant asserts that the results show that in the second year of operation, all existing SNFs have resident days above what was reported in the baseline period. The applicant concludes that the result shows that its proposal would not adversely impact already licensed and occupied SNFs in Escambia County.

In the next two tables, the applicant estimates 2018 and 2019 resident days, admits and average daily census (ADC), all by payer and occupancy rates, for the proposed project. See the tables below

**Adjustment of the New Nursing Home Forecast of Resident Days
NF Escambia, LLC**

Payer	Year One: 2018 Resident Days	Year Two: 2019 Resident Days	Percent of Days
Medicare	6,923	13,009	44.0%
Medicare Managed Care	2,360	4,435	15.0%
Medicaid Managed Care	3,933	7,391	25.0%
Self-Pay	629	1,183	4.0%
All Other	1,888	3,548	12.0%
Total	15,733	29,566	100.0%
Percent Occupancy	47.9%	90.0%	

Source: CON application #10241, page 1-16, Table 1-5

**New Nursing Home Forecast of Admissions and Average Daily Census
NF Escambia, LLC**

Payer	Year One: 2018 Admits	Year Two: 2019 Admits
Medicare	277	521
Medicare Managed Care	108	202
Medicaid Managed Care	11	21
Self-Pay	11	20
All Other	32	60
Total	439	824
Facility ALOS	35.8	35.9

Payer	Year One: 2018 ADC	Year Two: 2019 ADC
Medicare	19	36
Medicare Managed Care	6	12
Medicaid Managed Care	11	20
Self-Pay	2	3
All Other	5	10
Total	43	81

Source: CON application #10241, page 1-17, Table 1-6

PruittHealth – Escambia County, LLC (CON #10242) indicates that Subdistrict 1-1 is home to 17 SNFs with an aggregated 2,098 licensed beds. The applicant further points out that Escambia County, the most populated county in Subdistrict 1-1, is home to 13 of the 17 SNFs in the Subdistrict and 1,688 of the total 2,098 licensed beds.

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PruittHealth – Escambia provides an analysis of nursing home beds per 1,000 population in the table below. The applicant notes that there are 30.0 skilled nursing beds per 1,000 population, aged 65 and older, in Subdistrict 1-1. These estimates are for 2014 and 2019. According to the applicant, even with the approval of the 160 needed beds in Subdistrict 1-1, the beds per 1,000 population will decline from 30.0 in 2014 to 27.0 beds per 1,000 population in 2019. PruittHealth – Escambia points out a similar declining trend for the state overall.

Licensed Nursing Home Beds per 1,000 Population, Ages 65+

County	2014			2019		
	Licensed Nursing Home Beds	Population	Beds per 1,000 Population	Licensed Nursing Home Beds	Population	Beds per 1,000 Population
Subdistrict 1-1	2,098	69,994	30.0	2,218	82,208	27.0
Florida	80,050	3,595,188	22.3	83,165**	4,153,269	20.0

*The applicant notes licensed bed inventory for 2019 assumes all 120-beds will be developed in Escambia County

** The applicant notes 2019 licensed nursing home beds in Florida include the Agency’s published need for 3,115 beds in the state

Source: CON application #10242, page 109

The applicant contends that at least 120 of the 160 community nursing home bed need for Subdistrict 1-1 need to be located in Escambia County.

PruittHealth – Escambia contends that proposed project approval will:

- Improve access to persons with Alzheimer’s disease
- Improve access to Medicaid services
- Improve access to private beds
- Provide a modern design that promotes independence and choice
- Provide state-of-the-art rehabilitation programming
- Provide extensive clinical programming focused on reducing hospital admissions

PruittHealth – Escambia includes an analysis of the Subdistrict 1-1 community nursing home utilization for the 12-month period ending June 30, 2014. The applicant indicates that the occupancy rates between the most recent six-month period and the prior six-month period increased by 1.24 percent, from 90.23 percent to 91.47 percent. PruittHealth – Escambia states that during the same period, 12 of the 13 Escambia County SNFs exceeded the Agency’s 85 percent occupancy threshold. Further, the applicant notes that again for the same period, each of the four existing SNFs in Santa Rosa County exceeded the Agency’s 85 percent occupancy threshold.

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The applicant contends that given the majority of the few available beds at these facilities at any given time are in semi-private accommodations, other issues as to their lack of availability arise such as co-mingling genders or co-morbid conditions. PruittHealth – Escambia concludes that its introduction will fulfill incremental demand in the subdistrict.

The applicant references that three existing SNF facilities (300 beds in aggregate) in Subdistrict 1-1 are currently on the Watch List. These three facilities are: Consulate Health Care of Pensacola, University Hills Health and Rehabilitation and Sandy Ride Health and Rehabilitation. This is confirmed by the reviewer through the Agency’s website at www.floridahealthfinder.gov. The applicant notes that one of the co-batched applicant’s SNFs are among the three SNFS on the Watch List (Sandy Ride Health and Rehabilitation).

PruittHealth – Escambia states that the local health care providers it interviewed indicated their willingness to support the proposed facility and in aggregate, indicated a willingness to refer up to 185 patients per month. The applicant provides the following forecasted utilization for the first two years of operation.

PruittHealth – Escambia Forecasted Utilization

	Year One	Year Two
Medicare/Medicare HMO, Skilled Patients		
Admissions	169	456
ADC	11.1	30.0
Alzheimer’s Program and Long Term Patients		
Admissions	114	73*
ADC	33.0	84.0
Total		
Admissions	283	529
Occupancy Rate	37%	95%
ADC	44.1	114.0

*The applicant notes given the long term nature of these patients, annual admissions are based on replacement of long term residents
Source: CON application #10242, page 73

Sandy Ridge Investors, Inc. (CON #10243) provides a table illustrating the three-year utilization of Subdistrict 1-1, indicating that facility occupancy in Santa Rosa County was 90.7 percent in FY 2014 and that this is only slightly below the Escambia County facility occupancy rate of 90.9 percent for the same period. The applicant states that for the 12-month period ending June 30, 2014, Santa Rosa County had four SNFs with a total of 410 beds and that three of the four facilities had occupancies at or above 91 percent, with SRHR experiencing a 91.8 percent occupancy for the same period.

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Regarding quality, the applicant provides a table to indicate the 11 Summit Care SNFs in Florida and their Agency quality rating scores (CON application #10243, page 3-4, Table 3-2).

Sandy Ridge contends that to fully demonstrate need, there must be a full understanding of the population demographics and dynamics. Sandy Ridge includes tables illustrating the estimated population and compounded annual growth rates (CAGRs) by ZIP code and age cohort for years 2014 and 2019 in the subdistrict. The applicant notes that as a whole, the subdistrict has over 71,200 residents aged 65 and older and that Santa Rosa residents represent fully one-third of this population. Sandy Ridge contends that Santa Rosa County has a much higher CAGR for the 65+ population (4.8 percent compared to 3.3 percent) and also that the overall population for Santa Rosa County is higher than that for Escambia (1.5 percent compared to 0.9 percent, respectively). According to the applicant, Santa Rosa County, based on population growth and size, warrants additional nursing home beds.

The applicant provides a table of forecasted nursing home resident days for the Santa Rosa and the proposed addition assuming a 92 percent occupancy rate in the second year of operation. Sandy Ridge believes Santa Rosa County will experience growth in resident days to 171,895 and assuming 92 percent occupancy, the new addition would absorb 10,074 days, leaving a balance of 161,821 days to be allocated to the existing SNFs in the county. See the table below.

Forecasted Nursing Home Resident Days for Santa Rosa County and 30-Bed Addition in 2019

Resident Days July 1, 2013 to June 30, 2014	135,782
Average Daily Census, 2014	372
Santa Rosa County Population, 65+, 2014	23,710
Days Per 1,000 Persons, 65+, 2014	5,727
Santa Rosa County Population, 65+, 2019	30,016
Resident Days forecasted for 2019	171,895
Average Daily Census, Year 2019	471
Sandy Ridge Days (30 beds) @92%	10,074
Deduct Sandy Ridge Bed Addition Days from Forecast	161,821
Average Daily Census, Year 2019, Remaining Days	443

Source: CON application #10243, page 3-7, Table 3-3

The applicant contends that given that the existing beds equal 410, the projected 2019 ADC will exceed the bed supply within Santa Rosa County even with the addition of thirty beds through the proposed project.

The applicant believes that one way to determine whether or not there will be an adverse impact on specific SNFs with the addition of new beds is to examine the market share each SNF represents within the

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subdistrict. Sandy Ridge explains that to obtain a baseline of market share, each SNF's resident days as reported to the Agency were used to obtain the percent of the total subdistrict's resident days, shown below.

**Historical Resident Days by Nursing Home and Market Share,
Subdistrict 1-1, Santa Rosa County, July 1, 2013-June 30, 2014**

Santa Rosa County Facilities	Resident Days	Market Share
Bay Breeze Senior Living and Rehabilitation Center	39,997	29.5
PruittHealth-Santa Rosa	40,714	30.0
Sandy Ridge Health and Rehabilitation	20,097	14.8
Santa Rosa Health and Rehabilitation Center	34,974	25.8
Total	135,782	100.0%

Source: CON application #10243, page 1-14, Table 1-6

The applicant contends that because of the small number of beds at Sandy Ridge Health and Rehabilitation compared to the other facilities within the county, it is difficult to estimate whether the market share will remain the same or increase once the (proposed) 30-bed addition is completed. The applicant reiterates that it has already estimated the projected 2019 ADC will exceed the bed supply within Santa Rosa County even with the available beds of the proposed project.

- b. Does the applicant have a history of providing quality of care? Has the applicant demonstrated the ability to provide quality of care? Is the applicant a Gold Seal Program nursing facility that is proposing to add beds to an existing nursing home? ss. 408.035 (1) (c) and (j), Florida Statutes.**

NF Escambia, LLC (CON #10241) indicates that as an affiliate of Gulf Coast, the applicant is defined by Gulf Coast's mission statement and vision. The applicant further briefly states Gulf Coast's Four Pillars of Excellent: People, Service, Quality and Finance.

NF Escambia maintains that among Gulf Coast's 34 SNFs in Florida, six had a five-star CMS 5-star quality rating in 2012 and in 2014, 21 of the affiliate's Florida SNFs attained this same CMS rating. In Exhibit 4-1 of the application, NF Escambia provides various Gulf Coast facility recognitions and awards.

The applicant describes quality assurance on pages 4-4 and 4-5 of the application. Stated objectives of ongoing quality monitoring are:

- Assess resident care practices
- Review and analyze facility quality indicators
- Document, review and analyze facility incident reports
- Record and address facility deficiencies and resident grievances and develop appropriate responses to any perceived or real needs

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The applicant continues by offering the following overview of quality assurance:

- Components of the quality improvement (QI) process
- Data collection and analysis
- Quality improvement
- How to manage QI
- Managing QI
- Performance measurement

NF Escambia offers Ten Most Frequently Cited Deficiencies in Florida (CON application #10241, Exhibit 4-2) and indicates that the company's facilities will remain diligent in their monitoring efforts to ensure that these types of violations do not occur.

NF Escambia provides a description of the following major topics:

- Residents' rights
- Ensuring resident participation
- Activities
- Community involvement

Agency complaint records indicate that the affiliated nursing homes associated with the parent company, for the three-year period ending November 19, 2014, had 46 substantiated complaints at its 33 facilities. A single complaint can encompass multiple complaint categories. The substantiated complaint categories are listed below:

Nursing Homes affiliated with Gulf Coast Health Care	
Complaint Category	Number Substantiated
Quality of Care/Treatment	19
Resident/Patient/Client Rights	10
Admission, Transfer & Discharge Rights	6
Dietary Services	5
Administration/Personnel	5
Resident/Patient/Client Assessment	3
Nursing Services	3
Physical Environment	2
Unqualified Personnel	2
Infection Control	1
Physician Services	1
Resident/Patient/Client Abuse	1
Restraints/Seclusion General	1
Life Safety Code	1

Source: Florida Agency for Healthcare Administration Complaint Records

PruittHealth – Escambia County, LLC (CON #10242) states that it does not have a history of providing quality of care because it is a newly formed entity. However, the applicant notes that its parent company

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PruittHealth is committed to the appropriate provision of comprehensive, high quality, safe, and cost-effective nursing care facility services to persons in need of such services.

PruittHealth – Escambia asserts that it will develop all policies and procedures as well as the quality assurance program based on its other PruittHealth affiliated facilities throughout the southeastern United States--including its one facility in Santa Rosa County. The applicant notes some of PruittHealth – Santa Rosa’s most recent quality achievements:

- American Health Care Association Silver Award Winner for Healthcare Centers
- Overall Rating of Five Stars from Medicare.gov
- Facility Administrator recognized as the American Health Care Association’s Nursing Home Administrator of the year in Florida in 2013
- Net Promoter Score Rating of Five Stars (Internal award)
- Named as one of the “Best Nursing Homes in the U.S.” by *U.S. News & World Report*
- Recent PruittHealth “Go for Gold” award winner (Internal award)
- Two deficiency free surveys within the last four years
- Downward trending hospital readmission rate

The applicant provides a detailed discussion of each of the following programs and policies related to quality of care:

- Commitment to Caring Campaign
- Corporate Standards
- Memberships and Awards
- CMS Five-Star Rating
- The Joint Commission Accreditation
- External Benchmarking and Benchmarking Tools
- PruittHealth Consulting Services
- PruittHealth Pharmacy
- CMS’s Quality Improvement Organization
- Performance Improvement Program
- Customer Service and Transparency

PruittHealth indicates that it provides a customized on-line eLearning management system (Pruitt University) to train employees on a plethora of topics ranging from clinical issues to human resource matters in order to empower staff. The applicant states that Pruitt University offers more than 1,000 courses and competencies.

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Agency complaint records indicate that the affiliated nursing home associated with the parent company, for the three-year period ending November 19, 2014, had one substantiated complaint in the complaint category of unqualified personnel.

Sandy Ridge Investors, Inc. (CON #10243): The applicant is the licensee of Sandy Ridge Health and Rehabilitation and is affiliated with Summit Care. Sandy Ridge indicates that the SNF is guided by Summit Care's mission statement: *"Quality focused care, one resident at a time."* The applicant states that Summit Care maintains a Toll-Free Help Line number which may be accessed 24 hours a day by residents, family members, interested parties or employees to report concerns or comments they may have. The applicant maintains that follow-up is made to assure resolution of the situation.

Sandy Ridge emphasizes that management strives to improve and provide quality, cost-effective care by utilizing a standardized Quality Improvement program. The applicant explains that each facility has an internal Quality Assessment and Assurance Program (QAA) in which the facility assesses resident care practices and reviews quality indicators, incident reports, resident grievances and deficiencies cited. The applicant includes a detailed overview of its QAA program on pages 4-4 to 4-5 of CON application #10243.

The applicant provides a detailed discussion of each of the following topics related to quality of care:

- Residents Rights
- Quality Assurance through Resident Council
- Activities

Sandy Ridge is not a Gold Seal Program and is currently on the Nursing Home Watch List.¹ The most recent Agency inspection indicates Sandy Ridge received an overall two-star rating out of a possible five stars. The Agency's Nursing Home Guide was last updated November 2014. From November 19, 2011 to November 19, 2014, Sandy Ridge had one substantiated complaint in the complaint categories of nursing services and quality of care/treatment.

¹ The facility was on a conditional time frame from December 11, 2012 to January 11, 2013 due to cited deficiencies in N0054 (59A-4.107(5) All physician orders shall be followed as prescribed and if not followed, the reason shall be recorded on the resident's medical record during that shift.)

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Agency complaint records indicate that the affiliated nursing homes associated with the parent company, for the three-year period ending November 19, 2014 had 19 substantiated complaints for nine of its 11 facilities. A single complaint can encompass multiple complaint categories. The substantiated complaint categories are listed below:

Nursing Homes affiliated with Summit Care	
Complaint Category	Number Substantiated
Quality of Care/Treatment	13
Admission, Transfer and Discharge Rights	4
Administration/Personnel	3
Resident/Patient Client Assessment	2
Resident/Patient Client Rights	2
Nursing Services	1
Dietary Services	1

Source: Florida Agency for Health Care Administration Complaint Records

- c. What resources, including health manpower, management personnel and funds for capital and operating expenditures, are available for project accomplishment and operation? ss. 408.035 (1)(d), Florida Statutes.**

NF Escambia, LLC (CON #10241):

Analysis:

The purpose of our analysis for this section is to determine if the applicant has access to the funds necessary to fund this and all capital projects. Our review includes an analysis of the short and long-term position of the applicant, parent or other related parties who will fund the project. The analysis of the short and long-term position is intended to provide some level of objective assurance in the likelihood that funding will be available. The stronger the short term position, the more likely cash on hand or cash flows could be used to fund the project. The stronger the long-term position, the more likely that debt financing could be achieved if necessary to fund the project. We also calculate working capital (current assets less current liabilities) a measure of excess liquidity that could be used to fund capital projects.

Historically we have compared all applicant financial ratios regardless of type to bench marks established from financial ratios collected from Florida acute care hospitals. While not always a perfect match to a particular CON project it is a reasonable proxy for health care related entities.

The below is an analysis of the audited financial statements of Omega Healthcare Investors, Inc., (3rd party) and where the two short-term and long-term measures fall on the scale (highlighted in gray) for the most recent year. All dollar amounts are in thousands.

CON Action Numbers: 10241 through 10243

Omega Healthcare Investors, Inc.		
	Current Year	Previous Year
Current Assets	\$150,120	\$126,891
Total Assets	\$3,462,216	\$2,982,005
Current Liabilities	\$5,000	\$0
Total Liabilities	\$2,162,113	\$1,970,676
Net Assets	\$1,300,103	\$1,011,329
Total Revenues	\$418,714	\$350,460
Excess of Revenues Over Expenses	\$172,521	\$120,698
Cash Flow from Operations	\$279,949	\$208,271
Short-Term Analysis		
Current Ratio (CA/CL)	30.0	N/A
Cash Flow to Current Liabilities (CFO/CL)	5598.98%	N/A
Long-Term Analysis		
Long-Term Debt to Net Assets (TL-CL/NA)	165.9%	194.9%
Total Margin (ER/TR)	41.20%	34.44%
Measure of Available Funding		
Working Capital	\$145,120	\$126,891

Position	Strong	Good	Adequate	Moderately Weak	Weak
Current Ratio	above 3	3 - 2.3	2.3 - 1.7	1.7 - 1.0	< 1.0
Cash Flow to Current Liabilities	>150%	150%-100%	100% - 50%	50% - 0%	< 0%
Debt to Equity	0% - 10%	10%-35%	35%-65%	65%-95%	> 95% or < 0%
Total Margin	> 12%	12% - 8.5%	8.5% - 5.5%	5.5% - 0%	< 0%

Capital Requirements and Funding:

The applicant provided a development stage audit. The audit indicates that the applicant has very little assets, liabilities, net worth and no revenue. The applicant indicates on Schedule 2 capital projects totaling \$19,032,800 which includes this project. The applicant indicates on Schedule 3 of its application that funding for the project will be provided by cash on hand and non-related company financing. The applicant provided a letter from Omega committing to funding this project. Omega submitted their audited financial statements as proof of available funding. Overall, Omega has a strong financial position and is likely to either fund through existing capital or raise the capital necessary to meet the commitments set forth in various CON applications in this batching cycle.

Conclusion:

Funding for this project should be available as needed.

PruittHealth – Escambia County, LLC (CON #10242):

Analysis:

The purpose of our analysis for this section is to determine if the applicant has access to the funds necessary to fund this and all capital projects. Our review includes an analysis of the short and long-term position of the applicant, parent or other related parties who will fund the project. The analysis of the short and long-term position is intended to provide some level of objective assurance in the likelihood that funding will be available. The stronger the short-term position, the more likely cash on hand or cash flows could be used to fund the project. The stronger the long-term position, the more likely that debt financing could be achieved if necessary to fund the project. We also calculate working capital (current assets less current liabilities) a measure of excess liquidity that could be used to fund capital projects.

Historically we have compared all applicant financial ratios regardless of type to bench marks established from financial ratios collected from Florida acute care hospitals. While not always a perfect match to a particular CON project it is a reasonable proxy for health care related entities.

The below is an analysis of the audited financial statements of United Health Services, Inc. and subsidiaries (parent) and where the two short-term and long-term measures fall on the scale (highlighted in gray) for the most recent year.

CON Action Numbers: 10241 through 10243

United Health Services, Inc. and Subsidiaries		
	Current Year	Previous Year
Current Assets	\$112,327,439	\$115,158,327
Total Assets	\$652,711,670	\$608,711,370
Current Liabilities	\$139,346,559	\$144,507,882
Total Liabilities	\$515,844,067	\$473,033,567
Net Assets	\$136,867,603	\$135,677,803
Total Revenues	\$867,051,915	\$848,974,314
Excess of Revenues Over Expenses	\$4,968,036	\$28,034,180
Cash Flow from Operations	\$34,425,289	\$49,299,334
Short-Term Analysis		
Current Ratio (CA/CL)	0.8	0.8
Cash Flow to Current Liabilities (CFO/CL)	24.70%	34.12%
Long-Term Analysis		
Long-Term Debt to Net Assets (TL-CL/NA)	275.1%	242.1%
Total Margin (ER/TR)	0.57%	3.30%
Measure of Available Funding		
Working Capital	(\$27,019,120)	(\$29,349,555)

Position	Strong	Good	Adequate	Moderately Weak	Weak
Current Ratio	above 3	3 - 2.3	2.3 - 1.7	1.7 - 1.0	< 1.0
Cash Flow to Current Liabilities	>150%	150%-100%	100% - 50%	50% - 0%	< 0%
Debt to Equity	0% - 10%	10%-35%	35%-65%	65%-95%	> 95% or < 0%
Total Margin	> 12%	12% - 8.5%	8.5% - 5.5%	5.5% - 0%	< 0%

Capital Requirements and Funding:

The applicant provided a development stage audit. The audit indicates that the applicant has no assets, liabilities, net worth or revenue. The applicant indicates on Schedule 2 capital projects totaling \$18,559,775 which consists solely of this project. Schedule 3 indicates that funding will come from cash on hand and non-related company financing.

A letter of intent was provided by Synovus to provide financing for 75 percent of the project cost. The letter did outline an existing lending relationship with the parent. The parent's overall financial position is relatively weak and they are highly leveraged. The parent also has five other applications in this batching cycle with similar funding arrangements. Despite the weak financial position, the parent has sufficient cash flows to finance this project which makes debt financing likely. However, if all six CON applications were granted, it is not clear that the applicant could acquire debt financing for all applications.

Conclusion:

Funding for this project is likely but not guaranteed.

Sandy Ridge Investors, Inc. (CON #10243):

Analysis:

The purpose of our analysis for this section is to determine if the applicant has access to the funds necessary to fund this and all capital projects. Our review includes an analysis of the short and long-term position of the applicant, parent or other related parties who will fund the project. The analysis of the short and long-term position is intended to provide some level of objective assurance in the likelihood that funding will be available. The stronger the short-term position, the more likely cash on hand or cash flows could be used to fund the project. The stronger the long-term position, the more likely that debt financing could be achieved if necessary to fund the project. We also calculate working capital (current assets less current liabilities) a measure of excess liquidity that could be used to fund capital projects.

Historically we have compared all applicant financial ratios regardless of type to bench marks established from financial ratios collected from Florida acute care hospitals. While not always a perfect match to a particular CON project it is a reasonable proxy for health care related entities.

Below is an analysis of the audited financial statements of Summit Care Group, its parent company and the entity that is funding the project, where the short-term and long-term measures fall on the scale (highlighted in gray) for the most recent year.

CON Action Numbers: 10241 through 10243

Summit Care Group		
	Current Year	Previous Year
Current Assets	\$20,564,346	\$19,687,591
Total Assets	\$34,624,391	\$29,968,745
Current Liabilities	\$12,387,899	\$10,153,533
Total Liabilities	\$30,295,781	\$24,023,484
Net Assets	\$4,328,610	\$5,945,261
Total Revenues	\$111,509,339	\$107,378,647
Excess of Revenues Over Expenses	\$6,260,304	\$3,619,090
Cash Flow from Operations	\$5,896,808	\$5,787,202
Short-Term Analysis		
Current Ratio (CA/CL)	1.7	1.9
Cash Flow to Current Liabilities (CFO/CL)	47.60%	57.00%
Long-Term Analysis		
Long-Term Debt to Net Assets (TL-CL/NA)	413.7%	233.3%
Total Margin (ER/TR)	5.61%	3.37%
Measure of Available Funding		
Working Capital	\$8,176,447	\$9,534,058

Position	Strong	Good	Adequate	Moderately Weak	Weak
Current Ratio	above 3	3 - 2.3	2.3 - 1.7	1.7 - 1.0	< 1.0
Cash Flow to Current Liabilities	>150%	150%-100%	100% - 50%	50% - 0%	< 0%
Debt to Equity	0% - 10%	10%-35%	35%-65%	65%-95%	> 95% or < 0%
Total Margin	> 12%	12% - 8.5%	8.5% - 5.5%	5.5% - 0%	< 0%

Capital Requirements and Funding:

The applicant lists \$3,453,073 for capital projects which includes this application currently under review and other capitalization budgets. The applicant intends to fund this project with cash on hand and non-related party financing. The applicant provided a letter of interest from Cadence Bank to loan up to \$4 million for this project. A letter of interest is not considered a firm commitment to lend. The parent company is also funding another CON application in this batch (10260). With working capital of \$8.2 million, the parent has sufficient resources to fund this project and the entire capital budget as well as fund CON 10260 (\$382,248 in capital projects listed in CON application #10260) if necessary.

Conclusion:

Funding for this project and the entire capital budget should be available as needed.

- d. What is the immediate and long-term financial feasibility of the proposal? ss. 408.035 (1) (f), Florida Statutes.**

NF Escambia, LLC (CON #10241):

Analysis:

The immediate and long-term financial feasibility of the project is tied to expected profitability. The purpose of our analysis for this section is to evaluate the reasonableness of the applicant’s profitability projections and, ultimately, whether profitability is achievable for this project. Our analysis includes an evaluation of net revenue per patient day (NRPD), cost per patient day (CPD), nurse staffing ratios and profitability. We compared the NRPD, CPD and profitability to actual operating results from SNFs as reported on Medicaid cost reports (2012 and 2013 cost report years). For our comparison group, we selected SNFs with similar Medicaid utilizations to the utilization projected by the applicant on a per patient day basis (PPD). Comparison group data was adjusted for inflation to match the second year projection (inflation factor was based on the new CMS Market Basket Price Index as published in the 3rd Quarter 2014, Health Care Cost Review).

NRPD, CPD and profitability or operating margin that fall within the group range are considered reasonable projections. Below is the result of our analysis.

	PROJECTIONS PER APPLICANT		COMPARATIVE GROUP VALUES PPD		
	Total	PPD	Highest	Median	Lowest
Net Revenues	11,103,300	376	1,936	531	293
Total Expenses	10,494,600	355	1,852	504	347
Operating Income	608,700	21	176	26	-173
Operating Margin	5.48%		Comparative Group Values		
	Days	Percent	Highest	Median	Lowest
Occupancy	29,565	90.00%	97.64%	91.30%	33.72%
Medicaid	7,390	25.00%	29.81%	20.69%	2.05%
Medicare	17,444	59.00%	66.46%	35.09%	6.50%

Staffing:

Section 400.23(3)(a)(1), Florida Statutes, specifies a minimum certified nursing assistant staffing of 2.5 hours of direct care per resident per day and a minimum licensed nursing staffing of 1.0 hour of direct resident care per resident day. Based on the information provided in Schedule 6, the applicant's projected staffing meets this requirement.

The range of actual results in our group for small nursing homes is wide due to the small volume of nursing homes in the group and associated scale of cost and revenue. The projected NRPD and CPD fall closer to the low end of the group range. This is considered conservative and therefore reasonable and overall profitability appears achievable.

Conclusion:

This project appears to be financially feasible.

PruittHealth – Escambia County, LLC (CON #10242):

Analysis:

The immediate and long-term financial feasibility of the project is tied to expected profitability. The purpose of our analysis for this section is to evaluate the reasonableness of the applicant's profitability projections and, ultimately, whether profitability is achievable for this project. Our analysis includes an evaluation of net revenue per patient day (NRPD), cost per patient day (CPD), nurse staffing ratios and profitability. We compared the NRPD, CPD and profitability to actual operating results from SNFs as reported on Medicaid cost reports (2012 and 2013 cost report years). For our comparison group, we selected SNFs with similar Medicaid utilizations to the utilization projected by the applicant on a per patient day basis (PPD). Comparison group data was adjusted for inflation to match the second year projection (inflation factor was based on the new CMS Market Basket Price Index as published in the 3rd Quarter 2014, Health Care Cost Review).

NRPD, CPD and profitability or operating margin that fall within the group range are considered reasonable projections. Below is the result of our analysis.

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	PROJECTIONS PER APPLICANT		COMPARATIVE GROUP VALUES PPD		
	Total	PPD	Highest	Median	Lowest
Net Revenues	13,557,415	326	390	304	228
Total Expenses	12,230,723	294	386	297	208
Operating Income	1,326,692	32	36	7	-34
Operating Margin	9.79%		Comparative Group Values		
	Days	Percent	Highest	Median	Lowest
Occupancy	41,610	95.00%	98.01%	92.50%	62.90%
Medicaid/MDCD HMO	29,200	70.18%	79.92%	68.44%	60.17%
Medicare	10,950	26.32%	36.16%	16.99%	5.61%

Staffing:

Section 400.23(3)(a)(1), Florida Statutes, specifies a minimum certified nursing assistant staffing of 2.5 hours of direct care per resident per day and a minimum licensed nursing staffing of 1.0 hour of direct resident care per resident day. Based on the information provided in Schedule 6, the applicant’s projected staffing meets this requirement.

The projected NRPD, CPD and profit fall within the group range and are considered reasonable.

Conclusion:

This project appears to be financially feasible.

Sandy Ridge Investors, Inc. (CON #10243):

Analysis:

The immediate and long-term financial feasibility of the project is tied to expected profitability. The purpose of our analysis for this section is to evaluate the reasonableness of the applicant’s profitability projections and, ultimately, whether profitability is achievable for this project. Our analysis includes an evaluation of net revenue per patient day (NRPD), cost per patient day (CPD), nurse staffing ratios and profitability. We compared the NRPD, CPD and profitability to actual operating results from SNFs as reported on Medicaid cost reports (2012 and 2013 cost report years). For our comparison group, we selected SNFs with similar Medicaid utilizations to the utilization projected by the applicant on a per patient day basis (PPD). Comparison group data was adjusted for inflation to match the second year projection (inflation factor was based on the new CMS Market Basket Price Index as published in the 3rd Quarter 2014, Health Care Cost Review).

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NRPD, CPD and profitability or operating margin that fall within the group range are considered reasonable projections. Below is the result of our analysis.

	PROJECTIONS PER APPLICANT		COMPARATIVE GROUP VALUES PPD		
	Total	PPD	Highest	Median	Lowest
Net Revenues	9,463,575	316	413	315	223
Total Expenses	8,019,177	268	460	309	209
Operating Income	1,444,398	48	115	6	-38
Operating Margin	15.26%		Comparative Group Values		
	Days	Percent	Highest	Median	Lowest
Occupancy	29,930	91.11%	98.91%	90.09%	66.81%
Medicaid/MDCD HMO	19,304	64.50%	69.63%	59.93%	50.73%
Medicare	7,497	25.05%	35.62%	21.32%	3.38%

Staffing:

Section 400.23(3)(a)(1), Florida Statutes, specifies a minimum certified nursing assistant staffing of 2.5 hours of direct care per resident per day and a minimum licensed nursing staffing of 1.0 hour of direct resident care per resident day. Based on the information provided in Schedule 6, the applicant’s projected staffing meets this requirement.

The projected NRPD, CPD and profit fall within the group range and are considered reasonable.

Conclusion:

The project appears to be financially feasible.

- e. Will the proposed project foster competition to promote quality and cost-effectiveness? ss. 408.035 (1)(e) and (g), Florida Statutes.**

Analysis:

The type of competition that would result in increased efficiencies, service, and quality is limited in health care. Cost-effectiveness through competition is typically achieved via a combination of competitive pricing that forces more efficient cost to remain profitable and offering higher quality and additional services to attract patients from competitors. Since Medicare and Medicaid are the primary payers in the nursing home industry, price-based competition is limited. With a large portion of the revenue stream essentially fixed on a per patient basis, the available margin to increase quality and offer additional services is limited. In addition, competitive forces truly do not begin to take shape until existing business’ market share is threatened. The publication of

need in this area suggests that there is an unmet and untapped customer base for a new entrant to absorb. Since nursing home services are limited to available beds and the need formula suggest excess capacity in the market to fill those beds, the impact on market share would be limited. The combination of the existing health care system's barrier to price-based competition via fixed price payers and the existence of unmet need in the district limits any significant gains in cost-effectiveness and quality that would be generated from competition.

Conclusion:

These projects are not likely to have a material impact on competition to promote quality and cost-effectiveness.

- f. Are the proposed costs and methods of construction reasonable? Do they comply with statutory and rule requirements? ss. 408.035 (1) (h), Florida Statutes; Ch. 59A-4, Florida Administrative Code.**

NF Escambia, LLC (CON #10241): The construction type is not listed but building materials are described as non-combustible and comply with the requirements of the applicable codes.

The applicant has submitted all information and documentation necessary to demonstrate compliance with the architectural review criteria. The cost estimate for the proposed project provided in Schedule 9, Table A and the project completion forecast provided in Schedule 10 appear to be reasonable. A review of the architectural plans, narratives and other supporting documents did not reveal any deficiencies that are likely to have a significant impact on either construction costs or the proposed completion schedule.

The plans submitted with this application were schematic in detail with the expectation that they will be necessarily revised and refined prior to being submitted for full plan review. The architectural review of this application shall not be construed as an in-depth effort to determine complete compliance with all applicable codes and standards. The final responsibility for facility compliance ultimately rests with the applicant owner. Approval from the Agency for Health Care Administration's Office of Plans and Construction is required before the commencement of any construction.

PruittHealth – Escambia County, LLC (CON #10242): The applicant has submitted all information and documentation necessary to demonstrate compliance with the architectural review criteria. The cost estimate for the proposed project provided in Schedule 9, Table A and the project completion forecast provided in Schedule 10 appear to be reasonable. A review of the architectural plans, narratives and other

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supporting documents did not reveal any deficiencies that are likely to have a significant impact on either construction costs or the proposed completion schedule.

The plans submitted with this application were schematic in detail with the expectation that they will be necessarily revised and refined prior to being submitted for full plan review. The architectural review of this application shall not be construed as an in-depth effort to determine complete compliance with all applicable codes and standards. The final responsibility for facility compliance ultimately rests with the applicant owner. Approval from the Agency for Health Care Administration's Office of Plans and Construction is required before the commencement of any construction.

Sandy Ridge Investors, Inc. (CON #10243): The applicant has submitted all information and documentation necessary to demonstrate compliance with the architectural review criteria. The cost estimate for the propose project provided in Schedule 9, Table A and the project completion forecast provided in Schedule 10 appear to be reasonable. A review of the architectural plans, narratives and other supporting documents did not reveal any deficiencies that are likely to have a significant impact on either construction costs or the proposed completion schedule.

The plans submitted with this application were schematic in detail with the expectation that they will be necessarily revised and refined prior to being submitted for full plan review. The architectural review of this application shall not be construed as an in-depth effort to determine complete compliance with all applicable codes and standards. The final responsibility for facility compliance ultimately rests with the applicant owner. Approval from the Agency for Health Care Administration's Office of Plans and Construction is required before the commencement of any construction.

- g. Does the applicant have a history of and propose the provision of health services to Medicaid patients and the medically indigent? Does the applicant propose to provide health services to Medicaid patients and the medically indigent? ss. 408.035 (1) (i), Florida Statutes.**

A three-year history of Medicaid patient days and occupancy rates for the subdistrict, district and state is provided in the table below.

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**Historical Provision of Medicaid by Subdistrict, District and State
Three Years Ending June 30, 2014
Medicaid Patient Days and Occupancy Rates**

	Medicaid Patient Days		
	7/11 - 6/12	7/12 - 6/13	7/13 - 6/14
Subdistrict 1-1	441,933	443,980	456,499
District 1	653,036	657,472	667,416
Florida	15,726,251	15,676,855	15,837,261
	Medicaid Occupancy		
	7/11 - 6/12	7/12 - 6/13	7/13 - 6/14
Subdistrict 1-1	63.20%	63.19%	65.62%
District 1	62.40%	62.47%	63.52%
Florida	61.96%	61.58%	62.05%

Source: Florida Nursing Home Utilization by District and Subdistrict, October 2014 Batching Cycle

NF Escambia, LLC (CON #10241) indicates an expectation that Medicaid Managed Care Plans will continue a downward trend in nursing home placements, offering options to recipients to maintain them in less restrictive settings. The applicant also anticipates higher levels of rehabilitation and restorative care for shorter stays as residents return home, including what would be Medicaid recipients. NF Escambia asserts that recent 2014 data for enrollees in Bay County show that of the Medicare enrollees of 61,158, there are 15,535 persons enrolled in Advantage plans, yielding a penetration rate of 25.4 percent.

The applicant provides an overview of changes to long-term care including the advent of Statewide Medicaid Managed Care (SMMC) plans. In this discussion, NF Escambia includes information on the available plans and services in Region 1.

The reviewer compiled the following Medicaid occupancy data for Gulf Coast Health Care, LLC operated Florida SNFs for July 1, 2013 to June 30, 2014. See the table below.

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**Gulf Coast Health Care Operated Facilities, Florida Medicaid Occupancy
July 1, 2013 to June 30, 2014**

Facility	Medicaid Days	Total Days	Medicaid Occupancy
Accentia Health and Rehabilitation Center of Tampa Bay	63,791	81,893	77.90%
Arcadia Health and Rehabilitation Center	33,817	55,063	61.42%
Bayside Health and Rehabilitation Center	28,312	40,077	70.64%
Bay Breeze Senior Living and Rehabilitation Center	24,228	39,997	60.57%
Boynton Health Care Center	13,101	24,824	52.78%
Brynwood Health and Rehabilitation Center	23,718	31,456	75.40%
Chipola Nursing Pavilion and Retirement Center	11,826	19,604	60.32%
Coastal Health and Rehabilitation Center	34,796	43,001	80.92%
DeBary Health and Rehabilitation Center	27,881	40,958	68.07%
Flagler Health and Rehabilitation Center	21,049	40,444	52.04%
GlenCove Health and Rehabilitation Center	23,624	39,298	60.12%
Glen Oaks Health and Rehabilitation Center	21,242	25,143	84.48%
Grand Boulevard Health and Rehabilitation Center,	14,798	29,592	50.01%
Heritage Park Health and Rehabilitation Center	28,967	41,340	70.07%
Lake Eustis Health and Rehabilitation Center	18,552	30,333	61.16%
Lake Placid Health and Rehabilitation Center	40,195	61,809	65.03%
Longwood Health and Rehabilitation Center	28,701	41,230	69.61%
Margate Health and Rehabilitation Center	34,107	58,093	58.71%
Oakbrook Health and Rehabilitation Center	20,574	29,630	69.44%
Oaks of Kissimmee Health and Rehabilitation Center	11,055	19,589	56.43%
Parkside Health and Rehabilitation Center	32,258	39,615	81.43%
Panama City Health and Rehabilitation Center	31,218	42,223	73.94%
Rehabilitation Center of Winter Park, The	34,251	52,196	65.62%
Riverchase Health and Rehabilitation Center	34,578	41,546	83.23%
Rosewood Healthcare and Rehabilitation Center	42,916	53,054	80.89%
Royal Palm Beach Health and Rehabilitation Center	32,640	42,464	76.87%
Salerno Bay Health and Rehabilitation Center	27,821	39,665	70.14%
Seaside Health and Rehabilitation Center	41,213	48,201	85.50%
Silvercrest Health and Rehabilitation Center	14,654	20,772	70.55%
Specialty Health and Rehabilitation Center	26,230	41,341	63.45%
Suwannee Health and Rehabilitation Center	47,259	60,810	77.72%
Wave Crest Health and Rehabilitation Center	30,874	40,934	75.42%
Windsor Health and Rehabilitation Center	28,935	40,727	71.05%
Total	949,181	1,356,922	69.95%

Source: Florida Nursing Home Bed Need Projections by District and Subdistrict, October 2014 Batching Cycle

In the next two tables, the applicant estimates 2018 and 2019 resident days, admits and ADC, all by payer and occupancy rates, for the proposed project. See the tables below

**Adjustment of the New Nursing Home Forecast of Resident Days
NF Escambia, LLC**

Payer	Year One: 2018 Resident Days	Year Two: 2019 Resident Days	Percent of Days
Medicare	6,923	13,009	44.0%
Medicare Managed Care	2,360	4,435	15.0%
Medicaid Managed Care	3,933	7,391	25.0%
Self-Pay	629	1,183	4.0%
All Other	1,888	3,548	12.0%
Total	15,733	29,566	100.0%
Percent Occupancy	47.9%	90.0%	

Source: CON application #10241, page 1-16, Table 1-5

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**New Nursing Home Forecast of Admissions and Average Daily Census
NF Escambia, LLC**

Payer	Year One: 2018 Admits	Year Two: 2019 Admits
Medicare	277	521
Medicare Managed Care	108	202
Medicaid Managed Care	11	21
Self-Pay	11	20
All Other	32	60
Total	439	824
Facility ALOS	35.8	35.9

Payer	Year One: 2018 ADC	Year Two: 2019 ADC
Medicare	19	36
Medicare Managed Care	6	12
Medicaid Managed Care	11	20
Self-Pay	2	3
All Other	5	10
Total	43	81

Source: CON application #10241, page 1-17, Table 1-6

The applicant’s Schedule 7 indicates that Medicaid and self-pay represent 25.0 percent and 4.0 percent, respectively, of year one and year two annual total patient days.

The reviewer notes that the Agency and formerly Bayside Manor (Bayside Health and Rehabilitation Center, effective August 7, 2014), 4343 Langely Avenue, Pensacola, Florida 32504, entered into a settlement agreement in which, effective January 1, 1996, the 120-bed community nursing home agreed to the provision of a minimum of 67.0 percent of total annual patient days to Medicaid patients.

PruittHealth – Escambia County, LLC (CON #10242) maintains that given it is a newly established entity, it has no Medicaid or medically indigent history. The applicant indicates however that PruittHealth – Escambia is part of the PruittHealth family of providers which include one SNF in Florida and currently 93 such facilities throughout the southeastern United States.

PruittHealth – Escambia indicates that all of these facilities have demonstrated a history and commitment to the Medicaid population. The applicant provides the following table displaying PruittHealth affiliated facilities’ commitment to Medicaid.

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**PruittHealth Medicaid Percent of Total Patient Days
CY 2011 through CY 2013**

	CY 2011	CY 2012	CY 2013
PruittHealth Facilities, Company Wide			
Patient Days	1,643,360	1,805,084	1,907,180
Percent of Patient Days	60.1%	61.6%	63.0%
PruittHealth – Santa Rosa			
Patient Days	26,598	24,568	25,606
Percent of Patient Days	63.8%	60.1%	62.1%

Source: CON application #10242, page 145

The reviewer notes that the applicant incorrectly reported Medicaid data for PruittHealth – Santa Rosa. See the table below.

PruittHealth – Santa Rosa Medicaid CY 2011 through CY 2013

	CY 2011	CY 2012	CY 2013
Medicaid Patient Days	26,717	24,502	25,605
Medicaid Percent of Patient Days	64.10%	59.99%	62.18%

Source: Florida Nursing Home Bed Need Projections by District and Subdistrict, February 2012, 2013 and 2014 Batching Cycles

The applicant notes that as the table demonstrates, PruittHealth’s affiliated SNFs have provided more than 5.3 million Medicaid patient days during the past three calendar years.

PruittHealth – Escambia provides the following payer forecast for the first two years of operation.

PruittHealth – Escambia Forecasted Utilization

	Year One	Year Two
Medicare	3,813	11,585
Medicare HMO	242	365
Medicaid	10,995	29,200
VA	364	730
Private Pay	699	730
Total	16,113	41,610

Source: CON application #10242, page 74

The applicant’s Schedule 7 indicates that Medicaid and self-pay represent 68.2 percent and 4.3 percent, respectively, of year one and 70.2 percent and 1.8 percent, respectively, of year two annual total patient days.

Sandy Ridge Investors, Inc. (CON #10243) provides an overview of changes to long-term care including the advent of Statewide Medicaid Managed Care (SMMC) plans. In this discussion, Sandy Ridge includes information on the available plans and services in Region 1.

CON Action Numbers: 10241 through 10243

The applicant provides a table to account for FY 2012-2013 total occupancy, Medicaid days and Medicaid occupancy for the applicant's Sandy Ridge health and Rehabilitation SNF. The reviewer confirms that the stated totals and percentages are consistent with the Agency's *Florida Nursing Home Bed Need Projections by District and Subdistrict* publications for the October 2012 and October 2013 and October 2014 Batching Cycles, with the following exception: For CY 2014, Sandy Ridge Health and Rehabilitation realized a Medicaid occupancy rate of 74.10 percent, as opposed to the 74.01 percent shown in the applicant's table.

The reviewer compiled the following Medicaid occupancy data for Summit Care operated Florida SNFs for July 1, 2013 to June 30, 2014. See the table below.

**Summit Care Operated Facilities, Florida Medicaid Occupancy
July 1, 2013 to June 30, 2014**

Facility	Medicaid Days	Total Days	Medicaid Occupancy
Century Health and Rehab Center	24,437	30,885	79.12%
Sandy Ridge Health and Rehab	14,892	20,097	74.10%
Santa Rosa Health and Rehab	28,087	34,974	80.31%
Madison Health and Rehab Center	15,757	20,734	80.82%
Seven Hills Health and Rehab Center	33,575	50,731	66.18%
Diamond Ridge Health and Rehab Center	20,521	40,423	50.77%
Springs at Boca Ciega Bay, The	14,877	37,184	40.01%
Surrey Place Healthcare and Rehab	6,872	20,082	34.22%
Valencia Hills Health and Rehab Center	59,610	89,375	66.70%
Ybor City Healthcare and Rehab Center	20,309	26,734	75.97%
Springs at Lake Pointe Woods, The	19,600	38,202	51.31%
Total	258,537	409,421	63.59%

Source: Florida Nursing Home Bed Need Projections by District and Subdistrict, October 2014 Batching Cycle

Sandy Ridge maintains that it will continue to care for all patients, regardless of payer source with the implementation of the proposed 30-bed addition. The applicant offers the following projections for the proposed project.

**Forecasted Patient Days, First Two Years of Operation
Total 90-Bed Facility**

Payer	Year One: Ending June 30, 2018			Year Two: Ending June 30, 2018		
	Admits	Patient Days	Percent of Total Days	Admits	Patient Days	Percent of Total Days
Medicare	226	5,187	19.66%	294	6,767	22.61%
Medicare HMO	30	698	2.65%	32	730	2.44%
Medicaid HMO	64	17,523	66.42%	71	19,304	64.5%
Commercial Ins.	4	98	.037%	4	98	0.33%
Other Managed Care	18	424	1.61%	18	424	1.42%
Self-Pay	9	2,432	9.22%	10	2,587	8.64%
Other	1	20	0.08%	1	20	0.07%
Total	353	26,382	100.0%	430	29,930	100.0%

Source: CON application #10243, page 9-5, Table 9-2

CON Action Numbers: 10241 through 10243

The applicant also offers an estimate specific to the 30-bed proposed project, by payer type, patient days, percentage and occupancy, for year one and year two. The reviewer references only the bed addition estimates. See the table below.

Payer	Resident Days		
	Year One	Year Two	Percent
Medicare	2,069	3,650	38.5%
Medicare HMO	698	730	7.7%
Medicaid HMO	2,600	4,380	46.2%
Self-Pay	575	730	7.7%
Total	5,942	9,490	100.0%
Occupancy	54.3%	86.7%	

Source: CON application #10243, page 1-13, Table 1-5

The applicant’s Schedule 7 indicates that for the proposed 30-bed addition, Medicaid and self-pay represent 43.76 percent and 9.68 percent, respectively, of year one and 46.15 percent and 7.69 percent, respectively, of year two annual total patient days.

The reviewer notes that SRHR currently holds CON application #3124, which underwent condition modification on April 14, 2010 for the provision of a minimum of 73.10 percent of the 60-bed facility’s total annual patient days to be provided to Medicaid patients. Since the modification (CY 2010 through CY 2013), Sandy Ridge Health and Rehabilitation has met its Medicaid condition. As the applicant does not propose a Medicaid condition for the 30-bed addition, the blended Medicaid condition for the total 90-bed facility will be for the provision of a minimum of 48.73 percent of total annual patient days to be provided to Medicaid patients.

F. SUMMARY

NF Escambia, LLC (CON #10241) proposes to establish a new 90-bed community nursing home in Subdistrict 1-1, Escambia County. NF Escambia indicates that 20 beds of the 90-bed proposed project will be voluntarily delicensed from 120-bed Bayside, an affiliate of the applicant. NF Escambia identifies itself as an affiliate of Gulf Coast Health Care. NF Escambia indicates a preferred project location in ZIP Code 32514.

Gulf Coast Health Care, LLC operates 33 SNFs in Florida.

The project involves 69,044 GSF of new construction. The construction cost is \$12,676,500. Total project cost is \$19,032,800. Project cost includes land, building, equipment, project development, financing, start-up and other intangible assets/deferred costs.

CON Action Numbers: 10241 through 10243

The applicant proposes no conditions on its Schedule C.

PruittHealth – Escambia County, LLC (CON #10242), an affiliate of PruittHealth, proposes to establish a new 120-bed community nursing home in Subdistrict 1-1, Escambia County.

The applicant operates one SNF in Florida.

The project involves 79,859 GSF of new construction. The construction cost is \$11,186,978. Total project cost is \$19,392,398. Project cost includes land, building, equipment, project development, financing and start-up costs.

The applicant proposes 17 conditions on its Schedule C.

Sandy Ridge Investors, Inc. (CON #10243), an affiliate of Summit Care and licensee of SRHR, proposes to add 30 community nursing home beds to the existing 60-bed facility in Subdistrict 1-1, Santa Rosa County. The proposed addition would be on SRHR's existing campus at 5360 Glover Lane, Milton, Florida 32570.

Summit Care operates 11 SNFs in Florida.

The project involves 17,766 GSF of new construction. The construction cost is \$2,572,000. Total project cost is \$3,328,073. Project cost includes land, building, equipment, project development and financing costs.

The applicant proposes no conditions on its Schedule C.

Need:

In Volume 40, Number 193 of the Florida Administrative Register dated October 3, 2014, a fixed need pool of 160 community nursing home beds was published for Subdistrict 1-1 for the July 2017 Planning Horizon.

As of November 19, 2014, Subdistrict 1-1 had 2,098 licensed and zero approved community nursing home beds. During the 12-month period ending June 30, 2014, Subdistrict 1-1 experienced 90.85 percent utilization at 17 existing community nursing homes.

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NF Escambia, LLC (CON #10241) indicates that to implement the proposed project, Bayside will decompress its physical plant with no residents being displaced. The applicant states that Bayside will be retooled to a smaller facility, with improved room sizes and amenities for residents, consistent with cultural change priorities. The applicant notes that improvements include:

- Convert 10 semi-private rooms to private therapy suites
- Expand therapy space to include an occupational therapy suite
- Build more handicapped-accessible shower rooms
- Expand internet/computer space for residents
- Build an additional life enrichment space
- Build a private family dining room

The applicant asserts that the proposed 90-bed facility has several hallmarks associated with culture change requested by advocates and among those changes are features such as:

- Six interior courtyards for residents
- Each side of the facility provides for a separate living room and activity room for residents
- Each side of the facility provides for a gathering room with a featured aquarium for residents' enjoyment
- The resident room availability within the facility is 45 privates, 15 semi-privates and 15 suites
- A large, centralized dining room also is provided
- Back of the house functions are located in centralized areas and not intermixed with resident rooms and areas of the facility
- Therapeutic areas are grouped for efficiencies
- A complete activities of daily living suite is provided

The reviewer verifies a signed and notarized letter from the authorized representative of Bayside agreeing to voluntarily de-license 20 of the total 120 licensed nursing home beds from the nursing home, should the proposed project be approved.

The applicant's Schedule 7 indicates that the ALOS for the proposed facility will be 35.83 days in year one and 35.88 days in year two.

PruittHealth – Escambia County, LLC (CON #10242) asserts that factors supporting the need for the proposed project include:

- Improve access to persons with Alzheimer's disease
- Improve access to Medicaid services
- Improve access to private beds
- Provide a modern design that promotes independence and choice

CON Action Numbers: 10241 through 10243

- Provide state-of-the-art rehabilitation programming and
- Provide extensive clinical programming focused on reducing hospital admissions

PruittHealth notes that based on data from the Alzheimer's Association and Department of Elder Affairs, there are an estimated 8,800 persons in the subdistrict at varying stages of Alzheimer's disease ages 65 and older. PruittHealth asserts that it will incorporate an extremely comprehensive and well-established behavioral health program geared to residents with dementia.

Notes to the applicant's Schedule 7 indicate a range of ALOS depending on the type of admission, with the lowest ALOS (13.3 days) attributed to hospice and a the highest ALOS (315 days) attributed to Medicaid. The applicant's Schedule 7 indicates that the ALOS will be 56.94 days in year one and 78.66 days in year two.

Sandy Ridge Investors, Inc. (CON #10243) points out that the proposed project is for only 30 beds of the 160-bed estimated need and further contends that this allows need to be distributed among various providers and applicants in the service area, promoting competition and access. The applicant further contends that most importantly, the applicant is the only applicant for Santa Rosa County.

Sandy Ridge indicates that population maps of the subdistrict illustrate the following:

- Santa Rosa Medical Center, the county's largest hospital, is located in Milton near SRHR-- a driving distance of 0.06 miles from Sandy Ridge Health and Rehabilitation
- Travel time to nursing facilities within Escambia County would be in excess of 20 minutes (drive time) for many individuals living in Santa Rosa County and this would likely create hardships for individuals to remain connected with family, friends and medical follow-up
- A large portion of the zip codes with a high concentration of persons 65+ are included within the 20-minute drive time
- Sandy Ridge Health and Rehabilitation is centrally located within Santa Rosa County, providing ready access to county residents requiring skilled nursing care

Quality of Care:

Each of the three applicants described their ability to provide quality care.

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NF Escambia, LLC (CON #10241): The applicant's controlling interest had 46 substantiated complaints at its 33 Florida SNFs during November 19, 2011 to November 19, 2014.

PruittHealth – Escambia County, LLC (CON #10242): The applicant's controlling interest had one substantiated complaint at its one Florida SNF during November 19, 2011 to November 19, 2014.

Sandy Ridge Investors, Inc. (CON #10243): For the most recent rating period, the existing facility had two out of a possible five-star quality inspection rating and is currently on the Nursing Home Watch List. Sandy Ridge had three substantiated complaints during November 19, 2011 to November 19, 2014.

The applicant's controlling interest had 19 substantiated complaints at nine of its 11 Florida SNFs during November 19, 2011 to November 19, 2014.

Financial Feasibility/Availability of Funds:

NF Escambia, LLC (CON #10241): Funding for this project should be available as needed. Based on the information provided in Schedule 6, the applicant's projected staffing meets the requirement. This project appears to be financially feasible.

This project is not likely to have a material impact on competition to promote quality and cost-effectiveness.

PruittHealth – Escambia County, LLC (CON #10242): Funding for this project is likely but not guaranteed. Based on the information provided in Schedule 6, the applicant's projected staffing meets the requirement. This project appears to be financially feasible.

This project is not likely to have a material impact on competition to promote quality and cost-effectiveness.

Sandy Ridge Investors, Inc. (CON #10243): Funding for this project and the entire capital budget should be available as needed. Based on the information provided in Schedule 6, the applicant's projected staffing meets the requirement. The project appears to be financially feasible.

This project is not likely to have a material impact on competition to promote quality and cost-effectiveness.

Medicaid/Charity Care:

NF Escambia, LLC (CON #10241) offers no conditions to the proposed project. The reviewer notes that Bayside has a condition to the provision of a minimum of 67.0 percent of total annual patient days to Medicaid patients.

The applicant's Schedule 7 indicates that Medicaid and self-pay represent 25.0 percent and 4.0 percent, respectively, of year one and year two annual total patient days.

PruittHealth – Escambia County, LLC (CON #10242) proposes to condition project approval to maintaining a minimum Medicaid percentage which exceeds the subdistrict wide average Medicaid percentage in regard to percentage occupancy.

The applicant's Schedule 7 indicates that Medicaid and self-pay represent 68.2 percent and 4.3 percent, respectively, of year one and 70.2 percent and 1.8 percent, respectively, of year two annual total patient days.

Sandy Ridge Investors, Inc. (CON #10243) offers no conditions to the proposed 30-bed addition project to the existing 60-bed facility's (proposed total 90 beds) total annual patient days being provided to Medicaid patients. As the applicant does not propose a Medicaid condition for the 30-bed addition, the blended Medicaid condition for the total 90-bed facility (through CON application #3124) will be for the provision of a minimum of 48.73 percent of total annual patient days to be provided to Medicaid patients.

The applicant's Schedule 7 indicates that for the proposed 30-bed addition, Medicaid and self-pay represent 43.76 percent and 9.68 percent, respectively, of year one and 46.15 percent and 7.69 percent, respectively, of year two annual total patient days.

Architectural:

NF Escambia, LLC (CON #10241): The cost estimate and the project completion forecast appear to be reasonable. A review of the architectural plans, narratives and other supporting documents did not reveal any deficiencies that are likely to have a significant impact on either construction costs or the proposed completion schedule.

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PruittHealth – Escambia County, LLC (CON #10242): The cost estimate and the project completion forecast appear to be reasonable. A review of the architectural plans, narratives and other supporting documents did not reveal any deficiencies that are likely to have a significant impact on either construction costs or the proposed completion schedule.

Sandy Ridge Investors, Inc. (CON #10243): The cost estimate and the project completion forecast appear to be reasonable. A review of the architectural plans, narratives and other supporting documents did not reveal any deficiencies that are likely to have a significant impact on either construction costs or the proposed completion schedule.

G. RECOMMENDATION

Approve CON #10241 to establish a 90-bed community nursing home in District 1, Subdistrict 1, Escambia County. The total project cost is \$19,032,800. The project involves 69,044 GSF of new construction and a construction cost of \$12,676,500.

Approve CON #10243 to add 30 community nursing home beds to Sandy Ridge Health and Rehabilitation in District 1, Subdistrict 1, Escambia County. The total project cost is \$3,328,073. The project involves 17,766 GSF of new construction and a construction cost of \$2,572,000.

Deny CON #10242.

AUTHORIZATION FOR AGENCY ACTION

Authorized representatives of the Agency for Health Care Administration adopted the recommendation contained herein and released the State Agency Action Report.

DATE: _____

Marisol Fitch
Health Services and Facilities Consultant Supervisor
Certificate of Need