

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

**A. PROJECT IDENTIFICATION**

**1. Applicant/CON Action Number**

**CCRC Op Co-Freedom Square, LLC/CON #10286**

6737 West Washington Street, Suite 2300  
Milwaukee, Wisconsin 53214

Authorized Representative: Anna Munoz  
(414) 018-5443

**Tierra Pines Center, LLC/CON #10287**

10150 Highlands Manor Drive, Suite 300  
Tampa, Florida 33610

Authorized Representative: Jennifer A. Ziolkowski  
(813) 558-6600

**2. Service District/Subdistrict**

District 5/Subdistrict 5-2 (Pinellas County)

**B. PUBLIC HEARING**

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

**Letters of Support**

**CCRC Op Co-Freedom Square, LLC (CON #10286):** The Agency received a couple letters of support submitted by the applicant. One letter was composed by a health care provider working in Pinellas County and the other letter was written by the medical director of Freedom Square.

**Tierra Pines Center, LLC (CON #10287):** The Agency received various letters of support submitted by the applicant. One letter was written by State Representative Larry Ahern and one letter was written by a family member of a patient. The remaining letters were composed by local health care providers, associations and attorneys.

**C. PROJECT SUMMARY**

**CCRC Op Co-Freedom Square, LLC (CON #10286),** hereafter referred to as Freedom Square, an affiliate of Brookdale Senior Living (referred to as Brookdale throughout this document) proposes to add 56 community nursing home beds through the conversion of 56 sheltered nursing home beds in Subdistrict 5-2, Pinellas County.

Freedom Square is a 116-bed nursing home with 60 community nursing home beds and 56 sheltered nursing home beds located in Seminole, Florida in Pinellas County. It is located on the campus of a continuing care retirement community (CCRC).

The applicant operates 11 skilled nursing facilities (SNFs) in Florida:

- Lake Harris Health Center
- Freedom Pointe at the Villages Rehabilitation & Healthcare Center
- Atrium Healthcare Center
- Sylvan Health Care
- Freedom Square Rehabilitation Center and Nursing Services
- Seminole Pavilion Rehabilitation and Nursing Services
- Freedom Village at Bradenton
- Plaza West
- Premier Place at Glenview
- Harbour Health Center
- Palmer Ranch Healthcare and Rehabilitation

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 project development costs associated with the CON process, a total of \$76,482.50.

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

**Tierra Pines Center, LLC (CON #10287),** a wholly owned subsidiary of Gabriel Living Centers, LLC, hereafter referred to as Tierra Pines, proposes to add 33 community nursing home beds in Subdistrict 5-2, Pinellas County. The managing entity for Tierra Pines and all of Gabriel

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Living Center facilities is Opus Management Resources, LLC (referred to as Opus throughout this document).

The applicant notes that it received an approval to add 20 beds under the “Governor’s Gold Seal” exemption. The Agency approved E140027 on October 31, 2014 pursuant to Florida Statutes, 59C-1.005(6)(e).

The project involves 10,633 GSF of new construction. The construction cost is \$2,815,011. Total project cost is \$4,029,330. Project cost includes land, building, equipment, project development, financing and start-up costs.

The applicant proposes to condition the project as shown below:

- The parcel or address is 7380 Ulmerton Road, Largo, Florida 33771

The reviewer notes that the applicant indicates in Schedule C’s Item E that it does not wish to accept any conditions.

<b>Total GSF and Project Costs of Co-Batched Applicants</b>					
<b>Applicant</b>	<b>CON #</b>	<b>Project</b>	<b>GSF</b>	<b>Costs \$</b>	<b>Cost Per Bed</b>
Freedom Pointe	10286	Convert 56 sheltered beds to community beds	0	\$76,482.50	\$1,366
Tierra Pines	10287	33 bed addition	10,633	\$4,029,330	\$122,100

Source: CON applications 10286 and 10287 and their respective Schedule 1, CON application 10287 and Schedule 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, Lucy Villafrate analyzed the application with consultation from the financial analyst, Everett Broussard, 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 89 beds was published for Subdistrict 5-2 for the July 2017 Planning Horizon. Subdistrict 5-2 is comprised of Pinellas County.

After publication of this fixed need pool, one existing Subdistrict facility filed exemption requests or filed expedited CON reviews to increase or add community nursing home beds.<sup>1</sup>

As of November 19, 2014, Subdistrict 5-2 had 7,777 licensed and 20 approved community nursing home beds. During the 12-month period ending June 30, 2014, Subdistrict 5-2 experienced 88.56 percent utilization at 70 existing facilities. Below is a table illustrating nursing home patient days and occupancy within Subdistrict 5-2.

<sup>1</sup> E140027 to add 20 community nursing homes beds to Tierra Pines was approved by the Agency on 10/31/2014, but was not included in the fixed need publication published on 10/3/2014 pursuant to the fixed need pool methodology as summarized in 59C-1.036 (4).

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**Pinellas 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>
Abbey Rehabilitation and Nursing Center	152	55,480	39,601	71.38%	75.31%
Advanced Rehabilitation and Health Center	120	43,800	41,924	95.72%	73.68%
Alhambra Health and Rehabilitation Center	60	21,900	20,860	95.25%	52.32%
Allegro at College Harbor, The	52	18,980	14,333	75.52%	37.52%
Alpine Health and Rehabilitation Center	57	20,805	18,446	88.66%	86.86%
Apollo Health and Rehabilitation Center	99	36,135	33,518	92.76%	59.25%
Bay Pointe Nursing Pavilion	120	43,800	38,532	87.97%	81.67%
Bay Tree Center	120	43,800	41,056	93.74%	65.95%
Bayside Rehabilitation and Health Center	92	33,580	30,735	91.53%	78.63%
Baywood Nursing Center	59	21,535	19,143	88.89%	90.14%
Belleair Health Care Center	120	43,800	39,679	90.59%	50.14%
Bernard L. Samson Nursing Center	180	65,700	58,482	89.01%	65.98%
Boca Ciega Center	120	43,800	36,060	82.33%	75.79%
Bon Secours Maria Manor Nursing Care Center	274	100,010	94,501	94.49%	70.16%
Carrington Place of St. Pete	120	43,800	41,807	95.45%	69.27%
Clearwater Center	120	43,800	35,860	81.87%	84.23%
Comprehensive Healthcare of Clearwater	150	54,750	47,309	86.41%	60.21%
Concorida Manor	39	14,235	11,680	82.05%	83.60%
Consulate Health Care of Safety Harbor	120	43,800	42,541	97.13%	73.47%
Consulate Health Care of St. Petersburg	120	43,800	41,206	94.08%	39.70%
Countryside Rehab and Healthcare Center	120	43,800	40,959	93.51%	68.30%
Cross Terrace Rehabilitation Center	104	37,960	27,390	72.15%	75.31%
Eagle Lake Rehab and Care Center	59	21,535	18,364	85.28%	77.06%
East Bay Rehabilitation Center	120	43,800	40,806	93.16%	41.42%
Egret Cove Center	120	43,800	37,756	86.20%	82.87%
Freedom Square Rehabilitation and Nursing Services	60	21,900	19,939	91.05%	52.15%
Glen Oaks Health and Rehabilitation Center	76	27,740	25,143	90.64%	84.48%
Golfview Healthcare Center	56	20,440	17,018	83.26%	56.76%
Gracewood Rehabilitation and Nursing Care	120	43,800	39,587	90.38%	84.84%
Gulfpoint Rehabilitation Center*	126	45,900	3,419	7.43%	42.79%
Gulf Shore Rehabilitation and Nursing Center	120	43,800	41,286	94.26%	50.10%
Harbourwood Health and Rehab Center	120	43,800	40,074	91.49%	78.63%
Health and Rehabilitation Centre at Dolphins View	58	21,170	19,903	94.02%	43.58%
Highlands Pines Rehabilitation Center	120	43,800	37,304	85.17%	81.25%
Jacaranda Manor	299	109,135	103,886	95.19%	88.53%
Lakeside Oaks Care Center	93	33,945	31,759	93.56%	63.64%
Largo Health and Rehabilitation Center	158	57,670	55,526	96.28%	66.93%
Laurellwood Nursing Center	60	21,900	18,465	84.32%	89.30%
Lexington Health and Rehabilitation Center	159	58,035	54,248	93.47%	51.61%
ManorCare Health Services Dunedin	120	43,800	39,313	89.76%	51.48%
ManorCare Health Services Palm Harbor	180	65,700	59,938	91.23%	46.15%
Mease Continuing Care	60	21,900	19,509	89.08%	40.67%
Morton Plant Rehabilitation Center	126	45,900	41,472	90.18%	21.49%
North Rehabilitation Center	45	16,425	14,012	85.31%	35.67%
Oak Manor Healthcare and Rehabilitation Center	180	65,700	57,738	87.88%	64.46%
Oaks of Clearwater, The	60	21,900	18,979	86.66%	67.98%
Palm Garden of Clearwater	120	43,800	40,994	93.59%	58.78%
Palm Garden of Largo	140	51,100	44,882	87.83%	59.60%
Palm Garden of Pinellas	120	43,800	38,977	88.99%	69.61%
Palm Terrace of St. Petersburg	96	35,040	30,538	87.15%	78.91%
Peninsula Care and Rehabilitation Center	120	43,800	40,650	92.81%	71.27%
Pinellas Point Nursing and Rehab Center	60	21,900	19,465	88.88%	74.96%
Rehabilitation Center of St. Pete	159	58,035	53,457	92.11%	77.19%
Sabal Palms Health Care Center	215	78,475	73,463	93.61%	62.02%
St. Mark Village	60	21,900	14,459	66.02%	48.30%
Seminole Pavilion Rehabilitation and Nursing Center	120	43,800	41,297	94.29%	36.19%
Shore Acres Rehabilitation and Health Center	109	39,785	36,329	91.31%	81.24%
Signature Healthcare of Pinellas Park	120	43,800	40,542	92.56%	60.64%
South Heritage Health and Rehab Center	74	27,010	17,997	66.63%	95.40%

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Springs at Boca Ciega Bay	109	39,785	37,184	93.46%	40.01%
Stratford Court of Palm Harbor	60	31,900	19,310	88.17%	36.89%
Sunset Point	120	43,800	41,114	93.87%	57.12%
Sylvan Health Center	60	21,900	20,524	93.72%	21.49%
Tarpon Bayou Center	120	43,800	38,818	88.63%	79.88%
Tierra Pines Center	120	43,800	42,256	96.47%	76.63%
West Bay of Tampa	120	43,800	41,418	94.56%	62.51%
Westchester Gardens Rehabilitation Care Center	120	43,800	39,772	90.80%	51.34%
Westminster Palms	42	15,330	9,103	59.38%	0.00%
Westminster Suncoast	120	43,800	41,772	95.37%	52.76%
Wrights Health Care and Rehabilitation Center	60	21,900	18,582	84.85%	41.92%
<b>Total</b>	<b>7,777</b>	<b>2,838,605</b>	<b>2,513,968</b>	<b>88.56%</b>	<b>64.33%</b>

Source: Florida Nursing Home Bed Need Projections by District and Subdistrict, October 2014 Batching Cycle  
 \*Inactive 01/13/2013-08/02/2013

The reviewer notes the current and projected population of Subdistrict 5-2 for the planning horizon. The projected population growth, both numerically and by percent are illustrated below.

**Current and Projected Population Growth Rate  
 Pinellas County, District 5, and Florida  
 January 2014 and January 2017**

County	January 1, 2014 Population			January 1, 2017 Population		
	0-64	65+	Total	0-64	65+	Total
Pinellas	711,882	208,530	920,412	700,552	221,569	922,121
District 5	1,091,478	310,127	1,401,605	1,104,215	333,314	1,437,529
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
Pinellas	-11,330	13,039	1,709	-1.59%	6.25%	0.19%
District 5	12,737	23,187	35,924	1.17%	7.48%	2.34%
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	2017
			Beds per 1,000	Beds per 1,000
Pinellas	7,777	208,530	37	35
District 5	9,715	310,127	31	29
Florida	80,050	3,548,756	23	21

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

**CCRC Op Co-Freedom Square, LLC (CON #10286)** provides a detailed analysis of discharges to SNFs for residents of Subdistrict 5-2 for the period April 2013 to March 2014. The applicant reports that combined, hip and knee procedures accounted for 13.5 percent of the total discharges to SNFs in Subdistrict 5-2. The applicant states that viewed differently, almost one-half (48.3 percent) of hip and knee procedures for

Pinellas County residents are discharged to SNFs, indicative of the high demand for short-term rehabilitation services in the area. See the table below:

**Resident 5-2 Discharges to SNFs from  
Short-Term Acute Care Hospitals  
April 1, 2013 to March 30, 2014**

<b>Service Line</b>	<b>Total Discharges</b>	<b>Discharges to SNF</b>	
Total Discharges	122,637	18,605	15.2%
Hip/Knee Replacement	4,101	1,776	43.3%
Septicemia	3,355	934	27.8%
Kidney/UTI	2,597	890	34.3%
Hip/Femur ex. Major Joint	1,110	743	66.9%
Stroke/CVA/TIA	2,492	639	25.6%
Renal Failure	2,351	631	26.8%
Heart Failure	2,873	591	20.6%
Respiratory Failure/COPD	4,148	539	13.0%

Source: CON application #10286, page 1-9, based on Florida Agency Inpatient discharge database and Legacy Consulting Group analysis

The applicant asserts that Brookdale is aware of these high-demand patient types and has developed and implemented specific programs and services to address their unique needs. Freedom Square also includes a map of Subdistrict 5-2 illustrating the charted data, noting that as shown, discharges to SNFs are higher in the southern portions of the county as well as along the Gulf beaches. The applicant insists that Freedom Square is strategically located in an area of relatively high numbers of discharges to SNFs.

The applicant states that there is clearly need for additional SNFs in Subdistrict 5-2 based on the following:

- The subdistrict has significant numbers of discharges in service lines and disease categories such as hip and knee procedures and replacements, septicemia, heart failure and stroke which will further increase demand for skilled nursing care
- The long-standing moratorium on new SNF beds means that the need for beds and services is overdue and the immediate availability of SNF beds is needed to keep pace with the demand

**Tierra Pines Center, LLC (CON #10287)** provides an analysis of population demographics and dynamics, indicating that it supports the fixed need pool for Pinellas County and expands the horizon to 2019 demonstrating the impact of anticipated continued immigration of seniors and growth in the age 65+ and 75+ populations in Pinellas County compared to District 5 and the state. The applicant declares that the dynamics of five year growth in Pinellas County seniors suggest additional need for long-term care services in the future.

Tierra Pines’ full analysis can be found on pages nine through eleven of CON application #10287. The applicant provides the following table on senior population growth.

**Growth in Senior Population, Five Year Growth 2014 to 2019**

<b>Age Category</b>	<b>Tierra Pines Primary Draw Area*</b>		<b>10-mile Radius of Large, Florida**</b>		<b>Pinellas County</b>	
Total Population	12,180	3.4%	21,642	3.2%	31,272	3.4%
Age 65+	12,145	14.2%	22,695	14.9%	32,054	15.1%
Age 65-74	9,248	21.3%	17,566	22.6%	24,540	22.6%
Age 75-84	1,637	5.9%	2,949	6.0%	4,372	6.4%
Age 85+	1,260	8.7%	2,179	8.4%	3,142	8.9%

\*Applicant’s note: Contiguous geographic ZIP codes accounting for 79 percent of Tierra Pines admissions

\*\*Applicant’s note: Based on Tierra Pines in ZIP code 33771

Source: CON application #10287, page 10

The applicant provides a detailed discussion of medical treatment trends on pages 20 to 23 of CON application #10287. Tierra Pines concludes that all the medical treatment and regulatory trends summarized constitute mitigating factors in assessing future nursing home utilization rates and therefore the Agency’s nursing home bed methodology should be viewed as reasonable, if not a conservative approach to projecting future demand for SNF beds.

- 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:**

**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.

**CCRC Op Co-Freedom Square, LLC (CON #10286)** states that it is a CCRC that offers exceptional independent living, personalized assisted living, Alzheimer's and dementia care and skilled nursing care for seniors in a single setting. The applicant explains that an extensive spectrum of therapy services and wellness programs are delivered professionally by Innovative Senior Care (ISC), the in-house therapy division of Brookdale.

The applicant maintains that it is equipped and staffed to accommodate short-term rehabilitation typically associated with Medicare stays and long-term skilled nursing care. Freedom Square explains that has 60 community nursing home beds and 56 sheltered beds divided into two nursing units and includes a list of features that are provided with each nursing unit.

Freedom Square states that each nurse station and the adjacent support space is placed centrally to the three wings of the SNF unit which place it a convenient vantage point so that the nursing staff has constant visual control of the areas. The applicant asserts that patient services include:

- Speech, occupational and physical therapies
- Outpatient rehabilitation
- General wound care and management
- Acute medical conditions
- Interim medical care following a hospital stay
- Massage and IV therapy
- Laboratory and X-ray service
- Respiratory and Parkinson's care
- Terminal illness care (in cooperation with Suncoast Hospice)
- Stroke recovery
- Diabetic rehabilitation
- Nutritional counseling and special diets
- Individualized care plans

The applicant states that other services and amenities that will provide support, comfort and security include the following:

- 24-hour nursing care
- Social services
- Therapeutic recreational activities
- 24-hour open visitation hours
- Private lavatory/shower
- Barber/beauty salon services
- Accommodations to special therapeutic diet needs
- Therapy suite
- Facility transportation service
- Structures activities seven days a week
- Wi-Fi
- Pet therapy
- Pharmacy services
- Security monitor system
- Multi-lingual staff

Freedom Pointe discusses Brookdale's Clare Bridge Concept for Memory care, indicating that the program is deeply rooted in a person-centered approach focused on sustaining feelings of belonging and purpose while seeking to preserve a sense of self.

The applicant asserts that it has developed a generous portion of its Freedom Square facility to skilled memory care. The applicant notes that services include:

- Customized anti-aging and dementia prevention programs
- Consultation on lifestyle, diet and supplements, plus bio-identical hormones in selected cases
- Optimization of brain function through neuro feedback

The applicant notes that it provides patients a more comfortable environment for treatment of respiratory disorders, stating that a respiratory therapist is on-site twice weekly and on-call around the clock. The reviewer notes that Schedule 6 does not denote any respiratory therapist FTEs for the facility nor does Schedule 8 specifically note respiratory therapist costs.

Freedom Square indicates that it has partnered with Suncoast Hospice to provide in-place complex care for end-of-life patients to address symptoms such as:

- Pain management
- Symptom control
- Respiratory distress
- Severe nausea and vomiting
- Restlessness

The applicant discusses management and evaluation of the care plan, indicating that each care plan will include measureable objectives to meet the resident's goals. Freedom Square asserts that daily charting supports the need for and delivery of daily skilled nursing and the applicant includes a list of documents supporting the level of care.

Freedom Square notes that a physician must personally approve in writing a recommendation that an individual be admitted to the facility. The applicant indicates that a preliminary assessment of the resident and development of care will take place during the admission process. The applicant asserts that the care plan committee provides a discharge plan and a physician's order is required for all discharges. Freedom Square includes samples of its policies and forms associated with these procedures in Exhibits 2-1 through 2-6 of CON application #10286.

The applicant believes that the facility will be primarily utilized to provide short-term rehabilitation or long-term skilled nursing care and the primary payer is Medicare. The applicant states that Medicare stays are between 21 and 40 days. Freedom Square

contends that shorter stays are reflective of the need for rehabilitative care in the local area. 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 calendar years (CYs) of operation.

**Freedom Square-Pinecastle  
Projected Admissions, Patient Days, ALOS and ADC**

	<b>CY 2016</b>	<b>CY 2017</b>
Admissions	240	240
Patient Days	39,745	39,745
ALOS	165.6	165.6
ADC	108.6	108.9

Source: CON application #10286, page 2-8

The reviewer notes that the applicant only provided a staffing pattern for year one (ending 2016). The provided Schedule 6A shows that no new FTEs will be added for year one. In addition, the applicant did not provide a Schedule 7 of the facility's revenues without the proposed conversion of the 56 beds so the reviewer was not able to calculate forecasted incremental admissions or patient days.

**Tierra Pines Center, LLC (CON #10287)** asserts that it will participate in both the Medicare and Medicaid programs to meet the needs of its customers. The applicant states that it currently offers short-term rehabilitation, long-term care, palliative care, respite care and a 24-bed secured Alzheimer's/dementia program.

Tierra Pines notes that programs and services available to Tierra Pines customers include:

- Physical, occupational, speech and respiratory therapy
- PT/OT/ST/RT therapeutic modalities
- Animal assisted therapy
- Medical management
- Partner and customer ambassador program
- CaringWay dementia and Alzheimer's care

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The applicant maintains that other services and programs available to Tierra Pines customers include:

- Full-time medical director
- 24-hour RN coverage
- Access to diagnostic imaging and lab services
- Ostomy and enteral care
- Foley catheter care, changes, teaching
- Diabetic care and management
- Medication management
- Bowel and bladder training
- Structured activities seven days a week
- Pet therapy
- Daily transportation
- Beauty/barber shop

The applicant indicates that Opis Policy and Procedures that are utilized by Tierra Pines are attached:

- Pre-admissions process
- Admissions policy and procedures
- Interdisciplinary care planning
- Discharge planning

Tierra Pines' Schedule 7 indicates that the ALOS is 190 days for year one and 317 days for year two of operation of the 33-bed addition. The schedule also shows 33 incremental admissions and 6,257 incremental patient days in year one and 38 incremental admissions and 12,045 incremental patient days in year two for the proposed addition.

Schedule 6A indicates that the number of FTE staff added by this project totals 20.00 in year one and 35.79 in year two. See the table below.

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<b>Tierra Pines Center, LLC, 33-Bed Expansion (CON application #10287) Projected Year One and Year Two Staffing</b>		
	<b>Year One FTEs</b>	<b>Year Two FTEs</b>
<b>Nursing</b>		
RNs	0.28	0.76
LPNs	2.47	4.53
Nurses' Aides	7.73	14.94
Unit Manager-RN	0.67	0.75
Learning Specialist (Educator)	0.21	0.50
Nursing Clerical Assistant	0.00	0.40
Unit Clerk	0.42	1.00
Assistant Director of Nursing	0.75	1.00
MDS Coordinator	0.50	1.00
<b>Dietary</b>		
Cooks	0.27	0.41
Dietary Aides	1.17	2.00
<b>Social Services</b>		
Recreating Aide	0.75	1.00
Social Worker	0.42	1.00
<b>Housekeeping</b>		
Housekeeping Supervision	0.50	1.00
Housekeepers	1.92	3.00
<b>Laundry</b>		
Laundry Aides	1.00	1.50
<b>Plant Maintenance</b>		
Maintenance Assistance	0.67	1.00
<b>Total</b>	<b>20.00</b>	<b>35.79</b>

Source: CON application #10287, Schedule 6A

**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.**

**Each co-batched applicant** states not having had a nursing home license denied, revoked or suspended within 36 months prior to the current application.

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?**

**Each co-batched applicant** states not having had a nursing home placed into receivership.

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

**Each co-batched applicant** indicates that this provision is not applicable.

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.**

**Each co-batched applicant** indicates that this provision is not applicable.

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.**

**Each co-batched applicant** indicates that this provision is not applicable, since there have been no violations.

- 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.**

**Each co-batched applicant** 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 86 licensed community nursing homes with a total of 9,715 community nursing home beds in District 5. Subdistrict 5-2 is composed of Pinellas County and has 70 licensed community nursing homes with a total of 7,777 community nursing home beds. The subdistrict averaged 88.56 percent total occupancy for the 12-month period ending June 30, 2014.

**CCRC Op Co-Freedom Square, LLC (CON #10286)** notes that for the most recent 12 months ending June 2014, overall occupancy in Pinellas County (88.6 percent) was virtually the same as District 5 (90.0 percent). The applicant states that the three affiliated Brookdale SNFs in Subdistrict 5-2--the applicant, Seminole Pavilion Rehabilitation and Nursing Services and Sylvan Health Center--show occupancy rates of 91.0 percent or higher for the 12-month period ending June 2014. The applicant contends that this clearly demonstrates that Brookdale SNF beds and services are in demand.

Freedom Square provides a chart of its occupancy rates for CYs 2012-2013 and January 2014-September 2014, noting that occupancy is an important component of availability since an occupied bed is not an available bed. The applicant indicates that the total facility--community and sheltered beds--was 94 percent occupied from January 2014-September 2014. The reviewer notes that given that the facility's community beds are highly occupied as noted by the applicant, the reviewer assumes that the sheltered beds available to life care contract members are equally if not more highly utilized.



The applicant notes that by converting its entire compliment of sheltered beds to community beds, sheltered beds will no longer be guaranteed to life contract holders. Freedom Square states that in the event a CCRC life contract holder requires a skilled nursing bed and none is available, the resident will be transferred to another facility until a bed at Freedom Square becomes available, returning as soon as a bed is available. The applicant asserts that if a life contract holder is transferred to another facility, Brookdale will honor the terms of the resident's life contract with respect to out-of-pocket expenses and co-payments while staying at the outside facility. It is unclear from the data provided by the applicant how approval of the proposed conversion which includes all 56 of the applicant's sheltered beds would improve availability and accessibility to skilled nursing for residents of the CCRC.

The applicant maintains that as a result of growing population and a fixed bed supply, the bed rates for persons 65+ and 75+ have declined steadily over the last several years, indicating a need for additional beds in the subdistrict. The applicant provides a figure illustrating this trend on page 3-3 of CON application #10286.

The applicant states that the applicant's association with an experienced provider like Brookdale ensures the delivery of the highest quality health care as well as adherence to Chapter 400, Part II, Florida Statutes, and Rule 59A-4, Minimum Standards for Nursing Homes. Freedom Square provides its mission statement on page 3-5 of CON application #10286: *"Enriching the lives of those we serve with compassion, respect, excellence and integrity."*

Freedom Square declares that with regards to location, the project is an existing facility located at 10801 Johnson Boulevard, Seminole, Florida 33772. The applicant notes that population demographics, locations of existing SNFs, hospitals and roadways have been considered so the conversion of the 56 sheltered beds to community beds will improve access and availability to the community.

The applicant indicates that a local service area for Freedom Square has been defined based on internal patient origin data for the period January 2012-early November 2014. Freedom Square explains that the service area comprises 13 ZIP codes and represents 88.2 percent of all community patients admitted to Freedom Square during the period. The applicant provides a patient origin and service area definition table illustrating this analysis and also includes a map showing the service area geographically. Freedom Square notes a five-mile band centered around its location--the applicant points out that there are 12 SNFs, including in the applicant, with licensed community SNF beds within five miles of Freedom Square.

Freedom Square indicates that the 2015 population of the service area is 283,084 of which 71,503 are seniors (33.4 percent of the senior population of the entire county). The applicant states that by 2020, Freedom Square’s service area is expected to reach 81,677 (34.3 percent of Subdistrict 5-2’s senior population). Freedom Square declares that adding beds to this service area assures that access will be improved where it is needed most.

The applicant asserts that since hospitals are referral sources for nursing homes, proximity to area hospitals is important--Freedom Square is located within approximately five miles of four short-term acute care hospitals. The applicant reports that these hospitals discharged a combined total of 5,602 patients to SNFs during the most recent 12-month period ending March 2014--68.0 percent of these discharges were residents of Freedom Square’s service area. Freedom Square indicates that during the same time period Morton Plant Hospital--about 7.6 miles away from the applicant--discharged a high number of residents of the service area to SNFs. See the table below.

**Discharges to SNFs, All Ages  
April 2013 to March 2014**

<b>Hospital</b>	<b>Total Discharges to SNFs</b>	<b>Service Area Residents</b>	
		<b>Number</b>	<b>Percent</b>
Largo Medical Center	2,787	1,993	71.5%
Morton Plant Hospital	3,272	1,114	34.0%
Northside Hospital	1,583	1,000	53.2%
St. Petersburg General Hospital	1,000	707	70.7%
Largo Medical Center Indian Rocks	232	152	65.5%

Source: CON application #10286, page 3-12

Freedom Square further reports that Subdistrict 5-2 has a total 13 short-term acute care hospitals and during the 12-month period ending March 2014, they discharged 19,344 patients to SNFs. The applicant indicates that hospitals discharged 19,069 Subdistrict 5-2 residents to SNFs during the same time period--Freedom Square includes a map of Pinellas County illustrating this trend and two tables delineating the discharges by city on pages 3-13 to 3-15 of CON application #10286.

The applicant contends that facilities with high occupancy rates reduce access to needed beds because beds which are occupied are not available to those in need. The applicant states that the prevailing standard in skilled nursing care is semi-private accommodation. Freedom Square believes that thus, disease status and gender have a direct effect on whether an unoccupied bed is available to the person who may require one.

The applicant provides a detailed chart of nursing home utilization by facility in Subdistrict 5-2 for July 2013-2014. Freedom Square points out that occupancy rates in Subdistrict 5-2 range from a low of 59.4 percent at Westminster Palms to a high of 97.1 percent at Consulate Healthcare of Safety Harbor, with a mean occupancy rate of 90.6 for the entire county.

Freedom Square provides the following table illustrating that the 12 SNFs located within five miles of the applicant each has high occupancy rates and quality scores. The applicant contends that the inventory of SNFs within five miles of Freedom Square is near capacity and given the anticipated growth in senior population, the area will need more available beds. See below.

**Occupancy Rates and Quality Scores for SNFs  
within Five Miles of Freedom Square, July 2013-June 2014**

<b>Provider Name</b>	<b>Community Beds</b>	<b>Total Occupancy</b>	<b>Medicaid Occupancy</b>	<b>Star Rating Quality</b>
Alhambra Health and Rehab	60	95.3%	52.3%	4
Consulate Health Care of St. Petersburg	120	94.1%	39.7%	4
Freedom Square Rehabilitation	60	91.1%	52.2%	5
Gulf Shore Rehab and Nursing	120	94.3%	50.1%	5
Jacaranda Manor	299	95.2%	88.5%	4
Largo Health and Rehab Center	158	96.3%	66.9%	4
Lexington Health and Rehab	159	93.5%	51.6%	4
Oak Manor Healthcare	180	87.9%	64.5%	5
Palm Garden of Pinellas	120	89.0%	69.6%	3
Seminole Pavilion and Nursing	120	94.3%	36.2%	3
Tierra Pines Center	120	96.5%	76.6%	4
Wrights Health and Rehab	60	84.9%	41.9%	5

Source: CON application #10286, page 3-19

The applicant provides a table illustrating resident days, bed days, Medicaid days and occupancy rates for CYs 2009-2013 and for July 2013-2014 for its two other affiliated Brookdale facilities in Subdistrict 5-2--Seminole Pavilion Rehabilitation and Nursing Services and Sylvan Health Center. The applicant contends that occupancy rates for Seminole Pavilion have been consistently high, like other facilities in the service area. The reviewer notes that the applicant's data steadily show occupancy rates in the 90<sup>th</sup> percentile.

The applicant provides the following forecast for Freedom Square, noting that it expects to maintain an occupancy rate of at least 93 percent in the first two years of conversion.

**Forecast for Freedom Square, First Two Years of Operation**

<b>Factor</b>	<b>CY 2016</b>	<b>CY 2017</b>
Resident Days	39,745	39,745
Community Beds	116	116
Bed Days	42,456	42,340
Medicaid Days	16,824	16,824
Occupancy	93.9%	93.9%
Medicaid Occupancy	42.3%	42.3%

Source: CON application #10286, page 3-21

**Tierra Pines Center, LLC (CON #10287)** provides an analysis of 2014 SNF beds per 1,000 population ages 65+ and 75+ in Tierra Pines’ primary draw area<sup>2</sup>, a 10-mile radius-Tierra Pines ZIP Code 33771, Pinellas County, District 5 and Florida. The applicant indicates that inspection of occupancy rates suggest that several SNFs in the subdistrict and in Tierra Pines primary draw area are at capacity and unable to accommodate additional admissions.

The applicant includes an analysis of occupancy levels from 2011 to 2014, finding that Tierra Pines’ occupancy levels for over four years have exceeded the district, subdistrict and state medians. Tierra Pines points out that for the 12-month period ending September 30, 2014, its average annual occupancy was a remarkable 97.5 percent and given that the data reflect annual averages and are not adjusted for semiprivate rooms that cannot be occupied due to patient gender or special medical/management considerations, Tierra Pines is operating at full occupancy.

Tierra Pines insists that running near full capacity has implications for referring physicians and points out a letter of support written by a practicing physician in Pinellas County who writes that all too often the case management or discharge planners at the hospital are informed that Tierra Pines is fully occupied.

Tierra Pines includes a data analysis of nursing home utilization of facilities within 10 miles of Largo, Florida and within the applicant’s primary draw resident area along with two maps illustrating the geographic location of Tierra Pines. The applicant points out that it has the second highest annual occupancy of the 42 SNFs located within a 10-mile radius of Largo, Florida and the highest occupancy among the 25 SNFs within its primary resident draw for the 12 months ending June 30, 2014.

<sup>2</sup> The applicant defines its primary draw area as contiguous ZIP codes accounting for 79 percent of Tierra Pines Center in 2012/2013.

Tierra Pines notes that the Agency published a need for 89 beds in the subdistrict. The applicant states that to further support the methodology, a commonly used demand model approach of patient days/1,000 age 65+ was conducted. The applicant finds that:

- Over the three-year period 2011-2014 ending June 30<sup>th</sup>, the nursing home patient day use rate/1,000 age 65+ population declined by -2.0 percent/year for Pinellas County compared to -2.1 percent/year for Florida
- Notwithstanding medical treatment and regulatory trends, the nursing home patient day use rate was projected to continue to decline based on two additional simulation models
  - A table calculating net SNF bed need for the 10-mile radius surrounding Tierra Pines in Largo, Florida 33771
  - A table calculating net SNF bed need for the 17 ZIP codes accounting for 79 percent of Tierra Pines’ admissions in 2012-2013

The applicant insists that both need methodologies, the Agency and the patient day use rate approach, conclude that additional SNF beds are needed in Pinellas County and that the area around Tierra Pines in Largo, Florida has the greatest need for additional SNF beds.

Tierra Pines indicates that it increasingly receives referrals from other nursing homes, in particular facilities that specialize in short-stay rehab of Medicare patients. The applicant includes the following chart on trends in referral sources, indicating that thus far in 2014, referrals from other SNFs have increased dramatically in relative population to other referral sources. The applicant explains that because of consistently high occupancy, Tierra Pines is not able to accommodate all referrals.

**Tierra Pines Center, Trends in Referral Sources**

Source of Referral	2012/2013		2014- Partial year	
	Resident Admissions	Percent Distribution	Resident Admissions	Percent Distribution
Acute care hospitals	144	45.6%	34	34.0%
Resident’s home	110	34.8%	11	11.0%
Other nursing homes	52	16.5%	43	43.0%
Assisted living facilities	10	3.2%	8	8.0%
Hospice programs	0	0.0%	4	4.0%
Total	316	100.0%	99	100.0%

Source: CON application #10287, page 27, based on Opis Management records

The applicant also provides data on the percent of acute care hospital discharges to SNFs for residents of Pinellas County, Pasco County, District 5 and Florida for the 12 months ending March 31<sup>st</sup>, 2014 and by age category for Pinellas County, District 5 and the State for 2012-2014. The applicant insists that from the referral source data, it can be concluded that Tierra Pines serves a vital role in caring for the long-term

nursing home patient and acute care hospitals are increasingly looking for nursing homes to provide sub-acute care for their patients.

The applicant insists that Medicaid patients suffering from Alzheimer's/dementia disorders needing a secure setting are the most difficult to place. Tierra Pines states that it prides itself on caring for "customers" requiring long-term nursing care and notes that its 24-bed secure unit is virtually full at all times.

Tierra Pines states that as the Medicare Payment Advisory Commission has noted, there is ample SNF bed capacity for the short-stay Medicare rehabilitation patient. The applicant believes that the challenge is finding a Medicaid-certified bed for long-term nursing home patients. Tierra Pines indicates that for beneficiaries qualifying for skilled nursing care, Medicare pays 100 percent for the first 20 days and then beneficiaries have a copayment beginning on the 21<sup>st</sup> to 100<sup>th</sup> day. The applicant states that not surprisingly, the Florida Health Care Association reports Medicare rehab stays in a SNF of 33 days compared to 386 days for Medicaid long-term care.

The applicant includes charts of nursing home utilization for July 2013 to June 2014 for facilities within 10 miles of Largo, Florida and for Tierra Pines' primary resident draw area along with a discussion of access challenges. Tierra Pines declares that it recognizes the plight faced by Medicaid recipients and their families and stands ready to continue to meet this need for quality long-term care services. The applicant feels the requested addition of 33 beds will greatly enhance Tierra Pines' commitment to the Medicaid patient population.

Tierra Pines states that with high occupancies and referral of seniors out of central Pinellas County to find a vacant bed combined with population density, traffic congestion, quality of roadways and inadequate public transportation, spouses and elderly family members are faced with access issues to participate in the care of their loved ones. The applicant believes that adding 33 beds to Tierra Pines will not solve this dilemma, but the additional beds will help to ease the capacity issues currently encountered.

The reviewer notes that the applicant provides following table illustrating its projected utilization for CYs 2017 and 2018.

**Tierra Pines Center  
Projected Utilization-Year One and Two, CON for 33-Bed Addition**

Period	NH Beds	Patient Days	Occupancy Rate	Average Daily Census
Most Recent Year Quarter 4'2013 to Quarter 3'2014	120	42,700	97.5%	117
<b>Projected</b>				
Year One (CY 2017)	153	48,962	87.7%	134
Year Two (CY 2018)	153	54,750	98.0%	150

Source: CON application #10287, page 33

- 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.**

**CCRC Op Co-Freedom Square, LLC (CON #10286)** states that the facility is expected to attain and maintain its high quality rating because of its broad-based support for residents. The applicant discusses its mission statement and its Optimum Life® program on pages 4-1 to 4-2 of CON application #10286.

The applicant asserts that Brookdale’s promise is to consider residents and their families as partners in care and to listen well so that choices are respected and care is provided with compassion and competence. Freedom Square includes a brief description of competence, compassion, flexibility, cleanliness and hospitality.

Freedom Square reports that 78 percent of Brookdale’s Florida SNFs have been awarded a four or five star quality rating by the Centers for Medicare and Medicaid Services. The applicant discusses further recognitions of its facilities on pages 4-3 to 4-5 of CON application #10286.

The applicant indicates that Brookdale uses PointRight RADAR--an analytics reporting system--to proactively assess trends, track decline, plan interventions for affordable high risk outcomes and begin a dialogue with residents and their families on care preferences. Freedom Square states that the three perspectives of Brookdale Senior Living’s Quality Assurance Performance Improvement Model include ensuring the foundation, creating improvement and sustaining the gains. The applicant includes its forms and policies related to quality of care in Exhibit 4-4 of CON application #10286.

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

- Building relationships with residents
- Assuring resident participation
- Offering targeted services to residents needs
- The Brookdale Bridge: ensuring safe transitions for residents
- Preventing resident abuse

Freedom Square is not a Gold Seal Program nor is it on the Nursing Home Watch List. The most recent Agency inspection indicates that Freedom Square received an overall four star rating out of a possible five stars. The Agency’s Nursing Home Guide was last updated November 2014. Freedom Square had zero substantiated complaints during November 19, 2011 to November 19, 2014.

Agency records indicate the applicant operates 12 SNFs in Florida:

- Lake Harris Health Center
- Freedom Pointe at the Villages Rehabilitation & Healthcare Center
- Atrium Healthcare Center
- Sylvan Health Care
- Freedom Square Rehabilitation Center and Nursing Services
- Seminole Pavilion Rehabilitation and Nursing Services
- Freedom Village at Bradenton
- Plaza West
- Premier Place at Glenview
- Harbour Health Center
- Palmer Ranch Healthcare and Rehabilitation
- Cypress Village

Agency complaint records indicate that the affiliated nursing home associated with the parent company, for the three-year period ending November 19, 2014, had 20 substantiated complaints at 12 facilities. A single complaint can encompass multiple complaint categories. The substantiated complaint categories are listed below:

<b>Nursing Homes affiliated with Brookdale</b>	
<b>Complaint Category</b>	<b>Number Substantiated</b>
Quality of Care/Treatment	12
Nursing Services	3
Admission/Transfer and Discharge	3
Resident Rights	3
Physical Environment	3
Administration/Personnel	2
Resident Assessment	1
Resident Abuse	1

Source: Agency for Health Care Administration Complaint Records



**Tierra Pines Center, LLC (CON #10287)** states that it is a multiple Gold Seal awarded facility and has a remarkable track record of quality awards. The applicant indicates that on Wednesday, December 10<sup>th</sup>, the Governor's Panel on Excellence in Long-Term Care again recommended Tierra Pines for a second renewal of its Gold Seal Award designation through 2017. Tierra Pines asserts that in June of 2014, 106 facilities qualified as finalists by being in the top 15 percent of their region or the top 10 percent, but on December 10<sup>th</sup>, only nine were recommended for the Gold Seal, one out of 12 finalists.

Tierra Pines maintains that it is one of only two SNFs to achieve the highest achievable five star Centers for Medicare and Medicaid services Nursing Home Compare rating for "Overall Rating" and "Health Inspections" among the 25 SNFs in the 17 ZIP codes that constitute Tierra Pines' primary draw area accounting for 79 percent of its admissions.

The applicant includes a detailed analysis of its track record that includes a comparison of key quality metrics to county, state and national medians and a discussion of clinical outcome measures on pages 43 to 50 of CON application #10287.

The reviewer confirms that Tierra Pines is a Gold Seal Program. The applicant is not on the Nursing Home Watch List. The most recent Agency inspection indicates Tierra Pines received an overall five-star rating out of a possible five stars. The Agency's Nursing Home Guide was last updated November 2014. Tierra Pines has zero substantiated complaints during November 19, 2011 to November 19, 2014.

Agency records indicate that the applicant 10 SNFs in Florida:

- Bayview Center
- Bridgeview Center
- Coquina Center
- Fairway Oaks Center
- Highlands Lake Center
- Indian River Center
- Island Lake Center
- Riverwood Center
- Ruleme Center
- Tierra Pines Center

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

<b>Nursing Homes affiliated with Opis Management</b>	
<b>Complaint Category</b>	<b>Number Substantiated</b>
Quality of Care/Treatment	10
Resident/Patient/Client Rights	4
Admission, Transfer & Discharge Rights	3
Administration/Personnel	2
Resident/Patient/Client Neglect	1
Resident/Patient/Client Abuse	1
Dietary Services	1
Physical Environment	1

Source: Florida Agency for Healthcare 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.**

**CCRC Op Co-Freedom Square, LLC (CON #10286):**

**Analysis:**

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

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

Below is an analysis of the audited financial statements of Brookdale Senior Living, Inc. and HCP, Inc., joint owners of the parent company CCRC OpCo Ventures, LLC, and where the two short-term and long-term measures fall on the scale (highlighted in gray) for the most recent year. All dollar values are in thousands.

**CON Action Number: 10286 and 10287**

<b>Brookdale Senior Living, Inc.</b>		
	<b>Current Year</b>	<b>Previous Year</b>
Current Assets	\$294,862	\$309,038
Total Assets	\$4,737,757	\$4,706,768
Current Liabilities	\$870,844	\$1,130,898
Total Liabilities	\$3,716,820	\$3,709,782
Net Assets	<b>\$1,020,937</b>	<b>\$996,986</b>
Total Revenues	\$2,891,966	\$2,768,738
Excess of Revenues Over Expenses	(\$3,584)	(\$66,467)
Cash Flow from Operations	\$366,121	\$290,969
<b>Short-Term Analysis</b>		
Current Ratio (CA/CL)	0.3	0.3
Cash Flow to Current Liabilities (CFO/CL)	42.04%	25.73%
<b>Long-Term Analysis</b>		
Long-Term Debt to Net Assets (TL-CL/NA)	278.8%	258.7%
Total Margin (ER/TR)	-0.12%	-2.40%
<b>Measure of Available Funding</b>		
Working Capital	(\$575,982)	(\$821,860)

<b>Position</b>	<b>Strong</b>	<b>Good</b>	<b>Adequate</b>	<b>Moderately Weak</b>	<b>Weak</b>
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%

**CON Action Number: 10286 and 10287**

<b>HCP, Inc.</b>		
	<b>Current Year</b>	<b>Previous Year</b>
Current Assets	\$328,050	\$281,823
Total Assets	\$20,075,870	\$19,915,555
Current Liabilities	\$318,427	\$293,994
Total Liabilities	\$9,144,736	\$9,161,778
Net Assets	<b>\$10,931,134</b>	<b>\$10,753,777</b>
Total Revenues	\$2,099,878	\$1,879,970
Excess of Revenues Over Expenses	\$985,006	\$846,842
Cash Flow from Operations	\$1,148,987	\$1,034,870
<b>Short-Term Analysis</b>		
Current Ratio (CA/CL)	1.0	1.0
Cash Flow to Current Liabilities (CFO/CL)	360.83%	352.00%
<b>Long-Term Analysis</b>		
Long-Term Debt to Net Assets (TL-CL/NA)	80.7%	82.5%
Total Margin (ER/TR)	46.91%	45.05%
<b>Measure of Available Funding</b>		
Working Capital	\$9,623	(\$12,171)

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

**Capital Requirements and Funding:**

The applicant lists \$10,507,826 for capital projects including the application currently under review. For this project, there are no capital costs. The applicant is converting 56 existing sheltered beds. Therefore, minimal costs are projected for this CON. The only cost associated with this CON is project development costs of \$76,482. Funding for this project will be provided by operating cash flows in proportion to the ownership of the parent company (51 percent for Brookdale Senior Living, Inc. and 49 percent for HCP, Inc.). Both parents have significant positive operating cash flows as shown in the above tables (amounts in thousands).

**Conclusion:**

Funding for this project should be available as needed.

**Tierra Pines Center, LLC (CON #10287):**

**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 on 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 applicant provided copies of its parent company, Gabriel Living Centers, LLC, and Subsidiaries, audited financial statements for the periods ending December 31, 2013 and 2012. Below is an analysis of the audited financial statements of the applicant where the short-term and long-term measures fall on the scale (highlighted in gray) for the most recent year.

**CON Action Number: 10286 and 10287**

<b>CON 10287-Gabriel Living Centers, LLC and Subsidiaries</b>		
	<b>Dec-13</b>	<b>Dec-12</b>
Current Assets	\$12,621,464	\$13,884,441
Total Assets	\$20,765,029	\$21,337,604
Current Liabilities	\$7,831,746	\$9,219,284
Total Liabilities	\$14,939,953	\$15,498,889
Net Assets	\$5,825,076	\$5,838,715
Total Revenues	\$126,716,150	\$131,834,075
Excess of Revenues Over Expenses	\$186,361	\$191,200
Cash Flow from Operations	\$1,663,194	\$5,187,850
<b>Short-Term Analysis</b>		
Current Ratio (CA/CL)	1.6	1.5
Cash Flow to Current Liabilities (CFO/CL)	21.24%	56.27%
<b>Long-Term Analysis</b>		
Long-Term Debt to Net Assets (TL-CL/NA)	122.0%	107.6%
Total Margin (ER/TR)	0.15%	0.15%
<b>Measure of Available Funding</b>		
Working Capital	\$4,789,718	\$4,665,157

<b>Position</b>	<b>Strong</b>	<b>Good</b>	<b>Adequate</b>	<b>Moderately Weak</b>	<b>Weak</b>
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 indicates on Schedule 2 capital projects totaling \$8,692,426 which includes \$4,029,330 for this project. The applicant indicates on Schedule 3 that funding for the project will be provided by FC Eclipse Investment, LLC (FC Eclipse), an affiliate of Formation Capital, LLC, a private real estate investment trust. FC Eclipse provided a letter of interest in financing this project. A letter of interest does not constitute a firm commitment to lend. Even if it were a firm commitment to lend, it is not clear that this private entity has the resources to provide the debt financing for this project. In the absence of a firm commitment to lend, we would look to the financial strength of the applicant/parent and assess the likelihood that it could obtain debt financing.

The overall financial position of the parent entity is moderately weak and they are highly leveraged (see table above). The parent does have working capital in excess of the amount needed for this project but given the questions on funding and the weak financial position, it is not clear if it could fund the entire capital budget.

**Conclusion:**

Funding for this project appears likely. However, funding for the entire capital budget is in question.

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

**CCRC Op Co-Freedom Square, LLC (CON #10286):**

**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.

**CON Action Number: 10286 and 10287**

	PROJECTIONS PER APPLICANT		COMPARATIVE GROUP VALUES PPD		
	Total	PPD	Highest	Median	Lowest
Net Revenues	13,637,513	343	485	383	250
Total Expenses	10,649,698	268	484	364	284
Operating Income	2,987,815	75	64	16	-113
Operating Margin	21.91%		<b>Comparative Group Values</b>		
	Days	Percent	Highest	Median	Lowest
Occupancy	39,746	93.87%	96.71%	90.25%	70.42%
Medicaid/MDCD HMO	16,824	42.33%	49.81%	44.42%	30.80%
Medicare	7,673	19.31%	62.12%	33.63%	10.26%

**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 only provided data for the first year of operations, therefore the Agency cannot determine if staffing is sufficient in the second year. Based on the information provided in Schedule 6, the applicant’s projected staffing meets this requirement in the first year.

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 applicant projected an overall profit both with and without the net earnings of the rest of the CCRC.

A the projected NRPD fall within the group range and is considered reasonable, while CPD are projected below the group low and appear understated resulting in profitability being above the highest in the group. 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. Therefore, the overall profitability appears achievable however, the apparent understated cost discussed above suggest that profitability would be lower than projected.



**Conclusion:**

This project appears to be financially feasible.

**Tierra Pines Center, LLC (CON #10287):**

**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	15,427,250	256	354	283	214
Total Expenses	15,354,067	255	359	281	197
Operating Income	73,183	1	36	3	-31
Operating Margin	0.47%		<b>Comparative Group Values</b>		
	Days	Percent	Highest	Median	Lowest
Occupancy	60,293	95.48%	99.65%	85.91%	44.87%
Medicaid/MDCD HMO	50,497	83.75%	89.99%	78.56%	69.96%
Medicare	4,686	7.77%	24.87%	11.91%	3.51%

**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 nursing staffing meets this requirement.

However, the projected nursing assistant staffing is 0.05, less than the 2.5 requirement.

While projected NRPD, CPD and profit fall within the group range and are considered reasonable, the total cost are likely understated due to the lack of sufficient staffing as outlined above. Even though the difference in staffing between what is projected and required is small, so is the projected margin at essentially break even. The applicant operated at a loss in 2013 according to Medicaid cost reports filled with the Agency. It appears that feasibility of the nursing home to operate at a profit is dependent on these projects and would reduce the current actual losses.

**Conclusion:**

This project appears to increase the overall financial feasibility of the existing nursing home. However, long-term feasibility is in question given the relatively small margins.

- 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.**

**CCRC Op Co-Freedom Square, LLC (CON #10286):** 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 plant due to a conversion would need to be reviewed by the Office of Plans and Construction.

**Tierra Pines Center, LLC (CON #10287):** The applicant has submitted all information and documentation necessary to demonstrate compliance with the architectural review criteria. The cost estimate for the proposed project provided in Schedule 9, Table A and the project completion forecast provided in Schedule 10 appear to be reasonable. A review of the architectural plans, narratives and other supporting documents did not reveal any deficiencies that are likely to have a significant impact on either construction costs or the proposed completion schedule.

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

- 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 Tierra Pines Center, the subdistrict, district and state is provided in the table below.

**Medicaid Patient Days and Medicaid Occupancy at  
Freedom Square Tierra Pines Center, Pinellas County, District 5 and Florida  
Community Nursing Home Beds**

<b>Medicaid Patient Days</b>					
<b>Facility/Area</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
Freedom Square	11,386	10,706	9,611	8,994	10,828
Tierra Pines Center	33,572	35,152	34,973	35,336	32,487
Pinellas County	1,597,237	1,602,750	1,647,332	1,639,958	1,610,985
District 5	1,938,204	1,959,794	2,026,119	2,026,303	1,989,445
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>
Freedom Square	54.59%	54.52%	47.87%	44.79%	54.05%
Tierra Pines Center	84.25%	85.60%	83.93%	85.55%	78.75%
Pinellas County	63.52%	63.83%	64.99%	65.47%	64.35%
District 5	61.86%	62.37%	63.95%	64.44%	63.25%
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

**CCRC Op Co-Freedom Square, LLC (CON #10286)** notes that it was created to serve residents of the community for short-term rehabilitation following a hospital stay and skilled long-term and memory care. Freedom Square maintains that for the most recent annual period ending June 30, 2014, its Medicaid occupancy rate was 52.2 percent for its 60 community beds. The applicant states that based on internal data, the reported Medicaid occupancy for the 56 sheltered beds was 41.8 percent during January 2014 through September 2014.

Freedom Square notes that all but one of its affiliated Brookdale facilities provides skilled nursing care to Medicaid patients. The reviewer notes that neither Brookdale-operated Premier Place at the Glenview nor Freedom Pointe at the Villages provides Medicaid services, the reviewer cannot confirm whether Freedom Village at Bradenton does provide Medicaid services. The applicant insists it will continue to extend Medicaid services at the existing facility and notes that the current Medicaid occupancy for all SNFs in Pinellas County is 64.0 percent.

**CON Action Number: 10286 and 10287**

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

**Brookdale 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>
Lake Harris Health Center	13,021	35,365	36.82%
Freedom Pointe at the Villages*	N/A	N/A	N/A
Atrium Healthcare Center (name changed to Brookdale Atrium Way 2 on 12/18/2014)	9,507	27,932	34.04%
Sylvan Health Care	4,410	20,524	21.49%
Freedom Square Rehab Center and Nursing	10,398	19,939	52.15%
Seminole Pavilion Rehab and Nursing Services	14,945	41,297	36.19%
Freedom Village at Bradenton*	N/A	N/A	N/A
Plaza West	6,899	37,665	18.32%
Premier Place at Glenview	0	7,636	0.00%
Harbour Health Center	16,151	35,474	45.53%
Palmer Ranch Healthcare and Rehabilitation	7,495	20,500	36.56%
<b>Total</b>	<b>75,934</b>	<b>246,332</b>	<b>31.23%</b>

Source: Florida Nursing Home Bed Need Projections by District and Subdistrict, October 2014 Batching Cycle  
\*The reviewer notes that these SNFs are sheltered facilities without Medicaid utilization

Freedom Square provides the following payer forecast for the first two years of operation.

**Forecasted Cases and Days by Payer for Freedom Square  
CY 2016 and CY 2017**

<b>Payer</b>	<b>Year One: CY 2016</b>		<b>Year Two: CY 2017</b>	
	<b>Patient Days</b>	<b>Percent</b>	<b>Patient Days</b>	<b>Percent</b>
Medicaid	16,824	42.3%	16,824	42.3%
Medicare	7,673	19.3%	7,673	19.3%
Private Pay	10,690	26.9%	10,690	26.9%
Commercial	1,876	4.7%	1,876	4.7%
Other Payers	2,683	6.8%	2,683	6.8%
<b>Total</b>	<b>39,745</b>	<b>100.0%</b>	<b>39,745</b>	<b>100.0%</b>

Source: CON application #10286, page 9-2

The applicant insists that with Brookdale facilities located throughout the state, care can be coordinated and operations managed efficiently to meet both short-term and long-term care for residents of the area.

Freedom Square states that in response to the recent reversal of the moratorium for additional SNF beds, coupled with the institution of the Statewide Medicaid Managed Care Long-Term Care program (SMMC LTC), long-term care providers are placing significant emphasis on ensuring adequate provision of care for Medicaid and medically underserved populations. The applicant feels that SNFs will continue to experience an increase in the proportion of medically complex patients

and states it is aware of these dynamics and will implement specific strategies for serving distinct Medicaid and medically underserved patient populations.

The applicant notes that following the February 2014 initiation of SMMC LTC in Region 5 (Pasco and Pinellas Counties), the four SMMC LTC plans operating enrolled approximately 10,000 individuals. Freedom Square maintains that it will enroll in, and continue to provide timely and accurate provider information to the Agency Provider Master List. The applicant asserts that it will also collaborate with the chosen LTC plan to identify and implement quality and performance measures to monitor the facility's clinical performance on an ongoing basis. Freedom Square provides a summary of the four available Medicaid SMMC LTC plans operating in Region 5.

The applicant's Schedule 7 indicates that Medicaid and self-pay represent 42.3 percent and 26.9 percent, respectively, of year one and year two annual total patient days.

**Tierra Pines Center, LLC (CON #10287)** asserts that it has established an outstanding record of providing services to Medicaid recipients. The applicant includes the following table of Medicaid history.

**Medicaid as a Percent of Total Nursing Home Days  
2011 to 2014, 12 Months ending June 30th**

	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
Tierra Pines Center	86.0%	85.0%	81.7%	76.6%
Pinellas County	65.0%	65.3%	64.8%	64.3%
District 5	63.8%	64.2%	63.9%	63.1%
Florida	61.6%	62.0%	61.6%	62.1%

Source: CON application #10287, page 62

Tierra Pines insists it has been willing to accept Medicaid transfers for long-term care from other nursing homes that focus on short-stay Medicare rehab patients. The applicant reports that the percent of referrals from other nursing homes has increased dramatically from 16.5 percent in 2012-2013 to 43 percent in 2014.

The applicant notes that year to date, for the first nine months of 2014, the percent of Medicaid days was 86.4 percent at Tierra Pines. The reviewer compiled the following Medicaid occupancy data for Opis operated Florida facilities for July 1, 2013 to June 30, 2014. See the table below.

**Opis 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>
Bayview Center	32,208	38,024	84.70%
Bridgeview Center	30,864	37,839	81.57%
Coquina Center	21,063	38,576	56.97%
Fairway Oaks Center	30,659	42,022	72.96%
Highlands Lake Center	35,834	63,681	56.27%
Indian River Center	44,349	62,161	71.35%
Island Lake Center	30,081	42,078	71.49%
Riverwood Center	78,944	67,665	85.71%
Ruleme Center	29,263	43,076	68.77%
Tierra Pines Center	32,381	41,418	76.63%
<b>Total</b>	<b>365,646</b>	<b>476,540</b>	<b>72.64%</b>

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 84.35 percent and 6.84 percent, respectively, of year one and 163.34 percent and 11.67 percent, respectively, of year two annual total patient days for the 33-bed addition. The reviewer notes that while Schedule 7’s percent of total patient says 163.34 percent, the actual percentage of Medicaid days is 85 percent.

Tierra Pines declares it will continue to provide services to Medicaid patients, far exceeding medians for the subdistrict, district or state.

**F. SUMMARY**

**CCRC Op Co-Freedom Square, LLC (CON #10286)** an affiliate of Brookdale Senior Living, proposes to add 56 community nursing home beds through the conversion of 56 sheltered nursing home beds in Subdistrict 5-2, Pinellas County.

The applicant operates 11 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 project development costs associated with the CON process, a total of \$76,482.50.

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

**Tierra Pines Center, LLC (CON #10287)**, a wholly owned subsidiary of Gabriel Living Centers, LLC, proposes to add 33 community nursing home beds in Subdistrict 5-2, Pinellas County. The managing entity for Tierra Pines is Opus Management Resources, LLC.

The applicant notes that it received an approval to add 20 beds under the “Governor’s Gold Seal” exemption. The Agency approved E140027 on October 31, 2014 pursuant to Florida Statutes, 59C-1.005(6)(e).

The project involves 10,633 GSF of new construction. The construction cost is \$2,815,011. Total project cost is \$4,029,330. Project cost includes land, building, equipment, project development, financing and start-up costs.

The applicant proposes one condition on its Schedule C. The reviewer notes that the applicant indicates in Schedule C’s Item E that it does not wish to accept any conditions.

**Need:**

In Volume 40, Number 193 of the Florida Administrative Register dated October 3, 2014, a fixed need pool of 89 beds was published for Subdistrict 5-2 for the July 2017 Planning Horizon.

As of November 19, 2014, Subdistrict 5-2 had 7,777 licensed and 20 approved community nursing home beds. During the 12-month period ending June 30, 2014, Subdistrict 5-2 experienced 88.56 percent utilization at 70 existing facilities.

**CCRC Op Co-Freedom Square, LLC (CON #10286)** states that there is clearly need for additional SNFs in Subdistrict 5-2 based on the following:

- The subdistrict has significant numbers of discharges in service lines and disease categories such as hip and knee procedures and replacements, septicemia, heart failure and stroke which will further increase demand for skilled nursing care
- The long-standing moratorium on new SNF beds means that the need for beds and services is overdue and the immediate availability of SNF beds is needed to keep pace with the demand

Freedom Square indicates that the 2015 population of the service area is 283,084 of which 71,503 are seniors (33.4 percent of the senior population of the entire county). The applicant states that by 2020, Freedom Square’s service area is expected to reach 81,677 (34.3 percent



of Subdistrict 5-2's senior population). Freedom Square declares that adding beds to this service area assures that access will be improved where it is needed most.

It is unclear from the data provided by the applicant how approval of the proposed conversion, which includes all 56 of the applicant's sheltered beds, would improve availability and accessibility to skilled nursing for residents of the CCRC.

The applicant indicates that the ALOS for the first two years of the conversion is expected to be 165.6 days.

**Tierra Pines Center, LLC (CON #10287)** provides an analysis of population demographics and dynamics, indicating that it supports the fixed need pool for Pinellas County and expands the horizon to 2019 demonstrating the impact of anticipated continued immigration of seniors and growth in the age 65+ and 75+ populations in Pinellas County compared to District 5 and the State. The applicant declares that the dynamics of five year growth in Pinellas County seniors suggest additional need for long-term care services in the future.

The applicant insists that Medicaid patients suffering from Alzheimer's/dementia disorders needing a secure setting are the most difficult to place. Tierra Pines states that it prides itself on caring for customers requiring long-term nursing care and notes that its 24-bed secure unit is virtually full at all times.

Tierra Pines' Schedule 7 indicates that the ALOS is 190 days for year one and 317 days for year two of operation for the proposed 33-bed addition.

**Quality of Care:**

Both applicants described their ability to provide quality care.

**CCRC Op Co-Freedom Square, LLC (CON #10286):** Freedom Square is not a Gold Seal Program nor is it on the Nursing Home Watch List.

For the most recent rating period, the existing facility had four out of a possible five star quality inspection rating.

Freedom Square had zero substantiated complaints during November 19, 2011 to November 19, 2014.

The applicant's controlling interest had 20 substantiated complaints at its 12 Florida SNFs during November 19, 2011 to November 19, 2014.

**Tierra Pines Center, LLC (CON #10287):** Tierra Pines is a Gold Seal Program and is not on the Nursing Home Watch List.

For the most recent rating period, the existing facility had five out of a possible five-star quality inspection rating.

The applicant had zero substantiated complains during November 19, 2011 to November 19, 2014.

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

**Financial Feasibility/Availability of Funds:**

**CCRC Op Co-Freedom Square, LLC (CON #10286):** Funding for this project should be available as needed. The applicant only provided data for the first year of operations, therefore the Agency cannot determine if staffing is sufficient in the second year. Based on the information provided in Schedule 6, the applicant's projected staffing meets the requirement in the first year. 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.

**Tierra Pines Center, LLC (CON #10287):** Funding for this project appears likely. However, funding for the entire capital budget is in question. Based on the information provided in Schedule 6, the applicant's projected nursing staffing meets the requirement. However, the projected nursing assistant staffing is 0.05, less than the 2.5 requirement. This project appears to increase the overall financial feasibility of the existing nursing home. However, long-term feasibility is in question given the relatively small margins.

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

**Medicaid/Charity Care:**

**CCRC Op Co-Freedom Square, LLC (CON #10286)** does not propose to condition project approval to a percentage of Medicaid days.

The applicant's Schedule 7 indicates that Medicaid and self-pay represent 42.3 percent and 26.9 percent, respectively, of year one and year two annual total patient days.

**Tierra Pines Center, LLC (CON #10287)** does not propose to condition project approval to a percentage of Medicaid days.

The applicant's Schedule 7 indicates that Medicaid and self-pay represent 84.35 percent and 6.84 percent, respectively, of year one and 163.34 percent and 11.67 percent, respectively, of year two annual total patient days for the 33-bed addition. The reviewer notes that while Schedule 7's percent of total patient says 163.34 percent, the actual percentage of Medicaid days is 85 percent.

**Architectural:**

**CCRC Op Co-Freedom Square, LLC (CON #10286):** 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.

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.

**Tierra Pines Center, LLC (CON #10287):** The cost estimate and the project completion forecast provided for the proposed project 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 #10287 to add 33 community nursing home beds in District 5, Subdistrict 2, Pinellas County. The total project cost is \$4,029,330. The project involves 10,633 GSF of new construction and a construction cost of \$2,815,011.

**CONDITION:**

- The parcel or address is 7380 Ulmerton Road, Largo, Florida 33771

Deny CON #10286.

**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**