

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

A. PROJECT IDENTIFICATION

1. Applicant/CON Action Number

Pelican Bay Retirement Services, Inc. (a subsidiary of Pelican Bay Cooperative Housing Corporation)

d/b/a Premier Place at the Glenview/CON #10338

206 East Ninth Avenue

Mount Dora, Florida 32757

Authorized Representative: Andrea L. Burr
(352) 988-4022

Terracina II, LLC/CON #10339

1107 Hazeltine Boulevard, Suite 200

Chaska, Minnesota 55318

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

2. Service District/Subdistrict

District 8/Subdistrict 8-2 (Collier County)

B. PUBLIC HEARING

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

Letters of Support

Pelican Bay Retirement Services, Inc. (CON #10338): The Agency received a few letters of support from the applicant and one independently. All the support letters were from the local area. Some were individually composed and some were of a form letter variety. All the letters were dated from April through November 2014 and were signed. The support letters were from physicians, elected officials and

senior executive health care providers, including a licensed hospice provider, who made positive comments about the applicant and the proposed project.

The reviewer notes that the application includes a two-page written agreement, signed by representatives of The Glenview at Pelican Bay and International College, effective October 24, 2006, renewing annually unless terminated by either party with 90 days written notice. Among other commitments by both parties, the agreement indicates that International College will offer a \$100 per credit hour tuition discount in any semester for The Glenview at Pelican Bay employees who are enrolled and taking courses at International College.

The application also includes a three-page written agreement, signed by representatives of the Lorenzo Walker Institute of Technology (LWIT) and Premier Place at the Glenview for the term of June 1, 2013 through May 31, 2015. Among rights and privileges of both parties, the agreement indicates that Premier Place at the Glenview will make available, to the extent reasonable, practice experience for LWIT students from appropriate programs.

Terracina II, LLC (CON #10339): The Agency received several letters of support submitted by the applicant. All the support letters were from the local area. Nearly all of the support letters were individually composed. All were signed and dated in either November or December 2014. The support letters were from physicians, hospitals, two licensed hospice providers for the subdistrict, other health care providers and two attorneys, one of whom is certified in elder law. These support letters expressed positive comments about the applicant and the proposed project.

C. PROJECT SUMMARY

Pelican Bay Retirement Services, Inc. (CON #10338), hereafter referred to as Pelican Bay or the applicant, a subsidiary of Florida non-profit Pelican Bay Cooperative Housing Corporation, proposes to add 14 community nursing home beds through the conversion of 14 sheltered nursing home beds, or a partial award for 10 community nursing home beds through the conversion of 10 sheltered nursing home beds, at Premier Place at the Glenview, located at 100 Glenview Place, Naples, Florida 34108 in Subdistrict 8-2, Collier County.

Premier Place at the Glenview is a continuing care retirement community (CCRC), with 21 community nursing home beds, 14 sheltered beds and is approved to add seven sheltered nursing beds (CON #10228).

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For the 14 community bed conversion, the project involves 3,388 gross square feet (GSF) but no renovation or construction. For the partial award, the project involves 2,420 GSF but no construction or renovation. Total project cost is \$265,395.96 (or \$201,125.92 for the partial award). Project cost includes land, building and project development costs.

The applicant proposes the following two conditions on its Schedule C.

- The parcel or address is 100 Glenview Place, Naples, Florida 34108
- The conversion of 14 community skilled nursing home beds through the conversion of 14 sheltered skilled nursing home beds at the existing facility and site

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

Terracina II, LLC (CON #10339), hereafter referred to as Terracina II or the applicant, a newly formed for-profit entity, and affiliate of The Goodman Group, LLC, proposed to establish a new 30-bed community nursing home in District 8, Subdistrict 2, Collier County, Florida. The proposal is designed to introduce a skilled nursing facility (SNF) component to and be physically adjacent to the existing senior living community campus of Terracina Grand, 6825 Davis Boulevard, Naples, Florida 34104.

The Goodman Group, LLC operates two SNFs in Florida:

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

The project involves 30,600 GSF of new construction. The construction cost is \$6,588,000. Total project cost is \$10,398,500. Project cost includes land, building, equipment, project development, financing and start-up costs.

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

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Total GSF and Project Costs of Co-Batched Applicants

Applicant	CON #	Project	GSF	Costs \$	Cost Per Bed
Pelican Bay Retirement Services, Inc.	10338	Convert 14 sheltered beds in an existing 35-bed facility	3,338	\$265,396	\$18,956
Pelican Bay Retirement Services, Inc.	10338 P	Convert 10 sheltered beds in an existing 35-bed facility	2,420	\$201,126	\$20,113
Terracina II, LLC	10339	New 30-Bed Facility	30,600	\$10,398,500	\$346,950

Source; CON application #10338 and CON application #10339, Schedule 1 and 9 of each

D. REVIEW PROCEDURE

The evaluation process is structured by the certificate of need review criteria found in Section 408.035, Florida Statutes; and applicable rules of the State of Florida, Chapters 59C-1 and 59C-2, Florida Administrative Code. These criteria form the basis for the goals of the review process. The goals represent desirable outcomes to be attained by successful applicants who demonstrate an overall compliance with the criteria. Analysis of an applicant's capability to undertake the proposed project successfully is conducted by evaluating the responses and data provided in the application, and independent information gathered by the reviewer.

Applications are analyzed to identify strengths and weaknesses in each proposal. If more than one application is submitted for the same type of project in the same district, applications are comparatively reviewed to determine which applicant(s) best meets the review criteria.

Rule 59C-1.010(3)(b), Florida Administrative Code, prohibits any amendments once an application has been deemed complete. The burden of proof to entitlement of a certificate rests with the applicant. As such, the applicant is responsible for the representations in the application. This is attested to as part of the application in the Certification of the Applicant.

As part of the fact-finding, the consultant, Steve Love analyzed the application with consultation from the financial analyst, 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 37 beds was published for Subdistrict 8-2 for the July 2017 Planning Horizon. Subdistrict 8-2 is comprised of Collier 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 8-2 had 755 licensed and zero approved community nursing home beds. During the 12-month period ending June 30, 2014, Subdistrict 8-2 experienced 87.04 percent utilization at 10 existing facilities. Below is a table illustrating nursing home patient days and occupancy within Subdistrict 8-2.

Collier 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
Aristocrat, The	60	21,900	17,804	81.30%	40.69%
Bentley Care Center	7	2,555	2,555	100.00%	0.00%
Chateau at Moorings Park,The	60	21,900	20,240	92.42%	0.00%
Harborchase of Naples	40	14,600	12,614	86.40%	22.17%
Heritage Healthcare & Rehabilitation Center	97	35,405	32,175	90.88%	77.77%
Imperial Health Care Center	113	41,245	35,400	85.83%	43.38%
Lakeside Pavilion	120	43,800	39,032	89.11%	74.56%
ManorCare at Lely Palms	117	42,705	38,166	89.37%	40.66%
ManorCare Nursing and Rehabilitation Center	120	43,800	34,231	78.15%	63.44%
Premier Place at the Glenview	21	76,65	7,636	99.62%	0.00%
Total	755	275,575	239,853	87.04%	48.68%

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

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The reviewer notes the current and projected population of Subdistrict 8-2 for the planning horizon. The projected population growth, both numerically and by percent are illustrated below.

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

County	January 1, 2014 Population			January 1, 2017 Population		
	0-64	65+	Total	0-64	65+	Total
Collier	247,394	92,278	339,672	257,995	100,788	358,783
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	2014-2017 Increase			2014-2017 Growth Rate		
	0-64	65+	Total	0-64	65+	Total
Collier	10,601	8,510	19,111	4.29%	9.22%	5.63%
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 and older cohort in the subdistrict are shown below.

Beds per 1,000 Residents Age 65 and Older

County	Community Beds	2014 Pop. Aged 65+	2014 Beds per 1,000	2017 Pop. Aged 65+	2017 Beds per 1,000
Collier	755	92,278	8	100,788	7
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

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

Pelican Bay Retirement Services, Inc. (CON #10338) states that in seeking only 14 beds, it is leaving 23 community nursing home beds for another applicant or to be carried forward to another batching cycle if appropriate.

Pelican Bay offers US Census Bureau 2009-2013 American Community Survey FactFinder data regarding a variety of socio-economic characteristics for Collier County, Florida, Agency population estimates and Agency nursing home occupancy data, in the application Appendix.

Pelican Bay points out a total occupancy rate of 99.62 percent (at Premier Place at the Glenview) and a total occupancy rate of 87.04 percent (Subdistrict 8-2 in total), as shown in Agency records above.

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The reviewer notes that pursuant to 408.036 (3) (k), Florida Statutes, the applicant can add up to ten total community nursing home beds through the CON exemption process if the facility meets the exemption criteria.

Terracina II, LLC (CON #10339) proposes a single-story, all private room 30-bed SNF, named Gardens at Terracina Grand, immediately adjacent to the new memory care building, owned by the applicant. The proposed project is to be located at 6855 Davis Boulevard, Naples, Florida 34104. Terracina Grand is already a senior living community campus with independent living units, a 200-bed assisted living facility (ALF) and a memory care unit (set to open in 2015). The applicant indicates that the proposed facility provides for an aging in place environment. However, the applicant also states that the proposed project is open to anyone in the community.

The applicant provides several maps of Collier County on pages 1-4, 1-5, 3-2 and 3-5 of CON application #10339. Terracina II indicates that these maps illustrate the following:

- Terracina Grand will be located on a major highway and in close proximity to Interstate 75
- Four hospitals and three nursing homes are located within a five-mile radius of the proposed facility
- According to population ZIP code data, the proposed project will be located within an area that has a very high number of residents 65+
- Of the seven ZIP codes in Collier County, ZIP Code 34112 contains the largest number of persons aged 65+ and is also immediately adjacent to the location of the proposed project
- Combined, ZIP Codes 34104 and 34112 had a population of 18,389, representing 19 percent of the subdistrict's 65+ population
- There is currently only one nursing home in ZIP Code 34112 and no nursing home in ZIP Code 34014 (the reviewer confirms this assertion through the Agency's www.floridahealthfinder.gov website)
- The largest concentration of people aged 65+ are within a 10-mile radius of the proposed project

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

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

2. Agency Rule Preferences

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

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

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

Neither of the co-batched applications 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.**

Pelican Bay Retirement Services, Inc. (CON #10338) contends that the services to be provided in the proposed project will not differ significantly from those that have been provided since

licensure. Pelican Bay indicates that the current facility (Pelican Bay at the Glenview) serves its residents. The applicant points out it is the only facility in Florida that is both an “equity owned community owned” by its own residents and is also a CCRC.

Pelican Bay maintains that services offered in the SNF have been provided to both the residents of Pelican Bay Housing Cooperative as well as residents from Naples, Florida and Collier County. The applicant notes that it provides a range of services that are most often presented in SNFs, including a special emphasis on rehabilitation and various therapies to support the residents in reaching and maintaining their optimum level of independence. Pelican Bay asserts that the heavy focus on rehabilitative services means that the facility serves many orthopedic post-surgical patients discharged from the hospital, who go on to become residents of Premier Place for their therapeutic environment. The applicant states that often these residents stay only two to three weeks.

Pelican Bay notes that Premier Place does not have a special program for severe dementia or Alzheimer’s and therefore when a resident is admitted to Premier Place with severe dementia, “they use private duty care to ensure their safety.” According to Pelican Bay, the facility offers wound care as well as IV therapy. The applicant also states it serves cardiac patients and other post-surgical patients on a short-term basis. The applicant contends that short-term patients often comprise more than half of the resident population.

Pelican Bay states that it provides the following ancillary services:

- Rehabilitative therapies (including physical, speech and occupational therapies)
- Pet therapy
- Music therapy
- Message therapy
- Nutritional therapy

The applicant maintains that Premier Place cooperates with and supports hospice programs for their residents and that they collaborate with hospice staff to provide their residents with quality end-of-life care through the resident’s choice of an area hospice. The reviewer notes a support letter from Karen Rollins, President/CEO of Avow Hospice, Inc.

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Pelican Bay indicates that Premier Place utilizes proprietary patient assessment tools, specifically the Brookdale Method of Assessment, also called the Admission, Evaluation and Data Tool (proprietary).

Pelican Bay briefly discusses admission policies and discharge policies on page six of the application. The applicant provides Premier Place's single-page Admissions Criteria Guidelines check-sheet and states the facility does not accept admissions for: ventilators, blood transfusions, TB or AFB positive sputum, systemic infections and is not able to handle combative mental health residents. Pelican Bay contends that discharge policies are in place to ensure that residents are discharged when they have attained their care goals and have reached their respective optimum level of independence and no longer need the services of a SNF.

Per Pelican Bay, the average length of stay (ALOS) at Premier Place at the Glenview is not the best descriptive statistic in looking at the type and length of stay of most of the residents. Pelican Bay contends that it is probably more accurate to look on Premier Place as serving two groups in the community: rehabilitative cases with a relatively short length of stay and long-term care cases that will remain at Premier Place for a long time. The reviewer notes that the applicant's Schedule 7 indicates that the ALOS will be 32.81 days for the total 35-bed facility in year one and 32.75 days for year two. The reviewer notes that the applicant did not submit a separate Schedule 7 for the partial award, nor did the applicant submit a Schedule 7 showing the facility's projections without approval of the proposed project so that incremental admissions and patient days could be calculated.

Schedule 6A illustrates a one year (ending 2014) 2.6 FTE count, for the proposed project. The reviewer notes that the applicant did not submit a Schedule 6 for year two of operations or for the partial award. Further, the applicant denotes 2014 as the timeframe for year one of operation. The reviewer notes that the applicant denotes year one of operation as April 1, 2015 through December 31, 2015 on Schedule 7 and year two as ending 2016 for year two of operation.

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Pelican Bay Retirement Services, Inc. (CON application #10338) Projected Year One & Year Two Staffing		
	Year One FTEs	Year Two FTEs
Nursing		
RNs	0.7	Not Indicated
LPNs	0.7	Not Indicated
Nurses' Aides	1.2	Not Indicated
Total	2.6	Not Indicated

Source: CON application #10338, Schedule 6A

Terracina II, LLC (CON #10339) maintains that it will provide both short-term and long-term care and participate in the Medicare and Medicaid Programs.

Terracina provides a detailed analysis of the services to be provided on pages 2-5 through 2-14 of CON application #10339. The applicant explains that the top seven major diagnostic categories (MDCs) were examined to identify the diagnostic related groups that included hospital discharges to SNFs. Terracina declares that its responses address the provisions of rule and the discharge data clearly shows that persons being discharged to SNFs need a high level of skilled nursing as well as restorative and rehabilitative care.

The applicant discusses admission and care planning on pages 2-14 and 2-15 of CON application #10339. According to Terracina, any potential admission will be based on the resident's medical records along with what services are needed. The applicant concedes that if the facility has the clinical program and services to provide the care, then admission will occur. Terracina states that residents residing at Terracina Grand, will be assessed for admission and admitted based on the facility's ability to meet the residents' needs. The applicant points out that a key goal of the care plan will be to reduce the likelihood of a hospital readmission.

Terracina 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.

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The applicant’s Schedule 7 indicates that the ALOS will be 32.04 days in year one and year two. Schedule 6A illustrates that FTEs for year one (ending June 30, 2018) total 30.1 and total FTEs for year two (ending June 30, 2019) total 36.4. The proposed project’s year one and year two FTEs are shown in the table below.

Terracina II, LLC (CON application #10399) Projected Year One & Year Two Staffing		
	Year One FTEs	Year Two FTEs
Administration		
Administrator	0.5	0.5
Director of Nursing	0.5	0.5
Admissions Director	1.0	1.2
Bookkeeper	1.0	1.0
Secretary	1.0	1.0
Medical Records Clerk	0.5	0.5
Other: Nursing Admin	1.0	1.0
* Other: Medical Director	0.1	0.1
Nursing		
RNs	3.9	3.7
LPNs	3.9	3.7
Nurses’ Aides	8.6	12.6
Dietary Supervisor	0.3	0.3
Cooks	0.6	0.6
Dietary Aides (incl Servers)	3.3	3.0
Social Services		
Social Service Director	0.5	0.5
Activity Director	0.5	0.5
Activities Assistant	1.4	1.7
Housekeeping		
Housekeeping Supervision	0.3	0.3
Housekeepers	2.5	2.7
Laundry		
Laundry Supervisor	0.7	0.7
Plant Maintenance		
Maintenance Supervisor	0.3	0.3
Total	32.5	36.4

Source: CON application #10399, Schedule 6

The reviewer notes that there is a slight decline in FTEs from year one to year two for dietary aides (from 3.3 FTEs to 3.0 FTEs). However, Schedule 7 indicates an increase in total patient days, from 7,272 in year one to 10,220 in year two. The applicant previously pointed out the need for certain services depending on the admission of patients with certain MDC diagnoses. The need for physical and occupational therapists was discussed (page 2-6 of the application), respiratory therapists (page 2-11 of the application) and physical, speech and occupational therapies (page 2-12 of the application). The reviewer notes that these therapists are not listed in Schedule 6 and notes

that the schedule does not indicate acquiring such professionals through a contractual arrangement although expenses are shown on Schedule 8 for these services.

Other notes to Schedule 6 indicate that because the proposed project will be adjacent to the applicant's ALF, it is anticipated that certain functions will be shared between the SNF and the ALF, including executive director/administrator, director of nursing, and department heads for activities, dietary, housekeeping, maintenance and marketing.

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

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

Each co-batched applicant states either having no nursing home licensure history or 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?**

Each co-batched applicant states either having no nursing home licensure history or not having had a nursing home placed into receivership.

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

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

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

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

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

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

- d. **Rule 59C-1.036 (5) Utilization Reports. Within 45 days after the end of each calendar quarter, facilities with nursing facility beds licensed under Chapter 400, Florida Statutes shall report to the Agency, or its designee, the total number of patient days, which occurred in each month of the quarter, and the number of such days that were Medicaid patient days.**

Pelican Bay Retirement Services, Inc. (CON #10338) does not respond to this provision. However, the reviewer notes that the facility regularly reports utilization data to the local health council.

Terracina II, LLC (CON #10339) states that it will provide the required data to the Health Planning Council of Southwest Florida, Inc., and to the Agency.

3. **Statutory Review Criteria**

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

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There are 38 licensed community nursing homes with a total of 7,225 community nursing home beds in District 8. Subdistrict 8-2 is composed of Collier County and has 10 licensed community nursing homes with a total of 755 community nursing home beds. The subdistrict averaged 87.04 percent total occupancy for the 12-month period ending June 30, 2014.

Pelican Bay Retirement Services, Inc. (CON #10338) maintains that the need for the proposed project is evidenced by the fact that the Agency published a bed need of 37 beds for Subdistrict 8-2. The applicant also reiterates that the facility has had high occupancy (between 97 percent and 100 percent). However, the reviewer notes that the applicant does not reference a time frame for how long Premier Place has experienced high occupancy rates.

The reviewer confirms that according to the Florida Nursing Home Bed Need Projections by District and Subdistrict, October 2012, October 2013 and October 2014 Batching Cycles (for the three-year period ending June 30, 2014), Premier Place at the Glenview has realized the following total occupancy rates – 95.72 percent, 101.62 percent and 99.62 percent, respectively. The reviewer notes that occupancy of more than one hundred percent is impossible and indicates that reporting errors by the applicant may have existed. The reviewer notes that for CON review purposes, the Agency does not collect sheltered bed days, sheltered bed patient day or sheltered bed occupancy rates. Referenced occupancy excludes sheltered occupancy (if any). The reviewer provides a table to account for total community nursing home bed occupancy rates for the three year period ending June 30, 2014 at Premier Place at the Glenview.

**Premier Place at the Glenview
Total Occupancy Rates 36 Months Ending June 30, 2014**

Facility	Total Occupancy Rates by Percentage		
	July 1, 2011 to June 30, 2012	July 1, 2012 to June 30, 2013	July 2, 2013 to June 30, 2014
Premier Place at the Glenview	95.72%	101.62%	99.62%

Source: Florida Nursing Home Bed Need Projections by District and Subdistrict, for the referenced years

Terracina II, LLC (CON #10339) includes tables illustrating the estimated population and compounded annual growth rates (CAGRs) by ZIP code and age cohort for years 2014 and 2019 in the subdistrict. The applicant notes that 96,414 residents of Collier County in 2014 were age 65+--and this same population cohort will increase to 111,424 residents by 2019. Terracina previously noted that combined, adjacent ZIP Codes 34104 (the proposed location of the project) and 34112 had a population of 18,389, representing 19 percent of the subdistrict’s 65+ population.

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The applicant provides a table of forecasted nursing home resident days for the subdistrict and facility assuming a 93 percent occupancy rate in the second year of operation. Terracina believes Collier County will experience growth in resident days to 277,194 and assuming 92 percent occupancy, the new facility would absorb 10,184 days, leaving a balance of 267,010 days to be allocated to the existing SNFs in the county. See the table below.

**Forecasted Nursing Home Resident Days for the Subdistrict
and New 30-Bed Facility
Assuming a 93 Percent Occupancy Rate, Second Year of Operation**

Resident Days July 1, 2013 to June 30, 2014	239,853
Average Daily Census 2014	657
Collier County Population 65+ 2014	96,414
Days per 1,000 Persons, 65+, 2014	2,488
Collier County Population 65+ 2019	111,424
Resident Days Forecasted for 2019	277,194
Average Daily Census Year 2019	759
Proposed 30-Bed Facility Days @ 93%	10,184
Deduct 30-Bed Facility Resident Days from Forecast	267,010
Average Daily Census year 2019, Remaining Days	732

Source: CON application #10339, page 1-14, Table 1-2

Terracina estimates that provided the proposed 30-bed project is approved, the total number of beds will increase to 785 and at 277,194 forecasted resident days for 2019, the countywide total occupancy would be 96.7 percent (CON application #10339, page 1-14, Table 1-2, above).

The applicant believes that one way to determine whether or not any adverse impact would be experienced by existing nursing homes within the county is to examine existing market share for Subdistrict 8-2. The applicant provides resident days and market share percentages among SNFs in Collier County for the 12-month period ending June 30, 2014. See the table below.

**Historical Resident Days by Nursing Home and Market Share,
Subdistrict 8-2, Collier County, July 1, 2013-June 30, 2014**

Collier County Facilities	Resident Days	Market Share
Aristocrat, The	17,804	7.4%
Bentley Care Center	2,555	1.1%
Chateau at Moorings Park, The	20,240	8.4%
Harborage of Naples	12,614	5.3%
Heritage Healthcare & Rehabilitation Center	32,175	13.4%
Imperial Health Care Center	35,400	14.8%
Lakeside Pavilion	39,032	16.3%
ManorCare at Lely Palms	38,166	15.9%
ManorCare Nursing and Rehabilitation Center	34,231	14.3%
Premier Place at the Glenview	7,636	3.2%
Total	239,853	100.0%

Source: CON application #10339, page 1-15, Table 1-4

Terracina notes that no single nursing home has a large market share experiencing between 16.3 percent to 1.1 percent across the facilities. The applicant concludes that by the first full year of planned operations (by June 30, 2019), all existing nursing homes in the Subdistrict should have resident days above what was reported in the baseline period. Therefore, Terracina expects that the proposed project, if approved, would not adversely impact the existing SNF providers.

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

Pelican Bay Retirement Services, Inc. (CON #10338) states having a history of providing quality of care and having demonstrated the ability to provide quality care. Pelican Bay states and the reviewer confirms as of February 3, 2014, that according to the Medicare Nursing Home Compare Care website at <http://www.medicare.gov/nursinghomecompare/search.html>, Premier Place at the Glenview has a five-star overall quality rating (Much Above Average), out of a possible five stars. This Medicare website further indicates that Premier Place also realized a five-star rating for each rating subcategory - health inspection, staffing and quality measures. Further, Pelican Bay asserts that Premier Place is the only facility in Collier County that received a five-star rating in all four categories (overall, health inspection, staffing and quality measures). Through the same Medicare website, the reviewer confirms the applicant's assertion.

Premier Place at the Glenview is not a Gold Seal Program and is on the Nursing Home Watch List.¹ The most recent Agency inspection indicates Premier Place received an overall five-star rating out of a possible five stars. The Agency's Nursing Home Guide was last updated November 2014. Premier Place at the Glenview had zero substantiated complaints during November 19, 2011 to November 19, 2014.

Agency records indicate that the applicant's management company is related to Brookdale Senior Living, who operates 12 SNFs (including the applicant) in Florida:

- Lake Harris Health Center
- Freedom Pointe at the Villages Rehabilitation & Healthcare Center

¹ The facility was on a conditional time frame from August 28, 2012 to September 28, 2012 due to cited deficiencies in N0054 (59A-4.107(5) All physician orders shall be followed as prescribed and if not followed, the reason shall be recorded on the resident's medical record during that shift.)

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

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

Substantiated Complaint Categories for the Past 36 Months	
Complaint Category	Number Substantiated
Quality of Care/Treatment	12
Nursing Services	3
Admission/Transfer and Discharge	3
Resident Rights	3
Physical Environment	3
Administration/Personnel	2
Resident Assessment	1
Resident Abuse	1

Source: Agency for Health Care Administration Complaint Records

Terracina II, LLC (CON #10339) indicates that the proposed project will be defined by the corporate mission and mission statement of the Goodman Group, LLC and its four key values:

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

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Terracina asserts that the Goodman Group requires each employee to be trained in its Platinum Service® Program (or Pledge), which Terracina contends are 20 standards using the Ritz-Carlton Hotel Group's recognized customer service model (CON application #10339, pages 4-5 and 4-6). Terracina points out recognition at Goodman Group properties around the nation and in Florida on page 4-3 and 4-4 of the application, including:

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

Terracina discusses quality assurance/performance improvement (QAPI) process on pages 4-6 thru 4-8 of the application and indicates that QAPI is overseen by the Leadership Committee and the Steering Committee. Terracina contends that as an ongoing system of evaluation, QAPI will include but not be limited to:

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

Terracina discusses QAPI design and scope, governance and leadership, performance improvement projects, systemic analysis and systemic action and evaluation (pages 4-9 through 4-12 of the application). In addition, Terracina explains the following topics: residents' rights, life enrichment activities and additional program approaches.

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

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

Source: 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.**

Pelican Bay Retirement Services, Inc. (CON #10338):

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 Pelican Bay Cooperative Housing Corp. & Subsidiaries (Parent), 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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Pelican Bay Cooperative Housing Corp. & Subsidiaries		
	Dec-13	Dec-12
Current Assets	\$3,472,951	\$4,147,919
Total Assets	\$39,688,613	\$39,915,217
Current Liabilities	\$2,665,277	\$2,699,705
Total Liabilities	\$2,665,277	\$2,699,705
Net Assets	\$37,023,336	\$37,215,512
Total Revenues	\$14,577,373	\$14,879,926
Excess of Revenues Over Expenses	(\$99,201)	(\$1,002,307)
Cash Flow from Operations	\$1,921,066	\$802,854
Short-Term Analysis		
Current Ratio (CA/CL)	1.3	1.5
Cash Flow to Current Liabilities (CFO/CL)	72.08%	29.74%
Long-Term Analysis		
Long-Term Debt to Net Assets (TL-CL/NA)	0.0%	0.0%
Total Margin (ER/TR)	-0.68%	-6.74%
Measure of Available Funding		
Working Capital	\$807,674	\$1,448,214

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 \$8,177,633 which includes this project (\$265,395), CON 10228, and renovations. The applicant indicates on Schedule 3 of its application that funding for the project will be provided by cash on hand (\$1,429,897), operating cash flows (\$1,921,066), and related company financing (\$43,774). The applicant states on Schedule 3 that “The Board Resolution and Letter of Intent previously submitted authorize the use of these funds”. However, no such letter was submitted with this application. The Parent submitted their Audited Financial Schedules as proof of available funding. It appears that sufficient funding is available for this project; however, funding for the entire capital budget is in question.

Conclusion:

Funding for this project is should be available as needed.

Analysis: (Partial Request)

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

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

Pelican Bay Cooperative Housing Corp. & Subsidiaries		
	Dec-13	Dec-12
Current Assets	\$3,472,951	\$4,147,919
Total Assets	\$39,688,613	\$39,915,217
Current Liabilities	\$2,665,277	\$2,699,705
Total Liabilities	\$2,665,277	\$2,699,705
Net Assets	\$37,023,336	\$37,215,512
Total Revenues	\$14,577,373	\$14,879,926
Excess of Revenues Over Expenses	(\$99,201)	(\$1,002,307)
Cash Flow from Operations	\$1,921,066	\$802,854
Short-Term Analysis		
Current Ratio (CA/CL)	1.3	1.5
Cash Flow to Current Liabilities (CFO/CL)	72.08%	29.74%
Long-Term Analysis		
Long-Term Debt to Net Assets (TL-CL/NA)	0.0%	0.0%
Total Margin (ER/TR)	-0.68%	-6.74%
Measure of Available Funding		
Working Capital	\$807,674	\$1,448,214

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

Capital Requirements and Funding:

The applicant indicates on Schedule 2 capital projects totaling \$8,113,362 which includes this project (\$201,125), CON 10228, and renovations. The applicant indicates on Schedule 3 of its application that funding for the project will be provided by cash on hand (\$1,429,897), operating cash flows (\$1,921,066), and related company financing (\$43,774). The applicant states on Schedule 3 that “The Board Resolution and Letter of Intent previously submitted authorize the use of these funds”. However, no such letter was submitted with this application. The Parent submitted their Audited Financial Schedules as proof of available funding. It appears that sufficient funding is available for this project; however, funding for the entire capital budget is in question.

Conclusion:

Funding for this project is should be available as needed.

Terracina II, LLC (CON #10339)

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.

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Historically we have compared all applicant financial ratios regardless of type to bench marks established from financial ratios collected from Florida acute care hospitals. While not always a perfect match to a particular CON project it is a reasonable proxy for health care related entities. The below is an analysis of the audited financial statements of the Applicant and where the two short-term and long-term measures fall on the scale (highlighted in gray) for the most recent year. Since the applicant has neither income nor cash from operations, cash flow to current liabilities and total margin could not be determined.

Terracina II, LLC		
	Dec-13	Dec-12
Current Assets	\$95,935	\$4,882,872
Total Assets	\$8,097,279	\$5,808,640
Current Liabilities	\$30,279	\$0
Total Liabilities	\$55,279	\$0
Net Assets	\$8,042,000	\$5,808,640
Total Revenues	\$0	\$0
Excess of Revenues Over Expenses	\$0	\$0
Cash Flow from Operations	\$0	\$0
Short-Term Analysis		
Current Ratio (CA/CL)	3.2	N/A
Cash Flow to Current Liabilities (CFO/CL)	N/A	N/A
Long-Term Analysis		
Long-Term Debt to Net Assets (TL-CL/NA)	0.3%	0.0%
Total Margin (ER/TR)	N/A	N/A
Measure of Available Funding		
Working Capital	\$65,656	\$4,882,872

Position	Strong	Good	Adequate	Moderately Weak	Weak
Current Ratio	above 3	3 - 2.3	2.3 - 1.7	1.7 – 1.0	< 1.0
Debt to Equity	0% - 10%	10%-35%	35%-65%	65%-95%	> 95% or < 0%

Capital Requirements and Funding:

The applicant indicates on Schedule 2 capital projects totaling \$32,058,460 which includes this project, and a 60 bed ALF. The applicant indicates on Schedule 3 of its application that funding for the project will be provided by cash on hand (\$92,000), non-related company financing (US Bank), and land contributed by owner. The applicant provided a letter from US Bank indicating that the applicant and its principle have a \$35 million revolving credit facility and that they have

sufficient resources to finance this project whole or in part. Furthermore, the bank stated that they have the ability to call on the available funds immediately without the need for bank approvals.

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.**

Pelican Bay Retirement Services, Inc. (CON #10338)

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
	4,597,144	399	1,824	500	276
Total Expenses	4,936,401	428	1,745	475	327
	-339,257	-29	176	26	-173
Net Revenues	-7.38%		Comparative Group Values		
	Days	Percent	Highest	Median	Lowest
Occupancy	11,529	90.25%	97.64%	91.30%	33.72%
Medicaid	0	0.00%	29.81%	20.69%	2.05%
Medicare	6,588	57.14%	66.46%	35.09%	6.50%

The applicant nursing home is part of a CCRC. A CCRC is made up of residential units, an assisted living facility, and a nursing home and is regulated as a type of insurance arrangement. The idea is that CCRC residents buy into the community and transition through life from residential, to assisted living, and finally to skilled nursing. Skilled nursing is also available for rehabilitation to residents.

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

Staffing:

Section 400.23(3)(a)(1), Florida Statutes, specifies a minimum certified nursing assistant staffing of 2.5 hours of direct care per resident per day and a minimum licensed nursing staffing of 1.0 hour of direct resident care per resident day. The applicant failed to provide projected staffing. However, since this is a bed conversion rather than additional beds, the current year's staffing complement was used as a proxy. Based on the information provided in Schedule 6 for the current year, the applicant's projected staffing meets this requirement.

Note: Year One of Schedules 7 and 8 are for nine months (April 1, 2015 through December 31, 2015).

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. The applicant projects an operating loss of \$339,257. Therefore, the overall profitability appears in question.

Conclusion:

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

Analysis: (Partial Request)

The immediate and long-term financial feasibility of the project is tied to expected profitability. The purpose of our analysis for this section is to evaluate the reasonableness of the applicant's profitability projections and, ultimately, whether profitability is achievable for this project. Our analysis includes an evaluation of net revenue per patient day (NRPD), cost per patient day (CPD), nurse staffing ratios and profitability. We compared the NRPD, CPD and profitability to actual operating results from SNFs as reported on Medicaid cost reports (2012 and 2013 cost report years). For our comparison group, we selected SNFs with similar Medicaid utilizations to the utilization projected by the applicant on a per

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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	4,597,144	399	1,824	500	276
Total Expenses	4,936,401	428	1,745	475	327
Operating Income	-339,257	-29	176	26	-173
Operating Margin	-7.38%		Comparative Group Values		
	Days	Percent	Highest	Median	Lowest
Occupancy	11,529	90.25%	97.64%	91.30%	33.72%
Medicaid	0	0.00%	29.81%	20.69%	2.05%
Medicare	6,588	57.14%	66.46%	35.09%	6.50%

The applicant nursing home is part of a CCRC. A CCRC is made up of residential units, an assisted living facility, and a nursing home and is regulated as a type of insurance arrangement. The idea is that CCRC residents buy into the community and transition through life from residential, to assisted living, and finally to skilled nursing. Skilled nursing is also available for rehabilitation to residents.

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

Staffing:

Section 400.23(3)(a)(1), Florida Statutes, specifies a minimum certified nursing assistant staffing of 2.5 hours of direct care per resident per day and a minimum licensed nursing staffing of 1.0 hour of direct resident care per resident day. The applicant failed to provide projected staffing. However, since this is a bed conversion rather than additional beds, the current year’s staffing complement was used as a proxy. Based on the information provided in Schedule 6 for the current year, the applicant’s projected staffing meets this requirement.

Note: Year One of Schedules 7 and 8 are for nine months (April 1, 2015 through December 31, 2015).

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. The applicant projects an operating loss of \$339,257. Therefore, the overall profitability appears in question.

Conclusion:

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

Terracina II, LLC (CON #10339)

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	4,731,550	463	1,973	541	298
Total Expenses	4,596,500	450	1,888	514	354
Operating Income	135,050	13	176	26	-173
Operating Margin	2.85%		Comparative Group Values		
	Days	Percent	Highest	Median	Lowest
Occupancy	10,220	93.33%	97.64%	91.30%	33.72%
Medicaid	1,737	17.00%	29.81%	20.69%	2.05%
Medicare	5,110	50.00%	66.46%	35.09%	6.50%

Staffing:

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

The 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. In addition, this project is converting a relatively small number of beds within the district resulting in no new beds to the district.

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.**

Pelican Bay Retirement Services, Inc. (CON #10338): The Office of Plans and Construction notes that the codes and standards regulating the design and construction of skilled nursing facilities are the same for beds licensed as sheltered beds and community beds.

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

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

Terracina II, LLC (CON #10339): 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 & Medicaid Occupancy in Collier County (Subdistrict 8-2), District 8 and Florida

Medicaid Patient Days					
Facility/Area	2009	2010	2011	2012	2013
Collier (Subdistrict 8-2)	120,372	120,971	118,460	115,896	117,048
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
Collier (Subdistrict 8-2)	50.21%	49.88%	48.71%	47.34%	48.14%
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

Pelican Bay Retirement Services, Inc. (CON #10338) indicates that it does not provide Medicaid services, as according to the applicant, the income of the residents of Pelican Bay, which is both a housing cooperative and CCRC, are too high to qualify for Medicaid services. The applicant further states that it does not provide charity care to its own residents who may run out of funds.

The reviewer compiled the following Medicaid occupancy data for Premier Place at the Glenview for July 1, 2013 to June 30, 2014. This confirms that at least for the 12-month period ending June 30, 2014, the applicant reported no Medicaid patient days. See the table below.

**Premier Place at the Glenview
Florida Medicaid Occupancy
July 1, 2013 to June 30, 2014**

Facility	Medicaid Days	Total Days	Medicaid Occupancy
Premier Place at the Glenview	0	7,636	0.00%
Total	0	7,636	0.00%

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

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Below is a table to account for the applicant’s estimated admissions, patient days and percent of patient days, by payer, for year one and year two, as indicated. The reviewer notes that a total percentage of days for year one is not provided by the applicant, however based on the sums provided the total adds up to 99 percent. Further, a total percentage of days for year two is denoted as 100 percent, however based on the sums provided the total adds up to 99 percent.

**Projected Admissions, Patients Days and Percentages
Premier Place at the Glenview
Year One (April 1, 2015 - December 31, 2015) and Year Two (2016)**

Payer	Year One			Year Two		
	Admissions	Patient Days	Percent of Days	Admissions	Patient Days	Percent of Days
Medicare	250	4,950	57%	334	6,588	57%
Other Payers	9	2,200	25%	12	2,928	25%
Self-Pay	5	1,513	17%	7	2,013	17%
Total	264	8,663	Not given	353	11,529	100%

Source: CON application #10338, Schedule 7

As shown, the applicant’s Schedule 7 indicates that Medicaid and self-pay represent 0.00 percent and 17.0 percent, respectively, for both year one and year two of total annual patient days, for planned operations.

Terracina II, LLC (CON #10339) states that the expectation is Medicaid managed care plans will continue a downward trend in nursing home placements, offering options to recipients to maintain them in less restrictive settings. The applicant also states that in contrast, Medicare continues to promote Medicare advantage plans and the number of enrollees in them has grown. Terracina emphasizes that higher levels of rehabilitation and restorative care will be provided for shorter stays as residents return home—including for Medicaid recipients.

The applicant provides an overview of changes to long-term care including the advent of Statewide Medicaid Managed Care (SMMC) plans. In this discussion, Terracina includes information on the available plans and services in Region 8.

The reviewer compiled the following Medicaid occupancy data for The Goodman Group, LLC operated Florida SNFs for July 1, 2013 to June 30, 2014. See the table below.

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

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

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

Terracina offers year one and year two forecasted patient days, by payer, total patient days and occupancy rates as shown in the table below.

**Gardens at Terracina Grand Forecast of Resident Days
First Two Years of Operation**

Payer	Year One: FY 2018 Days	Year Two: FY 2019 Days	Percent of Days
Medicare	2,909	4,088	40.0%
Medicare Managed Care	727	1,022	10.0%
Medicaid Managed Care	1,236	1,737	17.0%
Self-Pay	2,400	3,373	33.0%
Total	7,272	10,220	100.0%
Occupancy	66.4%	93.3%	

Source: CON application #10339, page 1-14, Table 1-3 and page 9-1, Table 9-1

According to Terracina, uncollected revenues deducted from gross revenues, those revenues are converted to resident days for years one and two of 90 and 129. Terracina asserts having addressed both traditionally underserved groups.

The applicant's Schedule 7 indicates that Medicaid and self-pay represent 17.0 percent and 33.0 percent, respectively, of year one and year two annual total patient days.

F. SUMMARY

Pelican Bay Retirement Services, Inc. (CON #10338), a subsidiary of Florida non-profit Pelican Bay Cooperative Housing Corporation, proposes to add 14 community nursing home beds through the conversion of 14 sheltered nursing home beds, or a partial award for 10 community nursing home beds through the conversion of 10 sheltered nursing home beds, at Premier Place at the Glenview, located at 100 Glenview Place, Naples, Florida 34108 in Subdistrict 8-2, Collier County.

Premier Place at the Glenview is a CCRC, with 21 community nursing home beds, 14 sheltered beds and is approved to add seven sheltered nursing beds (CON #10228).

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For the 14 community bed conversion, the project involves 3,388 GSF but no renovation or construction. For the partial award, the project involves 2,420 GSF but no construction or renovation. Total project cost is \$265,395.96 (or \$201,125.92 for the partial award). Project cost includes land, building and project development costs.

For the 14 community bed conversion, the project involves 3,388 GSF, according to Schedule 9, Line C. For the partial award, the project involves 2,420 GSF, according to Schedule 9, Line C. No construction or renovation cost is shown for either project. Total project cost is \$265,395.96 (or \$201,125.92 for the partial award). Project cost includes land, building and project development costs.

The applicant proposes two conditions on its Schedule C. However, the reviewer notes that the applicant indicates on Schedule C's Item E that it does not wish to accept any conditions.

Terracina II, LLC (CON #10339) a newly formed for-profit entity, an affiliate of The Goodman Group, LLC, proposes to establish a new 30-bed community nursing home in Subdistrict 2, Collier County. The proposed project is to be located at 6855 Davis Boulevard, Naples, Florida 34104.

The Goodman Group, LLC operates two SNFs in Florida.

The project involves 30,600 GSF of new construction. The construction cost is \$6,588,000. Total project cost is \$10,398,500. Project cost includes land, building, equipment, project development, financing and start-up costs.

The applicant proposes no conditions on its Schedule C.

Need:

In Volume 40, Number 193 of the Florida Administrative Register dated October 3, 2014, a fixed need pool of 37 beds was published for Subdistrict 8-2 for the July 2017 Planning Horizon.

As of November 19, 2014, Subdistrict 8-2 had 755 licensed and zero approved community nursing home beds. During the 12-month period ending June 30, 2014, Subdistrict 8-2 experienced 87.04 percent utilization at 10 existing facilities.

Pelican Bay Retirement Services, Inc. (CON #10338) justifies need for its proposed project for the following reasons:

- Approval of 14 beds is sought and this leaves 23 community nursing home beds for another applicant or to be carried forward to another batching cycle, if appropriate
- For the 36-month period ending June 30, 2014, Premier Place at the Glenview has realized the following total occupancy rates:

**Premier Place at the Glenview
Total Occupancy Rates 36 Months Ending June 30, 2014**

Facility	Total Occupancy Rates by Percentage		
	July 1, 2011 to June 30, 2012	July 1, 2012 to June 30, 2013	July 2, 2013 to June 30, 2014
Premier Place at the Glenview	95.72%	101.62%	99.62%

Source: Florida Nursing Home Bed Need Projections by District and Subdistrict, for the referenced years

- The Agency published a bed need of 37 beds for District 8, Subdistrict 8-2 (Collier County)

Pursuant to 408.036 (3) (k), Florida Statutes, the applicant can add up to ten total community nursing home beds through the CON exemption process if the facility meets the exemption criteria.

Per Pelican Bay, ALOS is not the best descriptive statistic in looking at the type and length of stay of most of the residents. Pelican Bay contends that it is probably more accurate to look on Premier Place as serving two groups in the community: rehabilitative cases with a relatively short length of stay and long-term care cases that will remain at Premier Place for a long time. The reviewer notes that the applicant’s Schedule 7 indicates that the ALOS will be 32.81 days for the total 35-bed facility in year one and 32.75 days for year two. The reviewer notes that the applicant did not submit a separate Schedule 7 for the partial award, nor did the applicant submit a Schedule 7 showing the facility’s projections without approval of the proposed project so that incremental admissions and patient days could be calculated.

Terracina II, LLC (CON #10339) justifies need for its proposed project for the following reasons:

- The planned location is at 6855 Davis Boulevard, Naples, Florida 34104 and is immediately adjacent to the memory care unit (set to open in 2015) and on the existing Terracina Grand campus
- Terracina Grand will be located on a major highway and in close proximity to Interstate 75
- Four hospitals and three nursing homes are located within a five-mile radius of the proposed facility

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- According to population ZIP Code data, the proposed project will be located within an area that has a very high number of residents 65+
- Of the seven ZIP codes in Collier County, ZIP Code 34112 contains the largest number of persons aged 65+ and is also immediately adjacent (to ZIP Code 34104), the location of the proposed project
- Combined, ZIP Codes 34104 and 34112 had a population of 18,389, representing 19 percent of the subdistrict's 65+ population
- There is currently only one nursing home in ZIP Code 34112 and no nursing home in ZIP Code 34014
- The largest concentration of people aged 65+ are within a 10-mile radius of the proposed project

The applicant's Schedule 7 indicates that the ALOS will be 32.04 days in year one and year two.

Quality of Care:

Both applicants described their ability to provide quality care.

Pelican Bay Retirement Services, Inc. (CON #10338): Premier Place at the Glenview is not a Gold Seal Program and is on the Nursing Home Watch List. For the most recent rating period, Premier Place at the Glenview had five out of a possible five-star Agency quality inspection rating.

Premier Place at the Glenview had zero substantiated complaints during November 19, 2011 to November 19, 2014.

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

Terracina II, LLC (CON #10339): The Goodman Group, LLC, the parent, received the following 2014 recognition for several of its facilities nationwide:

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

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

Financial Feasibility/Availability of Funds:

Pelican Bay Retirement Services, Inc. (CON #10338): Funding for this project should be available as needed. Based on the information provided in Schedule 6 for the current year, the applicant's projected staffing meets the requirement. This project appears to be financially feasible as part of the larger CCRC model.

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

Partial Award - Funding for this project should be available as needed. Based on the information provided in Schedule 6 for the current year, the applicant's projected staffing meets the requirement. This project appears to be financially feasible as part of the larger CCRC model.

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

Terracina II, LLC (CON #10339): Funding for this project should be available as needed. Based on the information provided in Schedule 6, the applicant's projected staffing meets this 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:

Pelican Bay Retirement Services, Inc. (CON #10338): The applicant proposes no Medicaid conditions for the proposed project.

The applicant's Schedule 7 indicates that Medicaid and self-pay represent 0.0 percent and 17.0 percent, respectively, for both year one and year two of total annual patient days, for planned operations.

Terracina II, LLC (CON #10339): The applicant proposes no Medicaid conditions for the proposed project.

The applicant's Schedule 7 indicates that Medicaid and self-pay represent 17.0 percent and 33.0 percent, respectively, for both year one and year two of total annual patient days, for planned operations.

Architectural:

Pelican Bay Retirement Services, Inc. (CON #10338): The Office of Plans and Construction notes that the codes and standards regulating the design and construction of skilled nursing facilities are the same for beds licensed as sheltered beds and community beds.

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

Terracina II, LLC (CON #10339): 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 #10339 to establish a 30-bed community nursing home in District 8, Subdistrict 2, Collier County. The total project cost is \$10,398,500. The project involves 30,600 GSF of new construction and a construction cost of \$6,588,000.

Deny CON #10338 and CON #10338P.

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