

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

A. PROJECT IDENTIFICATION

1. Applicant/CON Action Number

NF Bay, LLC/CON #10351

40 South Palafox Place, Suite 400
Pensacola, Florida 32502

Authorized Representative: Craig Robinson
(800) 861-9907

PruittHealth – Escambia County, LLC/CON #10352

1626 Jeurgens Court
Norcross, Georgia 30093

Authorized Representative: Neil L. Pruitt, Jr.
(770) 806-6893

2. Service District/Subdistrict

District 1/Subdistrict 1-1 (Escambia and Santa Rosa Counties)

B. PUBLIC HEARING

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

Letters of Support

NF Bay, LLC (CON #10351): The Agency received many letters of support submitted by the applicant. The letters were composed by local health care providers, business leaders and community members. Pensacola Mayor Ashton J. Hayward, as well several Florida Senate and House members including Senator Charles S. Dean and Senator Greg Evers, State House Representative Mike Hill and State House Representative Clay Ingram also provided letters supporting the proposed project.

In addition, the applicant received letters of support from members of the Baptist Health Care network and the President and CEO of West Florida Healthcare, Brian Baumgardner.

PruittHealth–Escambia County, LLC (CON #10352): The Agency received numerous letters of support submitted by the applicant. The letters were composed by local health care providers including several hospital administrators—including President and CEO of West Florida Healthcare, Brian Baumgardner, President and CEO of Santa Rose Medical Center, Doug Sills as well as Manager of Care Coordination for Sacred Heart Hospital, Susan Kearney—health care providers, business leaders and community members. Former residents as well as the family members to current residents of PruittHealth provided letters supporting the proposed project.

C. PROJECT SUMMARY

NF Bay, LLC (CON #10531), hereafter referred to as NF Bay or the applicant, proposes to establish a new 90-bed community nursing home in District 1/Subdistrict 1-1, Escambia County. NF Bay indicates that 29 beds of the 90-bed proposed project will be voluntarily delicensed from 155-bed Rosewood Healthcare and Rehabilitation Center (Rosewood), an affiliate of the applicant. NF Bay identifies itself as an affiliate of Gulf Coast Health Care, LLC (Gulf Coast). NF Bay indicates a preferred project location in ZIP Code 32506.

Gulf Coast Health Care, LLC operates 33 skilled nursing facilities (SNFs) in Florida, listed below:

- Accentia Health and Rehabilitation Center of Tampa Bay
- Arcadia Health and Rehabilitation Center
- Bayside Health and Rehabilitation Center
- Boynton Health Care Center
- Brynwood Health and Rehabilitation Center
- Chipola Nursing Pavilion and Retirement Center
- Coastal Health and Rehabilitation Center
- DeBary Health and Rehabilitation Center
- Flagler Health and Rehabilitation Center
- GlenCove Health and Rehabilitation Center
- Glen Oaks Health and Rehabilitation Center
- Grand Boulevard Health and Rehabilitation Center
- Heritage Park Health and Rehabilitation Center
- Lake Eustis Health and Rehabilitation Center
- Lake Placid Health and Rehabilitation Center
- Longwood Health and Rehabilitation Center

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- Margate Health and Rehabilitation Center
- Oakbrook Health and Rehabilitation Center
- Oaks of Kissimmee Health and Rehabilitation Center
- Parkside Health and Rehabilitation Center
- Panama City Health and Rehabilitation Center
- Rehabilitation Center of Winter Park, The
- Riverchase Health and Rehabilitation Center
- Rosewood Healthcare and Rehabilitation Center
- Royal Palm Beach Health and Rehabilitation Center
- Salerno Bay Health and Rehabilitation Center
- Seaside Health and Rehabilitation Center
- Silvercrest Health and Rehabilitation Center
- Southern Lifestyle Senior Living Center
- Specialty Health and Rehabilitation Center
- Suwannee Health and Rehabilitation Center
- Wave Crest Health and Rehabilitation Center
- Windsor Health and Rehabilitation Center

The project involves 76,233 gross square feet (GSF) of new construction. The construction cost is \$13,721,940. Total project cost is \$20,280,537. 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.

PruittHealth – Escambia County, LLC (CON #10352), hereafter referred to as PruittHealth – Escambia or the applicant, an affiliate of PruittHealth proposes to establish a new 90-bed community nursing home in District 1/Subdistrict 1-1, Escambia County. The applicant states that 61 community nursing home beds will respond to the Agency for Health Care Administration published fixed need pool and 29 community nursing home beds will be delicensed and transferred from an affiliated facility, PruittHealth-Santa Rosa.

The applicant operates one SNF with 120 beds in Florida, located in Subdistrict 1-1:

- PruittHealth- Santa Rosa

The project involves 64,098 GSF of new construction. The construction cost is \$9,133,636. Total project cost is \$15,776,087. Project cost includes land, building, equipment, project development, financing and start-up costs.

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The applicant proposes to condition the project as shown below:

- Seek Joint Commission accreditation or accreditation from some other similarly recognized accrediting body
- Implement a program designed to reduce hospital readmissions
- Incorporate a minimum of 69 percent private rooms/beds into the facility design
- Participate in an organization-wide Quality Assurance/Performance Improvement initiative that entails quarterly visits in regard to clinical, operational, pharmaceutical and reimbursement areas by corporate consultants to ensure compliance with all local, state and federal laws
- Implement Electronic Medical Records (EMR) at the facility and include Smart Charting or other similar bed side patient charting tool
- Implement resident safety technology including Call Guard and WanderGuard into the facility
- Implement Clinical Kiosks in appropriate locations throughout the facility
- Implement Alzheimer's programming into the facility
- Implement the top five special amenities requested by existing health care providers in this subdistrict:
 - State of the art rehab suites, specialized care staff, specialized therapy equipment, therapy pool and occupational therapy kitchens
- Implement the top special operational initiatives requested by existing health care providers:
 - Reduce hospital readmissions, high percentage of private rooms, competitive private pay room charge, resident safety technologies and Electronic Medical Record
- Incorporate Alzheimer's programming into the facility operations
- Implement the top five clinical services requested by existing health care providers:
 - Mental/behavioral health programs, chronic disease management, diabetes care, medication management and wound care
- Assure all staff maintains ongoing training and continuing education credits utilizing Pruitt University and at no cost to employees
- Participate in a company-wide Annual Quality Report to demonstrate transparency in operations and make this Quality Report available to the public
- Adopt the PruittHealth patient model of care including the UniPath Programs appropriate for this facility and described in the CON application and Supporting Documents
- Implement PointRight Technology (or a future similar technology) in ongoing operations

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NOTE: Section 408.043 (4) Florida Statutes, prohibits accreditation by any private organization as a requirement for the issuance or maintenance of a certificate of need, so Joint Commission accreditation (the first condition listed) will not be cited as a condition to approval. Should the project be approved, the applicant's proposed conditions would be reported in the annual condition compliance report as required by Rule 59C-1.013 (3) Florida Administrative Code.

Total GSF and Project Costs of Co-Batched Applicants

Applicant	CON #	Project	GSF	Costs \$	Cost Per Bed
NF Bay LLC	10351	New 90-Bed Facility	76,233	\$20,280,537	\$211,476
PruittHealth – Escambia County LLC	10352	New 90-Bed Facility	64,098	\$15,776,087	\$175,290

Source; CON applications #10351 and #10352, Schedule 1 and 9

D. REVIEW PROCEDURE

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

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

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

As part of the fact-finding, the consultant, Dwight Aldridge 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 41, Number 65 of the Florida Administrative Register dated April 3, 2015, a fixed need pool of 61 community nursing home beds was published for Subdistrict 1-1 for the January 2018 Planning Horizon.

After publication of this fixed need pool, zero existing Subdistrict 1-1 facilities filed exemption requests or filed expedited CON reviews to increase or add community nursing home beds.

As of May 20, 2015, Subdistrict 1-1 had 2,098 licensed and 100 approved community nursing home beds. During the 12-month period ending December 31, 2014, Subdistrict 1-1 experienced 91.63 percent utilization at 17 existing community nursing homes. Below is a table illustrating nursing home patient days and total occupancy within Subdistrict 1-1.

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**Escambia and Santa Rosa County Nursing Home Patient Days and
Total Occupancy January 2014 through December 2014**

County/Facility	Comm. Nursing Home Bed Inventory	Bed Days	Patient Days	Total Occupancy	Medicaid Occupancy
<i>Escambia County</i>					
Arcadia Health & Rehabilitation Center	170	62,050	55,017	88.67%	61.48%
Bayside Health and Rehabilitation Center	120	43,800	39,250	89.61%	72.85%
Century Health and Rehabilitation Center	88	32,120	30,066	95.45%	75.34%
Consulate Health Care of Pensacola	120	43,800	41,991	95.87%	53.53%
Haven of our Lady of Peace	120	43,800	40,264	91.93%	34.93%
Health Center of Pensacola, The	180	65,700	58,619	89.22%	51.79%
Life Care Center of Pensacola	120	43,800	42,073	96.06%	34.17%
Rehabilitation Center at Park Place	118	43,070	38,897	90.31%	82.03%
Rosewood Healthcare and Rehabilitation Center	155	56,575	52,974	93.63%	79.30%
Southern Oaks Rehabilitation and Nursing Center	210	76,650	68,735	89.67%	85.67%
Specialty Health and Rehabilitation Center	120	43,800	41,063	93.75%	61.63%
University Hills Health and Rehabilitation	120	43,800	42,404	96.81%	74.77%
Willowbrooke Court at Azalea Trace	47	17,155	12,185	71.03%	32.67%
<i>Santa Rosa County</i>					
Bay Breeze Senior Living and Rehabilitation Center	120	43,800	40,338	92.10%	62.16%
PruittHealth-Santa Rosa	120	43,800	41,012	93.63%	68.48%
Sandy Ridge Health and Rehabilitation	60	21,900	20,506	93.63%	73.75%
Santa Rosa Health & Rehabilitation Center	110	40,150	35,679	88.86%	76.69%
Total	2,098	765,770	701,667	91.63%	65.00%

Source: Florida Nursing Home Bed Need Projections by District and Subdistrict, April 2015 Batching Cycle

The reviewer notes the current and projected population of each county within the subdistrict, the subdistrict overall, the district in total and Florida, for the planning horizon. The projected population growth, both numerically and by percent, is provided in the table below.

**Current and Projected Population Growth Rate
Escambia and Santa Rosa Counties, Subdistrict 1-1, District 1 and Florida
January 2015 and January 2018**

County/Area	January 1, 2015 Population			January 1, 2018 Population		
	0-64	65+	Total	0-64	65+	Total
Escambia	254,221	48,480	302,701	253,137	52,477	305,614
Santa Rosa	139,139	22,701	161,840	144,981	25,923	170,904
Subdistrict 1-1	393,360	71,181	464,541	397,272	78,400	475,672
District 1	604,412	110,530	714,942	614,400	122,101	736,501
Florida	16,044,019	3,635,347	19,679,366	16,510,025	4,013,237	20,523,262
County/Area	2015-2018 Increase			2015-2018 Growth Rate		
	0-64	65+	Total	0-64	65+	Total
Escambia	-924	3,283	2,359	3.72%	17.81%	6.36%
Santa Rosa	3,842	2,076	5,917	1.51%	12.43%	2.92%
Subdistrict 1-1	4,912	5,359	10,271	1.69%	13.03%	3.20%
District 1	9,534	8,402	17,936	3.02%	12.88%	4.66%
Florida	466,006	377,890	843,896	2.90%	10.39%	4.29%

Source: Florida Agency for Health Care Administration Population Estimates, February 2015

The community nursing home beds per 1,000 residents for ages 65+ cohort in the subdistrict are shown below.

Beds per 1,000 Residents Age 65 and Older

County/Area	Community Beds	2015 Pop. Aged 65+	2015	2018	2018
			Beds per 1,000	Pop. Aged 65+	Beds per 1,000
Escambia	1,688	48,480	34	52,477	32
Santa Rosa	410	22,701	18	25,923	15
Subdistrict 1-1	2,098	71,181	29	78,400	26
District 1	3,274	110,530	29	122,101	26
Florida	80,049	3,635,347	22	4,013,237	20

Source: Florida Agency for Health Care Administration Population Estimates, February 2015 and Florida Nursing Home Bed Need Projections by District and Subdistrict, April 2015 Batching Cycle

Each co-batched applicant states its proposed project is being submitted in response to the Agency’s fixed need pool publication dated April 3, 2015.

NF Bay, LLC (CON #10351) indicates that to implement the proposed project, Rosewood will decompress its physical plant with no residents being displaced, rather work will be staged and admissions slowed to create vacancies so that the rooms can be renovated at Rosewood. The applicant contends that the result at Rosewood together with enhancements entailed in the construction of the new nursing home gives residents in the service area greater choice of and improvements in the delivery of skilled nursing and rehabilitative care. The reviewer notes that Rosewood Healthcare and Rehabilitation Center is a 155-bed facility with five private rooms, 18 two-bed rooms and 28 four-bed rooms. The applicant notes that improvements to Rosewood include:

- Provide more private and semi-private rooms
- Expand therapy space to include an occupational therapy suite
- Build more handicapped accessible shower rooms
- Expand internet and computer space for residents
- Build an additional life enrichment space

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

- Six interior courtyards for residents
- Each side of the facility provides for separate living room and activity room for residents
- Each side of the facility also provides for a gathering room with a featured aquarium for residents’ enjoyment
- A large, centralized dining room, which allows residents choice in meal time and can be used for larger celebrations to accommodate families and friends.
- Therapeutic areas are grouped for efficiencies
- A complete activities of daily living (ADL) suite is provided for residents returning home with limitations or with assistive devices

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- Back of the house functions are located in centralized areas and not intermixed with resident rooms and areas of the facility
- An honor wing to serve veterans

NF Bay indicates that one of the preferred locations of particular interest for the proposed project is owned by Baptist Hospital proximate to sites where Baptist Hospital is considering development of outpatient health care services.

The reviewer verifies a signed and notarized letter from the authorized representative of Rosewood (CON #10351, Exhibit 1-1) agreeing to voluntarily delicense 29 of the total 155 licensed nursing home beds from the nursing home, should the proposed project be approved.

PruittHealth – Escambia County, LLC (CON #10352) states the proposed 90-bed facility will serve residents of Escambia and Santa Rosa Counties. The applicant's parent company is United Health Services, Inc. (UHS). The applicant states PruittHealth will provide all administrative related services. The applicant's service area for the proposed 90-bed skilled nursing facility comprises Escambia and Santa Rosa Counties. The physical location of the facility will be Escambia County.

The applicant contends that relocation of 29 community nursing beds from Santa Rosa County (also within the same subdistrict), to Escambia County will create several benefits. The reviewer notes that PruittHealth-Santa Rosa is a 120-bed facility with four private rooms and 58 two-bed rooms. The applicant indicates that benefits of the proposed project include:

- Enable PruittHealth-Santa Rosa to achieve its goal of offering more private accommodations without decreasing the number of PruittHealth licensed beds in Subdistrict 1-1
- Improve access of Medicaid services
- Improve access of private beds
- Provide a modern design that supports independence and choice
- Provide state-of-the-art rehabilitation programming
- Provide extensive clinical programming focused on reducing hospital readmissions

PruittHealth notes that based on data from the Alzheimer's Association and Department of Elder Affairs, there are an estimated 9,107 persons in the subdistrict at varying stages of Alzheimer's disease ages 65 and older. The applicant maintains that this corroborates the need for Alzheimer's specialty programming and a secure Alzheimer's unit from a new skilled nursing facility in the market. PruittHealth asserts that it

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will incorporate an extremely comprehensive and well-established behavioral health program geared to residents with dementia. See the table below.

Alzheimer Estimates Population 65+ Subdistrict 1-1		
	Estimates	Percent of Total
Escambia County	6,364	69.92%
Santa Rosa County	2,743	30.1%
Total	9,107	100.0%

Source: CON application #10352, page 53

PruittHealth-Escambia indicates that it will incorporate a comprehensive behavioral health program geared to residents with dementia.

The applicant states the following demonstrated facts regarding the proposed project and its commitments to the project:

- Enhances competition and competitive position by introducing a new provider to Escambia County
- Commits to providing Medicaid services at two percentage points higher than the current subdistrict average
- 62 private rooms/beds--69 percent of the facility's beds
- State of the are rehab suite, extensively equipped to include a Hydroworx therapy pool
- Proposed program to reduce hospital readmissions that have already been successfully introduced in Subdistrict 1-1
- A commitment to technology
- Specialized Alzheimer's programming

The applicant contends that NF Escambia, LLC was approved for a 90-bed nursing home in Escambia County via CON #10241. NF Bay, LLC is the approved applicant's affiliate and is seeking another 90-bed facility in the same county. The applicant notes both NF Bay and NF Escambia are affiliates of Gulf Coast Health Care which already has four existing nursing homes and 565 licensed beds within Escambia County. Pruitt Health-Escambia states in contrast, its only affiliated existing nursing home in the Subdistrict possesses 120 beds, and is located in Santa Rosa County and accounts for just 5.7 percent of the subdistrict's licensed beds and zero percent of the total within Escambia County.

The applicant contends that the approval of the proposed project promotes healthy competition, ensures more choices for residents of Escambia County, mitigates the perception of a single provider holding a monopoly on the subdistrict's nursing home beds, and enables an experienced, award winning skilled nursing provider to increase access to needed skilled nursing facility services in the subdistrict.

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

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

2. **Agency Rule Preferences**

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

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

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

None of the 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.**

NF Bay, LLC (CON #10351) states plans to provide skilled nursing/restorative care and rehabilitation services, both short-term and long-term. The applicant notes that all facility residents will receive:

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

NF Bay asserts that Gulf Coast continues to develop specialized programs to provide residents with the highest level of care. The applicant contends that Gulf Coast follows specific standards of care which differentiate it and allow for treating specific diagnoses and problem areas of their residents, as well as minimizing the risk of hospitalization. The applicant notes that specialized programs include:

- Physical, speech, occupational and respiratory therapy
- Specialized wound care
- Cardiac services
- Vita Stim Therapy
- IV therapy
- KCI wound vac care
- Complex medical and pain management
- Stroke rehab
- Orthopedic services
- Tracheotomy care

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- Hospice care
- Respite care
- Alzheimer's and dementia care
- Surgical recovery

NF Bay indicates that ancillary services include:

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

NF Bay state that 12 key informants were asked to review a needs assessment and either agree with or add to elements that a new nursing home should have. A key informant (listed on page 1-15 of CON #10351) is an individual in the community that routinely interacts with seniors and has a role in the provision of social and health care services for them. The applicant asserts that the results of the key informant assessments confirm that Gulf Coast Health Care's direction and development of facilities produce an environment of care that is responsive to advocates that will serve residents well now and into the future. The applicant affirms that by addressing needs of the broader community in two projects--the proposed CON project and the renovation of Rosewood--Escambia County's residents will reap benefits.

NF Bay indicates that admission is a coordinated process that assures the individual and his or her family that the facility has the required staff and services to appropriately and effectively meet the medical and nursing needs. The applicant explains that upon admission a detailed assessment providing a plan of care effort is developed. NF Bay indicates that discharge planning begins with the initial assessment, when patient/family needs and attributes are assessed with the admission diagnosis specifically addressed.

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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. Detailed description of admission and discharge plans can be found on pages 2-12 through 2-15 of CON #10351.

Schedule 6 illustrates that FTEs for year one (ending December 31, 2018) total 60.3 and total 99.7 for year two (ending December 31, 2019). The proposed project’s year one and year two FTEs are shown in the table below.

NF Bay LLC (CON application #10351) Projected Year One and Year Two Staffing		
	Year One FTEs	Year Two FTEs
Administration		
Administrator	1.0	1.0
Director of Nursing	1.0	1.0
Admissions Director	2.0	2.0
Bookkeeper	1.0	1.0
Secretary	1.4	1.4
Medical Records Clerk	1.5	2.0
Other: Nursing Admin	3.4	5.4
Physicians		
Medical Director (Contract)	0.1	0.2
Nursing		
RNs	4.1	7.5
LPNs	6.8	12.8
Nurses’ Aides	20.6	38.4
Dietary		
Dietary Supervisor	2.0	2.0
Cooks	1.4	2.8
Dietary Aides (including servers)	3.6	6.6
Social Services		
Social Service Director	1.5	1.5
Activity Director	1.0	1.0
Activities Assistant	0.8	1.5
Housekeeping		
Housekeeping Supervision	1.0	1.0
Housekeepers	3.2	6.0
Laundry		
Laundry Aides	1.4	2.6
Plant Maintenance		
Maintenance Supervisor	1.0	1.0
Maintenance Assistance	0.5	1.0
Total	60.3	99.7

Source: CON application #10351, Schedule 6

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The reviewer notes that though physical therapy, speech therapy and occupational therapy are each listed by the applicant as a specialized program, there are no FTEs for any of these programs and notes to Schedule 6 do not indicate a plan for a contractual arrangement for such programs. The reviewer indicates that these services are itemized as expenses on Schedule 8.

PruittHealth – Escambia County, LLC (CON #10352) indicates that it has designed a facility that is responsive to existing health care providers in the area who completed surveys to address the needs of the subdistrict. The survey methodologies utilized by the applicant--including a copy of the survey, survey responses and how PruittHealth-Escambia will respond to these needs--can be found on pages 45 through 78 of CON #10352. The applicant asserts that these providers have spoken, and responsively, PruittHealth’s design and outlook for PruittHealth-Escambia includes the following:

- Alzheimer dementia program
- High percent of private rooms
- Medicaid beds
- Programs designed to reduce hospital readmissions
- Low private pay room charge
- Resident safety technologies
- Electronic medical record
- State of the art rehab units
- Specialized care staff
- Specialized therapy equipment
- Therapy pool
- Occupational therapy kitchen
- Mental/behavioral health program
- Chronic disease management
- Diabetes care
- Medication management
- Wound care
- PT/OT/ST

The applicant notes that essential services will include, but not be limited to the following:

- 24-hour nursing services
- Physical therapy
- Occupational therapy
- Speech therapy
- IV therapy
- Tube feeding and total parental nutrition

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- Wound care management
- Pain management
- Central lines
- Oxygen therapy
- Outpatient therapy
- Dietetic programming and nourishment care
- Recreational activities programming
- Counseling services
- Religious services
- Pharmacy services
- Volunteer services
- Bariatric programming

The applicant indicates that unique services and characteristics that set it apart from other nursing home providers include, but are not limited to:

- UniPath specialty care programs
- Clinic oversight teams
- Mandatory daily interdisciplinary team meetings
- Electronic medical records
- Medication monitoring
- Dedicated quality staff
- General and clinical kiosks

PruittHealth – Escambia states that all admissions shall follow facility policies/procedures and be by order of a physician. The applicant maintains that the administrator shall ensure that residents receive communicable disease screening, including tuberculosis. PruittHealth – Escambia indicates that facility staff, including the nursing and social services staff, will be actively involved in the preadmission screening and information-gathering process from inquiry through placement and meeting regularly on appropriateness of placement.

The applicant asserts that the proposed facility will develop a discharge plan for each resident from the day of admission for a smooth transfer of the resident from the facility to home or another care setting to provide continuity of care. Admission and discharge details can be found on pages 101-102 of CON #10352.

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Notes to the applicant’s Schedule 7 indicate a range of average length of stay (ALOS) depending on the type of admission, with the lowest ALOS (13.3 days) attributed to hospice and the highest ALOS (315 days) attributed to Medicaid. The applicant’s Schedule 7 indicates that ALOS will be 49.44 days in year one and 67.55 days in year two.

Schedule 6 illustrates that FTEs for year one (ending December 31, 2018) total 52.9 and total 108.2 for year two (ending December 31, 2019). The proposed project’s year one and year two FTEs are shown in the table below.

PruittHealth – Escambia County, LLC (CON application #10352) Projected Year One and Year Two Staffing		
	Year One FTEs	Year Two FTEs
Administration		
Administrator	1.00	1.00
Director of Nursing	1.00	1.00
Admissions Director	1.00	1.00
Secretary	1.40	1.40
Medical Records Clerk (CNA)	0.70	1.00
Other: Financial Counselor	1.00	1.00
Physicians		
Medical Director (Contracted)	0.20	0.20
Other: Physician Services (Contracted)	0.02	0.02
Nursing		
RNs	4.30	7.20
LPNs	6.90	15.4
Nurses’ Aides	16.7	43.4
Nursing Admin, Central Supply	0.70	2.00
Ancillary		
Physical Therapist (Contracted)	0.87	2.02
Physical Therapist Assistant (Contracted)	1.02	2.37
Speech Therapist (Contracted)	0.42	0.97
Occupational Therapist (Contracted)	1.00	2.32
Occupational Therapy Assistant (Contracted)	0.37	0.86
Dietary		
Dietary Supervisor	1.00	1.00
Cooks	1.40	2.4
Dietary Aides	2.60	6.00
Social Services		
Social Service Director	1.00	1.00
Activity Director	1.00	1.00
Housekeeping		
Housekeepers	4.90	9.8
Laundry		
Laundry Aides	1.40	2.80
Plant Maintenance		
Maintenance Supervisor	1.00	1.00
Total	52.9	108.2

Source: CON application #10352, Schedule 6

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

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

NF Escambia, LLC (CON #10351) states that having been created to support the proposed project, this item does not apply.

PruittHealth – Escambia County, LLC (CON #10352) states that as a newly formed entity, it has no operational history.

- 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?**

NF Bay, LLC (CON #10351) states that having been created to support the proposed project, this item does not apply.

PruittHealth – Escambia County, LLC (CON #10352) states that as a newly formed entity, it has no operational history.

- 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.**

NF Bay, LLC (CON #10351) states that having been created to support the proposed project, this item does not apply.

PruittHealth – Escambia County, LLC (CON #10352) 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.**

NF Bay, LLC (CON #10351) states that having been created to support the proposed project, this item does not apply.

PruittHealth – Escambia County, LLC (CON #10352) 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.**

NF Bay, LLC (CON #10351) states that having been created to support the proposed project, this item does not apply.

PruittHealth – Escambia County, LLC (CON #10352) indicates that this provision is not applicable.

- 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.**

NF Bay, LLC (CON #10351) states that it will provide the required data to the Northwest Florida Health Council, Inc. and to the Agency.

PruittHealth – Escambia County, LLC (CON #10352) states that within 45 days after the end of each calendar quarter, it will report its total number of patient days which occurred in each month of the quarter and the number of such days which were Medicaid patient days.

3. Statutory Review Criteria

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

There are 27 licensed community nursing homes with a total of 3,274 community nursing home beds in District 1. Subdistrict 1-1 is composed of Escambia and Santa Rosa Counties and has 17 licensed community nursing homes with a total of 2,098 community nursing home beds. The subdistrict averaged 91.63 percent total occupancy for the 12-month period ending December 31, 2014.

NF Bay, LLC (CON #10351) indicates that overall population growth for Escambia County is less than one percent per year but that growth rates among the 65+ population is higher than the rate for the overall population. The applicant asserts that the compound annual growth rate (CAGR) for the 65+ age cohort is 3.3 percent—an indication that the county will continue to attract elders. NF Bay indicates that over a five-year period, the county will add 8,388 persons aged 65 and older. See the table below.

Population Estimates and Compound Annual Growth Rate by Age Cohort and County Subdistrict 1-1 CY 2014 and 2019			
Factor	Escambia	Santa Rosa	Subdistrict 1-1
2014 Population Age 65+	47,587	23,710	71,297
2014 Population Age 75+	20,714	9,230	29,944
2014 Population Age 85+	6,018	2,131	8,149
2014 Total Population	304,530	163,728	468,258
2019 Population Age 65+	55,975	30,016	85,991
2019 Population Age 75+	22,636	11,526	34,162
2019 Population Age 85+	6,619	2,753	9,372
2019 Total Population	318,308	176,462	494,770
CAGR 65+	3.3%	4.8%	3.8%
Total Pop CAGR	0.9%	1.5%	2.7%

Source: CON application #10351, page 1-17

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

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NF Bay provides a table of forecasted nursing home resident days for Escambia County and the proposed facility assuming a 92 percent occupancy rate in the second year of operation. NF Bay believes Escambia County will experience growth in resident days to 663,570 and assuming 92 percent occupancy, the new facility would absorb 30,222 days, leaving a balance of 633,348 days allocated to the existing skilled nursing homes in the county. See the table below:

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

Resident Days January 1 to December 31, 2014	564,132
Average Daily Census 2014	1,546
Escambia County Population 65+ 2014	47,587
Days per 1,000 Persons, 65+, 2014	11,855
Escambia County Population 65+ 2019	55,975
Resident Days Forecasted for 2019	663,570
Average Daily Census Year 2019	1,818
Proposed Nursing Facility Days @ 92%	30,222
Deduct New Facility Resident Days from Forecast	633,348
Average Daily Census year 2019, Remaining Days	1,735

Source: CON application #10351, page 1-18

NF Bay notes the result with approval of the new facility (which contains the 29 beds shifted from Rosewood) and accounts for the existing approved beds in the inventory of 71 with an average daily census in year 2019 of 1,735 nursing home residents--higher than the average daily census in Escambia County for the baseline year 2014. The applicant indicates that the number of licensed beds for Escambia County would be 1,818 in the year 2019, yielding bed days of 663,935. NF Bay contends that if resident days are held constant for days per 1,000 elderly, the resulting occupancy rate for nursing homes in Escambia County would be 98 percent.

In the next two tables, the applicant estimates 2018 and 2019 resident days, admissions and average daily census (ADC), all by payer and occupancy rates, for the proposed project. See the tables below.

**Adjustment of the New Nursing Home Forecast of Resident Days
NF Bay, LLC**

Payer	Year One: 2018 Resident Days	Year Two: 2019 Resident Days	Percent of Days
Medicare	6,205	13,009	39.2%
Medicare Managed Care	2,174	4,435	14.4%
Medicaid Managed Care	3,509	7,391	22.1%
Self-Pay	880	1,183	5.6%
All Other	2,997	3,548	18.8%
Total	15,845	29,566	100.0%
Percent Occupancy	48.10%	90.0%	

Source: CON application #10351, page 1-19

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**New Nursing Home Forecast of Admissions and Average Daily Census
NF Bay, LLC**

Payer	Year One: 2018 Admits	Year Two: 2019 Admits
Medicare	249	521
Medicare Managed Care	104	202
Medicaid Managed Care	10	21
Self-Pay	15	20
All Other	50	60
Total	428	824
Facility ALOS	37	35.9
Payer	Year One: 2018 ADC	Year Two: 2019 ADC
Medicare	17	36
Medicare Managed Care	6	12
Medicaid Managed Care	10	20
Self-Pay	2	3
All Other	8	10
Total	43	81

Source: CON application #10351, page 1-18 and 1-19

PruittHealth – Escambia County, LLC (CON #10352) indicates that Subdistrict 1-1 is home to 17 SNFs with an aggregated 2,098 licensed beds and 100 CON approved beds. The applicant further points out that Escambia County, the most populated county in Subdistrict 1-1, is home to 13 of the 17 SNFs in the subdistrict and 1,688 of the total 2,098 licensed beds.

PruittHealth – Escambia includes an analysis of the Subdistrict 1-1 community nursing home utilization for the 12-month period ending June 30, 2014. The applicant indicates that the occupancy rates between the most recent six-month period and the prior six-month period increased slightly from 91.5 percent to 91.8 percent. The applicant states that in aggregate there were 701,667 patient days provided by all 17 nursing homes during calendar year 2014. Combined, the applicant contends that the existing providers experienced an average annual occupancy rate of nearly 91.6 percent. Further, the applicant notes that the average occupancy rate for both of these periods and the year exceeds Agency’s 85 percent occupancy threshold.

PruittHealth – Escambia states that the local health care providers it interviewed indicated their willingness to support the proposed facility and in aggregate, indicated a willingness to refer up to 185 patients per month. The applicant provides the following forecasted utilization for the first two years of operation:

PruittHealth – Escambia Forecasted Utilization

	Year One (ending 12/31/2018)	Year Two (ending 12/31/2019)
Medicare/Medicare HMO, Skilled Patients		
Admissions	159	365
ADC	10.5	24.0
Alzheimer’s Program and Long-Term Patients		
Admissions	100	97
ADC	33.0	61.5
Total		
Admissions	259	462
Occupancy Rate	39%	95%
ADC	35.1	85.5

Source: CON application #10352 page 85

PruittHealth – Escambia contends that proposed project approval will:

- Improve access to persons with Alzheimer’s disease
- Improve access to Medicaid services
- Improve access to private beds
- Provide a modern design that promotes independence and choice
- Provide state-of-the-art rehabilitation programming
- Provide extensive clinical programming focused on reducing hospital admissions

The applicant states that with only 6.5 percent of the subdistricts’ beds being private and more than eight percent of the service area beds on the Watch List, PruittHealth-Escambia will add an enhanced, high quality program to the County. The applicant provides the chart below to note the bed configuration for Subdistrict 1-1:

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Subdistrict 1-1 Community Nursing Home Bed Configuration				
Name of Facility	Licensed Nursing Home Beds	Number of Private Beds	Beds in Multiple- Bed Rooms	Percentage of Private Beds
Escambia County				
Arcadia Health & Rehab Center	170	8	162	4.7%
Bayside Health & Rehab Center	120	8	112	6.7%
Century Health & Rehab Center	88	6	82	6.8%
Consulate Health Care of Pensacola	120	8	112	6.7%
Haven of Our Lady of Peace	120	24	96	20.0%
Health Center of Pensacola	180	10	170	5.6%
Life Care Center of Pensacola	120	6	114	5.0%
Rehab Center at Park Pace	118	6	112	5.1%
Rosewood Healthcare and Rehab Center	155	7	148	4.5%
Southern Oaks Rehab Nursing Center	210	0	210	0.0%
Specialty Health and Rehab Center	120	4	116	3.3%
University Hills Health and Rehab	120	16	104	13.3%
Willowbrooke Court at Azalea Trace(*)	82	10	72	12.2%
Santa Rosa County				
Bay Breeze Senior Living and Rehab	120	16	104	13.3%
Pruitt Health-Santa Rosa	120	4	116	3.3%
SandyRidge Health and Rehab	60	2	58	3.3%
Santa Rosa Health & Rehab Center	110	4	106	3.6%
Subdistrict 1-1 Average/Total	2,113	139	1,994	6.5%

Source: CON application #10352

(*)Facility has a mix of community and shelter beds but does not distinguish between community and shelter beds in its bed configuration statistics

- 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.**

NF Bay, LLC (CON #10351) indicates that as an affiliate of Gulf Coast, the applicant is defined by the following mission statement: *“To provide a compassionate community of caring for our residents, families and associates.”* The applicant notes Gulf Coast’s Four Pillars of Excellence: people, service, quality and finance.

NF Bay discusses the quality outcome rating by the Centers for Medicare and Medicaid Services (CMS) for its Florida centers. The applicant declares that Gulf Coast facilities have made great strides in measurable quality outcomes in a three-year period—from six five-star facilities in 2012 to 21 Florida SNFs attaining five-star ratings in 2014.

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The applicant describes quality assurance on pages 4-4 through 4-7 of the application. NF Bay indicates that its stated objectives of ongoing quality monitoring are:

- Assess resident care practices
- Review and analyze facility quality indicators
- Document, review and analyze facility incident reports
- Record and address facility deficiencies and resident grievances and develop appropriate responses to any perceived or real needs

The applicant continues by offering the following overview of quality assurance:

- Components of the quality improvement (QI) process
- Data collection and analysis
- Quality improvement
- How to manage QI
- Managing QI
- Performance measurement

NF Bay offers a list of the “Ten Most Frequently Cited Deficiencies in Florida” (CON #10351, Exhibit 4-1, page 4-13) and indicates that the company’s facilities will remain diligent in their monitoring efforts to ensure that these types of violations do not occur.

NF Bay provides a description of the following major topics:

- Resident rights
- Ensuring resident participation
- Activities
- Community involvement

The applicant maintains that Gulf Coast Health Care’s commitment to high quality care has established Gulf Coast as a leader in the long-term care industry. The applicant notes that as of 2014, all of Gulf Coast Health Care’s nursing centers are American Health Care Association (AHCA/NCAL) Nation Bronze Quality Award recipients; 15 are Silver Quality Award recipients. In addition, the applicant indicates that 17 of Gulf Coast Health Care’s Florida skilled nursing facilities and four of its Mississippi facilities were named among *U.S. News & World Report’s* Best Nursing Homes in 2014.

Agency complaint records indicate, for the three-year period ending May 20, 2015, Gulf Coast had 21 substantiated complaints at its 33 facilities. A single complaint can encompass multiple complaint categories. The substantiated complaint categories are listed below:

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Nursing Homes affiliated with Gulf Coast Health Care	
Complaint Category	Number Substantiated
Quality of Care/Treatment	19
Resident/Patient/Client Rights	10
Admission, Transfer & Discharge Rights	5
Dietary Services	5
Administration/Personnel	4
Nursing Services	3
Resident/Patient/Client Assessment	3
Infection Control	2
Physical Environment	2
Physician Services	2
Unqualified Personnel	2
Life Safety Code	1
Restraints/Seclusion General	1

Source: Florida Agency for Health Care Administration Complaint Records

PruittHealth – Escambia County, LLC (CON #10352) states that it does not have a history of providing quality of care because it is a newly formed entity. However, the applicant notes that its parent company, PruittHealth, is committed to the appropriate provision of comprehensive, high quality, safe, and cost-effective nursing care facility services to persons in need of such services.

PruittHealth asserts that it believes in a hands-on, heartfelt approach to caring for individuals and exceeding expectations through state-of-the-art rehabilitative and skilled nursing practices. The applicant indicates that its quality program will consist of assigned patient care managers, care transition program, corporate standards, leadership/training, external benchmarking/awards, continuous process improvement, customer service and transparency.

PruittHealth – Escambia asserts that it will develop all policies and procedures as well as the quality assurance program based on its other PruittHealth affiliated facilities throughout the southeastern United States--including its one facility in Santa Rosa County. The applicant notes some of PruittHealth – Santa Rosa’s most recent quality achievements:

- American Health Care Association Silver Award Winner for Healthcare Centers
- Overall Rating of Five Stars from Medicare.gov
- Facility Administrator recognized as the American Health Care Association’s Nursing Home Administrator of the Year in Florida in 2013

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- Net Promoter Score Rating of Five Stars (Internal award)
- Named as one of the “Best Nursing Homes in the U.S.” by *U.S. News & World Report*
- Recent PruittHealth “Go for Gold” award winner (Internal award)
- Two deficiency free surveys within the last four years
- Downward trending hospital readmission rate

The applicant provides a detailed discussion of each of the following programs and policies related to quality of care:

- Commitment to Caring Campaign
- Corporate standards
- Memberships and awards
- CMS five-star rating
- Joint Commission accreditation
- External benchmarking and benchmarking tools
- PruittHealth consulting services
- PruittHealth Pharmacy
- CMS’s Quality Improvement Organization
- Performance improvement program
- Customer Service and Transparency

PruittHealth offers eLearning through Pruitt University. PruittHealth has a full-time videographer, collaboration with organizational leaders and clinicians to develop video education programs ranging from human resources, benefits awareness, leadership, and customer service skills to clinical-specific programs. The applicant reports that in 2014, more than 15,000 partners took more than 350,000 hours of classes through Pruitt University.

Agency complaint records indicate that the affiliated SNF associated with the parent company, for the three-year period ending May 20, 2015 had one substantiated complaint in the complaint category of unqualified personnel.

- 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.**

NF Escambia, LLC (CON #10351):

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

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

Historically we have compared all applicant financial ratios regardless of type to bench marks established from financial ratios collected from Florida acute care hospitals. While not always a perfect match to a particular CON project it is a reasonable proxy for health care related entities. The below is an analysis of the audited financial statements of Omega Healthcare Investors, Inc., (3rd party) and where the two short-term and long-term measures fall on the scale (highlighted in gray) for the most recent year.

Omega Healthcare Investors		
	Dec-14	Dec-13
Current Assets	\$172,665,000	\$150,120,000
Total Assets	\$3,921,645,000	\$3,462,216,000
Current Liabilities	\$0	\$5,000,000
Total Liabilities	\$2,520,318,000	\$2,162,113,000
Net Assets	\$1,401,327,000	\$1,300,103,000
Total Revenues	\$504,787,000	\$418,714,000
Excess of Revenues Over Expenses	\$221,349,000	\$172,521,000
Cash Flow from Operations	\$337,540,000	\$279,949,000
Short-Term Analysis		
Current Ratio (CA/CL)	N/A	30.0
Cash Flow to Current Liabilities (CFO/CL)	N/A	5598.98%
Long-Term Analysis		
Long-Term Debt to Net Assets (TL-CL/NA)	179.9%	165.9%
Total Margin (ER/TR)	43.85%	41.20%
Measure of Available Funding		
Working Capital	\$172,665,000	\$145,120,000

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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 provided a development stage audit. The audit indicates that the applicant has very little assets, liabilities, net worth and no revenue. The applicant indicates on Schedule 2 capital projects totaling \$20,316,600 which includes this project. The applicant indicates on Schedule 3 of its application that funding for the project will be provided by cash on hand and non-related company financing. The applicant provided a letter from Omega committing to funding CON #10353, not CON #10351. The letter for CON #10351 is in the file for CON #10353. Omega submitted their audited financial statements as proof of available funding. Overall, Omega has a strong financial position and is likely to either fund through existing capital, or raise the capital necessary to meet the commitments set forth in various CON applications in this batching cycle.

Conclusion:

Funding for this project should be available as needed.

PruittHealth – Escambia County, LLC (CON #10352):

Analysis:

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

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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 United Health Services, Inc. and subsidiaries, (parent) and where the two short-term and long-term measures fall on the scale (highlighted in gray) for the most recent year.

United Health Services, Inc. and Subsidiaries		
	Jun-14	Jun-13
Current Assets	\$112,327,439	\$115,158,327
Total Assets	\$652,711,670	\$608,711,370
Current Liabilities	\$139,346,559	\$144,507,882
Total Liabilities	\$515,844,067	\$473,033,567
Net Assets	\$136,867,603	\$135,677,803
Total Revenues	\$867,051,915	\$848,974,314
Excess of Revenues Over Expenses	\$4,968,036	\$28,034,180
Cash Flow from Operations	\$34,425,289	\$49,299,334
Short-Term Analysis		
Current Ratio (CA/CL)	0.8	0.8
Cash Flow to Current Liabilities (CFO/CL)	24.70%	34.12%
Long-Term Analysis		
Long-Term Debt to Net Assets (TL-CL/NA)	275.1%	242.1%
Total Margin (ER/TR)	0.57%	3.30%
Measure of Available Funding		
Working Capital	(\$27,019,120)	(\$29,349,555)

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:

The applicant provided a development stage audit. The audit indicates that the applicant has no assets, liabilities, net worth or revenue. The applicant indicates on Schedule 2 capital projects totaling \$15,776,087 which includes this project.

The applicant indicates on Schedule 3 that 75 percent of the construction, land and major equipment costs will be financed by permanent financing by Synovus. The applicant further states that the balance of the project costs will be funded by United Health Services, Inc. and its Subsidiaries' operating cash flows. The applicant also notes that United Health Services Inc. and its Subsidiaries maintain a working capital facility with GE Capital and can draw upon these funds as necessary to fund any equity component of a project, and states that as of March 31, 2015, \$30.8 million in funds were available through this \$36.0 million facility.

In support of these claims, the applicant provided several items of documentation. The applicant provided a letter from Dominic Romeo, Senior Vice President of Treasury Management and Treasurer, PruittHealth, stating that as a financial representative of United Health Services, Inc. (UHS), UHS commits to providing all funds necessary for the development and operation of the project, including, but not limited to the equity contribution, working capital and funding of any operating deficits and pre-opening costs.

In addition, the above provided a letter recapping the claimed GE Capital credit facility, but did not provide any independent supporting documentation for the current available balance on that credit facility.

The applicant also provided a letter of intent from Synovus dated June 1, 2015, to finance up to 75 percent of the project costs or \$11,175,000 (based on an estimated \$14,900,000 for land, construction, and equipment costs).

The parent's overall financial position is relatively weak and they are highly leveraged. Despite the weak financial position, the parent has sufficient cash flows to finance this project which makes debt financing likely.

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.

NF Bay, LLC (CON #10351):

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 skilled nursing facilities as reported on Medicaid cost reports (2012 and 2013 cost report years). For our comparison group, we selected skilled nursing facilities 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 1st Quarter 2015, Health Care Cost Review).

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

	PROJECTIONS PER APPLICANT		COMPARATIVE GROUP VALUES PPD		
	Total	PPD	Highest	Median	Lowest
Net Revenues	11,419,400	386	1,955	563	296
Total Expenses	10,890,900	368	1,871	534	351
Operating Income	528,500	18	176	24	-173
Operating Margin	4.63%		Comparative Group Values		
	Days	Percent	Highest	Median	Lowest
Occupancy	29,566	90.00%	97.64%	91.27%	33.72%
Medicaid	7,391	25.00%	29.81%	20.22%	0.00%
Medicare	17,444	59.00%	98.02%	36.70%	6.50%

The projected NRPD, CPD and profit fall within the group range and are considered reasonable. Therefore, the overall profitability appears achievable.

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.

Conclusion:

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

PruittHealth – Escambia County, LLC (CON #10352):

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 skilled nursing facilities as reported on Medicaid cost reports (2012, 2013, and 2014 cost report years). For our comparison group, we selected skilled nursing facilities 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 1st Quarter 2015, Health Care Cost Review).

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

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	PROJECTIONS PER APPLICANT		COMPARATIVE GROUP VALUES PPD		
	Total	PPD	Highest	Median	Lowest
Net Revenues	10,606,512	340	416	316	193
Total Expenses	9,646,755	309	403	308	171
Operating Income	959,757	31	26	8	-49
Operating Margin	9.05%		Comparative Group Values		
	Days	Percent	Highest	Median	Lowest
Occupancy	31,208	95.00%	114.77%	90.11%	67.17%
Medicaid/MDCD HMO	20,988	67.25%	79.96%	70.69%	60.04%
Medicare	8,760	28.07%	30.30%	16.14%	0.00%

The projected NRPD and CPD fall within the group range and are considered reasonable. Operating income or profit is above the group range and may be overstated. Therefore, the overall profitability may be overstated.

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.

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.**

NF Bay, LLC (CON #10351):

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.

PruittHealth – Escambia County, LLC (CON #10352):

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.**

NF Bay, LLC (CON #10351): 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 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 necessarily be revised and refined during the Design Development (Preliminary) and Contract Document Stages. The architectural review of the 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 owner. Approval from the Agency for Health Care Administration's Office of Plans and Construction is required before the commencement of any construction.

PruittHealth – Escambia County, LLC (CON #10352): 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 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 necessarily be revised and refined during the Design Development (Preliminary) and Contract Document Stages. The architectural review of the 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 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 three-year history of Medicaid patient days and occupancy rates for the subdistrict, district and state is provided in the table below.

**Historical Provision of Medicaid by Subdistrict, District and State
Three Years Ending December 31, 2014
Medicaid Patient Days and Occupancy Rates**

	Medicaid Patient Days		
	CY 2012	CY 2013	CY 2014
Subdistrict 1-1	436,132	452,559	456,105
District 1	649,828	664,028	667,416
Florida	15,733,318	15,700,197	15,932,613
	Medicaid Occupancy		
	CY 2012	CY 2013	CY 2014
Subdistrict 1-1	63.20%	64.70%	65.00%
District 1	62.11%	63.11%	63.40%
Florida	61.85%	61.66%	62.17%

Source: Florida Nursing Home Utilization by District and Subdistrict April 2015 Batching Cycle

NF Bay, LLC (CON #10351) indicates an expectation that Medicaid Managed Care Plans will continue a downward trend in nursing home placements, offering options to recipients to maintain them in less restrictive settings. The applicant states that in contrast, Medicare continues to promote Medicare Advantage Plans and the numbers of enrollees in them has grown. NF Bay asserts that recent 2014 data for enrollees in Bay County show that of the Medicare enrollees of 61,158, there are 15,535 persons enrolled in Advantage Plans, yielding a penetration rate of 25.4 percent.

The reviewer compiled the following Medicaid occupancy data for Gulf Coast Health Care, LLC operated Florida SNFs for January 1, 2014 to December 31, 2014. See the table below.

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**Gulf Coast Health Care Operated Facilities, Florida Medicaid Occupancy
January 1, 2014 to December 31, 2014**

Facility	Medicaid Days	Total Patient Days	Medicaid Occupancy
Accentia Health and Rehabilitation Center of Tampa Bay	63,524	80,847	78.57%
Arcadia Health and Rehabilitation Center	33,823	55,017	61.48%
Bayside Health and Rehabilitation Center	39,250	28,593	72.85%
Bay Breeze Senior Living and Rehabilitation Center	27,293	39,020	69.95%
Boynton Health Care Center	25,708	13,531	52.63%
Brynwood Health and Rehabilitation Center	32,049	24,375	76.06%
Chipola Nursing Pavilion and Retirement Center	12,297	19,479	63.13%
Coastal Health and Rehabilitation Center	33,505	41,997	79.78%
DeBary Health and Rehabilitation Center	26,432	40,633	65.05%
Flagler Health and Rehabilitation Center	21,439	40,037	53.55%
GlenCove Health and Rehabilitation Center	25,032	39,857	62.80%
Glen Oaks Health and Rehabilitation Center	22,510	25,318	88.91%
Grand Boulevard Health and Rehabilitation Center,	14,809	29,302	50.54%
Heritage Park Health and Rehabilitation Center	29,911	42,479	70.41 %
Lake Eustis Health and Rehabilitation Center	17,193	30,546	56.29%
Lake Placid Health and Rehabilitation Center	40,564	60,590	66.95%
Longwood Health and Rehabilitation Center	29,643	41,857	70.82%
Margate Health and Rehabilitation Center	33,560	57,881	57.98%
Oakbrook Health and Rehabilitation Center	20,504	29,706	69.02%
Oaks of Kissimmee Health and Rehabilitation Center	11,059	19,517	56.66%
Parkside Health and Rehabilitation Center	32,537	39,135	83.14%
Panama City Health and Rehabilitation Center	30,487	42,009	72.57%
Rehabilitation Center of Winter Park, The	33,112	51,189	64.69%
Riverchase Health and Rehabilitation Center	33,757	41,014	82.31%
Rosewood Healthcare and Rehabilitation Center	30,361	41,808	72.62%
Royal Palm Beach Health and Rehabilitation Center	32,911	42,532	77.38%
Salerno Bay Health and Rehabilitation Center	27,926	40,162	69.53%
Seaside Health and Rehabilitation Center	41,178	47,822	86.11%
Silvercrest Health and Rehabilitation Center	15,017	20,690	72.58%
Specialty Health and Rehabilitation Center	25,308	41,063	61.63%
Suwannee Health and Rehabilitation Center	47,892	61,802	77.49%
Wave Crest Health and Rehabilitation Center	29,004	41,652	69.63%
Windsor Health and Rehabilitation Center	28,339	39,995	70.86%
Total	967,634	1,360,675	71.11%

Source: Florida Nursing Home Bed Need Projections by District and Subdistrict, April 2015 Batching Cycle

In the next two tables, the applicant estimates 2018 and 2019 resident days, admissions and ADC, all by payer and occupancy rates, for the proposed project. See the tables below

**Adjustment of the New Nursing Home Forecast of Resident Days
NF Escambia, LLC**

Payer	Year One: 2018 Resident Days	Year Two: 2019 Resident Days	Percent of Days
Medicare	6,205	13,009	39.2%
Medicare Managed Care	2,274	4,435	14.4%
Medicaid Managed Care	3,509	7,391	22.1%
Self-Pay	880	1,183	5.6%
All Other	2,977	3,548	18.8%
Total	15,845	29,566	100.0%
Percent Occupancy	48.10%	90.0%	

Source: CON application #10351, page 1-19, Table 1-6

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**New Nursing Home Forecast of Admissions and Average Daily Census
NF Escambia, LLC**

Payer	Year One: 2018 Admits	Year Two: 2019 Admits
Medicare	249	521
Medicare Managed Care	104	202
Medicaid Managed Care	10	21
Self-Pay	15	20
All Other	50	60
Total	428	824
Facility ALOS	37	35.9

Payer	Year One: 2018 ADC	Year Two: 2019 ADC
Medicare	17	36
Medicare Managed Care	6	12
Medicaid Managed Care	10	20
Self-Pay	2	3
All Other	8	10
Total	43	81

Source: CON application #10351, page 1-19 and 1-20, Table 1-6 and 1-7

The applicant’s Schedule 7 indicates that Medicaid and self-pay represent 22.2 percent and 5.6 percent, respectively, of year one and 25.0 percent and 4.0 percent, respectively, of year two annual total patient days.

PruittHealth – Escambia County, LLC (CON #10352) maintains that given it is a newly established entity, it has no Medicaid or medically indigent history. The applicant indicates however that PruittHealth – Escambia is part of the PruittHealth family of providers which include one SNF in Florida and currently 93 such facilities throughout the southeastern United States.

PruittHealth – Escambia indicates that all of these facilities have demonstrated a history and commitment to the Medicaid population. The applicant provides the following table displaying PruittHealth affiliated facilities’ commitment to Medicaid.

**PruittHealth Medicaid Percent of Total Patient Days
CY 2012 through CY 2014**

	CY 2012	CY 2013	CY 2014
PruittHealth Facilities, Company Wide			
Patient Days	1,805,084	1,907,180	2,143,023
Percent of Patient Days	61.6%	63.0%	64.8%
PruittHealth – Santa Rosa			
Patient Days	24,568	25,606	24,384
Percent of Patient Days	60.1%	62.1%	64.7%

Source: CON application #10352, page 158, based on PruittHealth

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The reviewer notes that the applicant incorrectly reported Medicaid data for PruittHealth – Santa Rosa according to data reported to the Local Health Council. See the table below.

PruittHealth – Santa Rosa Medicaid CY 2012 through CY 2014

	CY 2012	CY 2013	CY 2014
Medicaid Patient Days	26,717	24,502	27,364
Medicaid Percent of Patient Days	64.10%	59.99%	76.69%

Source: Florida Nursing Home Bed Need Projections by District and Subdistrict, February 2013, 2014 and 2015 Batching Cycles

The applicant notes that as the table demonstrates, PruittHealth’s affiliated SNFs have provided more than 5.8 million Medicaid patient days during the past three calendar years.

PruittHealth – Escambia provides the following payer forecast for the first two years of operation.

PruittHealth – Escambia Forecasted Utilization

	Year One 2018	Year Two 2019
Medicare	3,582	8,395
Medicare HMO	245	365
Medicaid	7,914	20,988
VA	367	730
Private Pay	699	730
Total	12,807	31,208

Source: CON application #10352, page 86

The applicant’s Schedule 7 indicates that Medicaid and self-pay represent 61.8 percent and 5.5 percent, respectively, of year one and 67.3 percent and 2.3 percent, respectively, of year two annual total patient days.

F. SUMMARY

NF Bay, LLC (CON #10351), an affiliate of Gulf Coast Health Care, LLC, proposes to establish a new 90-bed community nursing home in District 1/Subdistrict 1-1, Escambia County—61 beds from the fixed need pool and 29 to be transferred from Rosewood Health and Rehabilitation Center. NF Bay indicates a preferred project location in ZIP Code 32506.

Gulf Coast Health Care, LLC operates 33 SNFs in Florida.

The project involves 76,233 GSF of new construction. The construction cost is \$13,721,940. Total project cost is \$20,280,537. Project cost includes land, building, equipment, project development, financing, start-up and other intangible assets/deferred costs.

The applicant proposes no conditions on its Schedule C.

PruittHealth – Escambia County, LLC (CON #10352), an affiliate of PruittHealth, proposes to establish a new 90-bed community nursing home in District 1/Subdistrict 1-1, Escambia County.

The applicant operates one SNF in Florida.

The project involves 64,098 GSF of new construction. The construction cost is \$9,133,636. Total project cost is \$15,776,087. Project cost includes land, building, equipment, project development, financing and start-up costs.

The applicant proposes 15 conditions on its Schedule C.

Need

In Volume 41, Number 65 of the Florida Administrative Register dated April 3, 2015, a fixed need pool of 61 community nursing home beds was published for Subdistrict 1-1 for the January 2018 Planning Horizon.

As of May 20, 2015, Subdistrict 1-1 had 2,098 licensed and 100 approved community nursing home beds. During the 12-month period ending December 31, 2014, Subdistrict 1-1 experienced 91.63 percent utilization at 17 existing community nursing homes.

NF Bay, LLC (CON #10351) indicates that to implement the proposed project, Rosewood will decompress its physical plant with no residents being displaced. The applicant contends that the result at Rosewood, together with enhancements entailed in the construction of the new nursing home, gives residents in the service are greater choice of and improvements in the delivery of skilled nursing and rehabilitative care. The reviewer notes that Rosewood Healthcare and Rehabilitation Center is a 155-bed facility with five private rooms, 18 two-bed rooms and 28 four-bed rooms

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

- Six interior courtyards for residents
- Each side of the facility provides for separate living room and activity room for residents
- Each side of the facility also provides for a gathering room with a featured aquarium for residents' enjoyment

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- A large, centralized dining room, which allows residents choice in meal time and can be used for larger celebrations to accommodate families and friends.
- Therapeutic areas are grouped for efficiencies
- A complete activities of daily living (ADL) suite is provided for residents returning home with limitations or with assistive devices
- Back of the house functions are located in centralized areas and not intermixed with resident rooms and areas of the facility
- An honor wing to serve veterans

NF Bay indicates that one of the preferred locations of particular interest for the proposed project is owned by Baptist Hospital proximate to sites where Baptist Hospital is considering development of outpatient health care services.

PruittHealth – Escambia County, LLC (CON #10352) affirms to be the preferred applicant to be approved to establish this proposed nursing home as a result of the following demonstrated facts and commitments to the project:

- Enhance competition and competitive position by introducing a new provider to Escambia County
- Committing to providing Medicaid services at two percentage points higher than the current subdistrict average
- 62 private rooms/beds-69 percent of the facility's beds
- State of the are rehab suite, extensively equipped to include a Hydroworx therapy pool
- Programs to reduce hospital readmissions that have already been successfully introduced in Subdistrict 1-1
- A commitment to technology
- Specialized Alzheimer's programming

PruittHealth also concludes that based on support letters presented in a survey context, the applicant has best determined and prepared for area demand, in order to meet the Agency's bed need determination.

The applicant notes both NF Bay and NF Escambia are affiliates of Gulf Coast Health Care which already has four existing nursing homes and 565 licensed beds within Escambia County. Pruitt Health-Escambia states in contrast, its only affiliated existing nursing home in the subdistrict possesses 120 beds, and is located in Santa Rosa County and accounts for just 5.7 percent of the subdistrict's licensed beds and zero percent of the total within Escambia County. The applicant contends that the approval of the proposed project promotes healthy competition, ensures more choices for residents of Escambia County, mitigates the perception of a single provider holding a monopoly on the subdistrict's

nursing home beds, and enables an experienced, award winning skilled nursing provider to increase access to needed skilled nursing facility services in the subdistrict.

Quality of Care

None of the co-batched applicants operate a Gold Seal Program. **Each** co-batched applicant described their ability to provide quality care.

NF Bay, LLC (CON #10351): The applicant's controlling interest had 21 substantiated complaints at its 33 Florida SNFs during the three-year period ending May 20, 2015.

PruittHealth – Escambia County, LLC (CON #10352): The applicant's controlling interest had one substantiated complaints at its one Florida SNF during the three-year period ending May 20, 2015.

Financial Feasibility/Availability of Funds

NF Bay, LLC (CON #10351): Funding for this project should be available as needed. Based on the information in Schedule 6, the applicant's projected staffing meets requirement. This project appears to be financially feasible.

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

PruittHealth – Escambia County, LLC (CON #10352): Funding for this project should be available as needed. Based on the information in Schedule 6, the applicant's projected staffing meets requirement. This project appears to be financially feasible.

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

Medicaid/Charity Care

NF Escambia, LLC (CON #10351) offers no conditions to the proposed project.

The applicant's Schedule 7 indicates that Medicaid and self-pay represent 22.2 percent and 5.6 percent, respectively, of year one and 25.0 percent and 4.0 percent year two annual total patient days.

PruittHealth – Escambia County, LLC (CON #10352) offers no conditions to the proposed project.

The applicant's Schedule 7 indicates that Medicaid and self-pay represent 61.8 percent and 5.5 percent, respectively, of year one and 67.3 percent and 2.3 percent, respectively, of year two annual total patient days.

Architectural:

NF Bay, LLC (CON #10351): The cost estimate 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.

PruittHealth – Escambia County, LLC (CON #10352): The cost estimate 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 #10351 to establish a new 90-bed community nursing home in Escambia County, District 1, Subdistrict 1. The total project cost is \$20,280,537. The project involves 76,233 GSF of new construction and a construction cost of \$13,721,940.

Deny CON #10352.

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