

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

A. PROJECT IDENTIFICATION

1. Applicant/CON Action Number

Brevard Oaks Center, LLC/CON #10312
10150 Highlands Manor Drive, Suite 300
Tampa, Florida 33610

Authorized Representative: Delbert S. Wood
(813) 558-6600

SF Brevard, LLC/CON #10313
40 South Palafox Place, Suite 400
Pensacola, Florida 32502

Authorized Representative: Craig Robinson
(800) 861-9907

2. Service District/Subdistrict

District 7/Subdistrict 7-1 (Brevard County)

B. PUBLIC HEARING

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

Letters of Support

Brevard Oaks Center, LLC (CON #10312): The Agency received various letters of support submitted by the applicant. Two of these were from members of the Florida Legislature. Four letters were form letters submitted by employees of Brookdale Senior Living. The remaining letters were written by health care providers and attorneys practicing in Florida.

SF Brevard, LLC (CON #10313): The Agency received various letters of support submitted by the applicant. The letters were composed by local health care providers and organizations, with the exception of one letter written by an elder law attorney practicing in Melbourne, Florida.

C. PROJECT SUMMARY

Brevard Oaks Center, LLC (CON #10312), hereafter referred to as Brevard Oaks, to be managed by Opis Management, Resources LLC (referred to as Opis throughout this document), proposes to establish a new 131-bed community nursing home in Subdistrict 7-1, Brevard County.

Opis manages 10 skilled nursing facilities (SNFs) and one assisted living facility (ALF) in Florida. Within District 7, Opis operates:

- Indian River Center--West Melbourne (Subdistrict 7-1)
- Indian Lake Center--Longwood (Subdistrict 7-4)

The project involves 78,600 gross square feet (GSF) of new construction. The construction cost is \$11,790,000. Total project cost is \$15,632,000. Project cost includes land, building, equipment, project development, financing and start-up costs.

The applicant proposes to condition the project as shown below:

- Brevard Oaks, will provide at a minimum, the Subdistrict 7-1 (Brevard County) average in Medicaid and charity care patients (currently 55 percent)

SF Brevard, LLC (CON #10313), an affiliate of Gulf Coast HealthCare LLC (referred to as Gulf Coast throughout this document), proposes to establish a new 90-bed community nursing home through the delicensure of 30 beds from an existing licensed nursing home within the same subdistrict, Wave Crest Health and Rehabilitation Center (referred to as Wave Crest throughout this document) and 60 beds from the fixed need pool in in District 7/Subdistrict 7-1, Brevard County.

The applicant provides a notarized letter signed by Craig Robinson, Authorized Representative of Wave Crest, agreeing to voluntarily relinquish 30 of its 138 beds should the Agency approve this CON application in Exhibit 1-1 of CON application #10313.

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The applicant states that Gulf Coast owns and operates 44 SNFs and assisted living facilities in Florida, Mississippi and Alabama, 33 of these SNFs are located in Florida:

- Accentia Health and Rehabilitation Center of Tampa
- Arcadia Health and Rehabilitation Center
- Bayside Health and Rehabilitation Center
- Rosewood Health and Rehabilitation Center
- Specialty Health and Rehabilitation Center
- Silvercrest Health and Rehabilitation Center
- Bay Breeze Senior Living and Rehabilitation Center
- Grand Boulevard Health and Rehabilitation Center
- GlenCove Health and Rehabilitation Center
- Panama City Health and Rehabilitation Center
- Chipola Health and Rehabilitation Center
- Riverchase Health and Rehabilitation Center
- Brynwood Health and Rehabilitation Center
- Windsor Health and Rehabilitation Center
- Lake Eustis Health and Rehabilitation Center
- Suwannee Health and Rehabilitation Center
- Flagler Health and Rehabilitation Center
- Coastal Health and Rehabilitation Center
- DeBary Health and Rehabilitation Center
- Seaside Health and Rehabilitation Center
- Parkside Health and Rehabilitation Center
- Heritage Park Health and Rehabilitation Center
- Glen Oaks Health and Rehabilitation Center
- Lake Placid Health and Rehabilitation Center
- Wave Crest Health and Rehabilitation Center
- The Rehabilitation Center of Winter Park
- Oaks of Kissimmee Health and Rehabilitation Center
- Longwood Health and Rehabilitation Center
- Oakbrook Health and Rehabilitation Center
- Salerno Bay Health and Rehabilitation Center
- Boynton Health and Rehabilitation Center
- Royal Palm Beach Health and Rehabilitation Center
- Margate Health and Rehabilitation Center

The project involves 70,227 GSF of new construction. The construction cost is \$12,893,677. Total project cost is \$19,565,900. 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.

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| Total GSF and Project Costs of Co-Batched Applicants | | | | | |
|---|--------------|----------------------|------------|-----------------|---------------------|
| Applicant | CON # | Project | GSF | Costs \$ | Cost Per Bed |
| Brevard Oaks | 10312 | New 131-Bed Facility | 78,600 | \$15,632,000 | \$119,328 |
| SF Brevard | 10313 | New 90-Bed Facility | 70,227 | \$19,565,900 | \$217,399 |

Source: CON applications 10312-10313 and their respective Schedules 1 and 9

Should a project be approved, the applicant’s proposed conditions would be reported in the annual condition compliance report as required by Rule 59C-1.013 (3) Florida Administrative Code.

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, Derron Hillman, 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 131 beds was published for Subdistrict 7-1 for the July 2017 Planning Horizon. Subdistrict 7-1 is comprised of Brevard 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 7-1 had 2,629 licensed and zero approved community nursing home beds. During the 12-month period ending June 30, 2014, Subdistrict 7-1 experienced 87.57 percent utilization at 20 existing facilities. Below is a table illustrating nursing home patient days and occupancy within Subdistrict 7-1.

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

| Facility | Comm. Nursing Home Bed Inventory | Bed Days | Patient Days | Total Occupancy | Medicaid Occupancy |
|---|---|-----------------|-------------------------|----------------------------|-------------------------------|
| Anchor Care and Rehabilitation Center | 120 | 43,800 | 37,961 | 86.67% | 66.37% |
| Atlantic Shores Nursing and Rehab Center | 120 | 43,800 | 38,397 | 87.66% | 60.66% |
| Avante at Melbourne, Inc. | 110 | 40,150 | 30,745 | 76.58% | 57.36% |
| Consulate Health Care of Melbourne | 167 | 60,955 | 53,411 | 87.62% | 55.04% |
| Courtenay Springs Village | 96 | 35,040 | 25,570 | 72.97% | 44.18% |
| Health Care Center of Merritt Island, The | 180 | 65,700 | 61,771 | 94.02% | 45.94% |
| Huntington Place | 100 | 36,500 | 34,892 | 95.59% | 57.99% |
| Indian River Chase | 179 | 65,335 | 62,161 | 95.14% | 71.35% |
| Island Health and Rehabilitation Center | 120 | 43,800 | 40,769 | 93.08% | 60.74% |
| Life Care Center of Melbourne | 120 | 43,800 | 39,289 | 89.70% | 25.20% |
| Life Care Center of Palm Bay | 141 | 51,465 | 45,431 | 88.28% | 45.00% |
| Melbourne Terrace and Rehabilitation Center | 120 | 43,800 | 40,064 | 91.47% | 31.47% |
| Palms Rehabilitation and Healthcare Center, The | 120 | 43,800 | 41,426 | 94.58% | 63.62% |
| Rockledge Health and Rehabilitation Center | 107 | 39,055 | 35,422 | 90.70% | 44.79% |
| Royal Oaks Nursing and Rehab Center | 120 | 43,800 | 39,574 | 90.35% | 44.53% |
| Titusville Rehabilitation and Nursing Center | 157 | 57,305 | 48,606 | 84.82% | 72.37% |
| Viera Health and Rehabilitation Center | 114 | 41,610 | 32,482 | 78.06% | 24.60% |
| Wave Crest Health and Rehabilitation Center | 138 | 50,370 | 40,934 | 81.27% | 75.42% |
| Vista Manor | 120 | 43,800 | 41,031 | 93.68% | 63.37% |
| West Melbourne Health and Rehab Center | 180 | 65,700 | 50,354 | 76.64% | 70.74% |
| Total | 2,629 | 95,985 | 840,290 | 87.57% | 55.10% |

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 7-1 for the planning horizon. The projected population growth, both numerically and by percent are illustrated below.

**Current and Projected Population Growth Rate
Brevard County, District 7, and Florida
January 2014 and January 2017**

| Area | January 1, 2014 Population | | | January 1, 2017 Population | | |
|-------------|-----------------------------------|------------|--------------|-----------------------------------|------------|--------------|
| | 0-64 | 65+ | Total | 0-64 | 65+ | Total |
| Brevard | 434,002 | 117,545 | 551,547 | 443,362 | 127,859 | 571,221 |
| District 7 | 2,155,025 | 336,765 | 2,491,790 | 2,253,593 | 375,201 | 2,628,794 |
| Florida | 15,881,702 | 3,548,756 | 19,430,458 | 16,349,888 | 3,891,621 | 20,241,509 |
| Area | 2014-2017 Increase | | | 2014-2017 Growth Rate | | |
| | 0-64 | 65+ | Total | 0-64 | 65+ | Total |
| Brevard | 9,360 | 10,314 | 19,674 | 2.16% | 8.77% | 3.57% |
| District 7 | 98,568 | 38,436 | 137,004 | 5.57% | 11.41% | 5.50% |
| 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.

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Beds per 1,000 Residents Age 65 and Older

| Area | Community Beds | 2014 Pop. Aged 65+ | 2014 | 2017 Pop. | 2017 |
|-------------------|----------------|--------------------|----------------|-----------|----------------|
| | | | Beds per 1,000 | Aged 65+ | Beds per 1,000 |
| Brevard | 2629 | 117,545 | 22 | 127,859 | 21 |
| District 7 | 8,955 | 336,765 | 27 | 375,201 | 24 |
| Florida | 80,050 | 3,548,756 | 23 | 3,891,621 | 21 |

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

Brevard Oaks Center, LLC (CON #10312) provides an analysis of population demographics and dynamics, indicating that it supports the fixed need pool for Brevard County and expands the horizon to 2019 demonstrating the impact of anticipated immigration and growth in the age 65+ and 75+ population in Brevard County compared to District 7 and the State. The applicant declares that the dynamics of five-year growth in Brevard County seniors suggest additional need for long-term care services in the future.

Brevard Oaks' full analysis can be found on pages 11 to 14 of CON application #10312. The applicant provides the following table on senior population growth.

Growth in the Senior Population Five-Year Growth 2014 to 2019

| Age Category | Brevard County | |
|------------------|----------------|---------|
| | Growth | Percent |
| Total population | 19,516 | 3.5% |
| Age 65+ | 18,787 | 15.4% |
| Age 65-74 | 14,661 | 22.3% |
| Age 75-85 | 2,517 | 6.2% |
| Age 85+ | 1,609 | 10.2% |

Source: CON application #10312, page 12, based on Nielsen MarketPlace, Market Data 2014-2019

The applicant feels that the demographic findings support the net need for additional community nursing home beds as published in the Agency's fixed need pool. Brevard Oaks asserts that in part, lifting of the moratorium on new SNF beds by the State legislature was clearly with the intent to develop new, contemporary SNFs exactly as planned for Brevard County. The applicant maintains that the dynamics of the five year growth in Brevard County seniors suggest additional need for long-term care services in the future. Brevard Oaks indicates that the existing Indian River Center will act as a template and its referral sources will enhance the start-up of the proposed facility.

SF Brevard, LLC (CON #10313) indicates that West Crest will decompress its physical plant, reducing the beds from 138 to 108 and the resulting facility will be retooled to a smaller facility, with improved room sizes and amenities for residents, consistent with cultural change priorities. The applicant notes that improvements include:

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- Eliminating four-bed wards, three-bed wards and converting semi-private rooms into private suite areas for residents to enjoy
 - Converting 16 semi-private rooms to private
 - Convert three-bed wards to private
 - Convert four-bed wards to private rooms

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

- Six interior courtyards for residents
- Each side of the facility provides for a separate living room and activity room for residents
- Each side of the facility provides for a gathering room with a featured aquarium for residents' enjoyment
- The resident room availability within the facility is 80 private rooms and 10 private suites
- A large, centralized dining room also is provided
- Back of the house functions are located in centralized areas and not intermixed with resident rooms and areas of the facility
- Therapeutic areas are grouped for efficiencies
- A complete activities of daily living suite is provided

SF Brevard includes a discussion of change fostered by options to nursing home care. The applicant indicates that in regards to long-term care a growing proportion of federal and states' health care expenditures utilizing managed care plans, nursing homes will continue to see reduced payments and perhaps somewhat lower utilization in the years ahead.

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

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

2. **Agency Rule Preferences**

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

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

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

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

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

Brevard Oaks Center, LLC (CON #10312) asserts that it will participate in both the Medicare and Medicaid programs to meet the needs of its customers. The applicant states that the planned

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scope of services for Brevard Oaks includes short-term rehabilitation, long-term care, palliative care and respite care.

Brevard Oaks notes the programs/services that are being included in the functional program for this contemporary transformative “customers focus” design concept:

- 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

The applicant maintains that other services and programs that are being programmed into the functional plan are:

- 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
- Bowel and bladder training
- Structured activities seven days a week
- Support groups for families of long-term living and dementia care
- Daily transportation
- Beauty/barber shop
- Wi-Fi throughout campus
- Skype for customers to see distant relatives
- Community space for birthdays, anniversaries, special events

Brevard Oaks indicates that Opis Policy and Procedures that will be utilized at Brevard Oaks Center are attached:

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

The applicant’s Schedule 7 indicates that the average length of stay (ALOS) is 83 days and 134 days for years one and two, respectively. Schedule 6 illustrates that FTEs for year one (ending March 31, 2018) total 72.03 and total 116.46 for year two (ending March 31, 2019). The proposed project’s year one and year two FTEs are shown in the table below.

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| Brevard Oaks Center, LLC (CON application #10312) Projected Year One and Year Two Staffing | | |
|---|--------------------------|--------------------------|
| | Year One FTEs | Year Two FTEs |
| Administration | | |
| Administrator | 1.00 | |
| Director of Nursing | 1.00 | 1.00 |
| Admissions Director | 1.00 | 1.00 |
| Bookkeeper | 0.00 | 1.00 |
| Secretary | 0.00 | 1.00 |
| Medical Records Clerk | 1.00 | 1.00 |
| Admissions Liaison | 1.00 | 1.00 |
| Associate Administrator | 0.00 | 0.33 |
| Receptionist | 1.75 | 1.75 |
| Administrative Office Manager | 0.50 | 0.50 |
| Nursing | | |
| RNs | 3.00 | 3.53 |
| LPNs | 12.00 | 18.22 |
| Nurses' Aides | 27.00 | 47.56 |
| Unit Manager-RN | 0.50 | 0.50 |
| Restorative Program Coordinator | 0.15 | 0.25 |
| Learning Specialist (Educator) | 0.23 | 0.50 |
| Case Manager | 0.00 | 0.50 |
| Nursing Clerical Assistant | 0.08 | 1.00 |
| Central Supply Clerk | 0.49 | 0.80 |
| Clinical Reimbursement Coordinator | 1.00 | 1.00 |
| Unit Clerk | 1.00 | 1.00 |
| Director of Risk Management | 0.21 | 0.79 |
| Assistant Director of Nursing | 0.50 | 0.50 |
| LPN Care Plan Coordinator | 1.12 | 1.12 |
| Dietary | | |
| Dietary Supervisor | 1.00 | 1.00 |
| Cooks | 2.22 | 3.13 |
| Dietary Aides | 3.73 | 6.27 |
| Assistant Food Director | 0.00 | 0.67 |
| Registered Dietician | 0.38 | 0.50 |
| Social Services | | |
| Social Service Director | 1.00 | 1.00 |
| Activity Director | 1.00 | 1.00 |
| Activities Assistant | 0.00 | 0.67 |
| Recreating Aide | 0.83 | 1.67 |
| Social Worker | 0.00 | 1.33 |
| Customer Service Program Assistant | 0.08 | 0.50 |
| Housekeeping | | |
| Housekeeping Supervision | 1.99 | 5.98 |
| Housekeepers | 1.00 | 1.00 |
| Laundry | | |
| Laundry Aides | 1.08 | 2.53 |
| Plant Maintenance | | |
| Maintenance Supervisor | 1.00 | 1.00 |
| Maintenance Assistance | 0.08 | 1.42 |
| Security | 2.10 | 0.53 |
| Director of Property Management | 0.00 | 0.42 |
| Total | 72.03 | 116.46 |

Source: CON application #10312, Schedule 6

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SF Brevard, LLC (CON #10313) proposes a facility of 90 beds, with 80 private rooms and 10 private suites. The applicant states it will provide both short-term and long-term care and will participate in the Medicare and Medicaid programs. SF Brevard indicates on its Schedule 7 that the ALOS will be 44 days for years one and two of operation. The applicant notes that all facility residents will receive:

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

SF Brevard insists that Gulf Coast continues to develop specialized programs to provide residents with the highest level of care. The applicant maintains that the centers follow specific standards of care which differentiates the centers in properly determining and treating specific diagnoses and problem areas of their residents, as well as minimizing the risk of re-hospitalization.

The applicant notes that specialized programs include:

- Physical, speech, occupational and respiratory therapy
- Specialized wound care
- Cardiac services
- Vita Stim therapy
- IV therapy
- KCI wound vac care
- Complex medical and pain management
- Stroke Rehab
- Orthopedic services
- Tracheotomy, hospice and respite care
- Alzheimer's and dementia care
- Surgical recovery

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SF Brevard indicates that ancillary services include:

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

SF Brevard provides a detailed analysis of the services to be provided on pages 2-6 through 2-16 of CON application #10313. The applicant explains that each of the top seven major diagnostic categories (MDCs) was examined to identify the diagnostic related groups that comprised it that contained hospital discharges to SNFs. The applicant asserts that Gulf Coast already has a variety of specialized programs and continues to innovate in order to best meet residents' needs.

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

SF Brevard 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 the 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.

Schedule 6 illustrates that FTEs for year one (ending June 30, 2018) total 60.2 and total 99.5 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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| SF Brevard, LLC (CON application #10313) Projected Year One and Year Two Staffing | | |
|--|--------------------------|--------------------------|
| | Year One FTEs | Year Two FTEs |
| Administration | | |
| Administrator | 1.00 | 1.00 |
| Director of Nursing | 1.00 | 1.00 |
| Admissions Director | 2.00 | 2.00 |
| Bookkeeper | 1.00 | 1.00 |
| Secretary | 1.40 | 1.40 |
| Medical Records Clerk | 1.50 | 2.00 |
| Other: Nursing Admin | 3.40 | 5.40 |
| Physicians | | |
| Medical Director (Contracted) | 0.10 | 0.20 |
| Nursing | | |
| RNs | 4.10 | 7.50 |
| LPNs | 6.80 | 12.80 |
| Nurses' Aides | 20.50 | 38.40 |
| Dietary | | |
| Dietary Supervisor | 2.00 | 2.00 |
| Cooks | 1.40 | 2.80 |
| Dietary Aides | 3.60 | 6.60 |
| Social Services | | |
| Social Service Director | 1.50 | 1.50 |
| Activity Director | 1.00 | 1.00 |
| Activities Assistant | 0.80 | 1.50 |
| Housekeeping | | |
| Housekeeping Supervision | 1.00 | 1.00 |
| Housekeepers | 3.20 | 6.00 |
| Laundry | | |
| Laundry Aides | 1.40 | 2.60 |
| Plant Maintenance | | |
| Maintenance Supervisor | 1.00 | 1.00 |
| Maintenance Assistance | 0.50 | 1.00 |
| Total | 60.20 | 99.50 |

Source: CON application #10313, Schedule 6

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

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

Each co-batched applicant is a newly created entity and therefore has not had a nursing facility license denied, revoked or suspended within the 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 is a newly created entity and therefore has not had a nursing facility 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, since there have been no violations.

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, since there have been no violations.

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? S s. 408.035 (1)(b) and (e), Florida Statutes.**

There are 71 licensed community nursing homes with a total of 8,955 community nursing home beds in District 7. Subdistrict 7-1 is composed of Brevard County and has 20 licensed community nursing homes with a total of 2,629 community nursing home beds. The subdistrict averaged 87.57 percent total occupancy for the 12-month period ending June 30, 2014.

Brevard Oaks Center, LLC (CON #10312) notes that 51 of the 71 community SNFs in District 7 are located in Orange, Osceola and Seminole Counties. The applicant states that while SNFs are available in Brevard County, the supply of nursing home beds in these other subdistricts is nearly 29 percent higher when compared to Brevard County. Brevard Oaks feels that the net need for 131 additional beds as shown by the Agency and applied for by the applicant will improve availability of quality long-term nursing home beds in the county.

Brevard Oaks asserts that Opis-operated SNFs have been awarded the "Gold Seal" by the Governor's Panel on Excellence in Long-Term Care on multiple occasions and that currently four of the 20 "Gold Seal" recipients are Opis operated SNFs. The applicant declares that Brevard Oaks will benefit from the focus on excellence in quality of care.

Brevard Oaks provides an analysis of 2014 SNF beds per 1,000 population ages 65+ and 75+ in Florida, District 7, and in Brevard, Orange, Osceola and Seminole Counties. The applicant finds that District 7 has nearly 30 percent more SNF beds per 1,000 75+ than Brevard County and that Orange, Osceola and Seminole Counties collectively have nearly 48 percent more SNF beds per 1,000 75+ than Brevard County.

The applicant indicates that for the last three years, Opis-operated Indian River Center's average occupancy has been 95 percent and has implications for referral sources for the proposed facility. Brevard Oaks feels that high occupancy of Opis managed centers is further evidence that the new Brevard Oaks will benefit from referrals that Indian River cannot accommodate due to lack of beds. The applicant concludes that Brevard Oaks will reach a viable census level within a relatively short period of time.

Brevard Oaks points out that Wave Crest Health and Rehabilitative Center--managed by Gulf Coast HealthCare, LLC, the affiliated company of the co-batched applicant--in Melbourne reported an annual occupancy of 81.3 percent for the 12 months ending June 30, 2014, below the average for Subdistrict 7-1 (87.6 percent) and well below the District 7 average (89.5 percent).

The applicant includes a detailed analysis of referral sources, transfer agreements—acute care hospitals, referrals from nursing homes and trends in acute care transfers. Brevard Oaks indicates that because of consistently high occupancy, Indian River is not able to accommodate all referrals. The applicant insists that Opis operated facilities are not the typical SNF that focus on the short-term Medicare rehab patient but rather Opis centers play a vital role in the growing demand for long-term nursing care.

Brevard Oaks states that in addition to being Medicaid-certified, Indian River is programmed with a secured unit for memory disorder customers, thus improving access for these difficult to place patients. The applicant declares that as a sister organization, Brevard Oaks will benefit from access to Indian River's secured unit and will be positioned to provide a continuum of care for memory disorder patients.

The applicant provides a detailed discussion of medical treatment trends on pages 22 to 26 of CON application #10312.

Brevard Oaks recalculates the Agency Nursing Home Bed Need Methodology and its analysis results in the exact number of net additional community SNF beds as published by the Agency for District 7 and Subdistrict 7-1. 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 30th, the nursing home patient day use rate/1,000 age 65+ population declined by -2.1 percent/year for Brevard County and for Florida
- The rate of decline in SNF for all of District 7 was more rapid at -3.0 percent/year

The applicant also constructs a demand model that projected the use rate per 1,000 population forward to 2017 based on two simulation models. Brevard Oaks concludes that either demand model supports the Agency's projected need of 131 new beds and indicates that that new Brevard Oaks will be filled rapidly as demand continues to grow.

Brevard Oaks states that as the Medicare Payment Advisory Commission has noted, there is ample SNF bed capacity for the short-stay Medicare rehab patient. The applicant believes that the challenge is finding a Medicaid certified bed for long-term nursing home patients. Brevard Oaks explains that Medicare Part A covers 100 percent of the cost of qualified SNF care for the first 20 days and certain Part C Medicare Advantage Plans and selected Medicare Supplemental policies cover some or all of the copay during the 21st to 100th day. Brevard Oaks indicates that absent a comprehensive long-term care insurance plan, there is no Medicare coverage beyond 100 days.

The applicant notes that average stay in a Florida SNF for Medicare is 33 days and 386 days for Medicaid. Brevard Oaks provides an analysis of Brevard County 2014 median household incomes by age category. The applicant states that with high out-of-pocket medical expenses and limited resources, elderly Medicare patients quickly spend-down their assets and qualify for Medicaid benefits including long-term SNF care.

Brevard Oaks insists that Opis-managed centers recognize the plight faced by Medicaid recipients and their families to find a quality nursing home bed within reasonable distance of the spouse or loved one. The applicant notes that Indian River has a Medicaid percent of nursing home patient days that far exceeds the average for Brevard County, District 7 and for the State. Brevard Oaks points out that for the 12 months ending June 30, 2014, Indian River had the largest Medicaid caseload of any SNF in Brevard County.

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The applicant includes an estimate of net additional SNF patient days for Brevard County seniors:

Net Additional Nursing Home Patient Days Brevard County

| | |
|------|-----------------|
| 2017 | 71,352-75,861 |
| 2018 | 91,293-99,141 |
| 2019 | 109,904-121,552 |

Source: CON application #10312, page 32

The applicant provides the following projections of utilization for the establishment of Brevard Oaks, indicating that given the unique design of the new facility and growing demand for long-term care, these are conservative projections.

**Brevard Oaks Center
Projected Utilization- Year One and Two**

| Period | NH Beds | Patient Days | Occupancy Rate | Average Daily Census |
|----------|---------|--------------|----------------|----------------------|
| Year One | 131 | 20,200 | 42.2% | 55 |
| Year Two | 131 | 42,100 | 88.0% | 115 |

Source: CON application #10312, page 32

SF Brevard, LLC (CON #10313) declares that this proposal addresses the flexibility needed for current expectations with all private rooms and suites. SF Brevard explains that to assure competencies, employees receive training that includes inspiration to exceed expectations. The applicant insists this project promotes quality of care in SNFs in Brevard County.

The applicant asserts that the proposed project is slated for development within Brevard County and that one preferred location for the new SNF is within ZIP Code 32940—the area of Viera, a master-planned community. SF Brevard indicates that drawing a circumference around the population centroid with a five mile radius, the elderly population that lies within it for 2014 is 13,232 persons aged 65+, accounting for two ZIP Codes--32940 and 32934. The applicant reports that these two ZIP codes are growing at the compound annual growth rate of 3.2 percent and 3.6 percent, respectively, per year, rising to 16,547 elderly by 2019.

SF Brevard includes a detailed table of population estimates by ZIP code and age group for 2019 with 2014 as the baseline for Brevard County. The applicant explains that the ZIP codes bolded in the table reflect those that were included within a radius of 7.48 miles. SF Brevard states that the 38,554 elders grow and by the year 2019 reach 44,497 persons, comprising 25 percent of the population within the area.

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The applicant provides a map of Brevard County with a circle drawn around the population centroid for ZIP Code 32904 extending 7.48 miles toward the closest SNFs on page 1-3 of CON application #10313. SF Brevard points out that to the north, the circle touches Huntington Place in Rockledge, with a most recent annual occupancy of 95.6 percent and to the south, lying inside the circle is Consulate Health, with a most recent occupancy of 87.6 percent.

SF Brevard provides a comparison of licensed beds and nursing home resident days for the preferred site, Subdistrict 7-1 and District 7 concluding that the proposed location would improve the availability of beds for the identified area. The applicant states that moreover, Viera is a master-planned community developed by A. Duda & Sons Inc., the parent corporation. SF Brevard insists that the focus of the development is on preservation and enhancement of the environment and that this focus continues to make Viera an area of growth with location and proximity to attract retirees.

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

SF Brevard notes that the subdistrict's facility occupancy is slightly lower than the whole of District 7 and about the same as the state. The applicant believes that the expectation is that managed care will continue to drive Medicaid utilization down in nursing homes as diversions are preferred. The applicant states that recent information indicates an eight percent decline in Medicaid when looking overall at selected counties. The reviewer cannot confirm this information as the applicant did not provide which counties were included in calculating the eight percent decline.

The reviewer notes that Subdistrict 7-1 had a 55.10 percent Medicaid occupancy from July 1, 2013 to June 30, 2014 and a 54.54 percent Medicaid occupancy from July 1, 2012 to June 30, 2013--an increase of 0.80 percent (3,656 patient days) in fiscal year 2013. District 7 had a 60.70 percent Medicaid occupancy from July 1, 2013 to June 30, 2014 and a 59.83 percent Medicaid occupancy from July 1, 2012 to June 30, 2013--an increase in of 1.44 percent (25,207 patient days) in fiscal year 2013. The state had a 62.05 percent Medicaid occupancy from July 1, 2013 to June 30, 2014 and a 61.58 percent Medicaid occupancy from July 1, 2012 to June 30, 2013—an increase of 1.02 percent (160,406 patient days).

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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. SF Brevard believes Brevard County will experience growth in resident days to 969,820 and assuming 92 percent occupancy, the new facility would absorb 30,222 days, leaving a balance of 939,598 days to be allocated to the existing SNFs in the county. The applicant insists that with the SNF and the remaining beds in the fixed need pool, the number of licensed beds increases by 131 to 2,760 and at 969,820 forecasted resident days for 2019, the subdistrict’s occupancy rate would be 96 percent in 2019.

Next, SF Brevard allocates the balance of 939,598 resident days to each existing nursing home by market share. The applicant asserts that the results show that in the second year of operation, all existing SNFs have resident days above what was reported in the baseline period. The applicant concludes that the result shows that its proposal would not adversely impact already licensed and occupied SNFs in Brevard County. See the table below.

**Historical Resident Days by Nursing Home and Market Share,
Subdistrict 7-1, July 1, 2013 to June 30, 2014**

| Facility | Market Share | Year 2013 | Year 2014 | Increase Over 2013 |
|--|---------------------|------------------|------------------|---------------------------|
| Anchor Care and Rehabilitation Center | 4.5% | 42,447 | 37,961 | 4,486 |
| Atlantic Shores Nursing and Rehab | 4.6% | 42,935 | 38,397 | 4,538 |
| Avante at Melbourne, Inc. | 3.7% | 34,379 | 30,745 | 3,634 |
| Consulate Health Care of Melbourne | 6.4% | 59,723 | 53,411 | 6,312 |
| Courtenay Springs Village | 3.0% | 28,592 | 25,570 | 3,022 |
| Health Care Center of Merritt Island | 7.4% | 69,071 | 61,771 | 7,300 |
| Huntington Place | 4.2% | 39,016 | 34,892 | 4,124 |
| Indian River Chase | 7.4% | 69,507 | 62,161 | 7,346 |
| Island Health and Rehabilitation | 4.9% | 45,587 | 40,769 | 4,818 |
| Life Care Center of Melbourne | 4.7% | 43,932 | 39,289 | 4,643 |
| Life Care Center of Palm Bay | 5.4% | 50,800 | 45,431 | 5,369 |
| Melbourne Terrace and Rehabilitation | 4.8% | 44,799 | 40,064 | 4,735 |
| Palms Rehabilitation and Healthcare | 4.9% | 46,322 | 41,426 | 4,896 |
| Rockledge Health and Rehabilitation | 4.2% | 39,608 | 35,422 | 4,186 |
| Royal Oaks Nursing and Rehab Center | 4.7% | 44,251 | 39,574 | 4,677 |
| Titusville Rehabilitation and Nursing | 5.8% | 54,350 | 48,606 | 5,744 |
| Viera Health and Rehabilitation Center | 3.9% | 36,321 | 32,482 | 3,839 |
| Wave Crest Health and Rehabilitation | 4.9% | 45,772 | 40,934 | 4,838 |
| Vista Manor | 4.9% | 45,880 | 41,031 | 4,849 |
| West Melbourne Health and Rehab | 6.0% | 56,305 | 50,354 | 5,951 |
| Total | 100.0% | 939,598 | 840,290 | 99,308 |

Applicant’s note: Nursing home resident days for 2014 come from the Agency publication, Florida Nursing Home Bed Need Projections by District and Subdistrict, October 3, 2014
Source: CON application #10313, page 1-19

The applicant states that the expectation is that nursing home utilization may decline as options are fostered to placement--how much of a reduction new initiatives will cause is difficult to predict. SF Brevard

indicates that in examining the start-up facilities first and second years' experience and that of existing SNFs, the assumption of 92 percent occupancy rate was adjusted downward.

The reviewer created the following chart from the applicant's Schedule 7.

SF Brevard, LLC Forecasted Utilization

| | Year One | Year Two |
|--------------------|-----------------|-----------------|
| Total Admissions | 361 | 677 |
| Total Patient Days | 15,733 | 29,566 |
| Occupancy | 47.76% | 90.00% |

Source: CON application #10313, Schedule 7

- 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.**

Brevard Oaks Center, LLC (CON #10312) notes that it is competing with SF Brevard, LLC--managed by Gulf Coast HealthCare, LLC--for the fixed need pool of 131 community nursing home beds in the subdistrict. The applicant believes that quality becomes a key differentiating factor in assessing the two applicants. Brevard Oaks indicates that in this particular situation, both managing companies have existing SNFs in the same geographic location and this unique setting serves as a microcosm for quality comparison. The applicant provides the following table, stating that Opis-managed Indian River Center outperforms Gulf Coast HealthCare-managed Wave Crest on several quality measures. Brevard Oaks states that of particular significance and reflective of the Opis mantra of "customer-focused" care is the need to physically retrain nursing home patients. See below.

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**Center for Medicare and Medicaid Services, Nursing Home Compare
Comparison of Quality Metrics
Opis Resource Management v. Gulf Coast HealthCare**

| | December 1, 2014 | | | |
|--|------------------|------------|----------|----------|
| | Opis | Gulf Coast | State of | National |
| | Indian River | Wave Crest | Florida | Average |
| Post-Acute Short-Stay | | | | |
| Pain to Severe | 5.3% | 27.1% | 16.0% | 18.8% |
| Chronic Care Long-Stay Residents | | | | |
| One or more falls with major injury | 1.5% | 6.7% | 2.6% | 3.2% |
| Pain moderate to severe | 2.0% | 9.2% | 5.4% | 7.7% |
| High-risk residents with pressure ulcers | 2.5% | 7.2% | 6.3% | 6.0% |
| Residents with urinary tract infections | 3.4% | 5.8% | 6.4% | 5.8% |
| Residents physical restrained | 0.8% | 6.4% | 1.6% | 1.2% |

Source: CON application #10312, page 45, Based on CMS, Nursing Home Compare, Quality Measures, December 2014

Brevard Oaks indicates that Opis has an outstanding record of quality performance as recognized nationally and at the state level. The applicant provides a detailed listing of Opis Center quality awards in the supplemental materials of CON application #10312.

The applicant includes a detailed analysis and discussion of the actual track-record of Opis in managing Indian River Center in Brevard County on pages 46 through 52 of CON application #10312. Brevard Oaks concludes that it is abundantly clear that the Opis managed Indian River Center is in a class by itself which explains its reputation for quality and waiting list for placement. The applicant feels that the request to establish Brevard Oaks will allow Opis to further its commitment to the delivery of quality care services to the residents of Brevard County.

Agency records indicate that the applicant operates 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.

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

| Nursing Homes affiliated with Opis Management | |
|--|-----------------------------|
| Complaint Category | Number Substantiated |
| 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

SF Brevard, LLC (CON #10313) notes that it is a new entity, however, as an affiliate of Gulf Coast, the proposed facility is defined by the following mission statement: *“To provide a compassionate community of caring for our residents, families and associates.”* SF Brevard explains that Gulf Coast is built on four pillars of excellence: people, service, quality and finance.

SF Brevard maintains that all of Gulf Coast’s SNFs are American Health Care Association/National Center for Assistive Living (AHCA/NCAL) National Bronze Quality Award Recipients and 15 have achieved Silver Level.

The applicant notes that it has a formal quality improvement program (QAPI) as well two additional initiatives for improving resident care:

- Using PointClickCare for electronic medical records
- Using INTERACT (Interventions to Reduce Acute Care Transfers) to reduce the number of re-hospitalizations

SF Brevard provides an overview of Gulf Coast’s QAPI on pages 4-4 through 4-5 of CON application #10313.

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

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

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

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

Source: Florida Agency for Healthcare Administration Complaint Records

- 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.**

Brevard Oaks Center, LLC (CON #10312):

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.

Capital Requirements and Funding:

The applicant indicates on Schedule 2 capital projects totaling \$15,632,000 which includes this project. The applicant indicates on Schedule 3 of its application that funding for the project will be provided by Birchwood Health Care Properties (third-party). Birchwood provided a letter of interest in financing this project. A letter of interest does not constitute a firm commitment to lend. Birchwood provided no proof that they have the funds to support this project.

Given that the funding is supported by a letter of interest, we have no basis to conclude that funding will be available for this project.

Conclusion:

Funding for this project is in question.

SF Brevard, LLC (CON #10313):

Analysis:

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

Historically we have compared all applicant financial ratios regardless of type to bench marks established from financial ratios collected from Florida acute care hospitals. While not always a perfect match to a particular CON project it is a reasonable proxy for health care related entities. The below is an analysis of the audited financial statements of Omega Healthcare Investors, Inc., (third-party) and where the two short-term and long-term measures fall on the scale (highlighted in gray) for the most recent year.

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| Omega Healthcare Investors, Inc. | | |
|---|------------------------|------------------------|
| | Dec-13 | Dec-12 |
| Current Assets | \$150,120,000 | \$126,891,000 |
| Total Assets | \$3,462,216,000 | \$2,982,005,000 |
| Current Liabilities | \$5,000,000 | \$0 |
| Total Liabilities | \$2,162,113,000 | \$1,970,676,000 |
| Net Assets | \$1,300,103,000 | \$1,011,329,000 |
| Total Revenues | \$418,714,000 | \$350,460,000 |
| Excess of Revenues Over Expenses | \$172,521,000 | \$120,698,000 |
| Cash Flow from Operations | \$279,949,000 | \$208,271,000 |
| Short-Term Analysis | | |
| Current Ratio (CA/CL) | 30.0 | N/A |
| Cash Flow to Current Liabilities (CFO/CL) | 5598.98% | N/A |
| Long-Term Analysis | | |
| Long-Term Debt to Net Assets (TL-CL/NA) | 165.9% | 194.9% |
| Total Margin (ER/TR) | 41.20% | 34.44% |
| Measure of Available Funding | | |
| Working Capital | \$145,120,000 | \$126,891,000 |

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

Capital Requirements and Funding:

The applicant provided a development stage audit. The audit indicates that the applicant has very little assets, liabilities, net worth and no revenue. The applicant indicates on Schedule 2 capital projects totaling \$19,565,900 which includes this project. The applicant indicates on Schedule 3 of its application that funding for the project will be provided by cash on hand and non-related company financing. The applicant provided a letter from Omega committing to funding this project. Omega submitted their audited financial statements as proof of available funding. Overall, Omega has a strong financial position and is likely to either fund through existing capital or raise the capital necessary to meet the commitments set forth in various CON applications in this batching cycle.

Conclusion:

Funding for this project should be available as needed

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

Brevard Oaks Center, LLC (CON #10312):

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 SNFsas reported on Medicaid cost reports (2012 and 2013 cost report years). For our comparison group, we selected SNFs with similar Medicaid utilizations to the utilization projected by the applicant on a per patient day basis (PPD). Comparison group data was adjusted for inflation to match the second year projection (Inflation factor was based on the new CMS Market Basket Price Index as published in the 3rd Quarter 2014, Health Care Cost Review).

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

| | PROJECTIONS PER APPLICANT | | COMPARATIVE GROUP VALUES PPD | | |
|-------------------|---------------------------|---------|---------------------------------|--------|--------|
| | Total | PPD | Highest | Median | Lowest |
| Net Revenues | 11,756,326 | 279 | 512 | 314 | 241 |
| Total Expenses | 11,477,003 | 273 | 406 | 310 | 228 |
| Operating Income | 279,323 | 7 | 129 | 6 | -70 |
| Operating Margin | 2.38% | | Comparative Group Values | | |
| | Days | Percent | Highest | Median | Lowest |
| Occupancy | 42,099 | 88.05% | 99.65% | 89.30% | 55.98% |
| Medicaid/MDCD HMO | 28,645 | 68.04% | 80.05% | 67.99% | 60.04% |
| Medicare | 6,361 | 15.11% | 31.40% | 15.14% | 3.65% |

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

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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 2.44, less than the 2.5 requirement.

The projected NRPD, CPD and profit fall within the group range and are considered reasonable. However, the total cost appears understated due to the lack of sufficient staffing as outlined above. Therefore, the overall profitability of the nursing home appears to be somewhat overstated.

Conclusion:

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

SF Brevard, LLC (CON #10313):

Analysis:

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

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

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| | PROJECTIONS PER APPLICANT | | COMPARATIVE GROUP VALUES PPD | | |
|-------------------|---------------------------|---------|---------------------------------|--------|--------|
| | Total | PPD | Highest | Median | Lowest |
| Net Revenues | 11,181,800 | 378 | 511 | 404 | 264 |
| Total Expenses | 10,782,000 | 365 | 511 | 384 | 300 |
| Operating Income | 399,800 | 14 | 64 | 16 | -113 |
| Operating Margin | 3.58% | | Comparative Group Values | | |
| | Days | Percent | Highest | Median | Lowest |
| Occupancy | 29,566 | 90.00% | 96.71% | 90.25% | 70.42% |
| Medicaid/MDCD HMO | 10,939 | 37.00% | 49.81% | 44.42% | 30.80% |
| Medicare | 13,305 | 45.00% | 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. Based on the information provided in Schedule 6, the applicant’s projected staffing meets this requirement.

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

Conclusion:

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

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

Analysis:

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

are limited to available beds and the need formula suggest excess capacity in the market to fill those beds, the impact on market share would be limited. The combination of the existing health care system's barrier to price-based competition via fixed price payers and the existence of unmet need in the district limits any significant gains in cost-effectiveness and quality that would be generated from competition.

Conclusion:

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

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

Brevard Oaks Center, LLC (CON #10312): 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.

SF Brevard, LLC (CON #10313): The construction type is not listed but building materials are described as non-combustible and comply with the requirements of the applicable codes.

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

likely to have a significant impact on either construction costs or the proposed completion schedule.

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

- 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 county, subdistrict, district and state is provided in the table below.

Medicaid Patient Days and Medicaid Occupancy in Brevard County, District 7 and Florida

| Medicaid Patient Days | | | | | |
|------------------------------|-------------|-------------|-------------|-------------|-------------|
| Area | 2009 | 2010 | 2011 | 2012 | 2013 |
| Brevard County | 464,231 | 473,951 | 467,121 | 464,943 | 458,625 |
| District 7 | 1,664,492 | 1,762,965 | 1,771,754 | 1,768,611 | 1,758,966 |
| Florida | 15,411,373 | 15,530,575 | 15,612,015 | 15,733,318 | 15,700,197 |
| Medicaid Occupancy | | | | | |
| Area | 2009 | 2010 | 2011 | 2012 | 2013 |
| Brevard County | 54.95% | 55.51% | 54.72% | 54.75% | 54.89% |
| District 7 | 59.92% | 60.05% | 60.18% | 60.26% | 60.14% |
| 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

Brevard Oaks Center, LLC (CON #10312) asserts that Opis managed Indian River has established an outstanding record of providing services to Medicaid recipients and includes the following table.

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

| | 2011 | 2012 | 2013 | 2014 |
|---------------------|-------------|-------------|-------------|-------------|
| Indian River Center | 63.9% | 70.6% | 71.5% | 71.4% |
| Brevard Company | 55.3% | 55.0% | 54.5% | 55.1% |
| District 7 | 60.1% | 60.3% | 59.8% | 60.7% |
| Florida | 61.6% | 62.0% | 61.6% | 62.1% |

Source: Florida Agency for Health Care Administration

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The applicant states that the proposed facility will operate under the same Opus admission policies as Indian River. Brevard Oaks maintains that Indian River has been willing to accept Medicaid transfers for long-term care from other SNFs that focus on short-stay Medicare rehabilitation patients. The applicant asserts that these referrals have exhausted their Medicare coverage and under Opus policies, Brevard Oaks will accept the referrals as Medicaid patients.

The applicant notes that Indian River reports that 80 percent of patient days were Medicaid for the first nine months of 2014.

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

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

| Facility | Medicaid Days | Total Days | Medicaid Occupancy |
|-----------------------|----------------------|-------------------|---------------------------|
| 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% |
| Total | 365,646 | 476,540 | 72.64% |

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 44.85 percent and 10.49 percent, respectively, of year one and 68.04 percent and 12.97 percent, respectively, of year two annual total patient days.

Brevard Oaks concludes Opus is committed to the mission of caring for "customers" in greatest need, Medicaid recipients with memory disorders requiring long-term care. The applicant declares that Brevard Oaks will assist Indian River in fulfilling this mission for elderly residents on the Space Coast.

SF Brevard, LLC (CON #10313) provides an overview of changes to long-term care including the advent of Statewide Medicaid Managed Care (SMMC) plans. In this discussion, SF Brevard includes information on the available plans and services in Region 7.

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SF Brevard believes that the expectation is that Medicaid Managed Care Plans will continue a downward trend in nursing home placements, offering options to recipients to maintain them in less restrictive settings. The applicant states that Medicare continues to promote Medicare Advantage Plans and the numbers of enrollees in them has grown. SF Brevard asserts that recent 2014 data for enrollees in Brevard County show that of the Medicare enrollees of 133,483, there are 45,216 persons enrolled in Advantage plans, yielding a penetration rate of 33.87 percent.

The applicant provides the following payer forecast for the first two years of operation, indicating that the expectation is that higher levels of rehabilitative and restorative care will be provided for shorter stays as residents return home, including Medicaid recipients.

**Forecast of Resident Days and Admissions for New Nursing Home
First Two Years of Operation**

| Payer | Year One FY 2018 Resident Days | Year Two FY 2019 Resident Days | Percent of Days |
|-----------------------|---|---|----------------------------|
| Medicare | 4,720 | 8,870 | 30.0% |
| Medicare Managed Care | 2,360 | 4,435 | 15.0% |
| Medicaid Managed Care | 5,821 | 10,939 | 37.0% |
| Self-Pay | 944 | 1,774 | 6.0% |
| All Others | 1,888 | 3,548 | 12.0% |
| Total | 15,733 | 29,566 | 100.0% |
| Occupancy | 47.9% | 90.0% | |
| Payer | Year One Admissions | Year Two Admissions | |
| Medicare | 189 | 355 | |
| Medicare Managed Care | 108 | 202 | |
| Medicaid Managed Care | 16 | 30 | |
| Self-Pay | 16 | 30 | |
| All Others | 32 | 60 | |
| Total | 361 | 677 | |

Source: CON application #10313, page 9-4

The applicant states that as noted in its Schedule 8, charity care and related uncollected amounts are 1.22 percent of gross revenues, or equivalent to 192 resident days of care in year one and 361 resident days of care in year two.

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

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**Medicaid Occupancy and Total Occupancy Rates for Gulf Coast Health Care
Skilled Nursing Facilities in Florida
July 2013-June 2014**

| District | County | Facility Name | July 2013-June2014 | |
|----------|--------------|--|--------------------|-----------------|
| | | | Medicaid Occupancy | Total Occupancy |
| 1 | Escambia | Arcadia Health and Rehabilitation Center | 61.4% | 88.7% |
| 1 | Escambia | Bayside Health and Rehabilitation Center | 70.6% | 91.5% |
| 1 | Escambia | Rosewood Health and Rehabilitation Center | 80.9% | 93.8% |
| 1 | Escambia | Specialty Health and Rehabilitation Center | 63.5% | 94.4% |
| 1 | Okaloosa | Silvercrest Health and Rehabilitation | 70.65% | 94.9% |
| 1 | Santa Rosa | Bay Breeze Senior Living | 60.6% | 91.3% |
| 1 | Walton | Grand Boulevard Health and Rehabilitation | 50.05% | 83.6% |
| 2 | Bay | GlenCove Health and Rehabilitation Center | 60.1% | 93.6% |
| 2 | Bay | Panama City Health and Rehabilitation | 13.9% | 96.4% |
| 2 | Gadsden | Riverchase Health and Rehabilitation | 83.2% | 94.9% |
| 2 | Jackson | Chipola Health and Rehabilitation Center | 60.3% | 89.5% |
| 2 | Jefferson | Brynwood Health and Rehabilitation Center | 75.4% | 88.9% |
| 3 | Bradford | Windsor | 71.1% | 93.0% |
| 3 | Lake | Lake Eustis Health and Rehabilitation | 61.2% | 92.3% |
| 3 | Suwannee | Suwannee Health and Rehabilitation | 77.7% | 92.6% |
| 4 | Flagler | Flagler Health and Rehabilitation Center | 52.0% | 92.3% |
| 4 | Volusia | Coastal Health and Rehabilitation Center | 80.9% | 98.2% |
| 4 | Volusia | DeBary Health and Rehabilitation Center | 68.1% | 93.5% |
| 4 | Volusia | Seaside Health and Rehabilitation Center | 85.5% | 68.8% |
| 4 | Volusia | Parkside Health and Rehabilitation Center | 81.4% | 89.0% |
| 5 | Pasco | Heritage Health and Rehabilitation Center | 70.1% | 94.4% |
| 5 | Pinellas | Glen Oaks Health and Rehabilitation Center | 84.5% | 90.6% |
| 6 | Highlands | Lake Placid Health and Rehabilitation | 65.0% | 94.1% |
| 6 | Hillsborough | Accentia Health and Rehabilitation Center | 77.9% | 84.4% |
| 7 | Brevard | Wave Crest Health and Rehabilitation | 75.4% | 81.3% |
| 7 | Orange | The Rehabilitation Center of Winter Park | 65.8% | 79.5% |
| 7 | Osceola | Oaks of Kissimmee Health | 56.4% | 91.0% |
| 7 | Seminole | Longwood Health and Rehabilitation Center | 69.6% | 94.1% |
| 8 | Hendry | Oakbrook Health and Rehabilitation Center | 69.4% | 87.3% |
| 9 | Martin | Salerno Bay Health and Rehabilitation | 70.1% | 90.6% |
| 9 | Palm Beach | Boynton Health and Rehabilitation Center | 64.7% | 82.8% |
| 9 | Palm Beach | Royal Palm Beach Health | 76.9% | 97.0% |
| 10 | Broward | Margate Health and Rehabilitation Center | 58.7% | 93.6% |
| | Total | | 67.67% | 90.36% |

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 37.0 percent and 6.0 percent, respectively, of year one and year two annual total patient days.

F. SUMMARY

Brevard Oaks Center, LLC (CON #10312), to be managed by Opis Management Resources, LLC, proposes to establish a new 131-bed community nursing home in Subdistrict 7-1, Brevard County.

Opis manages 10 SNFs and one assisted living facility in Florida.

The project involves 78,600 gross square feet (GSF) of new construction. The construction cost is \$11,790,000. Total project cost is \$15,632,000. Project cost includes land, building, equipment, project development, financing and start-up costs.

The applicant proposes to condition the project as shown below:

- Brevard Oaks, will provide at a minimum, the Subdistrict 7-1 (Brevard County) average in Medicaid and charity care patients (currently 55 percent)

SF Brevard, LLC (CON #10313), an affiliate of Gulf Coast HealthCare LLC, proposes to establish a new 90-bed community nursing home through the delicensure of 30 beds from an existing licensed nursing home within the same subdistrict, Wave Crest and 60 beds from the fixed need pool in Subdistrict 7-1, Brevard County.

The applicant provides a notarized letter signed by Craig Robinson, Authorized Representative of Wave Crest Health and Rehabilitation Center, agreeing to voluntarily relinquish 30 of its 138 beds should the Agency approve this CON application in Exhibit 1-1 of CON application #10313.

The applicant states that Gulf Coast owns and operates 44 SNFs and assisted living facilities in Florida, Mississippi and Alabama, 33 of these SNFs are located in Florida.

The project involves 70,227 GSF of new construction. The construction cost is \$12,893,677. Total project cost is \$19,565,900. 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.

Need:

In Volume 40, Number 193 of the Florida Administrative Register dated October 3, 2014, a fixed need pool of 131 beds was published for Subdistrict 7-1 for the July 2017 Planning Horizon. Subdistrict 7-1 is comprised of Brevard County.

As of November 19, 2014, Subdistrict 7-1 had 2,629 licensed and zero approved community nursing home beds. During the 12-month period ending June 30, 2014, Subdistrict 7-1 experienced 87.57 percent utilization at 20 existing facilities.

Brevard Oaks Center, LLC (CON #10312) feels that the demographic findings support the net need for additional community nursing home beds as published in the Agency's fixed need pool. Brevard Oaks asserts that in part, lifting of the moratorium on new SNF beds by the state legislature was clearly with the intent to develop new, contemporary SNFs exactly as planned for Brevard County. The applicant maintains that the dynamics of the five-year growth in Brevard County seniors suggest additional need for long-term care services in the future.

Brevard Oaks states that in addition to being Medicaid-certified, Indian River is programmed with a secured unit for memory disorder customers, thus improving access for these difficult to place patients. The applicant declares that as a sister organization, Brevard Oaks will benefit from access to Indian River's secured unit and will be positioned to provide a continuum of care for memory disorder patients.

The applicant's Schedule 7 indicates that the ALOS is 83 days and 134 days for years one and two, respectively.

SF Brevard, LLC (CON #10313) indicates that Wave Crest will decompress its physical plant, reducing the beds from 138 to 108 and the resulting facility will be retooled to a smaller facility, with improved room sizes and amenities for residents, consistent with cultural change priorities. The applicant notes that improvements include:

- Eliminating four-bed wards, three-bed wards and converting semi-private rooms into private suite areas for residents to enjoy
 - Converting 16 semi-private rooms to private
 - Convert three-bed wards to private
 - Convert four-bed wards to private rooms

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

- Six interior courtyards for residents
- Each side of the facility provides for a separate living room and activity room for residents
- Each side of the facility provides for a gathering room with a featured aquarium for residents' enjoyment
- The resident room availability within the facility is 80 private rooms and 10 private suites
- A large, centralized dining room also is provided
- Back of the house functions are located in centralized areas and not intermixed with resident rooms and areas of the facility
- Therapeutic areas are grouped for efficiencies
- A complete activities of daily living suite is provided

SF Brevard indicates on its Schedule 7 that the ALOS will be 44 days for years one and two of operation.

Quality of Care:

Both of the co-batched applicants described their ability to provide quality care.

Brevard Oaks Center, LLC (CON #10312): The applicant's controlling interest had 19 substantiated complaints at its nine Florida SNFs during November 19, 2011 to November 19, 2014.

SF Brevard, LLC (CON #10313): The applicant's controlling interest had 46 substantiated complaints at its 33 Florida SNFs during November 19, 2011 to November 19, 2014.

Financial Feasibility/Availability of Funds:

Brevard Oaks Center, LLC (CON #10312): Funding for this project 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 2.44, less than the 2.5 requirement. This project appears to be financially feasible based on the projections provided by the applicant.

SF Brevard, LLC (CON #10313): Funding for this project should be available as needed. Based on the information provided in Schedule 6, the applicant's projected staffing meets the requirement. This project appears to be financially feasible based on the projections provided by the applicant.

Medicaid/Charity Care:

Brevard Oaks Center, LLC (CON #10312) proposes to condition project approval to providing at a minimum, the Subdistrict 7-1 (Brevard County) average in Medicaid and charity care patients (currently 55 percent).

The applicant's Schedule 7 indicates that Medicaid and self-pay represent 44.85 percent and 10.49 percent, respectively, of year one and 68.04 percent and 12.97 percent, respectively, of year two annual total patient days.

SF Brevard, LLC (CON #10313) 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 37.0 percent and 6.0 percent, respectively, of year one and year two annual total patient days.

Architectural:

Brevard Oaks Center, LLC (CON #10312): The cost estimate for the proposed 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.

SF Brevard, LLC (CON #10313): The cost estimate for the proposed 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 #10312 to establish a 131-bed community nursing home in District 7, Subdistrict 1, Brevard County. The total project cost is \$15,632,000. The project involves 78,600 GSF of new construction and a construction cost of \$11,790,000.

CONDITION:

- Brevard Oaks will provide, at a minimum, the Subdistrict 7-1 (Brevard County) average in Medicaid and charity care patients (currently 55 percent).

Deny CON #10313.

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