

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

A. PROJECT IDENTIFICATION

1. Applicant/CON Action Number

Innovative Medical Management Solutions, LLC/CON #10359
3241 Hidden Lake Drive
Winter Garden, Florida 34787

Authorized Representative: D. Jeffery Sapp, Ph.D.
(305) 864-9191

2. Service District/Subdistrict

District 4/Subdistrict 4-1 (Nassau and Duval Counties)

B. PUBLIC HEARING

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

Letters of Support

Innovative Medical Management Solutions, LLC (CON #10359): The Agency received no letters of support. The applicant states on page three of the application that it attached support letters “from most of the area specialist that would admit residents to the Facility. Most independent physicians in the area are supportive of the Applicant’s project and believe that the CON moratorium has restricted access to care in the local area and only benefits those already in the market”. The reviewer notes that the applicant did not attach or provide any letters of support for CON #10359 nor provide any documentation of area specialist or independent physician support.

C. PROJECT SUMMARY

Innovative Medical Management Solutions, LLC (CON #10359), hereafter referred to as IMMS or the applicant, proposes to establish a new 14-bed community nursing home in Subdistrict 4-1, Duval County, Florida.

The applicant did not provide a Schedule 9 with CON #10359. In the architectural portion of the application, the narrative states that the project involves 27,830 gross square feet (GSF) in new construction. The construction cost is \$5,460,000. Total project cost is \$9,827,000. 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.

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, Marisol Fitch analyzed the application with consultation from the financial analyst, Derron Hillman, 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 14 beds was published for Subdistrict 4-1 for the July 2018 Planning Horizon. Subdistrict 4-1 is comprised of Nassau and Duval Counties.

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

As of April 3, 2015, Subdistrict 4-1 had 1,125 licensed and 111 approved community nursing home beds. During the 12-month period ending December 31, 2014, Subdistrict 4-1 experienced 92.34 percent utilization at nine existing facilities. Below is a table illustrating nursing home patient days and occupancy within Subdistrict 4-1.

Nassau and Duval Counties Nursing Home Patient Days and Occupancy January 1, 2014- December 31, 2014

Facility	Commun. Nursing Home Bed Inventory	Bed Days	Patient Days	Total Occupancy	Medicaid Occupancy
Cathedral Gerontology Center, Inc.	120	43,800	37,527	85.68%	73.87%
Edgewood Nursing Center	60	21,900	20,421	93.25%	80.24%
Harts Harbor Health Care Center	180	65,700	62,539	95.19%	79.51%
Jacksonville Nursing and Rehabilitation	163	59,495	57,122	96.01%	75.99%
Lakeside Nursing and Rehabilitation Center	122	44,530	41,155	92.42%	56.80%
Lanier Manor	120	43,800	39,821	90.92%	81.76%
Summer Brook Health Care Center	120	43,800	42,008	95.91%	85.69%
Nassau County					
Life Care Center of Hilliard	120	43,800	39,264	89.64%	64.82%
Quality Health of Fernandina Beach	120	43,800	39,298	89.72%	63.08%
Total	1,125	410,625	379,155	92.34%	73.69%

Source: Florida Nursing Home Bed Need Projections by District and Subdistrict, published April 3, 2015

The reviewer notes the current and projected population of the individual counties in Subdistrict 4-1, District 4 and the state for the planning horizon.

**Current and Projected Population Growth Rate
Subdistrict 4-1, District 4, 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
Nassau	62,693	14,371	77,064	65,027	16,931	81,964
Duval	774,255	114,410	888,665	785,970	128,628	914,598
Subdistrict 4-1	836,894	128,781	965,675	850,997	145,559	996,556
District 4	1,678,965	335,551	2,014,516	1,729,618	378,766	2,108,384
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
Nassau	2,334	2,560	4,894	3.72%	17.81%	6.36%
Duval	11,745	14,218	25,963	1.51%	12.43%	2.92%
Subdistrict 4-1	14,103	16,778	30,881	1.69%	13.03%	3.20%
District 4	50,653	43,215	93,868	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 the age 65 and older 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 Beds per 1,000	2018 Pop. Aged 65+	2018 Beds per 1,000
Nassau	240	14,371	16	16,931	14
Duval	885	114,410	7	128,628	6
Subdistrict 4-1	1,125	128,781	8	145,559	7
District 4	9,355	335,551	2	378,766	2
Florida	80,508	3,635,347	22	4,013,237	20

Source: Florida Agency for Health Care Administration Population Estimates, published February 2015 and Florida Nursing Home Bed Need Projections by District and Subdistrict, published April 3, 2015

Innovative Medical Management Solutions, LLC (CON #10359)

asserts that the proposed Restoration Care Facility represents a major innovation in changing the environment of skilled nursing care—creating an innovative approach to the post-acute environment that focuses on short-term, physician engaged, resident driven treatment that results in better outcomes.

IMMS indicates that skilled nursing facilities (SNFs) that serve both long-term and short-term patients under one roof is becoming outdated and that additional rehabilitative services are needed to address the growing elderly population and the changing focus of nursing home care in Duval County.

The applicant contends that with a high concentration of elderly adults living in the southern part of Duval County and continuing population growth over the next five years, there is a “desperate need” for another short-term facility to address the demands of residents for rehabilitation. IMMS contends that it is focused on caring for the residents of north Duval County and Nassau and will be centrally located, on the north side of Jacksonville, three miles from UF North Medical Center.

IMMS notes that the population forecast for the 65+ population is projected to increase by 20.38 percent (75,545 residents) from 2015 to 2020 in the subdistrict. The applicant identified five ZIP Codes through a Google search of realtor web sites for Northside in Jacksonville. Of these five ZIP Codes, IMMS states that two of them (32218 and 32226) show an estimated population increase from 2015 to 2020 of 32.22 percent (2,784 residents) in the 65+ population. The reviewer notes that later in the application (page 70) the applicant notes that the proposed facility will be located in the 32218 ZIP Code.

The applicant concludes that need for the proposed project, a sub-acute rehabilitation program, is needed for three reasons:

- A reasonable competitive choice dictates the need for additional community nursing homes beds in north Duval County
- This objective would be best met by a new market entrant that would focus on keeping those in need out of the hospital
- Allowing a real choice among community nursing facilities will result in improved quality, competition from a non-hospital provider and utilization of powerful collaborative tools

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

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

2. Agency Rule Preferences

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

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

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

The applicant did not submit CON #10359 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.**

Innovative Medical Management Solutions, LLC (CON #10359) indicates that the proposed facility was designed to provide patients with an environment offering amenities and services to enhance their stay along with the functionality to care for the sub-acute patient.

The applicant states that the proposed facility will have all private rooms equipped with a private bath and are designed to accommodate seating and sleeping space for a guest. IMMS lists the several basic amenities that will be included in each room on page 34 of CON #10359. Earlier in the application, the applicant notes the following services will be provided at the proposed facility:

- Cardiac care
- Pulmonary care
- Orthopedic therapy
- Aqua therapy
- Physical therapy
- Speech therapy
- Occupational therapy
- Pain management
- Nutritional management
- Medication management
- Driving rehabilitation

The reviewer notes that the applicant states that these services vary by facility but does not indicate which of the items listed above will be available at the proposed facility.

IMMS asserts that in addition to those features listed above, Restoration Care facilities have:

- Food services available 24 hours a day
- Guest services team concierge services
- Wireless internet and television
- iPads and laptops
- Salon and spa
- Rooftop terrace and bar

- Gardens and open courtyards
- Transportation assistance
- Movie theater
- Religious/educational/cultural/social activities

The reviewer notes that the applicant states that these services vary by facility but does not indicate which of the items listed above will be available at the proposed facility.

IMMS indicates that pharmacologic and non-pharmacologic rehabilitation interventions for patient-centric care plan development will be guided by evidence-based guidelines. The applicant lists these guidelines on pages 36-37 of CON #10359.

The applicant discusses patient characteristics, citing findings about the types of patients served in nursing homes by the American Health Care Association Quality Report and the Florida Health Care Association State of Aging and Long-Term Care summary.

IMMS notes that patient assessment and planning will begin immediately upon admission and that within seven days, an interdisciplinary team collaborates to complete a comprehensive care plan for the patient/resident. IMMS asserts that to facilitate clinical integration, care coordination and care management, the facility will implement a highly functional and comprehensive integration platform referred to as Guardian. The applicant indicates that the Guardian platform includes:

- Parsimonious procedures and assessments to identify individual patient's unique problems
- Use of peer reviewed and consensually based clinical practice guidelines
- Evidence-based materials, procedures, protocols and guidelines
- Standardization of culturally sensitive patient educational materials and instructions
- Health risk management interventions
- Patient and family skills development and empowerment interventions

The applicant states that the projected average length of stay (ALOS) reflects a focus on short-term rehabilitation, with Medicare as the usual payer. IMMS states that the ALOS will be 21-40 days

for the proposed facility. The applicant’s Schedule 7 indicates an ALOS of 26.32 days and 11.23 days in years one and two of operation, respectively.

IMMS maintains that an admission must be under the recommendation of a physician and patients must remain under the care of the physician during their stay. The applicant asserts that discharge will require a physician order and a post-discharge plan, developed by a care team, will be provide to the resident and family.

Schedule 6 illustrates that FTEs for year one (ending January 31, 2020) total 37 and total 39 for year two (ending January 31, 2021). The proposed project’s year one and year two FTEs are shown in the table below.

Innovative Medical Management Solutions, LLC (CON application #10359) Projected Year One and Year Two Staffing		
	Year One FTEs	Year Two FTEs
Administration		
Administrator	1	1
Director of Nursing	1	1
Admissions Director	1	1
Secretary	1	1
Medical Records Clerk	1	1
Other: Assistant Director	1	1
Nursing		
RNs	3	3
LPNs	3	3
Nurses’ Aides	7	8
Other: Care Plan Coordinator	1	1
Dietary		
Dietary Supervisor	1	1
Cooks	2	2
Dietary Aides	2	2
Social Services		
Social Service Director	1	1
Activities Assistant	1	1
Housekeeping		
Housekeepers	3	3
Laundry		
Laundry Aides	2	3
Plant Maintenance		
Maintenance Supervisor	1	1
Maintenance Assistance	1	1
Security	3	3
Total	37	39

Source: CON application #10359, Schedule 6

The applicant indicates on page 14 of CON #10359 that it will contract for a Medical Director as well as physicians and nurse practitioners. IMMS also states that it will contract for rehabilitation services through CORA. The reviewer indicates that while the applicant states that the Medical Director's fees are included in the administration line item (#6) of Schedule 8, there is no provision for physicians or nurse practitioners in the notes provided with Schedule 8. Rehabilitation services are accounted for in the ancillary line item (#15) of 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.**

Innovative Medical Management Solutions, LLC (CON #10359) states it has not had a nursing home license denied, revoked or suspended.

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

Innovative Medical Management Solutions, LLC (CON #10359) states that it has not had a nursing home placed into receivership at any time.

- 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.**

Innovative Medical Management Solutions, LLC (CON #10359) did not respond directly to this criterion. The reviewer notes that as nothing was identified in subparagraphs one and two, 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.**

Innovative Medical Management Solutions, LLC (CON #10359) did not respond directly to this criterion. The reviewer notes that as nothing was identified in subparagraph three, 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.**

Innovative Medical Management Solutions, LLC (CON #10359) did not respond directly to this criterion. The reviewer notes that as nothing was identified in subparagraphs one and two, 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.**

Innovative Medical Management Solutions, LLC (CON #10359) states that it will provide the required data to the Health Council of Northeast Florida 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 78 licensed community nursing homes with a total of 9,355 community nursing home beds in District 4. Subdistrict 4-1 is composed of Nassau and Duval Counties and has nine licensed community nursing homes with a total of 1,125 community nursing home beds. The subdistrict averaged 92.34 percent total occupancy for the 12-month period ending December 31, 2014.

Innovative Medical Management Solutions, LLC (CON #10359)

indicates that for comparison it utilized the historical utilization of three of its existing locations in the Northeast from information provided in the State Agency Action Report for CON #10257 (Genesis Healthcare's affiliated applicant). The reviewer notes that IMMS does not state within the application nor gives any evidence that it is an affiliate of Genesis Healthcare or Genesis Healthcare's affiliated applicant. The applicant mentions the success of The PowerBack Rehabilitation model by Genesis Healthcare on page 28 of the application but does not state that it is affiliated with the model. The reviewer indicates that the applicant states that it is going to implement the proposed project with Capital Design Group and utilize CORA for rehabilitation services. Moreover, it is uncertain how data that was presented by another applicant, in an unrelated batching cycle, not related to IMMS, in another district and subdistrict¹ is applicable to CON #10359.

IMMS estimates that over 33 percent of the Restoration Care patient base is projected to be under the age of 70 according to CON #10257. The reviewer notes that Marion County Development, LLC the applicant for CON #10257 has no proven affiliation with IMMS. Further, IMMS provided no statistical data of its own for the age base for the proposed facility.

To determine utilization projections for the proposed facility, the applicant states that it examined the experience of three Restoration Care locations. The reviewer notes that while the applicant provides the locations of these facilities (two in Pennsylvania and one in New Jersey), the applicant does not provide the names or operators of these facilities. IMMS then provides the four steps it used to develop utilization

¹ CON #10257 was submitted by Marion County Development LLC for the second other beds and services batch of 2014 in Subdistrict 3-4 (Marion County).

projections on page 31 of CON #10359. The reviewer notes that a number of data elements were left blank in these calculations so that it is not possible to recreate the utilization projection. The applicant states that the proposed facility projects to serve 153 (49 percent) and 419 (95 percent) patients in years one and two of operation, respectively.

IMMS states that existing “Restoration Care” locations provide a higher level of care than existing Duval County skilled nursing providers. The applicant does not state how much more RN care per day it will provide nor does the applicant delineate how many RN care hours are being provided per day by existing providers. The applicant refers to a chart on page 29 but does not provide the chart in the application.

The applicant provided an overview of population in north Duval and Nassau Counties. IMMS assumed that the elderly population growth percentage in north Duval County is equal to the elderly population growth percentage in Duval County overall for 2020 and 2025—23.33 percent and 18.63 percent respectively. The applicant contends that most significantly, the 75+ population is expected to increase by 16.57 percent in 2020 and 27.69 percent by 2025. See the table below.

Subdistrict 4-1 Population Estimates and Projections					
Age Group	2015 Estimated Population	2020 Projected Population	% Increase	2025 Projected Population	% Increase
North Duval					
Total	307,545	379,295	23.33%	449,958	18.63%
65+	30,910	38,121	23.33%	45,223	18.63%
75+	13,424	14,181	10.38%	18,664	25.95%
Nassau					
Total	63,086	66,881	6.02%	70,300	5.11%
65+	14,748	19,197	30.17%	23,153	20.61%
75+	5,347	7,064	32.11%	9,278	31.34%
Subdistrict 4-1					
Total	370,631	446,176	20.38%	520,258	16.60%
65+	45,658	57,318	25.54%	68,376	19.29%
75+	18,771	21,882	16.57%	27,942	27.69%

Source: CON application #10359, page 47

The reviewer notes that the applicant did not source the data provided in the table above. The reviewer examined the population data available in the *Florida Population Estimates and Projections by AHCA District 2010 to 2030* publication published February 2015 which seems to be the source for the data (using July 1 of each year). The reviewer found that the applicant did not use the total population for the service area for the chart, instead using the 64 and under data.

It is unclear to the reviewer how the data was extrapolated for north Duval. For the table above, the applicant notes that north Duval’s total population (matching the under 64 population) as 39.63 percent of Duval County’s under 64 population. The 65+ population for north Duval calculates as 26.50 percent of the total Duval County 65+ population and the 75+ population for north Duval is 28.32 percent of the total Duval County 75+ population. The reviewer indicates that the narrative of the application states the north Duval population was calculated as equally proportional to Duval County. The reviewer notes that these calculations do not match. Utilizing the same source above, the reviewer found that the population growth for Duval County 2015 to 2020 for the 65+ population was 20.97 percent (24,456 residents) and for the 75+ population was 15.71 percent (7,447 residents) whereas the applicant states that the population growth was 38.87 percent for 65+ and 16.57 percent for 75+.

IMMS states that the proposed site for the facility is 15453 Main St. N, Jacksonville, Florida 32218 and that real estate web sites define the ZIP Codes in the Northside as 32218, 32219, 32226, 32227 and 32233. The applicant provides a breakdown of population for these ZIP Codes from 2010 to 2015 for the 25+ population and the 65+ population. See the table below.

Population Information for Northside Jacksonville by ZIP Code Claritas, January 2015						
Area	% Incr. 2010-2015	2015 Population	25+ Population	% of Population	65+ Population	% of Population
32227	12.99%	2,801	1,100	39.27%	10	0.36%
32226	12.87%	17,929	11,816	65.90%	2,095	11.68%
32118	8.35%	57,862	37,301	64.47%	6,545	11.31%
32219	5.89%	12,389	8,173	65.97%	1,709	13.79%
32233	0.48%	23,778	16,031	67.42%	3,375	14.19%
Northside	8.12%	90,981	74,421	81.80%	13,734	15.10%
Duval	3.81%	897,153	603,560	67.28%	116,098	12.94%
Florida	5.83%	19,897,507	14,034,076	70.53%	3,815,553	19.18%

Source: CON application #10359, page 50

IMMS indicates that the total occupancy rate for the Subdistrict 4-1 for calendar year 2014 was 92.34 percent indicating a continued need for more short-stay post-acute beds in the area. The applicant contends that as a result of projected explosive growth in the Subdistrict, there is a lack of community nursing home beds within north Duval County making it difficult for both Medicare and Medicaid beneficiaries to seek a skilled nursing facility within their local community.

IMMS provides a data analysis of the Medicare cost data for service beneficiary claims in contiguous counties to Duval along with Agency inpatient data from 2013 to illustrate comparative elements of hospitals

and nursing home dynamics on pages 57-59 of CON #10359. The applicant asserts that Agency hospital inpatient data from 2013 reported that hospitals in Duval and Nassau Counties discharged 14,438 patients to nursing homes

The applicant presents Medicare cost data for service beneficiary claims for Duval, Nassau, Clay and St. Johns Counties for calendar year 2013. IMMS notes that the data shows that Duval County’s cost per user claim (\$14,601) was the highest in the area but was lower than the state’s cost per user claim of \$15,243. See the table below.

SNF Utilization of Medicare Members Calendar Year 2013						
Area/County	Total A & B	SNF Actual Cost	Costs	Cost per User	Users w/ Cvd Stay	% Using SNF
State	3,687,712	1,894,071,836	7.89%	\$15,243	124,260	5.54%
Duval	131,756	86,350,929	8.02%	\$14,601	5,914	6.30%
Nassau	15,299	6,596,965	6.26%	\$13,830	477	4.12%
Clay	27,951	18,826,165	8.48%	\$14,526	1,296	5.89%
St. Johns	40,450	22,260,175	7.51%	\$13,329	1,670	5.24%

Source: CON application #10359, page 58-59

IMMS includes a discussion of reducing hospital readmissions as the new performance standard, noting that high readmission rates are viewed by CMS as a sign of poor quality of care. The applicant analyzes hospital readmission rates for 2012 and 2013, noting that Duval County is 10 percent higher than the state average. See the table below.

Hospital Readmissions by County Medicare Cost Fee For Service Report Calendar Year 2012 and 2013					
Area	2012		2013		% Increase or Decrease
	# of Readmissions	Rate	# of Readmissions	Rate	
Clay	1,247	18.20%	1,129	17.50%	-9.46%
Duval	7,083	20.83%	6,824	20.87%	-3.66%
Nassau	442	15.80%	525	18.11%	18.78%
St. Johns	1,439	17.30%	1,391	16.97%	-3.34%
Florida	134,389	19.27%	126,333	18.97%	-5.99%

Source: CON application #10359, page 61

The applicant concludes that the importance of a resident-driven care plan will focus on quality improvements and continual support of CMS’s Innovative Initiatives for Triple Aim. IMMS asserts that this is accomplished through safely reducing hospital readmissions through collaboration with providers, increasing staffing stability, increasing customer satisfaction and reducing the off label use of antipsychotics.

- 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.**

Innovative Medical Management Solutions, LLC (CON #10359) states that it is a start-up company that has provided facility management and consultation to a number of facilities and provider clients in the Orlando area since 2012.

The applicant asserts that the principals, however, have a long history as early adaptors of innovations in health care. IMMS includes biographies of identified principals of the company on pages 62-64 on CON #10359.

IMMS indicates that it will implement a formal Quality Assurance (QA) Program and associated policies and procedures. The applicant declares that the QA Program will be designed to objectively and systematically monitor and evaluate the extent to which the care management, care coordination services and interventions which are provided by IMMS. The applicant asserts that the QA program will be consistent with the established goals of the facility, in compliance with state/federal regulations, interpretive guidelines along with being efficacious and cost-effective.

The applicant further notes that the operation of the QA Program will be guided by two standing internal committees—the QA Steering Committee and the Medical Standards Committee. IMMS states that the QA Steering Committee will be chaired by the IMMS facility Medical Director and will meet at least two times per calendar year.

Agency records indicate that the applicant is a new entity and does not have any operational history for quality of care.

- 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.**

Innovative Medical Management Solutions, LLC (CON #10359): 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 the applicant and where the two short-term and long-term measures fall on the scale (highlighted in gray) for the most recent year.

Innovative Medical Management Solutions, LLC		
	Dec-14	Dec-13
Current Assets	\$150,933	\$4,893
Total Assets	\$150,933	\$4,893
Current Liabilities	\$22,020	\$19,320
Total Liabilities	\$22,020	\$19,320
Net Assets	\$128,913	(\$14,427)
Total Revenues	\$0	\$33,576
Excess of Revenues Over Expenses	(\$54,660)	(\$8,832)
Cash Flow from Operations	(\$50,040)	(\$11,832)
Short-Term Analysis		
Current Ratio (CA/CL)	6.9	0.3
Cash Flow to Current Liabilities (CFO/CL)	-227.25%	-61.24%
Long-Term Analysis		
Long-Term Debt to Net Assets (TL-CL/NA)	0.0%	0.0%
Total Margin (ER/TR)	N/A	-26.30%
Measure of Available Funding		
Working Capital	\$128,913	(\$14,427)

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

Capital Requirements and Funding:

The applicant indicates on Schedule 2 capital projects totaling \$39,150,830 which includes this project, CON #10267, and CON #10364. The applicant indicates on Schedule 3 of its application that funding for the project will be provided by cash on hand (\$116,000). Total funds are listed as \$9,877,000; however, no other line items have a value. The applicant provided a letter from Capital Development Group, Inc. (CDG) committing to fund this project. However, no financial data from CDG was provided. Therefore, no conclusion can be drawn as to the ability of CDG to fund the construction of the project. Iberia Bank provided a letter of interest to support the funding of the applicant's working capital and equipment only. A letter of interest does not constitute a firm commitment to lend.

Conclusion:

Funding for this project is in question.

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

Innovative Medical Management Solutions, LLC (CON #10359): 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 SNFs with similar Medicaid utilizations to the utilization projected by the applicant on a per patient day basis (PPD). Comparison group data was adjusted for inflation to match the second year projection (inflation factor was based on the New CMS Market Basket Price Index as published in the 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	2,211,974	470	2,099	605	318
Total Expenses	4,646,971	988	2,009	573	377
Operating Income	-2,434,997	-518	176	24	-173
Operating Margin	-110.08%		Comparative Group Values		
	Days	Percent	Highest	Median	Lowest
Occupancy	4,704	91.80%	97.64%	91.27%	33.72%
Medicaid	141	3.00%	29.81%	20.22%	0.00%
Medicare	3,058	65.01%	98.02%	36.70%	6.50%

The applicant had several arithmetic errors throughout their projections. On Schedule 7 total nursing home revenue is listed as \$2,265,655 for year two. However, when the individual numbers are added, the correct amount is \$2,211,974. On Schedule 8 nursing home net revenue is listed as \$4,985,281, instead of the correct value of \$2,211,974. When using the correct nursing home revenue of \$2,211,974, Schedule 8 results in a loss of \$2,434,997 in year two.

The projected NRPD and CPD fall within the group range and are considered reasonable. Operating margin or profit falls well below the group range. Therefore, the overall profitability appears highly unlikely.

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 unfeasible 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.**

Innovative Medical Management Solutions, LLC (CON #10359): 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.**

Innovative Medical Management Solutions, LLC (CON #10359):

Review of this application cannot be completed. Schedule 9, Table A was not provided; therefore cost estimate cannot be determined.

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.**

Innovative Medical Management Solutions, LLC (CON #10359) states that as a start-up company, it does not have an operating history of

providing health care services to Medicaid patients and the medically indigent. The applicant asserts that the principals of the company have established many health care facilities and have allowed many of those in need to receive care regardless of their ability to pay. The applicant contends that the health care facilities managed and owned by the principals of IMMS, the facilities all take Medicare, Medicaid and treat indigent patients on a case-by-case basis.

The applicant's Schedule 7 indicates that Medicaid and self-pay represent 10 percent of year one and year two annual total patient days. IMMS states that the payor mix is based on Genesis' experience in developing and operating PowerBack Rehabilitation facilities treating post-acute care patients. The reviewer notes that the applicant did not provide any documentation that it is affiliated with or related to Genesis or their PowerBack Rehabilitation facilities.

F. SUMMARY

Innovative Medical Management Solutions, LLC (CON #10359)

proposes to establish a new 14-bed community nursing home in Subdistrict 4-1, Duval County, Florida.

The applicant did not provide a Schedule 9 with CON #10359. In the architectural portion of the application, the narrative states that the project involves 27,830 GSF in new construction. The construction cost is \$5,460,000. Total project cost is \$9,827,000. Project cost includes land, building, equipment, project development, financing and start-up costs.

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

Need:

In Volume 41, Number 65 of the Florida Administrative Register dated April 3, 2015, a fixed need pool of 14 beds was published for Subdistrict 4-1 for the July 2018 Planning Horizon. Subdistrict 4-1 is comprised of Nassau and Duval Counties.

As of April 3, 2015, Subdistrict 4-1 had 1,125 licensed and 111 approved community nursing home beds. During the 12-month period ending December 31, 2014, Subdistrict 4-1 experienced 92.34 percent utilization at nine existing facilities.

Innovative Medical Management Solutions, LLC (CON #10359)

intends to locate the proposed facility in the Northside, east of River City Marketplace and three miles from University of Florida's Jacksonville North Campus. The applicant contends that the proposed facility will accommodate a growing elderly population in the identified real estate web site accepted ZIP Codes for Northside as well as being accessible to all resident of Duval County.

IMMS asserts that the importance of a resident-drive care plan will focus on quality improvements and continual support of CMS's Innovative Initiative for Triple Aim. The applicant indicates that this can be accomplished through safely reducing hospital readmissions through collaboration with providers, increasing staffing stability, increasing customer satisfaction and reducing the off label use of antipsychotics.

The applicant concludes that need for the proposed project, a sub-acute rehabilitation program, is needed for three reasons:

- A reasonable competitive choice dictates the need for additional community nursing homes beds in north Duval County
- This objective would be best met by a new market entrant that would focus on keeping those in need out of the hospital
- Allowing a real choice among community nursing facilities will result in improved quality, competition from a non-hospital provider and utilization of powerful collaborative tools

Quality of Care:

Innovative Medical Management Solutions, LLC (CON #10359):

Agency records indicate that the applicant is a new entity and does not have any operational history for quality of care.

Financial Feasibility/Availability of Funds:

Innovative Medical Management Solutions, LLC (CON #10359):

Funding for this project is in question. Based on the information provided in Schedule 6, the applicant's projected nursing staffing meets the requirement. This project appears to be financially unfeasible based on the projections provided by the applicant.

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

Medicaid/Charity Care:

Innovative Medical Management Solutions, LLC (CON #10359) 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 10 percent of year one and year two annual total patient days.

Architectural:

Innovative Medical Management Solutions, LLC (CON #10359)

Review of this application was not completed due to the applicant not submitting a Schedule 9, Table A--therefore a cost estimate could not be determined.

G. RECOMMENDATION

Deny CON #10359.

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