

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

A. PROJECT IDENTIFICATION

1. Applicant/CON Action Number

LP Pensacola, LLC/CON #10246

12201 Bluegrass Parkway
Louisville, Kentucky 40299

Authorized Representative: John Harrison
(502) 568-7800

**Presbyterian Retirement Communities, Inc. d/b/a Westminster
Oaks/CON #10247**

80 West Lucerne Circle
Orlando, Florida 32801

Authorized Representative: Henry Keith
(407) 839-0707 Ext. 267

PruittHealth – Leon County, LLC/CON #10248

126 Jeurgens Court
Norcross, Georgia 30093

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

2. Service District/Subdistrict

District 2/Subdistrict 2-4 (Leon County)

B. PUBLIC HEARING

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

Letters of Support

LP Pensacola, LLC (CON #10246) submitted four letters of support from various members of the medical community, including Mr. Mark A. Robinson, Chief Executive Officer of Capital Regional Medical Center located in Tallahassee.

Presbyterian Retirement Communities, Inc. (CON#10247) did not submit any letters of support.

PruittHealth – Leon County, LLC (CON #10248) submitted eight letters of support. All were form letters signed by local health care providers.

C. PROJECT SUMMARY

LP Pensacola, LLC (CON #10246), a wholly owned subsidiary of Signature Holdings II, LLC (referred to as Signature or the applicant throughout this document), proposes to establish a new 86-bed community nursing home in Leon County.

Signature currently operates 25 facilities (in 18 nursing home subdistricts) with 3,146 beds in Florida:

- Chautauqua Rehabilitation and Nursing Center
- Signature HealthCARE at The Courtyard
- Signature HealthCARE of North Florida
- Washington Rehabilitation and Nursing Center
- The Bridge at Bay St. Joe
- Surrey Place Care Center
- Signature HealthCARE of Gainesville
- Signature HealthCARE of Orange Park
- Signature HealthCARE of Jacksonville
- Signature HealthCARE of Ormond
- Southern Pines Healthcare Center
- Peninsula Care and Rehabilitation Center
- Signature HealthCARE of Pinellas Park
- Golfview Healthcare Center
- Gulfport Rehabilitation Center
- Heritage Park Care and Rehabilitation Center
- Kenilworth Care and Rehabilitation Center
- Anchor Care and Rehabilitation Center
- Winter Park Care and Rehabilitation Center
- Signature HealthCARE of Port Charlotte
- Signature HealthCARE at College Park

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- Signature HealthCARE of Palm Beach
- Golfcrest Healthcare Center
- Signature HealthCARE Center of Waterford
- Signature HealthCARE of Brookwood Gardens

The project involves 64,876 gross square feet (GSF) of new construction. The construction cost is \$9,731,400. Total project cost is \$16,043,610. Project cost includes land, building, equipment, project development, financing and start-up costs. The reviewer notes that the proposed facility will include a 64-bed assisted living facility (ALF) that will utilize many of the same amenities as the skilled nursing facility (SNF). The costs associated with the total facility are a project cost of \$27,362,237 and construction cost of \$16,676,400, involving 111,176 GSF of new construction.

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

Presbyterian Retirement Communities, Inc. (CON#10247) proposes to add 72 community nursing home beds at Westminster Oaks through the conversion of 72 sheltered nursing home beds in Leon County.

Westminster Oaks is a 120-bed SNF with 48 community nursing home beds and 72 sheltered nursing home beds. It is located on the campus of a continuing care retirement community (CCRC) that provides housing and services to over 750 residents. The reviewer notes that the applicant was granted an exemption beginning on April 1, 2010 that allowed the facility to open 22 sheltered beds up to the public for a five-year period, ending on March 31, 2015.

The applicant operates five SNFs in Florida:

- Westminster Communities of Bradenton Westminster Manor
- Westminster Oaks of Tallahassee
- Westminster Towers
- Westminster Towers and Shores of Bradenton
- Winter Park Towers

The proposed project is a conversion of existing licensed beds and will involve no construction or renovation. The applicant states that the only project costs are those costs associated with the CON process, a total of \$25,225.

The applicant proposes to condition the project as shown below:

- The proposed beds will be located at Westminster Oaks, 4449 Meandering Way, Tallahassee, Florida 32308

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PruittHealth – Leon County, LLC (CON #10248), an affiliate of PruittHealth, proposes to establish a new 105-bed community nursing home or a partial request to establish an 86-bed nursing home in Leon County. PruittHealth states that the 105-bed need was achieved by aggregating 19 beds from Subdistrict 2-5 and adding this aggregation to the 86 bed published need in Subdistrict 2-4.

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

- PruittHealth – Santa Rosa

The project involves 74,383 GSF of new construction for the full award. The construction cost is \$10,506,882. Total project cost is \$17,189,868. Project cost includes land, building, equipment, project development, financing and start-up costs.

The partial project involves 63,310 GSF of new construction. The construction cost is \$8,880,494. Total project cost is \$14,983,483. 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 61.9 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 bedside 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

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- Implement the top five special amenities requested by existing health care providers in this subdistrict:
 - State of the art rehab suites, specialized therapy equipment, specialized care staff, therapy pool and occupational therapy kitchen
- Implement the top special operational initiatives requested by existing health care providers:
 - High percentage of private rooms, programs designed to reduce hospital readmissions, joint commission accreditation and competitive private pay room charge
- Implement the top five clinical services requested by existing health care providers:
 - Wound care, mental/behavioral health program, diabetes care, respiratory therapy and PT/OT/ST (physical therapy, occupational therapy and speech therapy)
- 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 operation
- 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 10 percent greater than the Medicaid reimbursement rate for a period of three years

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 conditions 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.

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Total GSF and Project Costs of Co-Batched Applicants					
Applicant	CON #	Project	GSF	Costs \$	Cost Per Bed
LP Pensacola, LLC	10246	New 86-bed facility	64,876	\$16,043,610	\$186,554
Presbyterian Retirement Communities, Inc.	10247	Convert 72 sheltered beds in an existing 120-bed facility	0	\$0	\$0
PruittHealth Leon County, LLC	10248	New 105-bed facility	74,383	\$17,189,868	\$163,713
PruittHealth Leon County, LLC	10248P	New 86-bed facility	63,310	\$14,983,483	\$174,227

Source: CON application 10246-10248 and their respective 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.

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, Marisol Fitch analyzed the application with consultation from the financial analyst, Everett Broussard, 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 86 beds was published for Subdistrict 2-4 for the July 2017 Planning Horizon. Subdistrict 2-4 is comprised of Leon County.

After publication of this fixed need pool, one existing subdistrict facility filed an exemption request or filed expedited CON reviews to add community nursing home beds.¹

As of November 19, 2014, Subdistrict 2-4 had 744 licensed and 12 approved community nursing home beds. During the 12-month period ending June 30, 2014, Subdistrict 2-4 experienced 93.22 percent utilization at six existing facilities. Below is a table illustrating nursing home patient days and occupancy within Subdistrict 2-4.

Leon County Nursing Home Patient Days and Occupancy July 1, 2013-June 30, 2014

Facility	Comm. Nursing Home Bed Inventory	Bed Days	Patient Days	Total Occupancy	Medicaid Occupancy
Centre Point Health and Rehab Center	120	43,800	41,667	95.13%	43.84%
Consulate Health Care of Tallahassee	120	43,800	41,117	93.87%	50.44%
Heritage Healthcare of Tallahassee	180	65,700	62,630	95.33%	73.53%
Miracle Hill Nursing and Rehabilitation Center, Inc.	120	43,800	41,223	94.12%	76.66%
Seven Hills Health and Rehabilitation Center	156	56,940	50,731	89.10%	66.18%
Westminster Oaks	48	17,520	15,793	90.14%	26.16%
Total	744	271,560	253,161	93.22%	61.60%

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

¹ E140026 to add 12 community nursing home beds to Centre Point Health and Rehab Center was approved by the Agency on October 22, 2014, but not included in the fixed need publication on October 3, 2014.

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The reviewer notes the current and projected population of Subdistrict 2-4 for the planning horizon. The projected population growth, both numerically and by percent are illustrated below.

**Current and Projected Population Growth Rate
Leon County, District 2, and Florida
January 2014 and January 2017**

County	January 1, 2014 Population			January 1, 2017 Population		
	0-64	65+	Total	0-64	65+	Total
Leon	250,394	30,855	281,249	254,426	35,445	289,871
District 2	631,474	102,928	734,402	641,308	114,806	756,114
Florida	15,881,702	3,548,756	19,430,458	16,349,888	3,891,621	20,241,509
County	2014-2017 Increase			2014-2017 Growth Rate		
	0-64	65+	Total	0-64	65+	Total
Leon	3,852	4,590	8,622	1.61%	14.88%	3.07%
District 2	9,834	11,878	21,712	1.56%	11.54%	2.96%
Florida	468,186	342,865	811,051	2.95%	9.66%	4.17%

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

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

Beds per 1,000 Residents Age 65 and Older

County	Community Beds	2014 Pop. Aged 65+	2014 Beds per 1,000	2017 Pop. Aged 65+	2017 Beds per 1,000
Leon	744	30,855	24	35,445	21
District 2	3,709	102,928	36	114,806	32
Florida	80,050	3,548,756	23	3,891,621	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.

LP Pensacola, LLC (CON #10246) states that in developing this application, it made contact with community leaders and health services providers in Subdistrict 2-4 to understand current conditions and needs. Signature states that there is currently no secure 24-hour dedicated SNF memory care unit in the county. The applicant asserts that discussions with discharge planners at Leon County hospitals, communications with the local chapter of the Alzheimer’s Association and statistical data clearly show the need for additional memory care services/beds.

The applicant notes that it received a letter from Mark Robinson, CEO of Capital Regional Medical Center, and spoke to Ms. Grams, Case Manager at Tallahassee Memorial Healthcare, which support Signature’s focus on a secure memory unit. Ms. Farris, Associate Director of Programs and Development at the Alzheimer’s Association of Central and North Florida,

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also submitted a letter of support stating, “The number of seniors being diagnosed with dementia and Alzheimer’s is growing at a staggering rate, both locally and nationally. As Associate Direct of the Tallahassee office of the Alzheimer’s Association, I am witness to the lack of available resources for this growing segment of our community, especially when it comes to placing loved ones in memory care.” Signature maintains that data from the Department of Elder Affairs shows that Leon County has 3,805 probable Alzheimer cases for those 60+ years of age.

Signature states that the proposed facility will have a 26-bed Wellness Memory Care Unit that will focus on admitting patients with low to moderate onset of Alzheimer’s/dementia with the goal to maintain and improve cognitive function through therapeutic interventions including successful poly-pharmacy management. The applicant indicates that the unit will have private rooms with its own services so that patients can have circular travel throughout the unit and courtyard. The reviewer notes that the applicant did not condition the approval of the application to the 26-bed Wellness Memory Care Unit.

The applicant maintains that the other 60 beds will comprise a short-term rehabilitation center of excellence with a goal to return patients to their prior level of functioning while preventing readmissions to the hospital. The unit will implement the TransitionalCARE Model which incorporates the key components show to improve care coordination and improve a patient’s experience. The applicant notes that the nine Signature centers where the program was piloted had an average 7.4 percent reduction in 30-day hospital readmission rates. Signature asserts that in the last four years Leon County acute care hospitals have seen a 30 percent increase in the percentage of patients discharged to SNFs. See the table below.

Leon County Acute Care Patients Discharged to Skilled Nursing Facilities Excluding Newborns CY 2010-2013 and First Quarter of 2014					
	2010	2011	2012	2013	1st Quarter of 2014
Discharged to SNF					
Tallahassee Memorial Hospital	2,011	2,156	2,348	2,543	708
Capital Regional Medical Center	1,155	1,289	1,262	1,288	339
Total	3,166	3,445	3,610	3,831	1,047
Total Discharges					
Tallahassee Memorial Hospital	24,489	24,819	25,697	25,946	6,397
Capital Regional Medical Center	12,112	12,799	11,702	11,589	2,955
Total	36,601	37,618	37,399	37,535	9,352
% Discharged to SNF					
Tallahassee Memorial Hospital	8%	9%	9%	10%	11%
Capital Regional Medical Center	10%	10%	11%	11%	11%
Total	8.7%	9.2%	9.7%	10.2%	11.2%

Source: CON application #10246, page 10

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Signature states that because of the size of the proposed facility, 86 beds, it is not financially feasible for the facility to participate in the Medicaid program.

Presbyterian Retirement Communities, Inc. (CON#10247) states that the proposed project will convert 72 existing sheltered nursing home beds at Westminster Oaks, a 120-bed nursing home (with 48 community and 72 sheltered beds) located in a CCRC in Tallahassee, Florida, to 72 community nursing home beds.

PruittHealth – Leon County, LLC (CON #10248) 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 105-bed facility—aggregated from Subdistrict 2-4 and 2-5—will serve residents of Leon, Madison, Taylor and Jefferson 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 elements 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 providing a high proportion of Medicaid services, possessing a high percentage of private rooms, offering a secure Alzheimer’s unit and specialized Alzheimer’s programming
- 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 provide a high percentage of private rooms, implement a program designed to reduce hospital readmissions, incorporate a high ratio of licensed nursing hours per patient day, obtain Joint Commission accreditation and offer a low private pay room charge
- 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 wound care, mental/behavioral health, diabetes care, respiratory therapy and PT/OT/ST

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- 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 therapy equipment/care staff, possessing a therapy pool and an occupational therapy kitchen

Pruitt Health indicates that PruittHealth Pharmacy Services and PruittHealth Medical Supply operation centers are located in Valdosta, Georgia—71 miles from Tallahassee (the major metropolitan center of Leon County).

PruittHealth notes that based on data from the Alzheimer’s Association and Department of Elder Affairs, there are an estimated 3,415 persons in Leon County 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 SNF in the market. PruittHealth asserts that it will incorporate an extremely comprehensive and well-established behavioral health program geared to residents with dementia. The applicant also provided data for Subdistrict 2-5 as well. See the table below.

Alzheimer Estimates Population 65+ Subdistrict 2-4 and 2-5		
	Estimates	Percent of Total
Leon County	3,415	74.1%
Jefferson County	321	7.0%
Madison County	426	9.2%
Taylor County	447	9.7%
Total	4,610	100.0%
Subdistrict 2-4 Total	3,415	74.1%
Subdistrict 2-5 Total	1,195	25.9%

Source: CON application #10248, page 50

The applicant notes that if the full 105-bed proposed project is approved, PruittHealth will commit to providing a secure 19-bed Alzheimer’s unit, the partial award will not incorporate the secure 19-bed unit.

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PruittHealth notes that both the full award and the partial award 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

PruittHealth states that it will incorporate each of the community's strongest needs listed above into the proposed facility. The applicant asserts that approval of the proposed facility will:

- Improve access for persons with Alzheimer's disease
- Improve access of Medicaid services
- Improve access to private rooms
- Provide a modern design that supports independence and choice
- Provide state-of-the-art rehabilitation programming
- Provide extensive clinical programming focused on reducing hospital readmissions

- 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 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.

LP Pensacola, LLC (CON #10246) states that the proposed facility will be Medicare certified and will provide rehabilitation services and skilled nursing services for short-term and long-term patients. Signature indicates that the facility will not participate in the Medicaid program. The applicant notes that the proposed project includes a separate 26-bed dedicated memory care unit. Signature declares that it will implement an individual care plan, incorporating best practices and evidence-based clinical practice guidelines for each patient.

The applicant states that the proposed facility will provide an array of services, including:

- Physical, occupational and speech therapy
- Pain management
- Wound care

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- Hospice/palliative care
- Alzheimer's/dementia care
- Medical management
- Pulmonary, neurological and orthopedic rehab
- Care coordination services
- Transportation services
- Spirituality services
- Quality of life services
- Advance practice clinician services (credentialed as either nurse practitioner or physician assistant)

Signature states it will provide a 15 passenger van for transportation to and from physician visits as well as transporting patients participating in the applicant's quality of life events.

The applicant indicates a shift in long-term care from the nursing home to the patient's home, and has created SNF-based rehabilitation programs to enable patients to return home at a higher functional level. Signature notes that for patients requiring a longer stay in the SNF, the proposed facility will have a physical and humane environment to support and enhance quality of life and dignity.

Signature states that it has developed the TransitionalCARE model to improve care coordination for all patients. This model incorporates key components shown to improve care coordination and improve a patient's experience, with an outcome of reduced hospital and nursing home readmissions. The applicant contends that in order to impact outcomes during a 90-day episode, patient engagement is essential and a component of the TransitionalCARE model. The applicant includes a full overview of the program in Tab 40 of CON application #10246.

The applicant also notes that Signature HomeNow is a subsidiary that provides home health services throughout the State of Florida with 11 branch offices in seven Florida districts. Signature states that all its home health agencies are accredited by Community Health Accreditation Program (CHAP).

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Signature indicates that it has the capability to implement the following programs in the proposed facility as the community needs them:

- Accelerate rehabilitation units
- Alzheimer’s/Dementia Program
- The Signature HealthCARE Pulmonary (BreathLIFE) Program
- Non-medical home care

The applicant notes that it was founded on three cultural pillars-- learning, spirituality and intra-preneurship—with a mission to “revolutionize long-term care”. Signature states that it invests heavily in each pillar with dedicated staff and other resources focused on the pillars as foundational aspects of the organization.

Signature states that it intends to establish contractual arrangements, including transfer agreements, with all relevant health care providers in the community. The applicant indicates that therapy services at the proposed facility will be contracted with Signature Rehab, medical supplies through Medline and pharmacy is provided through contracts with EZ-MAR and PharMerica.

The applicant indicates that patients will be assessed (including all bodily systems) upon admission into the facility. Discharge planning will include assessing for safe discharge placement, durable medical equipment, education, self-care and supervision needs. Signature included copies of its admissions, transfer and discharge policies in Tab 19 of CON application #10246.

Signature maintains that it has experience in addressing the needs of the non-English speaking community and much of its printed literature is available in Spanish.

The applicant provides the following table illustrating the projected admissions, patient days, average length of stay (ALOS) and average daily census (ADC) for the first two years of operation for the proposed 86-bed facility.

Projected Admissions, Patient Days, ALOS and ADC

	Year One (ending 2/28/2018)	Year Two (ending 2/28/2019)
Admissions	249	792
Patient Days	8,089	24,679
Medicare ALOS	31.9	31.9
ADC	22.2	67.6

Source: CON application #10246, page 42

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Schedule 6A illustrates that FTEs for year one (ending February 28, 2018) total 35.9 and total 81.0 for year two (ending February 28, 2019). The proposed project's year one and year two FTEs are shown in the table below. The reviewer notes that the total FTEs for year one actually add up to 36.1 for year one and 80.9 for year two.

LP Pensacola, LLC (CON application #10246) Projected Year One and Year Two Staffing 86-Bed Facility		
	Year One FTEs	Year Two FTEs
Administration		
Administrator	1.0	1.0
Director of Nursing	1.0	1.0
Asst. DON/Transitional Care		0.8
Admissions Director	0.7	1.0
Behavioral Health Specialist	0.7	1.0
Medical Records Clerk	0.7	1.0
MDS Coordinators	0.7	1.0
Staff Coordinators	0.8	1.0
Human Resources Coordinator	0.3	1.0
Marketing Director	1.0	1.0
Receptionist	1.0	1.0
Business Ofc Mgr	0.7	1.0
Nursing		
RNs	3.2	3.1
LPNs	4.7	11.3
Nurses' Aides	10.3	30.7
Nursing Admin, Central Supply	0.3	0.9
Dietary		
Dietary Supervisor	0.6	1.0
Dietician	0.3	0.9
Cooks	1.0	1.9
Dietary Aides	1.8	5.5
Social Services		
Social Service Director	1.0	1.5
Activity Director	0.7	1.0
Activities Assistant	0.2	1.0
Chaplain	0.3	1.0
Housekeeping		
Housekeeping Supervision		1.0
Housekeepers	1.5	4.6
Laundry		
Laundry Aides	0.6	1.8
Plant Maintenance		
Maintenance Supervisor	1.0	1.0
Maintenance Assistance		0.9
Total	35.9	81.0

Source: CON application #10246, Schedule 6

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Presbyterian Retirement Communities, Inc. (CON#10247)

states that the conversion of sheltered beds to community beds does not respond to preferences as stated in the Agency rules. The applicant contends that its proposed project is to allow greater access to the community SNF so that more individuals can receive quality services.

The applicant states that it will be putting into place a “Rapid Rehab Program” that will provide care to individuals with a variety of medical issues. Presbyterian Retirement Communities, Inc. indicates that the goal of the Rapid Rehab Program is to have residents back to their homes or assisted living in the shortest period of time—reducing medical costs to all parties.

Schedule 7 indicates an ALOS of 147.60 for year one and 144.27 for year two for the total 120-bed facility. The reviewer notes that the applicant did not provide a Schedule 7 representing solely the 72-bed conversion. The reviewer notes that the provided Schedule 7’s illustrate 7,282 incremental patient days and no incremental admissions for year one and 6,902 incremental patient days and no incremental admissions for year two of the proposed project.

Schedule 6A shows that no new FTEs will be added for year one and that a total of three FTEs will be added for year two. The proposed project’s year two FTEs are shown in the table below. The reviewer notes that the applicant indicates that year two will end on March 31, 2015 but does not denote when year one will end.

Presbyterian Retirement Communities, Inc. (CON application #10247) Projected Year Two (Ending 3/31/2015) Staffing	
	Year Two FTEs
Nursing	
LPNs	2.0
Ancillary	
Occupational Therapist	1.0
Total	3.0

Source: CON application #10247, Schedule 6A

PruittHealth – Leon County, LLC (CON #10248) indicates 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 will respond to these needs--can be found on pages 42 through 85 of CON application #10248.

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PruittHealth's design and outlook for the proposed facility includes the following:

- 19-bed secure Alzheimer's unit in the 105-bed facility
- Specialized Alzheimer's programming in either size facility
- High percentage of private rooms (61.9 percent) private rooms--65 rooms in the 105-bed facility (full award) and 54 rooms in the proposed 86-bed facility (partial award)
- Enhancing Medicaid access at nine points greater than the subdistrict's current experience
- Hospital readmission reduction program
- High ratio of skilled nursing hours per patient day
- Joint Commission accreditation
- Low private pay room charge
- Specialized care staff
- Specialized therapy equipment
- State of the art rehab suites
- Therapy pool
- Occupational therapy kitchen
- Wound care
- Mental/Behavioral health program
- Diabetes care
- Respiratory therapy
- PT/OT/ST

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

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

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

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- Electronic Medical Records
- Medication Monitoring
- Dedicated quality staff
- General and clinical kiosks

PruittHealth asserts that technology to meet the needs of its patients is critical in recovery, strengthening and avoiding re-hospitalization. The applicant states that the following equipment is planned for the proposed facility based on the community needs and skilled discharges from area hospitals:

- Nautilus leg press
- Nautilus triceps press
- Nautilus compound row
- Nautilus low back
- Nautilus 4-way neck
- Nautilus leg extension
- Biodex balance system
- Biodex gait trainer
- Biodex un-weighing system
- Biodex biostep
- Accelerated care plus modalities
- Ultrasound
- Shortwave diathermy
- Electrical stimulation

PruittHealth discusses the programs and routine services to be offered at the proposed facility on pages 103 through 121 of CON application #10248.

The applicant 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 insists 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. PruittHealth indicates 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.

PruittHealth's Schedule 7 indicates that the ALOS will be 54 days for year one and 76 days for year two of operation for the full award. Schedule 7 indicates that the ALOS will be 50 days for year one and 65 days for year two of operation for the partial award.

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Schedule 6 illustrates that FTEs for year one (ending June 30, 2018) total 58.68 and total 125.28 for year two (ending June 30, 2019) for the full award. The proposed project’s year one and year two FTEs are shown in the table below. The reviewer notes that the total FTEs for year one actually add up to 58.72 for year one.

PruittHealth – Leon County, LLC (CON application #10248) Projected Year One and Year Two Staffing 105-Bed Facility		
	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	10.10	19.60
Nurses’ Aides	18.70	51.80
RN MDS Nurse	0.80	2.00
Ancillary		
Physical Therapist (Contracted)	0.90	2.20
Physical Therapist Assistant (Contracted)	1.06	2.57
Speech Therapist (Contracted)	0.43	1.05
Occupational Therapist (Contracted)	1.03	2.51
Occupational Therapy Assistant (Contracted)	0.38	0.93
Dietary		
Dietary Supervisor	1.00	1.00
Cooks	1.40	2.80
Dietary Aides	2.80	7.00
Social Services		
Social Service Director	1.00	1.00
Activity Director	1.00	1.00
Housekeeping		
Housekeepers	5.00	11.20
Laundry		
Laundry Aides	1.40	2.80
Plant Maintenance		
Maintenance Supervisor	1.00	1.00
Total	58.68	125.28

Source: CON application #10248, Schedule 6

Schedule 6 illustrates that FTEs for year one total 52.66 and total 105.95 for year two for the partial award. The proposed project’s year one and year two FTEs are shown in the table below. The reviewer notes that the total FTEs for year one actually add up to 52.70 for year one.

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PruittHealth – Leon County, LLC (CON application #10248) Projected Year One and Year Two Staffing 86-Bed Facility		
	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	3.40	7.20
LPNs	7.40	14.60
Nurses' Aides	16.80	42.00
Nursing Admin, Central Supply	0.80	2.00
Ancillary		
Physical Therapist (Contracted)	0.87	2.01
Physical Therapist Assistant (Contracted)	1.02	2.37
Speech Therapist (Contracted)	0.42	0.97
Occupational Therapist (Contracted)	1.00	2.32
Occupation Therapy Assistant (Contracted)	0.37	0.86
Dietary		
Dietary Supervisor	1.00	1.00
Cooks	1.40	2.80
Dietary Aides	2.60	5.60
Social Services		
Social Service Director	1.00	1.00
Activity Director	1.00	1.00
Housekeeping		
Housekeepers	4.90	9.80
Laundry		
Laundry Aides	1.40	2.80
Plant Maintenance		
Maintenance Supervisor	1.00	1.00
Total	52.66	105.95

Source: CON application #10248, Schedule 6

c. Quality of Care. In assessing the applicant’s ability to provide quality of care pursuant to s. 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.**

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LP Pensacola, LLC (CON #10246) states that no nursing facility licenses have been denied, revoked or suspended.

Presbyterian Retirement Communities, Inc. (CON#10247) did not respond to this criterion. The reviewer notes that the facility has not had its nursing facility license denied, revoked or suspended within the past 36 months.

PruittHealth – Leon County, LLC (CON #10248) states that none of its ultimate parent company's (United Health Services, Inc. or UHS) licensed nursing facilities have ever had its 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?

LP Pensacola, LLC (CON #10246) states that no nursing facility licenses have been place into receivership.

Presbyterian Retirement Communities, Inc. (CON#10247) did not respond to this criterion. The reviewer notes that the facility has not been placed into receivership in the past 36 months.

PruittHealth – Leon County, LLC (CON #10248) states that none of its ultimate parent company's (UHS) licensed nursing facilities have been placed into receivership at any time, particularly in the past 36 months.

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.

LP Pensacola, LLC (CON #10246) states that this is not applicable as nothing was identified above.

Presbyterian Retirement Communities, Inc. (CON#10247) did not respond to this criterion. The reviewer notes that this is not applicable as nothing was identified above.

PruittHealth – Leon County, LLC (CON #10248) states that this is not applicable as nothing was identified above.

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.**

LP Pensacola, LLC (CON #10246) states that this is not applicable as nothing was identified above.

Presbyterian Retirement Communities, Inc. (CON#10247) did not respond to this criterion. The reviewer notes that this is not applicable as nothing was identified above.

PruittHealth – Leon County, LLC (CON #10248) states that this is not applicable as nothing was identified above.

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.**

LP Pensacola, LLC (CON #10246) states that this is not applicable as nothing was identified above.

Presbyterian Retirement Communities, Inc. (CON#10247) did not respond to this criterion. The reviewer notes that this is not applicable as nothing was identified above.

PruittHealth – Leon County, LLC (CON #10248) states that this is not applicable as nothing was identified above.

- 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.**

LP Pensacola, LLC (CON #10246) states that it will provide the required data to the applicable local health council and to the Agency.

Presbyterian Retirement Communities, Inc. (CON#10247) did not respond to this criterion. The reviewer notes that the applicant currently provides the required data to the applicable local health council and to the Agency.

PruittHealth – Leon County, LLC (CON #10248) states that it will provide the required data to the applicable local health council 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 32 licensed community nursing homes with a total of 3,709 community nursing home beds in District 2. Subdistrict 2-4 is composed of Leon County and has six licensed community nursing homes with a total of 744 community nursing home beds. The subdistrict averaged 93.22 percent total occupancy for the 12-month period ending June 30, 2014.

LP Pensacola, LLC (CON #10246) states that Leon County has the fastest growing senior population in District 2, it is expected to grow 25 percent between 2014 and 2019—a rate much faster than the state (18 percent).

Signature reports that the total occupancy of the six SNFs in Nursing Home Subdistrict 2-4 exceeds that of the district and the state. See the table below.

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Subdistrict 2-4 Skilled Nursing Facility Occupancy July 1, 2013 to June 30, 2014			
Facility	Beds	Patient Days	Occupancy
Centre Pointe Health and Rehab Center	120	41,667	95.13%
Consulate Health of Tallahassee	120	41,117	93.87%
Heritage Healthcare Center at Tallahassee	180	62,630	95.33%
Miracle Hill Nursing and Rehabilitation Center, Inc.	120	41,223	94.12%
Seven Hills Health and Rehabilitation Center	156	50,731	89.10%
Westminster Oaks	48	15,793	90.14%
Subdistrict 2-4 Total	744	253,161	93.22%
District 2 Total	3,709	1,201,466	88.75%
Florida Total	80,050	25,521,792	8735%

Source: CON application #10246, page 50

The applicant contends that given the calculated bed need, current occupancy rates of the subdistrict, discussions with discharge planners and projected aged population growth—an 86-bed SNF would benefit the community and meet the growing demand in the county.

Signature notes the obvious need for Alzheimer/dementia care services in Tallahassee as there is currently no secure 24-hour dedicated SNF memory care unit in the county. The applicant indicates that the proposed facility will have a multi-sensory environment (MSE)—a collection of sensory activities or equipment that can be provided to people with varying types of disabilities. Signature states that it has a model of specialized care to individuals suffering from Alzheimer’s and other forms of dementia, Serenity HealthCARE. The applicant maintains that Serenity HealthCARE utilizes the following core innovative approaches to lead to better clinical outcomes:

- Education
- Comprehensive assessments
- Psych Rx management
- “The Bridge”

The applicant states that it has added services beyond its nursing homes with specialized operating units to provide care coordination services in the community to improve continuity of care. Signature contends that this makes it a highly valued provider with unique capabilities that are welcomed additions to an acute care system’s network. Signature maintains that implementation of these programs will have a positive impact on patient experience and clinical outcomes for patients in the subdistrict. The applicant states that the following specialized operating units and capabilities will be available at the proposed facility:

- Nurse practitioner service
- Palliative care program

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- The Signature HealthCARE Wound Program
- Home health skilled services

The applicant included a DVD of videos about Signature facilities, culture, values and amenities. Signature asserts that the phrase “quality of life” is all-encompassing and integrates not only clinical care, but spiritual, mental and emotional. The applicant maintains that it takes the time and effort to “shirk” the restraints of traditional nursing home activities programming in favor of something much more diverse, vibrant and tailored to the specific desires of its residents. Signature states that this is the fourth consecutive year where patients have been taken on an annual vacation. The applicant indicates that its robust quality of life programming exists to keep patients active while delivering dynamic activities tailored to their individual wants and needs.

The applicant provides the following table illustrating the projected admissions, patient days, ALOS and ADC for the first two years of operation for the proposed 86-bed facility.

Projected Admissions, Patient Days, ALOS and ADC

	Year One (ending 2/28/2018)	Year Two (ending 2/28/2019)
Admissions	249	792
Patient Days	8,089	24,679
Medicare ALOS	31.9	31.9
ADC	22.2	67.6

Source: CON application #10246, page 42

Presbyterian Retirement Communities, Inc. (CON#10247) states that Tallahassee has a number of high quality health care facilities in the area. The applicant affirms that it has access to these providers.

Presbyterian Retirement Communities asserts that its reputation in the Tallahassee area has required other providers in the service area to obtain the applicant’s standards to remain competitive.

The applicant notes that it has working relationships with Tallahassee Community College and Florida State University medical programs, professors and students. Presbyterian Retirement Communities asserts that these relationships have provided higher levels of service and in a number of cases shorter stays for a resident. The reviewer notes that the applicant did not provide any data to support these statements.

Presbyterian Retirement Communities states that it is a not-for-profit organization that has operated CCRCs and HUD Low Income Elderly Apartments for over 50 years.

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The applicant notes that its extension to allow 21 sheltered beds to be utilized as community beds will end March 31, 2015 and the applicant contends that after that time it will no longer be able to provide skilled nursing care for 21 community residents that require skilled nursing care.² The reviewer notes pursuant to Chapter 651.118 (7), Florida Statutes the Agency is allowed to grant CCRCs an extension of the five-year period for sheltered nursing beds to be used by persons who are not residents of the CCRC. Nothing precludes the applicant from applying for another extension as long as it meets the criteria for granting such an extension.

The reviewer notes that the applicant did not provide any utilization for the existing sheltered beds or how many of these beds are utilized by continuing care contract residents. The applicant makes no indication of provisions to ensure access to nursing home beds for residents of the CCRC in its application. It is unclear how approval of the proposed conversion, which includes all 72 of the applicant's sheltered beds, would improve availability and accessibility to skilled nursing care for residents of the CCRC.

The reviewer created the following charts from the applicant's Schedule 7. The reviewer notes that in these schedules, the applicant states that year one will end March 31, 2016 and year two will end March 31, 2017.

**Presbyterian Retirement Communities, Inc.
Forecasted Utilization
Total 120-Bed Facility**

	Year One	Year Two
Total Admissions	288	292
Total Patient Days	42,508	42,128
Occupancy	97.05%	96.2%

Source: CON application #10247, Schedule 7

**Presbyterian Retirement Communities, Inc.
Forecasted Utilization
Proposed Conversion Incremental Increase**

	Year One	Year Two
Incremental Admissions	0	0
Incremental Patient Days	6,902	7,282
Incremental Occupancy	16.63%	16.6%

Source: CON application #10247, Schedule 7

PruittHealth – Leon County, LLC (CON #10248) reports the proposed services area is home to 12 nursing homes with an aggregated 1,259 licensed beds. Leon County (for the partial award) is home to six nursing homes with 744 licensed beds. The applicant notes that of the four

² The reviewer notes that the applicant's extension has 22 approved beds, not 21.

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county services area, Leon County has 76 percent of the elderly population but only 59 percent of the service area’s nursing home beds.

PruittHealth provides an analysis of nursing home beds per 1,000 population in the table below. The applicant notes that even with the approval of the 105-bed proposed project in Subdistrict 2-4, the beds per 1,000 population will decline from 23.6 in 2014 to 22.0 beds per 1,000 population in 2019 in Leon County and from 30.2 to 27.0 in the proposed service area. PruittHealth points out a similar declining trend for both subdistricts and 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
Leon	744	31,567	23.6	849	35,655	22.0
Jefferson	157	2,774	56.6	157	3,387	46.4
Madison	238	3,338	71.3	238	3,791	62.8
Taylor	120	4,026	29.8	120	4,700	25.5
Service Area Total	1,259	41,705	30.2	1,364	50,533	27.0
Subdistrict 2-4	744	31,567	23.6	849	38,665	22.0
Subdistrict 2-5	515	10,138	50.8	515	11,878	43.4
Florida	80,050	3,595,188	22.3	83,165**	4,153,269	20.0

Source: CON application #10248, page 124

The applicant contends that the evidence above encourages approval of the full 105-bed award (including the 19 aggregated beds from Subdistrict 2-5) as the proposed 19-bed addition in Madison County (CON application #10249) is for a county which maintains a current bed per 1,000 population rate that is one of the highest in the state at 71.3. In addition, PruittHealth notes that approval of Westminster Oaks to convert 72 existing sheltered beds will not meet the incremental needs of the area as Westminster Oaks is currently occupied by its CCRC residents and will continue to care for these residents on an ongoing basis.

PruittHealth includes an analysis of Subdistrict’s 2-4 and 2-5’s community nursing home utilization for the 12-month period ending June 30, 2014. The applicant reports that the occupancy rates between the most recent six-month period and the prior six-month period increased by one point, from 89.8 percent to 90.7 percent. PruittHealth states that all but two facilities in the most recent six-month period had occupancy rates greater than 85 percent—with all six Leon County facilities exceeding 85 percent. See the table below.

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Community Nursing Home Utilization Subdistricts 2-4 and 2-5 July 1, 2013 to June 30, 2014					
Facility	Licensed Nursing Home Bed	Patient Days		Occupancy	
		7/1/2013 to 12/31/2013	1/1/2014 to 6/30/2014	7/1/2013 to 12/31/2013	1/1/2014 to 6/30/2014
Subdistrict 2-4					
Centre Pointe Health and Rehabilitation Center	120	20,851	20,816	94.4%	95.8%
Consulate Health Care of Tallahassee	120	20,870	20,247	94.5%	93.2%
Heritage Healthcare Center at Tallahassee	180	31,514	31,116	95.1%	95.5%
Miracle Hill Nursing and Rehabilitation Center	120	21,239	19,984	96.2%	92.0%
Seven Hills Health and Rehabilitation Center	156	25,298	25,433	88.1%	90.0%
Westminster Oaks	48	7,613	8,180	86.2%	94.1%
Leon County	744	127,385	125,776	93.0%	93.3%
Subdistrict 2-5					
Brynwood Health and Rehabilitation Center	97	15,735	15,721	88.2%	89.5%
Cross Landing Health and Rehabilitation Center	60	10,033	9,118	90.9%	84.0%
Jefferson County	157	25,768	24,839	89.2%	87.4%
Crosswinds Health and Rehabilitation Center	58	9,316	9,258	87.3%	88.2%
Lake Park of Madison	120	16,569	17,976	75.0%	82.8%
Madison Nursing Center	60	10,528	10,206	95.4%	94.0%
Madison County	238	36,413	37,440	83.1%	86.9%
Marshall Health and Rehabilitation Center	120	18,441	18,723	83.5%	86.2%
Taylor County	120	18,441	18,723	83.5%	86.2%
Service Area Total	1,259	208,007	206,778	89.8%	90.7%
Subdistrict 2-4	744	127,385	125,776	93.1%	93.4%
Subdistrict 2-5	515	80,622	81,002	86.5%	86.9%

Source: CON application #10248, page 126

The applicant contends that nursing homes beds, as they exist within the subdistrict today, are virtually unavailable to meet incremental demand based on respective occupancy rates. PruittHealth states that at any given time the majority of the available beds at facilities in the service area are semi-private accommodations or other issues as to their lack of availability arise such as co-mingling genders or co-morbid conditions. PruittHealth concludes that the proposed facility will fulfill incremental demand in the Subdistrict 2-4 and 2-5.

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The applicant asserts that it will develop programs, services, protocols and exceed benchmarks in an effort to ultimately achieve Agency Gold Seal eligibility and receipt in due time. PruittHealth notes that three of Subdistrict 2-4's six nursing facilities, and more than half (420 of 744 licensed beds) are on the Agency's Watch List. The reviewer confirms that Consulate Health Care of Tallahassee, Heritage Healthcare Center at Tallahassee and Miracle Hill Nursing and Rehabilitation Center are on the Watch List per Floridahealthfinder.gov, as reported by the applicant. The applicant notes that the service area has no existing Agency Gold Seal Award nursing facilities and the reviewer confirmed this fact. PruittHealth 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 155 patients per month.

The applicant provides the following forecasted utilization for the first two years of operation.

**PruittHealth – Leon County, LLC Forecasted Utilization
105-Bed Full Award
Years One and Two of Operation**

	Year One Ending June 30, 2018	Year Two Ending June 30, 2019
Medicare/Medicare HMO, Skilled Patients		
Admissions	158	380
ADC	10.4	25.0
Alzheimer's Program and Long Term Patients		
Admissions	113	100*
ADC	29.6	75.0
Total		
Admissions	271	480
Occupancy Rate	38%	95%
ADC	40.0	100.0

*The applicant notes given the long-term nature of these patients, annual admissions are based on replacement of long-term residents
Source: CON application #10248, page 86

**PruittHealth – Leon County, LLC Forecasted Utilization
86-Bed Partial Award
Years One and Two of Operation**

	Year One Ending June 30, 2018	Year Two Ending June 30, 2019
Medicare/Medicare HMO, Skilled Patients		
Admissions	157	365
ADC	10.4	24.0
Long Term Patients		
Admissions	96	97*
ADC	23.8	58.0
Total		
Admissions	253	462
Occupancy Rate	40%	95%
ADC	34.1	82.0

*The applicant notes given the long-term nature of these patients, annual admissions are based on replacement of long-term residents
Source: CON application #10248, page 87

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PruittHealth declares it will have no adverse impact on existing SNFs in either Subdistrict 2-4 or 2-5 given the demand for more beds presented in this application. The applicant asserts that the proposed facility will have a positive impact on the local health care infrastructure as it will serve as an additional post-acute discharge destination for hospitals and physicians to refer their patients, post hospitalization.

- b. Does the applicant have a history of providing quality of care? Has the applicant demonstrated the ability to provide quality of care? Has 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.**

LP Pensacola, LLC (CON #10246) states that it does not have a history of providing quality of care because it is a newly formed entity for the purposes of filing this CON application. The applicant asserts that its parent company is an experienced provider of long-term care. Signature notes that within the past year, two dozen facilities were named to *U.S. News and World Report's* list of the nation's 'Best Nursing Homes.' The applicant indicates that it was named one of Modern Healthcare's 'Best Places to Work.' The applicant reports that 59 percent of the 25 facilities Signature operates in Florida are either four or five-star rated by the CMS five-star quality rating system. See the table below.

Signature HealthCARE Florida Facilities

Subdistrict	5-Star	4-Star	3-Star	2-Star	1-Star	Total
All Florida Facilities	234	182	110	128	33	687
Signature Florida Facilities	34%	26%	16%	19%	5%	100%
	10	4	3	6	1	24
Florida Percentage	42%	17%	13%	25%	4%	100%
Subdistrict 1-3	1	0	0	0	0	1
Subdistrict 2-1	3	0	0	0	0	3
Subdistrict 2-3	1	0	0	0	0	1
Subdistrict 3-1	0	0	1	0	0	1
Subdistrict 3-2	0	0	0	1	0	1
Subdistrict 4-2	1	1	0	0	0	2
Subdistrict 4-4	0	0	0	1	0	1
Subdistrict 5-1	1	0	0	0	0	1
Subdistrict 5-2	2	0	0	0	1	3
Subdistrict 6-2	0	0	0	1	0	1
Subdistrict 6-4	0	0	0	1	0	1
Subdistrict 7-1	1	0	0	0	0	1
Subdistrict 7-2	0	1	0	0	0	1
Subdistrict 8-1	0	0	0	1	0	1
Subdistrict 8-5	0	0	0	1	0	1
Subdistrict 9-4	0	0	1	0	0	1
Subdistrict 10	0	0	1	0	0	1
Subdistrict 11-1	0	2	0	0	0	2
Totals	10	4	3	6	1	24

Source: CON application #10246, page 51

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Signature states that the proposed facility will implement the same corporate policies, procedures and quality assurance programs that have proven effective in existing operations. Signature states that it has placed a strong emphasis on evaluating, measuring and managing the medical services provided at SNFs. The applicant notes that this type of full-time clinical attention is uncommon in the senior care industry and has expanded the admission criteria to include more complex conditions.

Signature states that it is in the process of redesigning the Quality Assurance Performance Plan (QAPI) to incorporate the new CMS guidance. The applicant states that it has established a QAPI Steering Committee and is formulating plans for tracking, trending and communication of performance improvement activities for global use.

The applicant asserts that it promotes and protects the rights of each patient and places a strong emphasis on individual dignity and self-determination. Signature indicates that prior to having direct-care responsibilities for residents, staff must have appropriate in-service training on resident rights.

Signature notes that it does not hold any accreditations as its compliance program assures appropriateness of care and quality patient outcomes. The applicant indicates that the compliance team responds quickly and effectively if there are any deviations from required standards or if targeted outcomes are not met at all times. Signature states that Compliance and Satisfaction Assessments are monitored monthly for all facilities.

Agency complaint records indicate that the affiliated nursing homes associated with the parent company, for the three-year period ending November 19, 2014, had 54 substantiated complaints at 17 of its 25 facilities. A single complaint can encompass multiple complaint categories. The substantiated complaint categories are listed below:

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Substantiated Complaint Categories for the Past 36 Months	
Complaint Category	Number Substantiated
Quality of Care/Treatment	26
Resident/Patient/Client Rights	9
Resident/Patient/Client Assessment	9
Administration/Personnel	8
Nursing Services	5
Physical Environment	4
Admission, Transfer and Discharge Rights	3
Resident/Patient Client Abuse	3
Dietary Services	1
Misappropriation of Property	1
Infection Control	1
Quality of Life	1
Billing/Refunds	1

Source: Florida Agency for Healthcare Administration Complaint Records

Presbyterian Retirement Communities, Inc. (CON#10247) states that it has been providing quality care to skilled nursing residents for over 32 years. The applicant notes that as a not-for-profit organization, its mission is to provide the highest quality of services and care to residents. Presbyterian Retirement Communities asserts that any excess funds are put back in the community in the way of capital projects and programs.

The applicant states that Westminster Oaks has maintained licensure requirements for many years. The applicant indicates that Westminster Communities of Florida, its parent organization, has operated SNFs for over 50 years in Florida—it currently operates eight SNFs with a total of 751 beds.

Westminster Oaks is not a Gold Seal Program nor is it on the Nursing Home Watch List. The most recent Agency inspection indicates Westminster Oaks received an overall four star rating out of a possible five stars. The Agency's Nursing Home Guide was last updated November 2014. Westminster Oaks had one substantiated complaint during November 19, 2011 to November 19, 2014 in the complaint category of physical environment.

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

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Substantiated Complaint Categories for the Past 36 Months	
Complaint Category	Number Substantiated
Physical Environment	1
Quality of Care/Treatment	1
Admission, Transfer and Discharge Rights	1
Nursing Services	1

Source: Florida Agency for Healthcare Administration Complaint Records

PruittHealth – Leon County, LLC (CON #10248) 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 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.

The applicant asserts that it will develop all policies and procedures as well as the quality assurance program based on its other 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 and 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
- PruittHealth consulting services
- PruittHealth pharmacy
- Benchmarking tools

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- 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.

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 complaints in the complaint category of unqualified personnel.

- 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.**

LP Pensacola, LLC (CON #10246):

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.

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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.

Omega Healthcare Investors, Inc.		
	Dec-13	Dec-12
Current Assets	\$150,120,000	\$126,891,000
Total Assets	\$3,462,216,000	\$2,982,005,000
Current Liabilities	\$5,000,000	\$0
Total Liabilities	\$2,162,113,000	\$1,970,676,000
Net Assets	\$1,300,103,000	\$1,011,329,000
Total Revenues	\$418,714,000	\$350,460,000
Excess of Revenues Over Expenses	\$172,521,000	\$120,698,000
Cash Flow from Operations	\$279,949,000	\$208,271,000
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	\$145,120,000	\$126,891,000

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 and no revenue. The applicant indicates on Schedule 2 capital projects totaling \$27,412,237 which includes \$16,043,610 for this project and \$11,318,628 for an assisted living facility that is not part of this review and the remainder for other capital projects. The applicant indicates on Schedule 3 of its application that funding for the project will be provided by non-related company financing.

The applicant's parent company currently has seven CON applications under review including this one. The applicant provided a letter from Omega committing to fund this project. Omega submitted their audited

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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.

The applicant also submitted a letter of consideration from Capital One Commercial Banking, showing a revolving line of credit of \$30,000,000 which was scheduled to mature on December 31, 2014. Capital One stated in its letter that it was processing a three year extension of the maturity through December 21, 2017.

Conclusion:

Funding for this project should be available as needed.

Presbyterian Retirement Communities, Inc. (CON #10247):

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 The Obligated Group, which includes Presbyterian Retirement Communities, Inc., and where the two short-term and long-term measures fall on the scale (highlighted in gray) for the most recent year.

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Presbyterian Retirement Communities, Inc.		
	Mar-14	Mar-13
Current Assets	\$41,136,157	\$29,860,693
Total Assets	\$492,039,073	\$459,512,711
Current Liabilities	\$37,907,101	\$26,650,398
Total Liabilities	\$370,423,433	\$345,253,186
Net Assets	\$121,615,640	\$114,259,525
Total Revenues	\$146,805,324	\$136,825,996
Excess of Revenues Over Expenses	\$3,920,958	\$7,609,508
Cash Flow from Operations	\$44,908,227	\$27,695,293
Short-Term Analysis		
Current Ratio (CA/CL)	1.1	1.1
Cash Flow to Current Liabilities (CFO/CL)	118.47%	103.92%
Long-Term Analysis		
Long-Term Debt to Net Assets (TL-CL/NA)	273.4%	278.8%
Total Margin (ER/TR)	2.67%	5.56%
Measure of Available Funding		
Working Capital	\$3,229,056	\$3,210,295

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:

There are no capital requirements for this project. The applicant is converting 72 existing sheltered nursing beds. Therefore, minimal costs are projected for this CON. The only cost associated with this CON is project development cost of \$25,225. The applicant has \$3.2 million in working capital.

Conclusion:

Funding for this project should be available as needed.

PruittHealth – Leon County, LLC (CON #10248):

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

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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 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.

United Health Services, Inc. and Subsidiaries		
	Jun-14	Jun-13
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 \$17,189,868 which consists entirely of this project.

The applicant indicates on Schedule 3 that 75 percent of the construction, land and major equipment costs will be financed by permanent financing by Synovus. The applicant further states that the balance of the project costs will be funded by United Health Services, Inc. and its Subsidiaries' operating cash flows. The applicant also notes that United Health Services Inc. and its subsidiaries maintain a working capital facility with GE Capital and can draw upon these funds as necessary to fund any equity component of a project, and states that as of November 30, 2014, \$29.6 million in funds were available through this \$36.0 million facility.

In support of these claims, the applicant provided several items of documentation. The applicant provided a letter from Dominic Romeo, Senior Vice President of Treasury Management and Treasurer, PruittHealth, stating that as a financial representative of United Health Services, Inc. (UHS), UHS commits to providing all funds necessary for the development and operation of the project, including, but not limited to the equity contribution, working capital and funding of any operating deficits and pre-opening costs.

In addition, the above provided a letter recapping the claimed GE Capital credit facility, but did not provide any independent supporting documentation for the current available balance on that credit facility.

The applicant also provided a letter of intent from Synovus dated December 8, 2014, to finance up to 75 percent of the project costs or \$12,075,000 (based on an estimated \$16,100,000 for land, construction, and equipment costs).

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 should be available as needed.

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Analysis: (Partial Request)

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 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.

United Health Services, Inc. and Subsidiaries		
	Jun-14	Jun-13
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)

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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 \$14,983,483 which consists entirely of this project.

The applicant indicates on Schedule 3 that 75 percent of the construction, land and major equipment costs will be financed by permanent financing by Synovus. The applicant further states that the balance of the project costs will be funded by United Health Services, Inc. and its Subsidiaries' operating cash flows. The applicant also notes that United Health Services Inc. and its subsidiaries maintain a working capital facility with GE Capital and can draw upon these funds as necessary to fund any equity component of a project, and states that as of November 30, 2014, \$29.6 million in funds were available through this \$36.0 million facility.

In support of these claims, the applicant provided several items of documentation. The applicant provided a letter from Dominic Romeo, Senior Vice President of Treasury Management and Treasurer, PruittHealth, stating that as a financial representative of United Health Services, Inc. (UHS), UHS commits to providing all funds necessary for the development and operation of the project, including, but not limited to the equity contribution, working capital and funding of any operating deficits and pre-opening costs.

In addition, the above provided a letter recapping the claimed GE Capital credit facility, but did not provide any independent supporting documentation for the current available balance on that credit facility.

The applicant also provided a letter of intent from Synovus dated December 8, 2014, to finance up to 75 percent of the project costs or \$12,075,000 (based on an estimated \$17,200,000 for land, construction, and equipment costs).

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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 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.**

LP Pensacola, LLC (CON #10246):

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	9,743,271	395	1,897	520	287
Total Expenses	9,328,974	378	1,815	494	340
Operating Income	414,297	17	176	26	-173
Operating Margin	4.25%		Comparative Group Values		
	Days	Percent	Highest	Median	Lowest
Occupancy	24,679	78.62%	97.64%	91.30%	33.72%
Medicaid	0	0.00%	29.81%	20.69%	2.05%
Medicare	13,750	55.72%	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 and associated scale of cost and revenue. The projected NRPD, 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 based on the projections provided by the applicant.

Presbyterian Retirement Communities, Inc. (CON #10247):

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 skilled nursing facilities as reported on Medicaid cost reports (2012 and 2013 cost report years). For our comparison group, we selected skilled nursing facilities with similar Medicaid utilizations to the utilization projected by the applicant on a per patient day basis (PPD).

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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	10,961,604	260	560	387	273
Total Expenses	10,725,270	255	542	370	258
Operating Income	236,334	6	54	13	-58
Operating Margin	2.16%		Comparative Group Values		
	Days	Percent	Highest	Median	Lowest
Occupancy	42,128	96.2%	99.86%	92.53%	60.95%
Medicaid	14,240	33.8%	39.88%	33.87%	20.84%
Medicare	2,900	6.9%	72.34%	46.86%	3.79%

The applicant nursing home is part of a CCRC. A CCRC is made up of residential units, an assisted living facility, and a nursing home and is regulated as a type of insurance arrangement. The idea is that CCRC residents buy into the community and transition through life from residential, to assisted living, and finally to skilled nursing. Skilled nursing is also available for rehabilitation to residents. The business model for a CCRC in general shows the skilled nursing component as a loss with the residential living and assisted living generating enough profit to cover the loss. In this case, the nursing home is currently operating at a loss on a standalone basis and is projected in the application to basically break even.

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. The applicant failed to project either the required nursing assistant care or licensed nursing care on Schedule 6 for the first year. Both nursing assistant and licensed nursing care for year two, which the applicant incorrectly indicates as 2015, meets the required staffing requirement.

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The projected NRPD and CPD fall below the lowest within the group range and are considered to be understated. Both revenue and cost appear to be proportionally understated. The overall profitability of the nursing home on a stand-alone basis appears achievable.

CCRCs are regulated by the Florida Office of Insurance Regulation (OIR). OIR requires CCRCs to maintain a minimum liquid reserve and file financial statements on a regular basis. The existence of a Certificate of Authority issued by OIR and maintenance of a minimum liquid reserve indicates stability of the CCRC. The applicant CCRC has both.

Conclusion:

This project appears to be financially feasible as part of the larger CCRC model.

PruittHealth – Leon County, LLC (CON #10248):

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 skilled nursing facilities as reported on Medicaid cost reports (2012 and 2013 cost report years). For our comparison group, we selected skilled nursing facilities 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	12,070,912	331	406	309	199
Total Expenses	11,036,734	302	394	300	210
Operating Income	1,034,178	28	26	8	-49
Operating Margin	8.57%		Comparative Group Values		
	Days	Percent	Highest	Median	Lowest
Occupancy	36,500	95.24%	96.92%	89.97%	67.17%
Medicaid/MDCD HMO	25,915	71.00%	79.96%	70.95%	60.04%
Medicare	9,125	25.00%	30.30%	16.14%	3.03%

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 and CPD fall within the group range and are considered reasonable, while operating margin of \$28 per patient day is above the group high of \$26 per patient day. Profitability appears achievable but likely at a lower rate than projected.

Conclusion:

This project appears to be financially feasible based on the projections provided by the applicant.

Analysis: (Partial Request)

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	10,407,048	348	406	309	199
Total Expenses	9,529,839	318	394	300	210
Operating Income	877,209	29	26	8	-49
Operating Margin	8.43%		Comparative Group Values		
	Days	Percent	Highest	Median	Lowest
Occupancy	29,930	95.35%	96.92%	89.97%	67.17%
Medicaid/MDCD HMO	20,075	67.07%	79.96%	70.95%	60.04%
Medicare	8,760	29.27%	30.30%	16.14%	3.03%

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 and CPD fall within the group range and are considered reasonable, while operating margin of \$29 per patient day is above the group high of \$26 per patient day. Profitability appears achievable but likely at a lower rate than projected.

Conclusion:

This project appears to be financially feasible based on the projections provided by the applicant.

- 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.**

LP Pensacola, LLC (CON #10246) submitted all information and documentation necessary to demonstrate compliance with the architectural review criteria. However it should be noted construction type IIIB as indicated on the architectural plans is not permitted for health care occupancy (I-2); therefore another construction type must be selected.

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.

Presbyterian Retirement Communities, Inc. d/b/a Westminster Oaks (CON #10247): The Office of Plans and Construction notes that the codes and standards regulating the design and construction of SNFs are the same for beds licensed as sheltered beds and community beds.

It is the position of the Office of Plans and Construction that a review of the architectural submissions for this project is unnecessary since the existing nursing beds have already been reviewed and approved by the Agency for use as skilled nursing beds in accordance with Florida Statutes 400.232 and Florida Administrative Code 59A-4.133.

The reviewer notes that any modifications or alterations of the physical plants due to a conversion would need to be reviewed by the Office of Plans and Construction.

PruittHealth – Leon County, LLC (CON #10248) 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.

- 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 five-year history of Medicaid patient days and occupancy for Westminster Oaks, the subdistrict, district and state is provided in the table below.

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**Medicaid Patient Days and Medicaid Occupancy at Westminster Oaks,
Leon County, District 2 and Florida**

Medicaid Patient Days					
Facility/Area	2009	2010	2011	2012	2013
Westminster Oaks	8,013	6,769	5,454	4,683	5,275
Leon County	156,370	157,658	152,758	148,547	152,422
District 2	822,226	840,157	843,653	848,605	848,387
Florida	15,411,373	15,530,575	15,612,015	15,733,318	15,700,197
Medicaid Occupancy					
Facility/Area	2009	2010	2011	2012	2013
Westminster Oaks	48.40%	41.86%	39.52%	36.19%	36.99%
Leon County	61.26%	62.17%	61.85%	60.37%	60.88%
District 2	69.81%	70.25%	69.96%	70.32%	70.72%
Florida	61.26%	61.33%	61.56%	61.85%	61.66%

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

LP Pensacola, LLC (CON #10246) states that it operates 25 facilities in Florida and states that it has a long history of providing skilled nursing care to Medicaid patients. The applicant states that its 2014 average Florida Medicaid occupancy percentage is 64 percent. The reviewer notes that the applicant did not include a time period for this data or a source.

The reviewer compiled the following Medicaid occupancy data for Signature HealthCARE’s Florida facilities for July 1, 2013 through June 2014. The reviewer notes that for these facilities, the average Medicaid occupancy percentage was 67.14 percent. See the table below.

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Signature HealthCARE Florida Medicaid Occupancy July 1, 2013-June 30, 2014			
Facility Name	Medicaid Days	Total Days	Medicaid Occupancy
Anchor Care and Rehabilitation Center	25,195	37,961	66.67%
Chautauqua Rehabilitation and Nursing Center	30,346	49,497	61.31%
Golfview Healthcare Center	9,660	17,018	56.76%
Golfcrest Healthcare Center	13,721	22,584	60.76%
Gulfport Rehabilitation Center	1,463	3,419	42.79%
Heritage Park Care and Rehabilitation Center	28,967	41,340	70.07%
Kenilworth Care and Rehabilitation Center	14,375	28,744	50.01%
Peninsula Care and Rehabilitation Center	28,971	40,650	71.27%
Signature HealthCARE at College Park	17,466	25,881	67.49%
Signature HealthCARE at The Courtyard	28,977	41,442	69.92%
Signature HealthCARE Center of Waterford	54,676	73,715	74.17%
Signature HealthCARE of Brookwood Gardens	34,453	48,471	66.95%
Signature HealthCARE of Gainesville	22,075	36,952	59.74%
Signature HealthCARE of Jacksonville	43,221	53,454	80.86%
Signature HealthCARE of North Florida	42,417	55,741	76.10%
Signature HealthCARE of Orange Park	21,921	35,154	62.36%
Signature HealthCARE of Ormond	8,091	18,729	43.20%
Signature HealthCARE of Palm Beach	19,454	36,630	53.11%
Signature HealthCARE of Pinellas Park	24,584	40,542	60.64%
Signature HealthCARE of Port Charlotte	32,566	49,761	65.44%
Southern Pines Healthcare Center	20,240	32,822	61.67%
Surrey Place Care Center	13,345	20,625	64.70%
The Bridge at Bay St. Joe	29,172	40,071	72.80%
Washington Rehabilitation and Nursing Center	45,035	56,084	85.36%
Winter Park Care and Rehabilitation Center	20,594	32,530	63.31%
Total	630,985	939,817	67.14%

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

The applicant states that because of the size of the proposed facility, it will not be financially feasible to participate in the Medicaid program. Signature expects that the proposed facility will attract many Medicare and privately insured patients for short-term rehabilitation.

The applicant's Schedule 7 indicates that Medicaid and self-pay represent 0.0 percent and 26.0 percent, respectively, of year one and 0.0 percent and 29.2 percent, respectively, of year two annual total patient days. The reviewer notes that there is no charity allowance on the applicant's Schedule 7.

Presbyterian Retirement Communities, Inc. (CON#10247) asserts that it has been providing care to Medicaid patients and the medically indigents throughout its thirty-two year history. The applicant states that the proposed conversion will increase the access to quality care for Medicaid patients and medically indigent.

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The reviewer compiled the following Medicaid occupancy data for the applicant's five Florida facilities for July 1, 2013 through June 30, 2014. See the table below.

**Presbyterian Retirement Communities Florida Medicaid Occupancy
July 1, 2013-June 30, 2014**

Facility Name	Medicaid Days	Total Days	Medicaid Occupancy
Westminster Communities of Bradenton Westminster Manor	7,447	13,380	87.28%
Westminster Oaks of Tallahassee	22,818	37,696	60.53%
Westminster Towers	15,782	22,052	71.57%
Westminster Towers and Shores of Bradenton	10,534	20,075	52.47%
Winter Park Towers	13,201	27,547	82.03%
Total	69,782	1,20,750	73.04%

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

The applicant's Schedule 7 indicates that Medicaid and self-pay represent 33.9 percent and 54.43, respectively, percent of year one and 33.8 percent and 54.5 percent, respectively, of year two annual total patient days.

PruittHealth – Leon County, LLC (CON #10248) maintains that given it is a newly established entity, it has no Medicaid history. The applicant indicates that its parent company does include one SNF in Florida as well as 93 other facilities throughout the southeastern United States. PruittHealth indicates that all of these facilities have demonstrated a history and commitment to the Medicaid population. The applicant provides the following table displaying its affiliated facilities' commitment to Medicaid. The reviewer notes that the only source provided for this data is PruittHealth.

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

	CY 2011	CY 2012	CY 2013
PruittHealth Facilities, Company Wide			
Percent 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 #10248, page 162

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

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

PruittHealth provides the following payer forecast for the first two years of operation for both the full award and the partial award.

**PruittHealth – Leon County, LLC Forecasted Utilization
105-Bed Full Award
Year One (ending June 30, 2018) and Year Two (ending June 30, 2019)**

	Year One	Year Two
Medicare	3,540	8,760
Medicare HMO	242	365
Medicaid	9,740	25,915
VA	364	730
Private Pay	699	730
Total	14,585	36,500

Source: CON application #10248, page 87

**PruittHealth – Leon County, LLC Forecasted Utilization
86-Bed Partial Award
Year One (ending June 30, 2018) and Year Two (ending June 30, 2019)**

	Year One	Year Two
Medicare	3,536	8,395
Medicare HMO	242	365
Medicaid	7,744	20,075
VA	242	365
Private Pay	699	730
Total	12,463	29,930

Source: CON application #10248, page 88

The applicant’s Schedule 7 indicates that Medicaid and self-pay represent 66.8 percent and 4.8 percent, respectively, of year one and 71.0 percent and 2.0 percent, respectively, of year two annual total patient days for the full award. The applicant’s Schedule 7 indicates that Medicaid and self-pay represent 62.1 percent and 5.6 percent, respectively, of year one and 67.1 percent and 2.4 percent, respectively, of year two annual total patient days for the partial award.

F. SUMMARY

LP Pensacola, LLC (CON #10246) a wholly owned subsidiary of Signature Holdings II, LLC proposes to establish a new 86-bed community nursing home in Leon County.

The applicant operates 25 facilities with 3,146 beds in Florida.

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The project involves 64,876 GSF of new construction. The construction cost is \$9,731,400. Total project cost is \$16,043,610. Project cost includes land, building, equipment, project development, financing and start-up costs.

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

Presbyterian Retirement Communities, Inc. (CON#10247) proposes to add 72 community nursing home beds at Westminster Oaks through the conversion of 72 sheltered nursing home beds in Leon County.

Westminster Oaks is a 120-bed skilled nursing facility with 48 community nursing home beds and 72 sheltered nursing home beds. It is located on the campus of a CCRC that provides housing and services to over 750 residents.

The applicant operates five SNFs in Florida.

The proposed project is a conversion of existing licensed beds and will involve no construction or renovation. The applicant states that the only project costs are those costs associated with the CON process, a total of \$25,225.

The applicant proposes one condition on its Schedule C.

PruittHealth – Leon County, LLC (CON #10248) proposes to establish a new 105-bed community nursing home or a partial request to establish an 86-bed nursing home in Leon County. PruittHealth states that the 105-bed need was achieved by aggregating 19 beds from Subdistrict 2-5 and adding this aggregation to the 86 bed published need in Subdistrict 2-4.

The applicant operates one SNF with 120 beds in Florida.

The project involves 74,383 GSF of new construction for the full award. The construction cost is \$10,506,882. Total project cost is \$17,189,868. Project cost includes land, building, equipment, project development, financing and start-up costs.

The partial project involves 63,310 GSF of new construction. The construction cost is \$8,880,494. Total project cost is \$14,983,483. Project cost includes land, building, equipment, project development, financing and start-up costs.

Need:

In Volume 40, Number 193 of the Florida Administrative Register dated October 3, 2014, a fixed need pool of 86 beds was published for Subdistrict 2-4 for the July 2017 Planning Horizon.

As of November 19, 2014, Subdistrict 2-4 had 744 licensed and 12 approved community nursing home beds. During the 12-month period ending June 30, 2014, Subdistrict 2-4 experienced 93.22 percent utilization at six existing facilities.

LP Pensacola, LLC (CON #10246) indicates that discussions with discharge planners at Leon County hospitals, communications with the local chapter of the Alzheimer's Association and statistical data clearly show the need for additional memory care services/beds. Signature states that data from the Department of Elder Affairs shows that Leon County has 3,805 probable Alzheimer cases for those 60+ years of age. Signature states that the proposed facility will have a 26-bed Wellness Memory Care Unit that will focus on admitting patients with low to moderate onset of Alzheimer's/dementia with the goal to maintain and improve cognitive function through therapeutic interventions including successful poly-pharmacy management. The reviewer notes that the applicant did not condition the approval of the application to the 26-bed Wellness Memory Care Unit.

The applicant maintains that the other 60 beds will comprise a short-term rehabilitation center of excellence with a goal to return patients to their prior level of functioning while preventing readmissions to the hospital. The unit will implement the TransitionalCARE Model in the proposed facility to reduce hospital readmissions. Signature asserts that in the last four years Leon County acute care hospitals have seen a 30 percent increase in the percentage of patients discharged to SNFs.

The applicant predicts that the proposed facility will have 249 admission and an ADC of 22.2 in year one (ending February 28, 2018) and 792 admissions and an ADC of 67.6 in year two (ending February 28, 2019).

Presbyterian Retirement Communities, Inc. (CON#10247) states that its proposed project will allow greater access to the community to skilled nursing services, so that more individuals can receive quality services.

The reviewer notes that the applicant did not provide any utilization for the existing sheltered beds or how many of these beds are utilized by continuing care contract residents. The applicant makes no indication of provisions to ensure access to nursing home beds for residents of the CCRC in its application. It is unclear how approval of the proposed

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conversion, which includes all 72 of the applicant’s sheltered beds, would improve availability and accessibility to skilled nursing care for residents of the CCRC.

The applicant states that it will be putting into place a “Rapid Rehab Program” that will provide care to individuals with a variety of medical issues. Presbyterian Retirement Communities, Inc. indicates that the goal of the Rapid Rehab Program is to have residents back to their homes or assisted living in the shortest period of time—reducing medical costs to all parties. Presbyterian Retirement Communities asserts that its reputation in the Tallahassee area has required other providers in the service area to obtain the applicant’s standards to remain competitive.

The applicant predicts that the proposed conversion will have no incremental admissions and 7,282 incremental patient days in year one and 6,902 incremental patient days in year two.

PruittHealth – Leon County, LLC (CON #10248) states that the proposed 105-bed facility—aggregated from Subdistrict 2-4 and 2-5—will serve residents of Leon, Madison, Taylor and Jefferson Counties.

PruittHealth notes that based on data from the Alzheimer’s Association and Department of Elder Affairs, there are an estimated 3,415 persons in Leon County 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.

PruittHealth states that it will incorporate each of the community’s strongest needs listed above into the proposed facility. The applicant asserts that approval of the proposed facility will:

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

The applicant predicts that the proposed 105-bed facility will have 271 admissions and an ADC of 40 in year one (ending June 30, 2018) and 481 admissions and an ADC of 100 in year two (ending June 30, 2019). The applicant predicts that the 86-bed facility will have 253 admissions and an ADC of 34.1 in year one and 462 admissions and an ADC of 82.0 for year two.

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PruittHealth declares it will have no adverse impact on existing SNFs in either Subdistrict 2-4 or 2-5 given the demand for more beds presented in this application. The applicant asserts that the proposed facility will have a positive impact on the local health care infrastructure as it will serve as an additional post-acute discharge destination for hospitals and physicians to refer their patients, post hospitalization.

Quality of Care:

All three applicants described their ability to provide quality care.

LP Pensacola, LLC (CON #10246): The applicant's controlling interest had 54 substantiated complaints at 17 of its 25 Florida SNFs during November 19, 2011 to November 19, 2014.

Presbyterian Retirement Communities, Inc. d/b/a Westminster Oaks (CON #10247): For the most recent rating period, the existing facility had four out of a possible five-star quality inspection rating.

The applicant's controlling interest has four substantiated complaints at three of its six Florida SNFs during November 19, 2011 to November 19, 2014.

PruittHealth – Leon County, LLC (CON #10248): The applicant's controlling interest had one substantiated complaint at its one Florida SNF during November 19, 2011 to November 19, 2014.

Financial Feasibility/Availability of Funds:

LP Pensacola, LLC (CON #10246): 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 based on the projections provided by the applicant.

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

Presbyterian Retirement Communities, Inc. d/b/a Westminster Oaks (CON #10247): Funding for this project should be available as needed. The applicant failed to project either the required nursing assistant care or licensed nursing care on Schedule 6 for the first year. Both nursing assistant and licensed nursing care for year two, which the applicant incorrectly indicates as 2015, meets the required staffing requirement. This project appears to be financially feasible as part of the larger CCRC model.

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

PruittHealth – Leon County, LLC (CON #10248): This information is applicable for both the full and partial award. 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 based on the projections provided by the applicant.

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

Medicaid/Charity Care:

LP Pensacola, LLC (CON #10246) states that because of the size of the proposed facility, it will not be financially feasible to participate in the Medicaid program.

The applicant’s Schedule 7 indicates that Medicaid and self-pay represent 0.0 percent and 26.0 percent, respectively, of year one and 0.0 percent and 29.2 percent, respectively, of year two annual total patient days. The reviewer notes that there is no charity allowance on the applicant’s Schedule 7.

Presbyterian Retirement Communities, Inc. (CON#10247) asserts that the proposed conversion will increase the access to quality care for Medicaid patients and medically indigent.

The applicant’s Schedule 7 indicates that Medicaid and self-pay represent 33.9 percent and 54.43 percent, respectively, of year one and 33.8 percent and 54.5 percent, respectively, of year two annual total patient days.

PruittHealth – Leon County, LLC (CON #10248) proposes to condition project approval to maintaining a minimum Medicaid percentage which exceeds the subdistrict wide average Medicaid percentage in regard to percentage occupancy. PruittHealth also proposed a condition that will offer the semi-private room rate charges not to exceed five percent greater and offer private room rate charges not to exceed 10 percent greater than the Medicaid reimbursement rate for a period of three years.

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The applicant's Schedule 7 indicates that Medicaid and self-pay represent 66.8 percent and 4.8 percent, respectively, of year one and 71.0 percent and 2.0 percent, respectively, of year two annual total patient days for the full award. The applicant's Schedule 7 indicates that Medicaid and self-pay represent 62.1 percent and 5.6 percent, respectively, of year one and 67.1 percent and 2.4 percent, respectively, of year two annual total patient days for the partial award.

Architectural:

LP Pensacola, LLC (CON #10246): 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.

Presbyterian Retirement Communities, Inc. d/b/a Westminster Oaks (CON #10247): The Office of Plans and Construction notes that the codes and standards regulating the design and construction of skilled nursing facilities are the same for beds licensed as sheltered beds and community beds. Therefore, a review of the architectural submissions for this project was deemed unnecessary as the existing nursing beds have already been reviewed and approved by the Agency for use as skilled nursing beds in accordance with Florida Statutes 400.232 and Florida Administrative Code 59A-4.133.

PruittHealth – Leon County, LLC (CON #10248): 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 10248P to establish an 86-bed community nursing home in District 2, Subdistrict 4, Leon County. The total project cost is \$14,983,483. The project involves 63,310 GSF of new construction and a construction cost of \$8,880,494.

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CONDITIONS:

- 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 61.9 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 bedside 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 therapy equipment, specialized care staff, therapy pool and occupational therapy kitchen
- Implement the top special operational initiatives requested by existing health care providers:
 - High percentage of private rooms, programs designed to reduce hospital readmissions, joint commission accreditation and competitive private pay room charge
- Implement the top five clinical services requested by existing health care providers:
 - Wound care, mental/behavioral health program, diabetes care, respiratory therapy and PT/OT/ST (physical therapy, occupational therapy and speech therapy)

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- 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 operation
- 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 10 percent greater than the Medicaid reimbursement rate for a period of three years

Deny CON #10246, CON #10247 and CON #10248.

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