

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

**A. PROJECT IDENTIFICATION**

**1. Applicant/CON Action Number**

**Colony SNF Operations, LLC/CON #10261**

1800 N Wabash Avenue, Suite 300  
Marion, Indiana 49652

Authorized Representative: Ryan M. Ott  
(765) 664-5400

**Millennium II, LLC/CON #10262**

1107 Hazeltine Boulevard, Suite 200  
Chaska, Minnesota 55318

Authorized Representative: Ronald F. Nutting  
(952) 361-8000

**2. Service District/Subdistrict**

District 3/Subdistrict 6 (Hernando County)

**B. PUBLIC HEARING**

A public hearing was not held or requested on either of the proposed projects.

**Letters of Support**

**Colony SNF Operations, LLC (CON #10261):** Three letters of support were submitted by the applicant and one was received independently by the Agency through mail delivery. All the support letters were from the local area and were individually composed. The support letters were from: a lead pastor, president of a senior living community, a doctor of chiropractic medicine and a bank president. These support letters expressed positive comments about the applicant and the proposed project.

**Millennium II, LLC (CON #10262):** The Agency received a few letters of support from the applicant. Most of the support letters were from Hernando County and were individually composed. The support letters were from a local elected official, an area acute care hospital senior executive (Mickey Smith, CEO of Oak Hill Hospital), the Alzheimer's Family Organization, senior living/elder care providers, a bank chairman/CEO and residents/family of the applicant's existing local operations. These support letters expressed a need for more skilled nursing in the area and many were complimentary of the services already provided by the applicant's parent.

**C. PROJECT SUMMARY**

**Colony SNF Operations, LLC (CON #10261),** hereafter referenced as Colony or the applicant, a newly formed entity and an affiliate of Tender Loving Care (TLC) Management, Inc., proposes to establish a new 60-bed community nursing home (all private rooms) in Subdistrict 3-6, Hernando County. Colony offers a site address of 23053 Cortez Boulevard, Brooksville, Florida 34601. In addition, Colony states plans to construct a 60-bed assisted living facility (ALF) on the same campus to provide a continuum of high quality care for the community.

The applicant's parent operates one skilled nursing facility (SNF) in Florida:

- Astoria Health and Rehabilitation Center

The project involves 40,650 gross square feet (GSF) of new construction. The construction cost is \$6,608,250. Total project cost is \$12,495,000. Project cost includes land, building, equipment, project development and start-up costs.

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

**Millennium II, LLC (CON #10262),** hereafter referred to as Millennium or the applicant, a newly formed for-profit entity and an affiliate of The Goodman Group, LLC, proposes to establish a new 50-bed (all private rooms) community nursing home in Subdistrict 3-6, Hernando County. The proposal is designed to introduce a SNF component to and be physically located on the existing senior living community campus of The Residence at Timber Pines, 3140 Forest Road, Spring Hill, Florida 34606.

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The Goodman Group, LLC operates two SNFs in Florida:

- Sabal Palms Health Care Center
- Westchester Gardens Rehabilitation Care Center

The project involves 49,708 GSF of new construction. The construction cost is \$10,948,000. Total project cost is \$15,282,500. 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.

**Total GSF and Project Costs of Co-Batched Applicants**

<b>Applicant</b>	<b>CON #</b>	<b>Project</b>	<b>GSF</b>	<b>Costs \$</b>	<b>Cost Per Bed</b>
Colony SNF Operations, LLC	10261	New 60-Bed Facility	40,650	\$12,495,000	\$208,250
Millennium II, LLC	10262	New 50-Bed Facility	49,708	\$15,282,500	\$305,650

Source; CON application #10261 and CON application #10262, Schedule 1 and 9 of each

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

**E. CONFORMITY OF PROJECT WITH REVIEW CRITERIA**

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

**1. Fixed Need Pool**

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

In Volume 40, Number 193 of the Florida Administrative Register dated October 3, 2014, a fixed need pool of 66 beds was published for Subdistrict 3-6 for the July 2017 Planning Horizon. Subdistrict 3-6 is comprised of Hernando County.

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

As of November 19, 2014, Subdistrict 3-6 had 660 licensed beds and zero approved community nursing home beds. During the 12-month period ending June 30, 2014, Subdistrict 3-6 experienced 89.45 percent utilization at five existing facilities. Below is a table illustrating nursing home patient days and occupancy within Subdistrict 3-6.

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

<b>Facility</b>	<b>Comm. Nursing Home Bed Inventory</b>	<b>Bed Days</b>	<b>Patient Days</b>	<b>Total Occupancy</b>	<b>Medicaid Occupancy</b>
Brooksville Healthcare Center	180	65,700	56,363	85.79%	69.27%
Evergreen Woods	120	43,800	42,782	97.68%	60.15%
Heartland of Brooksville	120	43,800	32,743	74.76%	75.19%
Heron Pointe Health and Rehabilitation	120	43,800	41,746	95.31%	62.26%
Spring Hill Health and Rehabilitation Center	120	43,800	41,855	95.56%	47.58%
<b>Total</b>	<b>660</b>	<b>240,900</b>	<b>215,489</b>	<b>89.45%</b>	<b>62.79%</b>

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

The reviewer notes the current and projected population of Subdistrict 3-6 for the planning horizon. The projected population growth, both numerically and by percent are illustrated below.

**Current and Projected Population Growth Rate  
Hernando County, District 3, and Florida  
January 2014 and January 2017**

<b>County</b>	<b>January 1, 2014 Population</b>			<b>January 1, 2017 Population</b>		
	<b>0-64</b>	<b>65+</b>	<b>Total</b>	<b>0-64</b>	<b>65+</b>	<b>Total</b>
Hernando	130,674	46,530	177,204	138,490	50,944	189,424
District 3	1,253,159	399,133	1,652,292	1,305,416	446,101	1,751,517
Florida	15,881,702	3,548,756	19,430,458	16,349,888	3,891,621	20,241,509
<b>County</b>	<b>2014-2017 Increase</b>			<b>2014-2017 Growth Rate</b>		
	<b>0-64</b>	<b>65+</b>	<b>Total</b>	<b>0-64</b>	<b>65+</b>	<b>Total</b>
Hernando	7,816	4,414	12,220	5.98%	9.49%	6.90%
District 3	52,257	46,968	99,225	4.17%	11.77%	6.01%
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 65+ age cohort in the subdistrict are shown below.

**Beds per 1,000 Residents Age 65 and Older**

<b>County</b>	<b>Community Beds</b>	<b>2014 Pop. Aged 65+</b>	<b>2014</b>	<b>2017</b>
			<b>Beds per 1,000</b>	<b>Beds per 1,000</b>
<b>Hernando</b>	660	46,530	14	13
<b>District 3</b>	7,558	399,133	19	17
<b>Florida</b>	80,050	3,548,756	23	21

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

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

**Colony SNF Operations, LLC (CON #10261)** provides population estimates by age cohorts and states that between 2014 and 2020, the 65+ population of Hernando County is expected to grow by 9,131 people. Colony expects that the senior population will show the strongest growth in Brooksville (where the proposed project is planned to be located) and in the southwestern portions of the county.

On page 1-6, Map 1-2 of the application, Colony maps out 2010-2015 population age 65+ estimates for Hernando County, showing that the proposed project location is in an area at or near par for the 65+ population growth relative to the rest of the county.

Colony indicates that during the period April 2013 to March 2014, 8.2 percent of the total number of resident discharges from Hernando County were discharged from short-term acute care hospitals in Florida to SNFs. The applicant analyzes discharges by service line, stating that TLC is aware of the most common patient types and has developed specific programs and services to address their unique needs. See the table below.

**Hernando County Resident Discharges to Skilled Nursing  
from Short-Term Acute Care Hospitals  
Second Quarter of 2013 through the First Quarter of 2014**

Service Line	Total Discharges	Discharges to SNF	
		Numbers	Percent
Total Discharges	25,307	2,085 <sup>1</sup>	8.2%
Hip/Knee Replacement	794	240	30.2%
Septicemia	1,089	147	13.5%
Kidney/UTI	584	104	17.8%
Hip/Femur ex. Major Joint	216	96	44.4%
Stroke/CVA/TIA	681	93	13.7%

Source: CON application #10261, page 1-9

The applicant provides a map denoting the above discharges to SNFs in Hernando County and concludes that these discharges to SNFs are highest in the central and northern portions of the subdistrict. Colony asserts that its proposed project location (ZIP Code 34601) is in the heart of this high demand area, underscoring (the applicant's) ability to provide access to those in greatest need of the services it will offer.

<sup>1</sup> On page 3-12 of CON application #10261, the applicant provides a table and states in the narrative that there were 2,236 Hernando County residents discharged from hospitals to SNFs.

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Colony maintains that the following five reasons best justify the proposed project:

- The fixed need pool estimates for the July 1, 2017 planning horizon is 66 beds, a clear indication of the need for additional facilities
- Population in the subdistrict is growing and will continue to grow for the foreseeable future
- The senior market segment, those in greatest need of skilled nursing care, will continue to grow and place further demands on the availability of skilled nursing
- The location of the proposed facility in the heart of the area's highest demand for skilled nursing as measured by discharges to skilled nursing
- The long-standing moratorium on new skilled nursing home beds and relative lack of new construction means that more modern facilities are needed to keep pace with technological and clinical developments in health care delivery

**Millennium II, LLC (CON #10262)** proposes a three-story, all private room 50-bed SNF, named The Gardens at Timber Pines, immediately adjacent to the existing three-story ALF owned by the applicant. The proposed project is to be located at 3140 Forest Road, Spring Hill, Florida 34606. The Residence at Timber Pines is already a senior living community campus with independent living units, a 255-bed ALF, with a memory care program and is now submitting the proposed 50-bed SNF component. The applicant indicates this provides for an aging in place environment. However, the applicant also states that the proposed project is open to anyone in the community.

The applicant provides several maps of Hernando County on pages 1-4, 1-5, 1-7, 3-2 and 3-5 of CON application #10262. Millennium indicates that these maps illustrate the following:

- The applicant's Residence at Timber Pines is an 8.4 acre campus and is located off a major highway (U.S. 19), with both residential and retail properties surround the site
- All existing nursing homes are located outside the five-mile radius of the proposed facility
- There is a high concentration of persons 65+ within the five-mile radius
- The applicant's proposed project and Oak Hill Hospital (the largest hospital in Hernando County) are 6.4 miles distant by direct route on major roads
- The five nursing facilities within the county tend to be clustered together

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- ZIP Codes 34606 and 34609 have a large concentration of persons 65 years and older (18,743 residents), representing 40 percent of the subdistrict's 65+ population—but have no SNFs within either ZIP code
- ZIP Code 34601 has the smallest concentration of persons aged 65 and older yet three existing nursing homes are located within this area, representing 64 percent of the beds within the county
- ZIP Codes 34606, 34608, 34609 and 34613 have a combined 2014 population of 33,909, representing 43 percent of the subdistrict's 65 and over population and is within the 10-mile radius of the proposed project

- 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.

Neither of the co-batched applications was 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.

**Colony SNF Operations, LLC (CON #10261)** states that the proposed facility will be built, equipped and staffed to accommodate short-term rehabilitation, typically associated with Medicare stays, as well as long-term skilled nursing care. The applicant states that in-room amenities will include:

- Private bathrooms and walk-in showers
- Flat screen HDTVs
- Telephones
- In-room safes
- Wi-Fi throughout the facility
- Electric bariatric beds
- Custom-designed furnishings
- Push button and audio nurse call system
- Pressure reducing Panacea mattress
- Microfiber linens

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- Complimentary in-room coffee, tea and beverage service
- In-room temperature controls
- Nine-foot ceilings with oversized windows

The applicant notes that the proposed facility will feature a state-of-the-art therapy center equipped with the most technologically advanced therapy equipment available. Colony states that it will provide the following patient services:

- Physical, occupational, speech and respiratory therapy services
- Restorative therapy
- Orthopedic rehabilitation
- Post-cardiac rehabilitation
- Pulmonary rehabilitation
- Neurologic rehabilitation
- Post-stroke rehabilitation
- Complex wound care with certified wound care physicians and nurses
- Diabetes management with continuous glucose monitoring
- Dietician monitored meals and counseling
- Pain management
- IV Therapy
- 24-hour complex medical care and services
- Memory, hospice and respite care

Colony asserts the provision of physical, speech and occupational therapists through a contract services agreement with Creative Health Solutions (CHS). Colony states that CHS currently holds contracts with all 16 of the parent's 16 SNFs. The applicant provides a list of the programs offered by CHS in Exhibit 2-1 of the application.

Colony lists the following as other services and amenities that provide support, comfort and security:

- Individualized treatment plans
- Medical team of caregivers
- Clinical monitoring
- Patient education
- Post-discharge follow-up, tracking and support
- Restaurant-style dining
- 24-hour RN coverage
- Security surveillance for each individual's safety
- Housekeeping and laundry services
- Beside phone for private conversations to family and friends

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- Free Wi-Fi for residents and families
- Foreign language translation available
- Flat screen HDTV
- Enclosed courtyard area
- Medical transportation assistance
- Structured activities available seven days a week
- 24-hour visitation
- State-of-the-art therapy gym and equipment
- Handicapped accessible van

The applicant provides a brief description of each of the following, unique services:

- AlterG Anti-Gravity Treadmill
- Comprehensive Dialysis Program
- iPro®2 Continuous Glucose Monitoring (CGM)
- KCI V.A.C® Therapy (the delivery of prescribed negative pressure to reduce tubing blockages for optimal healing of wounds)

According to Colony, upon admission, a therapy team, along with a doctor, will assess rehabilitation needs and develop a customized treatment plan with measurable objectives and time tables to meet the resident's medical, nursing, mental and psychological needs. The plan is to be revised on an on-going basis to reflect changes in the resident's progress and the care the resident is receiving--with the resident's highest possible level of independence as the goal. The applicant provides the Resident Care Plan Policy and Clinical Assessment Report from the parent's Nursing Policy and Procedures Manual in Exhibit 2-6 of CON application #10261. Colony also discusses the parent's care plan meetings as well as Living Well Meetings and provides an example in Exhibit 2-7 of the application.

Regarding admissions, Colony maintains that a physician will personally approve, in writing, a recommendation that an individual be admitted to a facility. Admission procedures, resident rights and related admission topics are further discussed on page 2-7 and 2-8 of the application.

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Regarding discharge, Colony maintains that a team will provide the resident and family with instructions to support the resident’s continued journey to living well again and will include:

- Patient and family training
- Home safety
- Medication management
- Nutritional health
- Activities of daily living
- Home health

The applicant expects to primarily provide short-term rehabilitation, whose primary payer is Medicare. Colony provides a projected year one and year two admissions count, patient days, average length of stay (ALOS) and average daily census (ADC). See the table below.

**Projected Admissions, Patient Days, ALOS, ADC  
First Two Years of Operation for the 60 SNF Beds**

	<b>Year One</b>	<b>Year Two</b>
Admissions	322	982
Patient Days	9,725	19,710
ALOS	30.2	20.1
ADC	26.6	54.0

Source: CON application #10261, page 2-9, Table 2-1

The applicant’s Schedule 7 indicates that the ALOS will be 30.20 days for year one and 20.07 days for year two of operation. Schedule 6 illustrates that FTEs for year one (ending June 30, 2018) total 74.4 and for year two (ending June 30, 2019). The reviewer notes no change in FTE distribution from year one to year two. The proposed project’s year one and year two FTEs are shown in the table below.

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<b>Colony SNF Operations, LLC (CON application #10261) Projected Year One &amp; Year Two Staffing</b>		
	<b>Year One FTEs</b>	<b>Year Two FTEs</b>
<b>Administration</b>		
Administrator	1	1
Director of Nursing	1	1
Admissions Director	1	1
Bookkeeper	1	1
Secretary	3.2	3.2
Medical Records Clerk	1	1
<b>Nursing</b>		
RNs	4	4
LPNs	14	14
Nurses' Aides	27.5	27.5
<b>Dietary</b>		
Dietary Supervisor	1	1
Cooks	6	6
<b>Social Services</b>		
Social Service Director	1	1
Activity Director	1	1
Activities Assistant	2.2	2.2
<b>Housekeeping</b>		
Housekeeping Supervision	1	1
Housekeepers	4.5	4.5
<b>Laundry</b>		
Laundry Aides	3	3
<b>Plant Maintenance</b>		
Maintenance Supervisor	1	1
<b>Total</b>	<b>74.4</b>	<b>74.4</b>

Source: CON application #10261, Schedule 6

**Millennium II, LLC (CON #10262)** maintains that it will provide both short-term and long-term care and participate in the Medicare and Medicaid Programs.

Millennium provides a detailed analysis of the services to be provided on pages 2-4 through 2-14 of CON application #10262. The applicant explains that each of the top seven major diagnostic categories (MDCs) was examined to identify the diagnostic related groups that comprised it that contained hospital discharges to SNFs. Millennium declares that its responses address the provisions of rule and discharge data clearly shows that persons being discharged to SNFs need a high level of skilled nursing and restorative and rehabilitative care.

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The applicant discusses admission and care planning (page 2-14 and 2-15 of CON application #10262). According to Millennium, any potential admission will be based on the resident's medical records along with what services are needed. The applicant concedes that if the facility has the clinical program and services to provide the care, then admission will occur. Millennium states that residents residing at The Residence of Timber Pines will be assessed for admission and admitted based on the facility's ability to meet the residents' needs. The applicant points out that a key goal of the care plan will be to reduce the likelihood of a hospital re-admission.

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

The applicant's Schedule 7 indicates that the ALOS will be 29.96 in year one and 29.99 in year two of operation. Schedule 6 illustrates that FTEs for year one (ending June 30, 2018) total 45.5 and total 60.2 for year two (ending June 30, 2019). The proposed project's year one and year two FTEs are shown in the table below.

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<b>Millennium II, LLC (CON application #10262) Projected Year One and Year Two Staffing</b>		
	<b>Year One FTEs</b>	<b>Year Two FTEs</b>
<b>Administration</b>		
Administrator	1.0	1.0
Director of Nursing	1.0	1.0
Admissions Director	1.0	1.0
Secretary	1.3	1.3
Medical Records Clerk	0.5	0.5
Other: Marketing	1.0	1.0
Other: MDS Coordinator	1.4	1.4
Other: Administrative	1.1	1.1
<b>Physicians</b>		
Medical Director	0.2	0.2
<b>Nursing</b>		
RNs	3.8	3.8
LPNs	5.6	10.0
Nurses' Aides	10.3	19.4
Other: Central Supply	0.5	0.5
<b>Dietary</b>		
Dietary Aides (incl Servers)	4.2	4.2
<b>Social Services</b>		
Social Service Director	2.0	2.0
Activity Director	1.0	1.0
Activities Assistant	2.3	2.5
<b>Housekeeping</b>		
Housekeeping Supervision	1.0	1.0
Housekeepers	2.5	3.5
<b>Laundry</b>		
Laundry Aides	2.8	2.8
<b>Plant Maintenance</b>		
Maintenance Assistance	1.0	1.0
<b>Total</b>	<b>45.5</b>	<b>60.2</b>

Source: CON application #10262, Schedule 6

Notes to Schedule 6 indicate that the Medical Director position is expected to be contracted and is shown in the schedule for disclosure only. The reviewer notes that the applicant previously pointed out the need for certain services depending on the admission of patients with certain MDC diagnoses. The need for physical and occupational therapists was discussed (page 2-7 of the application), respiratory therapists (page 2-10 of the application) and physical, speech and occupational therapies (page 2-11 of the application). The reviewer notes that these therapists are not listed in Schedule 6 and notes to the schedule do not indicate acquiring such professionals through a contractual arrangement although expenses are shown on Schedule 8 for these services.

**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.**

**Colony SNF Operations, LLC (CON #10261):** The applicant states that neither it nor its parent has had a nursing home facility license denied, revoked or suspended.

**Millennium II, LLC (CON #10262)** states that this item does not apply.

- 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?**

**Colony SNF Operations, LLC (CON #10261):** The applicant states not having had a nursing home placed into receivership at any time.

**Millennium II, LLC (CON #10262)** states that this item does not apply.

- 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.**

**Colony SNF Operations, LLC (CON #10261)** states that this provision does not apply.

**Millennium II, LLC (CON #10262)** states that this item does not apply.



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

**Colony SNF Operations, LLC (CON #10261)** states that this provision does not apply.

**Millennium II, LLC (CON #10262)** states that this item does not apply.

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

**Colony SNF Operations, LLC (CON #10261)** states that this provision does not apply.

**Millennium II, LLC (CON #10262)** states that this item does not apply.

- 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.**

**Colony SNF Operations, LLC (CON #10261)** states that Colony will provide the required data to the WellFlorida Council, Inc., and to the Agency.

**Millennium II, LLC (CON #10262)** states that Millennium will provide the required data to the WellFlorida Council, Inc. and to the Agency.

**3. Statutory Review Criteria**

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

There are 63 licensed community nursing homes with a total of 7,558 community nursing home beds in District 3. Subdistrict 3-6 is composed of Hernando County and has five licensed community nursing homes with a total of 660 community nursing home beds. The subdistrict averaged 89.45 percent total occupancy for the 12-month period ending June 30, 2014.

**Colony SNF Operations, LLC (CON #10261)** indicates that for the 12-month period ending June 30, 2014, the parent’s affiliated nearby SNF, Astoria Health and Rehabilitation Center (in Subdistrict 6-5) had a 93.6 percent occupancy rate. The applicant notes that the parent’s unique services are in demand and that the proposed project can be expected to be a successful start-up.

Colony contends that of the 660 licensed community nursing home beds in Hernando County, a total of 22 of the beds are in a private room, 622 are in a semi-private room and 16 are in a four-bed type room. The applicant asserts that if approved, the proposed project will have over seven times the number of private rooms compared to any other facility in the subdistrict. According to Colony, the proposed project would set the standard for the availability of private rooms in the area and foster competition within the market. Colony points out that with its 60 private rooms, the proposed project will eliminate the issues caused by disease status and gender (as it relates to bed availability). See the table below.

**Nursing Facilities by Room Type  
Subdistrict 3-6**

Facility Name	Type of Room				Total
	Private	Semi-Private	3-Bed	4-Bed	
Brooksville Healthcare Center	2	162	--	16	180
Evergreen Woods	4	116	--	--	120
Heartland of Brooksville	4	116	--	--	120
Heron Pointe Health and Rehabilitation	8	112	--	--	120
Spring Hill Health and Rehabilitation Center	4	116	--	--	120
<b>Total Licensed Beds</b>	<b>22</b>	<b>622</b>	<b>--</b>	<b>--</b>	<b>660</b>

Source: CON application #10261, page 3-4, Table 3-2

**CON Action Numbers: 10261 and 10262**

The applicant references support letters from Wesleyan Village, a deed-restricted senior community affiliated with the Wesleyan Church. The reviewer confirms a separate letter of support from senior executives at both Wesleyan Village and the Brooksville Wesleyan Church. According to Colony, demographics, locations of existing nursing homes, hospitals and roadways have been factored in so that the proposed site will improve both access and availability to needed health care services.

On page 3-9, Map 3-2 of the application, Colony maps out a 10-mile service area surrounding the proposed project location. Colony presents total population, age 65+ population, from 2015 to 2020 and the percentage change for the age 65+ population—noting that the 65+ population in the service area is expected to go from 17,754 to 20,401 (14.9 percent increase). The applicant also offers corresponding total population and age cohort data for the same period in both the subdistrict and the state. Colony maintains that by 2020, the identified 10-mile radius would contain 36.3 percent (20,401 residents) of Subdistrict 3-6’s senior population. Colony asserts that adding beds to this area assures that access will be improved where it is needed most. See the table below.

**Total Population, 2014 and 2020, Senior Population and Percent Change in Senior Population  
10-Mile Service Area, Subdistrict 3-6 and Florida**

Service Area	2015		2020	2015-2020
	Total Population	65+ Population	65+ Population	Percent Change in 65+ Population
10-Miles from Proposed Site	70,022	17,754	20,401	14.9%
Subdistrict 3-6	183,420	48,532	56,270	15.9%
Florida	19,819,278	3,699,657	4,349,625	17.6%

Source: CON application #10261, page 3-10, Table 3-4, Nielsen/Claritas and Legacy Consulting Group analysis

Colony states that ZIP Code 34601 has more discharges to SNFs (459) than any other ZIP code in the subdistrict. The applicant states that one in five Hernando County residents discharged to a SNF lives in the ZIP code identified for the proposed facility. The reviewer notes that previously in the application (page 1-8 and 1-9) the applicant stated that Hernando County residents had 2,085 discharges to SNFs. See the table below.

**CON Action Numbers: 10261 and 10262**

**Discharges from All Hospitals to SNFs for Hernando County Residents  
April 2013 – March 2014**

<b>ZIP Code</b>	<b>Cases</b>	<b>Percent</b>
34601	459	20.5%
34602	55	2.5%
34604	69	3.1%
34606	404	18.1%
34607	90	4.0%
34608	448	20.0%
34609	352	15.7%
34613	321	14.4%
34614	38	1.7%
	<b>2,236</b>	<b>100.0%</b>

Source: CON application #10261, page 3-12, Table 3-5, AHCA hospital patient discharge database Q2'13-Q1'14

Colony notes that it plans to be certified for both Medicare and Medicaid and no economic barriers to admission will exist. The applicant expects to have an overall occupancy rate of 44 percent in the first year during the fill-up period and reach 90 percent by the first quarter of the second year. See the table below.

**Forecast for Colony SNF Operations, LLC**

<b>Factor</b>	<b>Year One: July 2017</b>	<b>Year Two: July 2018</b>
Resident Days	9,725	19,710
Beds, Community	60	60
Bed Days	21,900	21,900
Medicaid Days	857	2,555
Occupancy	44.4%	90.0%
Medicaid Occupancy	8.8%	13.0%

Source: CON application #10261, page 3-16, Table 3-11

**Millennium II, LLC (CON #10262)** includes tables illustrating the estimated population and compounded annual growth rates (CAGRs) by ZIP code and age cohort for years 2014 and 2019 in the subdistrict. The applicant notes that 46,757 residents of Hernando County in 2014 were age 65+--and this same population cohort will increase to 52,570 residents by 2019. Millennium previously noted that combined, ZIP codes 34606 (the proposed location of the planned project) and 34609 had a population of 18,743, representing 40 percent of the subdistrict's 65 and over population and that no SNF exists in either area.

The applicant provides a table of forecasted nursing home resident days for the subdistrict and facility assuming a 92 percent occupancy rate in the second year of operation. Millennium believes Hernando County will experience growth in resident days to 242,279 and assuming 92 percent occupancy, the new facility would absorb 16,790 days, leaving a balance of 225,489 days to be allocated to the existing SNFs in the county. See the table below.

**CON Action Numbers: 10261 and 10262**

**Forecasted Nursing Home Resident Days for the Subdistrict  
and New 50-Bed Facility  
Assuming a 92 Percent Occupancy Rate, Second Year of Operation**

Resident Days July 1, 2013 to June 30, 2014	215,489
<b>Average Daily Census 2014</b>	<b>590</b>
Hernando County Population 65+ 2014	46,757
Days per 1,000 Persons, 65+, 2014	4,609
Hernando County Population 65+ 2019	52,570
Resident Days Forecasted for 2019	242,279
<b>Average Daily Census Year 2019</b>	<b>664</b>
Proposed 50-Bed Facility Days @ 92%	16,790
Deduct 50-Bed Facility Resident Days from Forecast	225,489
<b>Average Daily Census year 2019, Remaining Days</b>	<b>618</b>

Source: CON application #10262, page 1-18, Table 1-2

Millennium estimates that provided the proposed 50-bed project is approved, the total number of beds increases to 710 and at 242,279 forecasted resident days for 2019, countywide total occupancy would be 93.5 percent (CON application #10339, page 1-18, Table 1-2, above).

The applicant believes that one way to determine whether or not any adverse impact would be experienced by existing nursing homes within the county is to examine existing market share for Subdistrict 3-5. The applicant provides resident days and market share percentages among SNFs in Hernando County for the 12-month period ending June 30, 2014. See the table below.

**Historical Resident Days by Nursing Home and Market Share,  
Subdistrict 3-6, Hernando County, July 1, 2013-June 30, 2014**

<b>Hernando County Facilities</b>	<b>Resident Days</b>	<b>Market Share</b>
Brooksville Healthcare Center	56,363	26.2%
Evergreen Woods	42,782	19.9%
Heartland of Brooksville	32,743	15.2%
Heron Pointe Health and Rehabilitation	41,746	19.4%
Spring Hill Health and Rehabilitation Center	41,855	19.4%
<b>Total</b>	<b>215,489</b>	<b>100.0%</b>

Source: CON application #10262, page 1-20, Table 1-4

Millennium notes that Brooksville Healthcare Center has the largest market share at 26 percent with Heartland of Brooksville with the smallest share. The applicant concludes that by the second full year of planned operations (by June 30, 2019), all existing nursing homes in the Subdistrict should have resident days above what was reported in the baseline period. Therefore, Millennium expects that the proposed project, if approved, would not adversely impact the existing SNF providers.

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

**Colony SNF Operations, LLC (CON #10261)** is a new entity and does not have a history of providing care but its parent, TLC does have a history. TLC Management states that it has a reputation for being a leading health care provider by providing a continuum of care to individuals, noting that it operates one affiliate community nursing home in Florida-Astoria Health and Rehabilitation Center.

Colony describes and offers the parent's Mission, Vision and Values (CON application #10261, Exhibit 4-1), stating the mission statement is "*TLC Management, Inc. is committed to restoring our residents to their highest potential through kind, compassionate medical care*". Colony also discusses the parent's strategic quality plan with two stated initiatives for improving resident care: PointClickCare for electronic medical records and INTERACT (Interventions to Reduce Acute Care Transfers).

The applicant maintains that all staff is educated on Quality Assurance and Performance Improvement (QAPI) process. The applicant states the QAPI committee will meet monthly to review the issues which require performance improvement measures or activities. Colony maintains that the proposed facility is expected to attain and maintain a high quality rating because of its broad-based support of residents. Colony provides the parent's five page QAPI Policy and Procedures (CON application #10261, Exhibit 4-2).

According to Colony, the parent's Providigm QAPI Accreditation Program is composed of the following four standards:

- Comprehensive
- Continuous
- Coverage
- Corrective

Colony indicates that each of the parent's SNFs has been accredited by Providigm QAPI. The applicant provides the parent's recipient list (CON application #10261, Exhibit 4-3). Colony also notes its resident participation activities and offers a sample activities calendar.

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Colony states and the reviewer confirms that the parent’s Florida SNF, Astoria Health and Rehabilitation Center, as of February 6, 2014, had a four-star overall quality rating (Above Average) out of a possible five stars, according to the Medicare Nursing Home Compare Care website at <http://www.medicare.gov/nursinghomecompare/search.html>. The most recent Agency inspection indicates that Astoria Health and Rehabilitation Center received an overall two-star rating out of a possible five stars. The Agency’s Nursing Home Guide was last updated November 2014.

Agency licensure records indicate that the affiliated nursing home associated with the parent company, for the three-year period ending November 19, 2014, had 15 substantiated complaints for its one facility. A single complaint can encompass multiple complaint categories. The table below has these listed by complaint categories.

<b>Astoria Health and Rehabilitation Center</b>	
<b>Complaint Category</b>	<b>Number Substantiated</b>
Quality of Care/Treatment	11
Administration/Personnel	3
Resident/Patient/Client Assessment	2
Resident/Patient/Client Rights	1
Dietary Services	1
Infection Control	1
Admission, Transfer and Discharge Rights	1

Source: Florida Agency for Health Care Administration complaint records

**Millennium II, LLC (CON #10262)** indicates that the proposed project will be defined by the corporate mission and mission statement of the Goodman Group, LLC and its four key values:

- We respect our residents and guests and promise to create a positive and enriching experience to gain lifetime loyalty
- We respect our employees and empower them to deliver unparalleled customer-centered services in a caring, consistent and timely manner
- We embrace diversity and operate with care and integrity in an environment of purpose, belonging and accountability
- We are proud to be contributing and supportive members of the communities we serve

**CON Action Numbers: 10261 and 10262**

Millennium asserts that the Goodman Group requires each employee to be trained in its Platinum Service® Program (or Pledge), which Millennium contends are 20 standards using the Ritz-Carlton Hotel Group's recognized customer service model (CON application #10262, page 4-5 and 4-6). Millennium points out recognition at Goodman Group properties around the nation and in Florida on page 4-3 and 4-4 of the application, including:

- U.S News & World Report – Best Nursing Homes
- Bronze – Achievement in Quality Award
- Excellence in Action Award-MyInnerView (by National Research Corporation)
- Cutting Edge Award – American Culinary Federation

Millennium discusses the QAPI process on pages 4-6 through 4-8 of the application and indicates that the QAPI is overseen by the Leadership Committee and the Steering Committee. Millennium contends that as an ongoing system of evaluation, the QAPI will include but not be limited to:

- Post-acute care
- Long-term care
- Wound care
- Behavior management
- Alzheimer's care
- Rehabilitation
- Hospice care
- Psycho-social needs
- Nutritional management
- Environmental services

On page 4-9 through 4-12 of CON application #10262, Millennium discusses various aspects of its QAPI, including:

- Design and scope
- Governance and leadership
- Performance improvement projects
- Systemic analysis
- Systemic action and evaluation

The applicant also includes information on the following topics:

- Residents' rights
- Life enrichment activities
- Additional program approaches



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 at two facilities. A single complaint can encompass multiple complaint categories. The substantiated complaint categories are listed below:

<b>Substantiated Complaint Categories for the Past 36 Months</b>	
<b>Complaint Category</b>	<b>Number Substantiated</b>
Resident/Patient/Client Rights	3
Resident Assessment	2
Quality of Care/Treatment	1
Nursing Services	1

Source: Florida Agency for Health Care Administration complaint records

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

**Colony SNF Operations, LLC (CON #10261):**

**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 applicant is a development stage company, meaning there is no operational data to be analyzed for the purposes of this review. The applicant indicated that funding will be provided by a third-party source and by equity contributions from its members.

**Capital Requirements and Funding:**

The applicant lists \$12,495,000 for capital projects. This consists solely of the application currently under review. The application also makes mention of a 60-bed assisted living project in connection with this application. Although not subject to CON review, it was not disclosed as a capital project of the applicant and is therefore presumably operated under a separate development stage company. The applicant intends to fund this project 75 percent with debt financing and 25 percent from equity contributions from its members. A letter of interest was provided by Regions Healthcare Banking, showing interest to provide the required debt funding for this project. A letter of interest is not considered a firm commitment to lend. The applicant also provided a letter from Regions Healthcare Banking confirming that the principle parties have over \$10 million on deposit to cover the equity portion of the proposed loan.

It is not clear if the ALF portion of this project would be funded by the same sources and principles. The principles appear to have sufficient equity funding for a project almost four times this size. Although the applicant does not have a firm commitment to lend and may have an additional capital project related to this CON, the funding available from the principles for the equity portion of this loan makes execution of the debt financing likely.

**Conclusion:**

Funding for this project appears likely, but not guaranteed.

**Millennium II, LLC (CON #10262):**

**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 applicant is a development stage company, meaning there is no operational data to be analyzed for the purposes of this review. The applicant indicated that funding will be provided by cash on hand and a third-party source.

**Capital Requirements and Funding:**

The applicant lists \$15,282,500 which consists solely of the CON currently under review. The applicant submitted a letter from US Bank stating the applicant currently has a \$35 million revolving credit facility and “significant cash deposits.” Although not as strong as an audit, the letter is from a commercial bank and specifically acknowledges that an affiliated group (John B. Goodman and The Goodman Group, LLC) has sufficient resources via the line of credit and cash on deposit to fund the project.

**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.**

**Colony SNF Operations, LLC (CON #10261):**

**Analysis:**

The immediate and long-term financial feasibility of the project is tied to expected profitability. The purpose of our analysis for this section is to

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

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

	PROJECTIONS PER APPLICANT		COMPARATIVE GROUP VALUES PPD		
	Total	PPD	Highest	Median	Lowest
Net Revenues	8,004,654	406	1,928	528	292
Total Expenses	7,668,755	389	1,845	502	346
Operating Income	335,899	17	176	26	-173
Operating Margin	4.20%		<b>Comparative Group Values</b>		
	Days	Percent	Highest	Median	Lowest
Occupancy	19,710	90%	97.64%	91.30%	33.72%
Medicaid/MDCD HMO	2,555	13%	29.81%	20.69%	2.05%
Medicare	8,030	41%	66.46%	35.09%	6.50%

**Staffing:**

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

The range of actual results in our group for small nursing homes is wide due to the small volume of nursing homes in the group and associated scale of cost and revenue. However, the projected NRPD, CPD and profit fall closer to the median of the group range than to the highest value and are considered reasonable. Therefore, the overall profitability appears achievable.

**Conclusion:**

This project appears to be financially feasible.

**Millennium II, LLC (CON #10262):**

**Analysis:**

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

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

	PROJECTIONS PER APPLICANT		COMPARATIVE GROUP VALUES PPD		
	Total	PPD	Highest	Median	Lowest
Net Revenues	7,239,100	426	1,928	529	292
Total Expenses	7,117,000	419	1,845	502	346
Operating Income	122,100	7	176	26	-173
Operating Margin	1.69%		<b>Comparative Group Values</b>		
	Days	Percent	Highest	Median	Lowest
Occupancy	16,977	93%	97.64%	91.30%	33.72%
Medicaid/MDCD HMO	3,530	21%	29.81%	20.69%	2.05%
Medicare	9,413	55%	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. The applicant does not have sufficient unskilled nursing staff unless skilled nursing staff is used to make up for deficiencies.

The range of actual results in our group for small nursing homes is wide due to the small volume of nursing homes in the group and associated scale of cost and revenue. However, the projected NRPD, CPD and profit fall closer to the median of the group range than to the highest value and are considered reasonable. Therefore, the overall profitability appears achievable.

**Conclusion:**

This project appears to be financially feasible.

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

**Analysis:**

The type of competition that would result in increased efficiencies, service and quality is limited in health care. Cost-effectiveness through competition is typically achieved via a combination of competitive pricing that forces more efficient cost to remain profitable, 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.**

**Colony SNF Operations, LLC (CON #10261):** The applicant has submitted all information and documentation necessary to demonstrate compliance with the architectural review criteria.

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

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

**Millennium II, LLC (CON #10262):** The applicant has submitted all information and documentation necessary to demonstrate compliance with the architectural review criteria. The cost estimate for the propose project provided in Schedule 9, Table A and the project completion forecast provided in Schedule 10 appear to be reasonable. A review of the architectural plans, narratives and other supporting documents did not reveal any deficiencies that are likely to have a significant impact on either construction costs or the proposed completion schedule.

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

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

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

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**Medicaid Patient Days & Medicaid Occupancy  
in Hernando County, District 3 and Florida**

<b>Medicaid Patient Days</b>					
<b>Facility/Area</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
Hernando County	119,742	123,314	126,670	130,103	134,484
District 3	1,454,706	1,468,022	1,499,110	1,523,920	1,539,243
Florida	15,411,373	15,530,575	15,612,015	15,733,318	15,700,197
<b>Medicaid Occupancy</b>					
<b>Facility/Area</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
Hernando County	58.11%	59.37%	61.12%	61.62%	62.85%
District 3	59.99%	60.25%	61.28%	62.13%	62.34%
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

**Colony SNF Operations, LLC (CON #10261)** states that the parent has a history of providing skilled nursing care to Medicaid patients within the local area of the proposed project.

The reviewer compiled the following Medicaid occupancy data for the parent’s Florida affiliate SNF, Astoria Health and Rehabilitation Center (Subdistrict 6-5) for July 1, 2013 to June 30, 2014. See the table below.

**Astoria Health and Rehabilitation Center  
Florida Medicaid Occupancy  
July 1, 2013 to June 30, 2014**

<b>Facility</b>	<b>Medicaid Days</b>	<b>Total Days</b>	<b>Medicaid Occupancy</b>
Astoria Health and Rehabilitation Center	19,669	41,008	47.96%
<b>Total</b>	<b>19,669</b>	<b>41,008</b>	<b>47.96%</b>

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

Colony provides forecasted patient days, by payer, for year one and year two of the proposed project. See the table below.

**Forecasted Admissions and Patient Days for  
Colony SNF Operations, LLC**

<b>Payer</b>	<b>Year One: July 2017</b>		<b>Year Two: July 2018</b>	
	<b>Patient Days</b>	<b>Percent</b>	<b>Patient Days</b>	<b>Percent</b>
Medicare	7,496	77.1%	15,330	77.8%
Medicaid	857	8.8%	2,555	13.0%
Private Pay	1,372	14.1%	1,825	9.3%
<b>Total</b>	<b>9,725</b>	<b>100.0%</b>	<b>19,710</b>	<b>100.0%</b>

Source: CON application #10261, page 9-2, Table 9-2

The applicant states that it is aware of all aspects of the newly implemented Statewide Medicaid Managed Care Long-Term Care program (SMMC LTC) and will form a provider agreement with at least one of the LTC plans available in Subdistrict 3-6. The applicant maintains that it will enroll in, and continue to provide timely and accurate provider information to the Agency Provider Master List. Colony asserts that it will also collaborate with the chosen LTC plan to identify and implement quality and performance measures to monitor the

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facility’s clinical performance on an ongoing basis. The applicant provides a summary of available Medicaid SMMC LTC plans operating in Region 3.

The applicant’s Schedule 7 indicates that Medicaid and self-pay represent 8.8 percent and 14.1 percent, respectively, of year one and 13.0 percent and 9.3 percent, respectively, of year two annual total patient days.

**Millennium II, LLC (CON #10262)** states that the expectation is Medicaid managed care plans will continue a downward trend in nursing home placements, offering options to recipients to maintain them in less restrictive settings. The applicant also states that in contrast, Medicare continues to promote Medicare advantage plans and the number of enrollees in them has grown. Millennium emphasizes that higher levels of rehabilitation and restorative care will be provided for shorter stays as residents return home—including for Medicaid recipients.

The applicant provides an overview of changes to long-term care including the advent of Statewide Medicaid Managed Care (SMMC) plans. In this discussion, Millennium includes information on the available plans and services in Region 3.

**The Goodman Group, LLC Operated Facilities  
Florida Medicaid Occupancy  
July 1, 2013 to June 30, 2014**

<b>Facility</b>	<b>Medicaid Days</b>	<b>Total Days</b>	<b>Medicaid Occupancy</b>
Sabal Palms Health Care Center	45,561	73,463	62.02%
Westchester Gardens Rehabilitation Care Center	20,420	39,772	51.34%
<b>Total</b>	<b>65,981</b>	<b>113,235</b>	<b>58.27%</b>

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

Millennium offers year one and year two forecasted resident days, ADC and admissions, by payer, with totals and percentages, as shown in the table below.



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**Gardens at Timber Pines Forecast of Resident Days, ADC and Admissions by Payer  
First Two Years of Operation**

Payer	Resident Days			Average Daily Census		Admissions	
	Year One: FY 2018 Days	Year Two: FY 2019 Days	Percent of Days	Year One: FY 2018	Year Two: FY 2019	Year One: FY 2018	Year Two: FY 2019
Medicare	3,794	6,495	38.3%	10	18	190	325
Medicare Managed Care	1,705	2,918	17.2%	5	8	95	163
Medicaid Managed Care	2,062	3,530	20.8%	6	10	6	10
Self-Pay	2,357	4,034	23.8%	5	11	40	68
<b>Total</b>	<b>9,918</b>	<b>16,977</b>	<b>100.0%</b>	<b>27</b>	<b>47</b>	<b>331</b>	<b>566</b>

Source: CON application #10262, page 9-5, Table 9-1

According to Millennium, considering uncollected revenues for Millennium deducted from gross revenues, those revenues are converted to resident days respectively for years one and two of 121 and 207. Millennium asserts having addressed both traditionally underserved groups (Medicaid managed care and charity care recipients) and that both these groups will have access to care.

The applicant's Schedule 7 indicates that Medicaid and self-pay represent 20.8 percent and 23.8 percent, respectively, of year one and year two annual total patient days.

**F. SUMMARY**

**Colony SNF Operations, LLC (CON #10261)**, a newly formed entity and an affiliate TLC Management, Inc., proposes to establish a new 60-bed community nursing home in Subdistrict 3-6, Hernando County. Colony offers a site address of 23053 Cortez Boulevard, Brooksville, Florida 34601. In addition, Colony states plans to construct a (non-CON regulated) 60-bed ALF on the same campus to provide a continuum of high quality care for the community.

The applicant's parent operates one SNF in Florida and has one approved CON for a new 120-bed SNF in Marion County.

The project involves 40,650 GSF of new construction. The construction cost is \$6,608,250. Total project cost is \$12,495,000. Project cost includes land, building, equipment, project development and start-up costs.

The applicant proposes no conditions on its Schedule C.

**Millennium II, LLC (CON #10262)**, a newly formed for-profit entity and an affiliate of The Goodman Group, LLC, proposes to establish a new 50-bed community nursing home in Subdistrict 3-6, Hernando County. The proposal is designed to introduce a SNF component to and be physically located on the existing senior living community campus of The Residence at Timber Pines, 3140 Forest Road, Spring Hill, Florida 34606.

The Goodman Group, LLC operates two SNFs in Florida.

The project involves 49,708 GSF of new construction. The construction cost is \$10,948,000. Total project cost is \$15,282,500. Project cost includes land, building, equipment, project development, financing and start-up costs.

The applicant proposes no conditions on its Schedule C.

**Need:**

In Volume 40, Number 193 of the Florida Administrative Register dated October 3, 2014, a fixed need pool of 66 beds was published for Subdistrict 3-6 for the July 2017 Planning Horizon.

As of November 19, 2014, Subdistrict 3-6 had 660 licensed and zero approved community nursing home beds. During the 12-month period ending June 30, 2014, Subdistrict 3-6 experienced 88.45 percent utilization at five existing facilities.

**Colony SNF Operations, LLC (CON #10261)** maintains that the following seven reasons best justify the proposed project:

- The fixed need pool estimates for the July 1, 2017 planning horizon is 66 beds, a clear indication of the need for additional facilities
- Population in the subdistrict is growing and will continue to grow for the foreseeable future
- The senior market segment – those in greatest need of skilled nursing care – will continue to grow and place further demands on the availability of skilled nursing
- The location of the proposed facility in the heart of the area’s highest demand for skilled nursing as measured by discharges to skilled nursing
- The long-standing moratorium on new skilled nursing home beds and relative lack of new construction means that more modern facilities are needed to keep pace with technological and clinical developments in health care delivery

## **CON Action Numbers: 10261 and 10262**

- The proposed all-private room arrangement would set the standard for the availability of private rooms in the area and foster competition within the market
- An emphasis that for the 12-month period ending March 31, 2014, 20.5 percent or 459 of 2,236 area hospital discharges to SNFs were within a 10-mile radius of the planned project site

**Millennium II, LLC (CON #10262)** maintains that the following 10 reasons best justify the proposed project:

- The applicant's Residence at Timber Pines is an 8.4-acre campus and is located off a major highway (U.S. 19), with both residential and retail properties surround the site
- All existing nursing homes are located outside the five-mile radius of the proposed facility
- There is a high concentration of persons 65 years of age and older within the five-mile radius
- The applicant's proposed project and Oak Hill Hospital (the largest hospital in Hernando County) are 6.4 miles distant by direct route on major roads
- The five nursing facilities within the county tend to be clustered together
- ZIP Codes 34606 and 34609 have a large concentration of persons 65 years and older (18,743 residents), representing 40 percent of the subdistrict's 65 and over population—but have no SNFs within either ZIP code
- ZIP Code 34601 has the smallest concentration of persons aged 65 and older yet three existing nursing homes are located within this area, representing 64 percent of the beds within the county
- ZIP Codes 34606, 34608, 34609 and 34613 have a combined 2014 population of 33,909, representing 43 percent of the subdistrict's 65 and over population and is within the 10-mile radius of the proposed project

### **Quality of Care:**

Both applicants described their ability to provide quality care.

**Colony SNF Operations, LLC (CON #10261):** TLC Management states that it has a reputation for being a leading health care provider by providing a continuum of care to individuals. Colony states that affiliated Astoria Health and Rehabilitation Center, had a four-star overall quality rating (Above Average) out of a possible five stars, according to the Medicare Nursing Home Compare Care. The most recent Agency inspection indicates that Astoria Health and Rehabilitation Center received an overall two-star rating out of a possible five stars.

## CON Action Numbers: 10261 and 10262

The parent's sole Florida SNF had 15 substantiated complaints, for the three year period ending November 19, 2014.

**Millennium II, LLC (CON #10262):** The Goodman Group, LLC, the parent, received the following 2014 recognition for several of its facilities nationwide:

- U.S News & World Report – Best Nursing Homes
- Bronze – Achievement in Quality Award
- Excellence in Action Award-MyInnerView (by National Research Corporation)
- Cutting Edge Award – American Culinary Federation

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

### **Financial Feasibility/Availability of Funds:**

**Colony SNF Operations, LLC (CON #10261):** Funding for this project appears likely, but not guaranteed. Based on the information provided in Schedule 6, the applicant's projected staffing meets the requirement. This project appears to be financially feasible.

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

**Millennium II, LLC (CON #10262):** Funding for this project should be available as needed. The applicant does not have sufficient unskilled nursing staff unless skilled nursing staff is used to make up for deficiencies. This project appears to be financially feasible.

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

### **Medicaid/Charity Care:**

**Colony SNF Operations, LLC (CON #10261):** The applicant proposes no Medicaid conditions to the proposed project.

The applicant's Schedule 7 indicates that Medicaid and self-pay represent 8.8 percent and 14.1 percent, respectively, of year one and 13.0 percent and 9.3 percent, respectively, of year two annual total patient days.

**CON Action Numbers: 10261 and 10262**

**Millennium II, LLC (CON #10262):** The applicant proposes no Medicaid conditions to the proposed project

The applicant's Schedule 7 indicates that Medicaid and self-pay represent 20.8 percent and 23.8 percent, respectively, of year one and year two annual total patient days.

**Architectural:**

**Colony SNF Operations, LLC (CON #10261):** The cost estimate for the propose project 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.

**Millennium II, LLC (CON #10262):** The cost estimate for the propose project 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 #10262 to establish a 50-bed community nursing home in District 3, Subdistrict 6, Hernando County. The total project cost is \$15,282,500. The project involves 49,708 GSF of new construction and a construction cost of \$10,948,000.

Deny CON #10261.

**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**