

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

A. PROJECT IDENTIFICATION

1. Applicant/CON Action Number

Village Place NH LLC/CON #10336
4042 Park Oaks Boulevard, Suite 300
Tampa, Florida 33610

Authorized Representative: Ronald J. Swartz
(813) 675-2341

2. Service District/Subdistrict

District 8/Subdistrict 8-1 (Charlotte County)

B. PUBLIC HEARING

A public hearing was not held or requested regarding the proposed project.

Letters of Support

The Agency received various letters of support submitted by the applicant. The letters were composed by the Campus President of Florida South Western State College as well as local health care providers and organizations.

C. PROJECT SUMMARY

Village Place NH LLC (CON #10336), an affiliate of Greystone Tribeca Acquisition, LLC (referred to as Greystone throughout this document), hereafter referred to as Village Place or the applicant, proposes to add 20 community nursing home beds at Village Place and Rehabilitation Center, an existing skilled nursing facility (SNF) with 104 licensed beds, located at 2370 Harbor Boulevard, Port Charlotte, Florida 33952 in Subdistrict 8-1, Charlotte County.

Greystone operates 26 SNFs and two assisted living facilities in Florida:

- Alhambra Health and Rehabilitation Center
- Lexington Health and Rehabilitation Center
- Apollo Health and Rehabilitation
- North Rehabilitation Center
- North Beach Rehabilitation Center
- Unity Health and Rehabilitation Center
- Wilton Manors Health and Rehabilitation Center
- Lady Lake Specialty Care Center
- Club Health and Rehabilitation Center
- The Lodge Health and Rehabilitation Center
- Springs of Lady Lake
- Park Meadows Health and Rehabilitation Center
- Greenbriar Health and Rehabilitation Center
- Lehigh Acres Health and Rehabilitation Center
- Sunset Lake Health and Rehabilitation Center
- Village Place Health and Rehabilitation Center
- Carlton Shores Health and Rehabilitation Center
- Ridgecrest Nursing and Rehabilitation Center
- Rockledge Health and Rehabilitation Center
- Viera Health and Rehabilitation Center
- Citrus Hills Health and Rehabilitation Center
- The Gardens Health and Rehabilitation Center
- Isle Health and Rehabilitation Center
- Riverwood Health and Rehabilitation Center
- Terrance Health and Rehabilitation Center
- Villa Health and Rehabilitation Center
- Woodland Grove Health and Rehabilitation Center
- The Rehabilitation and Health Center of Gahanna

The project involves 16,158 gross square feet (GSF) of new construction. The construction cost is \$3,655,550. Total project cost is \$4,799,313. Project cost includes land, building, equipment and project development costs.

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

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 23 beds was published for Subdistrict 8-1 for the July 2017 Planning Horizon. Subdistrict 8-1 is comprised of Charlotte 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 8-1 had 1,108 licensed and zero approved community nursing home beds. During the 12-month period ending June 30, 2014, Subdistrict 8-1 experienced 84.54 percent utilization at eight existing facilities. Below is a table illustrating nursing home patient days and occupancy within Subdistrict 8-1.

Charlotte 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
Charlotte Harbor Healthcare	180	65,700	58,378	88.86%	50.46%
Consulate Health Care of Port Charlotte	120	43,800	38,187	87.18%	66.07%
Englewood Healthcare and Rehab Center	120	43,800	40,898	93.37%	56.24%
Harbour Health Care	120	43,800	35,474	80.99%	45.53%
Life Care Center of Punta Gorda	180	65,700	45,852	69.79%	61.40%
Port Charlotte Rehabilitation Center	120	43,800	39,441	90.05%	54.79%
Signature Healthcare of Port Charlotte	164	59,860	49,761	83.18%	65.44%
Village Place Health and Rehabilitation Center	104	37,960	33,898	89.30%	50.30%
Total	1,108	404,420	341,889	84.54%	56.31%

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 8-1 for the planning horizon. The projected population growth, both numerically and by percent are illustrated below. See the table below.

**Current and Projected Population Growth Rate
Charlotte County, District 8, and Florida
January 2014 and January 2017**

County/Area	January 1, 2014 Population			January 1, 2017 Population		
	0-64	65+	Total	0-64	65+	Total
Charlotte	108,086	58,167	166,253	108,644	61,378	170,022
District 8	1,195,439	448,179	1,643,618	1,245,992	489,630	1,735,622
Florida	15,881,702	3,548,756	19,430,458	16,349,888	3,891,621	20,241,509
County/Area	2014-2017 Increase			2014-2017 Growth Rate		
	0-64	65+	Total	0-64	65+	Total
Charlotte	558	3,211	3,769	0.52%	5.52%	2.27%
District 8	50,553	41,451	92,004	4.23%	9.25%	5.60%
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/Area	Community Beds	2014 Pop. Aged 65+	2014		2017	
			2014 Beds per 1,000	2017 Pop. Aged 65+	2014 Beds per 1,000	2017 Beds per 1,000
Charlotte	1,108	58,167	19	61,378	18	
District 8	7,225	448,179	16	489,630	15	
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

Village Place reports that over sixteen percent of Subdistrict 8-1’s total population are residents aged 75+. The applicant includes the following table comparing population aged 75+ in Charlotte County to District 8 and Florida, indicating that residents aged 75+ represent a larger portion of the Charlotte County population than they do in District 8 and the state overall. See below.

Population over 75 in Charlotte County As Compared to District 8 and Florida

	2014			2017		
	Total	75+	%75+	Total	75+	%75+
Charlotte	166,700	27,481	16%	170,916	28,883	17%
District 8	1,657,206	208,612	13%	227,668	227,668	13%
Statewide	19,552,248	1,635,146	8%	1,757,037	1,757,037	9%

Source: CON application #10336, page 32

The applicant reports that Charlotte County has three acute care hospitals which regularly discharge patients to SNFs and there are no freestanding comprehensive medical rehabilitation (CMR) units in the county. Village Place insists that as the elderly population in Charlotte County continues to grow, more patients will be in need of rehabilitation and nursing care after acute care stays. The applicant declares that because of a lack of long-term acute care options in the county and the small number of CMR beds, the growing need for rehabilitative and long-term care will be met primarily by SNF providers. The reviewer notes that the applicant did not provide statistical evidence to demonstrate these points.

- 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:**

The 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.**

This application was not 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.**

Village Place states the proposed 20 additional SNF beds will be Medicare and Medicaid-certified and if approved, the applicant will

provide all services and meet all minimum requirements in accordance with Chapter 400, Part II, Florida Statutes and Chapter 59A-4, *Florida Administrative Code*.

The applicant explains that the additional 20-beds will be available to all subdistrict residents, but will focus on providing rehabilitative care. Village Place indicates it is planning an expansion of the facility that will allow for an outdoor therapy track, 4,000 square feet of therapy space, and additional support spaces. The applicant notes that patient services include but are not limited to:

- Physical, occupational and speech therapies
- Outpatient rehabilitation
- Cardiac and stroke rehabilitation monitoring
- Pain management
- Lymphedema therapy
- Restorative nursing program and wound care program
- I.V. therapy
- Customized pressure support systems
- Infections disease treatment
- Oncology/cancer care
- Psychological and Registered Dietician services
- Individual meal planning, including Kosher meals

Village Place indicates that other services and amenities that provide support, comfort and security include:

- Structured activities seven days a week
- Pet therapy
- 100 percent electric beds
- Security system
- Multi-lingual staff
- Daily transportation
- Television and telephone
- Wireless Internet access
- Beauty/barber shop
- Whirlpool spa

The applicant includes brochures and informational materials on Village Place's rehabilitative programs in TAB 13 and information on its Dining with Distinction program in TAB 25 of CON application #10336. Village Place insists that it is committed to going beyond the meeting of basic health care and residential needs of its residents and includes a list of the social programming and activities that it offers.

The applicant notes that ancillary services include pharmacy, mobile diagnostics and laboratory--additional ancillary services include direct delivery of durable medical equipment (DME) and personal care supplies, Walgreens Meds at Bedside Program, audiology and podiatry.

Village Place explains that a physician must provide a written recommendation that an individual be admitted to the facility. The applicant includes a copy of its Resident's Rights policy in TAB 27 and excerpts from a sample of Greystone's Operational Policy and Procedure Manual, concerning Admissions in TAB 28 of CON application #10336.

The applicant explains that that a physician's order is obtained for all discharges. Village Place notes that when a resident is discharged, a post-discharge plan is provided to the resident and family which will assist the resident to adjusting to his or her new living environment.

Village Place provides a table illustrating its patient days by payor for January-October 2014. The applicant notes that through the first 11 months of 2014, it experienced an average length of stay (ALOS) of 27 days--and expects that the additional 20 beds will experience a similar ALOS if approved. The applicant's Schedule 7 indicates that the ALOS is expected to be 37 days in years one and two of operation for the proposed 124-bed facility and 31 days in years one and two of operation for the 20-bed addition.

The applicant provides a detailed discussion of each of the following:

- Physical space
- Care planning
- Staffing pattern
- Employee benefits
- Recruitment and retention

The applicant's Schedule 7 indicates that the bed addition will provide 187 incremental admissions and 5,829 incremental patient days for year one and 214 incremental admissions and 6,570 incremental patient days for year two. Schedule 6A illustrates that FTEs for year one (ending June 30, 2017) total 160.3 and total 160.3 for year two (ending June 30, 2018). Schedule 6A indicates that 13 FTE staff will be added by this proposed project for year one and year two. See the table below.

Village Place, NH, LLC (CON application #10336) Projected Year One and Year Two Staffing		
	Year One FTEs	Year Two FTEs
Administration		
Other	0.5	0.5
Nursing		
RNs	1.0	1.0
LPNs	1.0	1.0
Nurses' Aides	2.0	2.0
Ancillary		
Physical Therapist	1.6	1.6
Speech Therapist	1.0	1.0
Occupational Therapist	0.6	0.6
Dietary		
Dietary Aides	1.5	1.5
Housekeeping		
Housekeepers	1.8	1.8
Laundry		
Laundry Aides	0.5	0.5
Plant Maintenance		
Other	1.5	1.5
Total	13	13

Source: CON application #10336, 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.**

The applicant states not having had a nursing home license denied, revoked or suspended.

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

The 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.**

The 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.**

The 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.**

The 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.**

The 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 applicant's service area? ss. 408.035 (1)(b) and (e), Florida Statutes.

There are 38 licensed community nursing homes with a total of 7,225 community nursing home beds in District 8. Subdistrict 8-1 is composed of Charlotte County and has eight licensed community nursing homes with a total of 1,108 community nursing home beds. The subdistrict averaged 84.54 percent total occupancy for the 12-month period ending June 30, 2014.

Village Place explains that in addition to providing additional SNF beds for area residents, the proposed project will allow Village Place to update and modernize its therapy space. The applicant provides a map of its location on page four of CON application #10336, noting that the facility is located next to Bayfront Health Port Charlotte, only two blocks away from Fawcett Memorial Hospital and is located near major area roads and highways.

The applicant asserts that the existing facility is a single-story building with 50 semi-private and four private rooms. Village Place states that the proposed project entails 12,158 square feet of new and renovated space which will be used to construct 20 private rooms and a 4,000 square foot modern therapy space.

Village Place provides a table illustrating Subdistrict 8-1's SNF occupancy from 2010 to the first half of 2014. The applicant draws the following conclusions from its chart:

- The subdistrict as a whole has seen a three percent overall increase between 2010 and the first half of 2014
- In the first half of 2014 Village Place had the second highest occupancy rate among the area providers
- Village Place's occupancy has been higher than the subdistrict average over the last four years
- Village Place's occupancy has been higher than the subdistrict's overall occupancy for three out of the last four calendar years and for the first six months of 2014

The applicant also reports that internal data through the end of October 2014 shows that the SNF's occupancy is continuing to grow, with an occupancy rate of 93 percent on its 104 beds. Village Place points out that although there are other providers in the service area that have high

occupancy rates, Village Place is the only area provider that applied for additional beds. The applicant declares that this application illustrates its commitment to serving the needs of area residents and their families.

Village Place includes a detailed discussion of the qualifications and experience of Greystone in Florida on pages nine to 12 of CON application #10336.

The applicant explains that before Greystone took over management of Village Place, the facility was called Peace River Nursing and Rehabilitation. Village Place asserts that before being under Greystone's management, the facility was experiencing large fluctuations in its occupancy. The applicant includes a chart illustrating occupancy at the current Village Place facility before and after Greystone's management on page 13 of CON application #10336, making the following conclusions:

- The high occupancy in 2005 can be attributed to two other SNFs in the subdistrict being inactive for half of a year or more—similarly the same two SNFs were closed for several months during 2004
- Although it is impossible to predict what the occupancy at Peace River would have been if other SNFs were operating for a full calendar year in 2004 and 2005, it is safe to say it would have been lower
- Furthermore, the large dip in occupancy in 2006 when all of the Subdistrict 8-1 SNFs were open a full year indicates that Peace River could not maintain high occupancy levels when competing with all other area providers
- However, since the change of ownership and management, Village place has experienced growth in occupancy

The applicant states that based upon total admissions through the second quarter of 2014, it is experiencing continuing growth in occupancy and is outpacing the other SNFs in the subdistrict. The applicant provides the following table, noting that Village Place now ranks second in the greater Port Charlotte market in skilled patient census and first in overall occupancy.

**Subdistrict 8-1 Occupancy and Patient Days
January 1, 2014-June 30, 2014**

	Charlotte Harbor Healthcare	Harbour Health Center	Life Care Center	Port Charlotte Rehab	Signature HealthCare	Village Place
Beds	180	120	180	120	164	104
Total Days	14,241	5,667	12,006	9,714	12,663	8,656
Medicare	3,841	2,038	3,805	3,630	3,305	2,918
HMO	1,118	526	502	325	925	897
ADC	154.8	61.6	130.5	105.6	137.5	94.1
Occupancy	86.0%	51.3%	72.5%	88.0%	83.9%	90.5%
Rank Occupancy	3	6	5	2	4	1
Total Skilled	34.8%	45.2%	35.9%	40.7%	33.4%	44.1%
Rank Skilled	5	1	4	3	6	2

Source: CON application #10336, page 14, based on 2014 Nursing Home Utilization, Second Quarter

The applicant states that many community members support the addition of 20 beds at Village Place, as demonstrated by the letters of support.

- 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.**

The applicant insists it has a history of providing quality care and notes that it has been managed by Greystone since it was acquired by HMA Peace River Hospital in 2008. Village Place indicates that over the last six and half years, it has built a solid clinical team that delivers a wonderful resident experience, based around customer service and resident-centered high quality care.

Village Place explains that prior to its ownership and Greystone’s management of the facility, the facility faced many challenges in terms of proper management, provision of quality care and reputation in the community. The applicant insists however that it and its parent company have made great strides in improving the facility. Village Place points out that it was a recipient of the American Health Care Association Bronze Quality Award in 2012 and only received one citation during its annual survey in 2014 while area facilities averaged seven each, the Florida statewide average of 9.2 citations and the national average was 5.6 citations. Village Place declares it is now the preferred SNF in Charlotte County.

The applicant declares that Greystone has developed and implemented organization-specific programs that promote delivery of quality care. The applicant states that a summary of these voluntary programs beyond those required by law to guide Greystone facilities now and into the future include:

- Believed balance assessment
- Operation make a difference
- Care line, benchmarking
- Focus leveled monitoring steps
- Quality assurance/risk management standards and guidelines
- Electronic health care library

Village Place provides a detailed discussion of each of the following related to quality of care:

- Five stages of quality assurance/performance improvement
- Florida Health Care Association’s quality credentialing program
- Quality assurance measure beyond FHCA
- Quality assurance through ethics training
- Quality assurance through the resident council

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

Substantiated Complaint Categories for the Past 36 Months	
Complaint Category	Number Substantiated
Quality of Care/Treatment	3
Infection Control	1
Resident/Patient/Client Rights	1

Source: Florida Agency for Health Care Administration Complaint Records

Agency complaint records indicate that the affiliated nursing homes associated with the parent company, for the three-year period ending November 19, 2014, had 143 substantiated complaints at 26 facilities. A single complaint can encompass multiple complaint categories. The substantiated complaint categories are listed below:

Substantiated Complaints for the Past 36 Months	
Complaint Category	Number Substantiated
Quality of Care/Treatment	65
Resident/Patient/Client Assessment	13
Administration/Personnel	12
Physical Environment	11
Resident/Patient/Client Rights	9
Nursing Services	7
Admission, Transfer and Discharge Rights	5
Infection Control	4
Resident/Patient/Client Abuse	4
Unqualified Personnel	4
Dietary Services	3
Falsification of Records/Reports	3
Physician Services	2
Billing Refunds	1
State Licensure	1

Source: Florida Agency for Health Care Administration Complaint Records

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

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 Greystone Tribeca Acquisition, LLC and Affiliates (Parent) and where the

two short-term and long-term measures fall on the scale (highlighted in gray) for the most recent year.

Greystone Tribeca Acquisition, LLC and Affiliates

	Dec-13	Dec-12
Current Assets	\$24,283,673	\$65,026,985
Total Assets	\$73,221,699	\$134,586,519
Current Liabilities	\$57,759,171	\$52,268,033
Total Liabilities	\$121,535,660	\$117,591,612
Net Assets	(\$48,313,961)	\$16,994,907
Total Revenues	\$114,821,982	\$112,923,494
Excess of Revenues Over Expenses	\$4,899,056	\$6,436,330
Cash Flow from Operations	\$9,298,457	\$1,904,516
Short-Term Analysis		
Current Ratio (CA/CL)	0.4	1.2
Cash Flow to Current Liabilities (CFO/CL)	16.10%	3.64%
Long-Term Analysis		
Long-Term Debt to Net Assets (TL-CL/NA)	-132.0%	384.4%
Total Margin (ER/TR)	4.27%	5.70%
Measure of Available Funding		
Working Capital	(\$33,475,498)	\$12,758,952

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 indicates on Schedule 2 capital projects totaling \$4,799,313 which includes this project. The applicant indicates on Schedule 3 of its application that funding for the project will be provided by related company financing. The applicant provided a letter from the Parent committing to funding this project. The Parent submitted their Audited Financial Schedules as proof of available funding. The long and short-term analysis of the applicant's 12/31/2013 financial statements indicate that the parent may have difficulties securing additional debt. However, cash flow from operations should be sufficient to fund the project without additional debt. It should be noted that the notes to Schedule 3 state that Greystone Healthcare Holdings, LLC and

subsidiaries, not the parent, would fund the project. No financial information was provided for Greystone Healthcare Holdings, LLC; therefore, no conclusion could be drawn as to the available funding provided by this entity.

Conclusion:

Funding for this project should be available as needed from the parent without additional funding from Greystone Healthcare Holdings, LLC.

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

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	15,570,854	368	400	340	272
Total Expenses	14,001,239	331	384	330	276
Operating Income	1,569,615	37	44	8	-22
Operating Margin	10.08%		Comparative Group Values		
	Days	Percent	Highest	Median	Lowest
Occupancy	42,340	93.55%	99.48%	89.88%	62.35%
Medicaid/MDCD HMO	19,345	45.69%	60.04%	51.33%	40.72%
Medicare	16,060	37.93%	42.37%	24.58%	10.76%

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. In addition, the total cost appears to include at least the minimum staffing required. Therefore, the overall profitability appears achievable.

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:

This project is 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.

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

**Medicaid Patient Days and Medicaid Occupancy in Village Place NH, LLC
Charlotte County, District 8 and Florida**

Medicaid Patient Days					
Facility/Area	2009	2010	2011	2012	2013
Village Place NH	14,023	15,797	12,769	16,572	16,281
Charlotte	178,974	177,214	182,616	190,540	193,152
District 8	1,178,982	1,184,832	1,198,660	1,212,391	1,207,330
Florida	15,411,373	15,530,575	15,612,015	15,733,318	15,700,197
Medicaid Occupancy					
Facility/Area	2009	2010	2011	2012	2013
Village Place NH	43.27%	48.22%	43.51%	49.68%	48.18%
Charlotte	53.34%	52.90%	54.93%	56.32%	56.17%
District 8	56.49%	56.92%	57.18%	57.39%	56.43%
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

Village Place provides tables comparing its total occupancy, patient days, Medicaid patient days and Medicaid occupancy to Subdistrict 8-1, District 8 and the state for the past five fiscal years. The applicant states that the tables demonstrate that while Village Place’s Medicaid occupancy rates are generally lower than that of the subdistrict due to its proximity to Peace River Medical Center and Fawcett Memorial Hospital and the referral patterns for short-term rehabilitation, Village Place has a history of providing skilled nursing care to low income Medicaid recipients. The applicant insists that over the past four years Village Place’s Medicaid occupancy has increased four percent, while the rates in District 8 and Florida have had much less substantial growth.

Village Place indicates that for the most recent year, Medicaid recipients comprised 50.30 percent of total patient days. The applicant maintains that the forecast for the project continues the slight upward trend for Medicaid days as shown in the payer forecast below, although with a proportionately higher increase in Medicare reflective of the 20-bed addition primarily intended for rehabilitative care. Village Place explains that therefore, the proportionate amount of Medicaid will go down slightly, but the actual utilization for Medicaid is expected to rise slightly.

**Forecasted Patient Days, Village Place
First Two Years of the 20-Bed Addition (Total Facility of 124 Beds)**

Payer	Year One: Ending June 30, 2017			Year Two: Ending June 30, 2018		
	Admissions	Patient Days	% of Total Days	Admissions	Patient Days	% of Total Days
Medicare	738	15,505	37.27%	765	16,060	37.93%
Medicaid	48	19,159	46.06%	48	19,345	45.69%
Managed Care	329	3,285	7.90%	329	3,285	7.76%
Self-Pay	6	1,825	4.39%	6	1,825	4.31%
Other	9	1,825	4.39%	9	1,825	4.31%
Total	1,130	41,599	100.0%	1,157	42,340	100.0%

Source: CON application #10336, page 49

The applicant asserts that since the project is for the new rehabilitative unit, Medicare is expected to be the primary payer for the bed addition and therefore a formal condition is not necessary. Village Place indicates it understands that the CON may have a condition placed upon it based upon statements made or projections contained within the application.

Village Place insists that however, Medicaid still represents the majority of patient days, with Medicare representing 37.27 percent and 37.93 percent of total patient days, respectively for years one and two, and managed care representing 7.90 percent and 7.76 percent, respectively, for years one

and two. The applicant believes that this is driven by the demographics of the market in which Village Place operates. Village Place states that the facility will continue to have all beds both Medicare and Medicaid certified.

The applicant's Schedule 7 indicates that Medicaid and self-pay represent 34.38 percent and 0.00 percent, respectively, of year one and 33.33 and 0.00 percent, respectively, of year two annual total patient days for the proposed 20-bed addition. The applicant's Schedule 7 indicates that Medicaid and self-pay represent 46.06 percent and 4.39 percent, respectively, of year one and 45.69 and 4.31 percent, respectively, of year two annual total patient days for the proposed 124-bed total facility.

F. SUMMARY

Village Place NH LLC (CON #10336), an affiliate of Greystone Tribeca Acquisition, LLC proposes to add 20 community nursing home beds at Village Place and Rehabilitation Center, an existing SNF with 104 licensed beds, located at 2370 Harbor Boulevard, Port Charlotte, Florida 33952 in Subdistrict 8-1, Charlotte County.

Greystone operates 26 SNFs and two assisted living facilities in Florida.

The project involves 16,158 GSF of new construction. The construction cost is \$3,655,550. Total project cost is \$4,799,313. Project cost includes land, building, equipment and project development 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 23 beds was published for Subdistrict 8-1 for the July 2017 Planning Horizon.

As of November 19, 2014, Subdistrict 8-1 had 1,108 licensed and zero approved community nursing home beds. During the 12-month period ending June 30, 2014, Subdistrict 8-1 experienced 84.54 percent utilization at eight existing facilities.

Village Place reports that over sixteen percent of Subdistrict 8-1's total population are residents aged 75+. The applicant compares the aged 75+ population in Charlotte County to District 8 and Florida, indicating that residents aged 75+ represent a larger portion of the population Charlotte County than they do in District 8 and the state overall.

The applicant reports that Charlotte County has three acute care hospitals which regularly discharge patients to SNFs and there are no freestanding comprehensive medical rehabilitation (CMR) units in the county. Village Place insists that as the elderly population in Charlotte County continues to grow, more patients will be in need of rehabilitation and nursing care after acute care stays. The applicant declares that because of a lack of long-term acute care options in the county and the small number of CMR beds, the growing need for rehabilitative and long-term care will be met primarily by SNF providers. The reviewer notes that the applicant did not provide statistical evidence to demonstrate these points.

The applicant's Schedule 7 indicates that the ALOS is expected to be 37 days in years one and two of operation for the proposed 124-bed facility. The applicant's Schedule 7 indicates that the ALOS is expected to be 31 days in years one and two of operation for the proposed 20-bed addition.

Quality of Care:

The applicant described its ability to provide quality care.

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

Village Place had five substantiated complaints during November 19, 2011 to November 19, 2014.

The applicant's controlling interest had 143 substantiated complaints at its 26 Florida SNFs during November 19, 2011 to November 19, 2014.

Financial Feasibility/Availability of Funds:

Funding for this project should be available as needed from the parent without additional funding from Greystone Healthcare Holdings, LLC. Based on the information provided in Schedule 6, the applicant's projected staffing meets the requirement. This project appears to be financially feasible based on the projections provided by the applicant.

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

Medicaid/Charity Care:

Village Place 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 34.38 percent and 0.00 percent, respectively, of year one and 33.33 and 0.00 percent, respectively, of year two annual total patient days for the proposed 20-bed addition. The applicant's Schedule 7 indicates that Medicaid and self-pay represent 46.06 percent and 4.39 percent, respectively, of year one and 45.69 and 4.31 percent, respectively, of year two annual total patient days for the proposed 124-bed total facility.

Architectural:

The cost estimate and the project completion forecast 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 #10336 to add 20 community nursing home beds at Village Place and Rehabilitation Center in District 8, Subdistrict 1, Charlotte County. The total project cost is 4,799,313. The project involves 16,158 GSF of new construction and a construction cost of \$3,655,550.

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