

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

A. PROJECT IDENTIFICATION

1. Applicant/CON Action Number

SF Brevard, LLC/CON #10353
40 South Palafox Place, Suite 400
Pensacola, Florida 32502

Authorized Representative: Craig Robinson
(800) 861-9907

2. Service District/Subdistrict

District 3/Subdistrict 3-1 (Columbia, Hamilton and Suwannee Counties)

B. PUBLIC HEARING

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

Letters of Support

SF Brevard, LLC (CON #10353): 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. Representative Elizabeth Porter of the Florida House of Representatives, Columbia County Commissioner Ronald Williams and Lake City Mayor Stephen M. Witt also submitted letters supporting the proposed project.

C. PROJECT SUMMARY

SF Brevard, LLC (CON #10353), hereafter referred to as SF Brevard or the applicant, proposes to establish a new 113-bed community nursing home in District 3/Subdistrict 3-1, Columbia County, Florida. SF Brevard is an affiliate of Gulf Coast Health Care, LLC (Gulf Coast).

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
- 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
- Winsor Health and Rehabilitation Center

The project involves 80,788 gross square feet (GSF) of new construction. The construction cost is \$14,541,840. Total project cost is \$21,241,432. Project cost includes land, building, equipment, project development, financing and start-up costs.

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 113 beds was published for Subdistrict 3-1 for the January 2018 Planning Horizon. Subdistrict 3-1 is comprised of Columbia, Hamilton and Suwannee County.

After publication of this fixed need pool, zero existing Subdistrict 3-1 facilities filed exemption requests or filed expedited CON reviews to increase or add community nursing home beds.

As of May 20, 2015 Subdistrict 3-1 had 766 licensed and zero approved community nursing home beds. During the 12-month period ending December 31, 2014, Subdistrict 3-1 experienced 93.11 percent utilization at seven existing facilities. Below is a table illustrating nursing home patient days and occupancy within Subdistrict 3-1.

Subdistrict 3-1 Nursing Home Patient Days and Occupancy January 1, 2014 -December 31, 2014

Facility	Comm. Nursing Home Bed Inventory	Bed Days	Patient Days	Total Occupancy	Medicaid Occupancy
Avalon Healthcare Center	95	34,675	29,991	86.49%	78.53%
Baya Pointe Nursing and Rehabilitation Center	90	32,850	30,958	94.24%	57.57%
Health Center of Lake City, The	120	43,800	41,139	93.92%	53.87%
Suwannee Valley Nursing Center	60	21,900	21,146	96.56%	80.92%
Good Samaritan Center	161	58,765	54,804	93.26%	76.29%
Surrey Place Care Center	60	21,900	20,489	93.56%	64.83%
Suwannee Health and Rehabilitation Center	180	65,700	61,802	94.07%	77.49%
Total	766	279,590	260,329	93.11%	70.54%

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

The reviewer notes the current and projected population of the individual counties in Subdistrict 3-1, District 3 and the state for the planning horizon.

**Current and Projected Population Growth Rate
Counties of Subdistrict 3-1, District 3, 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
Columbia	56,988	11,640	68,628	58,177	13,086	71,263
Hamilton	12,359	2,302	14,661	12,447	2,656	15,103
Suwannee	35,976	8,692	44,668	36,785	9,588	46,373
Subdistrict 3-1	105,323	22,634	127,957	107,439	25,330	132,739
District 3	1,265,354	409,689	1,675,043	1,307,646	460,579	1,768,225
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
Columbia	1,189	1,446	2,635	2.08%	12.42%	3.84%
Hamilton	88	354	442	0.71%	15.37%	3.01%
Suwannee	809	896	1,705	2.24%	10.31%	3.81%
Subdistrict 3-1	2,116	2,696	4,782	2.01%	11.91%	3.73%
District 3	42,292	50,890	93,182	3.34%	12.42%	5.56%
Florida	466,006	377,890	843,896	2.90%	10.39%	4.29%

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

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

Beds per 1,000 Residents Age 65 and Older

County/Area	Community Beds	2015 Pop. Aged 65+	2015 Beds per 1,000	2018 Pop. Aged 65+	2018 Beds per 1,000
Columbia	305	11,640	26	13,086	23
Hamilton	60	2,302	26	2,656	22
Suwannee	401	8,692	46	9,588	41
Subdistrict 3-1	766	22,634	33	25,330	30
District 3	7,558	409,689	18	460,579	16
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

SF Brevard, LLC (CON #10353) notes the current infrastructure of Columbia County and its appeal to retirees with the availability of health care and related services, including proximity to UF Health Shands Hospital and the VA Hospital. The applicant states that the proposed project accomplishes the following health planning objectives:

- Provides residents of Columbia County with a new nursing facility that adopts culture change with 69 private suites and 22 semi-private rooms along with increased therapy spaces and amenities
- Locates the facility within the growing western part of Lake City while still proximate to the developed center--affording access to established infrastructure
- Provides an opportunity for synergy with Suwannee Health and Rehabilitation Center (an affiliate of Gulf Coast Health Care) with 180 beds and an occupancy rate of 94 percent

- 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:**

This applicant is responding to the Agency's published fixed need pool, so this criterion is not applicable.

2. **Agency Rule Preferences**

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

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

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

This application was not submitted to remedy a geographically underserved area as defined above.

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

SF Brevard, LLC (CON #10353) 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

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

SF Brevard indicates that ancillary services include:

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

SF Brevard 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. SF Brevard indicates that discharge planning begins with the initial assessment, when patient/family needs and attributes are assessed with the admission diagnosis specifically addressed. The applicant states that it is the responsibility of the facility to have identified that the medically related social service or home-based services needs of the resident are met by the appropriate disciplines. Detailed description of admission and discharge plans can be found on pages 2-11 through 2-14.

Schedule 6 illustrates that FTEs for year one (ending December 31, 2018) total 72.4 and total 127.8 for year two (ending December 31, 2019). The proposed project's year one and year two FTEs are shown in the table below.

SF Brevard, LLC (CON application #10353) 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	1.8
Medical Records Clerk	1.5	2.0
Other: Nursing Admin	3.4	6.5
Physicians		
Medical Director (Contract)	0.1	0.2
Nursing		
RNs	5.2	9.9
LPNs	8.8	16.0
Nurses' Aides	26.5	50.7
Dietary		
Dietary Supervisor	2.0	2.0
Cooks	1.8	4.2
Dietary Aides (including servers)	4.6	10.4
Social Services		
Social Service Director	1.5	1.5
Activity Director	1.0	1.0
Activities Assistant	1.0	2.7
Housekeeping		
Housekeeping Supervision	1.0	1.0
Housekeepers	4.1	7.4
Laundry		
Laundry Aides	1.8	3.2
Plant Maintenance		
Maintenance Supervisor	1.0	1.0
Maintenance Assistance	0.7	1.5
Total	72.4	127.8

Source: CON application #10353, Schedule 6

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.

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.**

SF Brevard, LLC (CON #10353) states that having been created to support the proposed project, this item does not apply.

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?**

SF Brevard, LLC (CON #10353) states that having been created to support the proposed project, this item does not apply.

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.**

SF Brevard, LLC (CON #10353) states that having been created to support the proposed project, this item does not apply.

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.**

SF Brevard, LLC (CON #10353) states that having been created to support the proposed project, this item does not apply.

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.**

SF Brevard, LLC (CON #10353) states that having been created to support the proposed project, this item does not apply.

- 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.**

SF Brevard, LLC (CON #10353) states that it will provide the required data to the WellFlorida Council, 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 applicant's service area? ss. 408.035 (1)(b) and (e), Florida Statutes.**

There are 63 licensed community nursing homes with a total of 7,558 community nursing home beds in District 3. Subdistrict 3-1 is composed of Columbia, Hamilton and Suwannee Counties and has seven licensed community nursing homes with a total of 766 community nursing home beds. The subdistrict averaged 93.11 percent total occupancy for the 12-month period ending December 31, 2014.

SF Brevard, LLC (CON #10353) provides a table noting the nursing home utilization within Subdistrict 3-1 for calendar year 2014. See the table below.

Nursing Home Utilization within Nursing Home Subdistrict by County Calendar Year 2014						
Subdistrict 1	# Beds	Bed Days	Resident Days	Medicaid Days	Facility Occupancy	Medicaid Occupancy
Columbia County						
Avalon Healthcare Center	95	34,675	29,991	23,552	86.5%	78.5%
Baya Pointe	90	32,850	30,958	17,821	94.2%	57.6%
The Health Center of Lake City	120	43,800	41,139	22,161	93.9%	53.9%
Subtotal	305	111,325	102,088	63,534	91.7%	62.2%
Hamilton County						
Suwannee Valley	60	21,900	21,146	17,111	96.6%	80.9%
Subtotal	60	21,900	21,146	17,111	96.6%	80.9%
Suwannee County						
Good Samaritan Center	161	58,765	57,804	41,809	93.3%	76.3%
Surrey Place Care Center	60	21,900	24,489	13,283	93.6%	64.8%
Suwannee Health	180	65,700	61,802	47,892	94.1%	77.5%
Subtotal	401	146,365	137,095	102,984	93.7%	75.1%
Subdistrict 3-1 Total	766	279,590	260,329	183,269	93.1%	70.5%
District 3 Total	7,558	2,758,670	2,498,963	1,548,052	90.6%	61.9%

Source: CON application #10353, page 1-13

SF Brevard indicates that overall population growth for Columbia County’s 65+ population is 3.1 percent from 2014 to 2019. The applicant states that over a five-year period the county will add 1,942 persons aged 65+. The applicant notes that it utilized the data above to calculate a rate of resident days per 1,000 persons aged 65+ for each of the three counties in the subdistrict as well as District 3. See below.

Comparison among the Counties, the Subdistrict and District of Resident Days and Nursing Home Beds per 1,000 Elderly Aged 65 Years of Age and Older

County/Area	Nursing Home Days Per 1,000 65+	Nursing Home Beds Per 1,000 65+
Columbia	8,717	26
Hamilton	8,934	25
Suwannee	14,581	43
Subdistrict	11,087	33
District	6,204	19

Source: CON application #10353 Page 1-13

SF Brevard provides a table forecasting nursing home resident days for Columbia County and the proposed facility assuming a 92 percent occupancy rate in the second year of operation. SF Brevard believes the subdistrict and the three counties effectively absorb the proposed 113-bed facility in Columbia County in this application without producing any diminishment of resident days. The applicant indicates that the new facility would absorb 37,945 resident days, leaving a balance of 268,684 for the subdistrict.

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

Factor	Number
Baseline, CY 2014	
Columbia Resident Days per 1,000 65+	8,717
Subdistrict Resident Days per 1000 65+	11,087
Year Two: CY 2019	
Subdistrict Forecasted Resident Days	306,629
New Facility Resident Days @92 Percent	37,945
Remaining Future Resident Days	268,684
Allocated Remaining Days to Each County	
Columbia	105,364
Hamilton	21,825
Suwannee	141,495
Calculate Occupancy Rates CY 2019	
Columbia (Beds=418) plus new facility days	93.9%
Hamilton (Beds=60)	99.7%
Suwannee (Beds=40)	96.7%

Source: CON application #10353, page 1-14

The applicant states the 92 percent assumed in the table above for the proposed nursing home is adjusted downward to account for expected impact of managed care payers and options to nursing home placement. In examining the start-up facilities first and second year's experiences and that of the existing facilities, the forecast above was adjusted downward to 90 percent for the second year and 49.3 percent for the first year of operation.

In the next two tables, the applicant estimates 2018 and 2019 resident days and admissions and average length of stay (ALOS), by payer for the proposed project. See the tables below.

**Adjustment of the New Nursing Home Forecast of Resident Days
SF Brevard, LLC**

Payer	Year One: 2018 Resident Days	Year Two: 2019 Resident Days	Percent of Days
Medicare	6,436	13,364	36.0%
Medicare Managed Care	1,639	3,341	9.0%
Medicaid Managed Care	6,488	13,736	37.0%
Self-Pay	1,955	2,227	6.0%
All Other	3,819	4,455	12.0%
Total	20,337	37,123	100.0%
Percent Occupancy	49.3%	90.0%	

Source: CON application #10353, page 1-15

New Nursing Home Forecast of Admissions at SF Brevard, LLC

Payer	Year One: 2018 Admits	Year Two: 2019 Admits
Medicare	258	535
Medicare Managed Care	75	152
Medicaid Managed Care	18	38
Self-Pay	33	38
All Other	64	75
Total	448	838
Facility ALOS	45.39	44.29

Source: CON application #10353, page 1-14

- 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.**

SF Brevard, LLC (CON #10353) 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.

SF Brevard 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.

The applicant describes quality assurance on pages 4-5 through 4-8 of CON #10353. SF Brevard 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

SF Brevard offers a list of the “Ten Most Frequently Cited Deficiencies in Florida” (CON #10353, 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.

The applicant provides a description of the following major topics:

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

SF Brevard 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 SNFs 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:

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

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

Analysis:

The purpose of our analysis for this section is to determine if the applicant has access to the funds necessary to fund this and all capital projects. Our review includes an analysis of the short and long-term position of the applicant, parent, or other related parties who will fund the project. The analysis of the short and long-term position is intended

to provide some level of objective assurance 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

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 \$21,308,400 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 #10351, not CON #10353. The letter for CON #10353 is in the file for CON #10351. Omega submitted their audited financial statements as proof of available funding. Overall, Omega has a strong financial position and is likely to either fund through existing capital, or raise the capital necessary to meet the commitments set forth in various CON applications in this batching cycle.

Conclusion:

Funding for this project should be available as needed.

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

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, 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.

	PROJECTIONS PER APPLICANT		COMPARATIVE GROUP VALUES PPD		
	Total	PPD	Highest	Median	Lowest
Net Revenues	14,002,800	377	697	390	253
Total Expenses	13,207,700	356	673	369	288
Operating Income	795,100	21	95	16	-113
Operating Margin	5.68%		Comparative Group Values		
	Days	Percent	Highest	Median	Lowest
Occupancy	37,123	90.01%	96.71%	89.93%	70.42%
Medicaid/MDCD HMO	13,736	37.00%	49.81%	44.31%	30.05%
Medicare	16,705	45.00%	62.12%	33.63%	10.26%

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.

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

Analysis:

The type of competition that would result in increased efficiencies, service, and quality is limited in health care. Cost-effectiveness through competition is typically achieved via a combination of competitive pricing

that forces more efficient cost to remain profitable and offering higher quality and additional services to attract patients from competitors. Since Medicare and Medicaid are the primary payers in the nursing home industry, price-based competition is limited. With a large portion of the revenue stream essentially fixed on a per patient basis, the available margin to increase quality and offer additional services is limited. In addition, competitive forces truly do not begin to take shape until existing business' market share is threatened. The publication of need in this area suggests that there is an unmet and untapped customer base for a new entrant to absorb. Since nursing home services are limited to available beds and the need formula suggest excess capacity in the market to fill those beds, the impact on market share would be limited. The combination of the existing health care system's barrier to price-based competition via fixed price payers and the existence of unmet need in the district limits any significant gains in cost-effectiveness and quality that would be generated from competition.

Conclusion:

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

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

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

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

- g. Does the applicant have a history of and propose the provision of health services to Medicaid patients and the medically indigent? Does the applicant propose to provide health services to Medicaid patients and the medically indigent? ss. 408.035 (1) (i), Florida Statutes.**

A three-year history of Medicaid patient days and occupancy rates for 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 3-1	182,272	184,574	183,629
District 3	1,523,920	1,539,243	1,548,052
Florida	15,733,318	15,700,197	15,932,613
	Medicaid Occupancy		
	CY 2012	CY 2013	CY 2014
Subdistrict 3-1	69.62%	71.16%	70.54%
District 3	62.13%	62.34%	61.95%
Florida	61.85%	61.66%	62.17%

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

SF Brevard, LLC (CON #10353) indicates that it is a newly formed entity with no history with respect to services to Medicaid recipients and charity. The applicant indicates Medicaid recipients are expected to account for 37 percent of total nursing home resident days. Charity care is addressed in Schedule 8, Projected Income and Expenses, on line 29—allowing for \$126,700 in year one and \$235,600 in year two.

The applicant provides an overview of changes to long-term care including the advent of Statewide Medicaid Managed Care (SMMC) plans. In this discussion, SF Brevard includes information on the available plans and services in Region 3.

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:

**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%
Brynmood 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

SF Brevard provides projected Medicaid and Medicare utilization for year one and year two of operations below.

**New Nursing Home Forecast of Resident Days
SF Brevard, LLC First Two Years of Operation**

Payer	Year One: 2018 Resident Days	Year Two: 2019 Resident Days	Percent of Days
Medicare	6,923	13,009	44.0%
Medicare Managed Care	2,360	4,435	15.0%
Medicaid Managed Care	3,933	7,391	25.0%
Self-Pay	629	1,183	4.0%
All Other	1,888	3,548	12.0%
Total	15,733	29,566	100.0%
Percent Occupancy	47.9%	90.0%	

Source: CON application #10353, page 9-4

The reviewer notes that the table above does not match the applicant’s projected operations by payer type on Schedule 7. The reviewer compiled the following information from the applicant’s Schedule 7.

SF Brevard, LLC First Two Years of Operation

Payer	Year One: 2018 Resident Days	Year Two: 2019 Resident Days
Medicare	6,436	13,364
Medicare Managed Care	1,639	3,341
Medicaid Managed Care	6,448	13,736
Self-Pay	1,955	2,227
All Other	3,819	4,455
Total	20,337	37,123
Percent Occupancy	49.3%	90.0%

Source: CON application #10353, page 9-4

The applicant’s Schedule 7 indicates that Medicaid and self-pay represent 31.9 percent and 9.6 percent, respectively, of year one and 37.0 percent and 6.0 percent, respectively, of year two annual total patient days.

F. SUMMARY

SF Brevard, LLC (CON #10353) proposes to establish a new 113-bed community nursing home in District 3/Subdistrict 3-1, Columbia County, Florida SF Brevard is an affiliate of Gulf Coast Health Care, LLC.

The applicant operates 33 SNFs in Florida.

The project involves 80,788 GSF of new construction. The construction cost is \$14,541,840. Total project cost is \$21,241,432. 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 41, Number 65 of the Florida Administrative Register dated April 3, 2015, a fixed need pool of 113 beds was published for Subdistrict 3-1 for the January 2018 Planning Horizon. Subdistrict 3-1 is comprised of Columbia, Hamilton and Suwannee Counties.

As of May 20, 2015 Subdistrict 3-1 had 766 licensed and zero approved community nursing home beds. During the 12-month period ending December 31, 2014 Subdistrict 3-1 experienced 93.11 percent utilization at seven existing facilities.

SF Brevard, LLC (CON #10353) indicates the infrastructure of Columbia County and its appeal to retirees including proximity to UF Health Shands Hospital and the VA Hospital. The applicant states that the proposed project accomplishes the following health planning objectives:

- Provides the residents of Columbia County with a new nursing facility that adopts culture change with 69 private suites and 22 semi-private rooms along with increased therapy spaces, and amenities
- Locates the facility within the growing western part of Lake City while still proximate to the developed center affording access to established infrastructure
- Provides an opportunity for synergy with Suwannee Health and Rehabilitation Center (an affiliate of Gulf Coast Health Care) which has 180 beds and an occupancy rate of 94 percent

Quality of Care:

SF Brevard, LLC (CON #10353) described its ability to provide quality of care.

The applicant's controlling interest had 21 substantiated complaints at its 33 Florida SNFs during the three-year period ending May 20, 2015.

Financial Feasibility/Availability of Funds:

SF Brevard, LLC (CON #10353): Funding for this project should be available as needed. 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:

SF Brevard, LLC (CON #10353) does not propose to condition project approval to a percentage of Medicaid days.

The applicant's Schedule 7 indicates that Medicaid and self-pay represent 31.9 percent and 9.6 percent, respectively, of year one and 37.0 percent and 6.0 percent, respectively, of year two annual total patient days.

Architectural:

SF Brevard, LLC (CON #10353): 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 #10353 to establish a new 133-bed community nursing home in Columbia County, District 3, Subdistrict 1. The total project cost is \$21,241,432. The project involves 80,788 GSF of new construction and a construction cost of \$14,541,840.

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