

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

A. PROJECT IDENTIFICATION

1. Applicant/CON Action Number

Lifespace Communities, Inc./CON #10365

100 E. Grand Ave., Suite 200
Des Moines, Iowa 50309

Authorized Representative: Charles Hall
(515) 309-4462

2. Service District/Subdistrict

District 7/Subdistrict 7-4 (Seminole County)

B. PUBLIC HEARING

A public hearing was not requested or held.

Letters of Support

The Agency received several letters of support submitted by the applicant. The letters were composed by local health care providers.

C. PROJECT SUMMARY

Lifespace Communities, Inc. (CON #10365), hereafter also referred to as Village on the Green or the applicant, proposes for the conversion of 30 sheltered nursing home beds to 30 community nursing home beds in Subdistrict 7-4, Seminole County. Village on the Green received a certificate of need (CON #10329) to convert 30 sheltered beds to community status on July 6, 2015. The current proposal would convert the remaining 30 beds, resulting in a 60-bed community nursing home.

Village on the Green is a 60-bed skilled nursing facility (SNF) composed solely of sheltered beds. It is located on the campus of a continuing care retirement community (CCRC).

The applicant operates five health care facilities in Florida:

- Abbey Delray
- Abbey Delray South
- Harbour's Edge
- The Waterford
- Village on the Green

The proposed project is a conversion of existing licensed beds and will involve no construction or renovation. The applicant states that the only project costs are those costs associated with the CON process, a total of \$60,750.

The applicant proposes to condition the project as shown below:

- The applicant conditions the project on making a nursing home bed available at its nursing home facility to any Lifecare contract holder residing on campus who requires nursing home care

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, Eric West 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 81 of the Florida Administrative Register dated April 27, 2015, a corrected fixed need pool notice of 51 beds was published for Subdistrict 7-4 for the July 2018 Planning Horizon. Subdistrict 7-4 is comprised of Seminole County.

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

As of April 3, 2015 Subdistrict 7-4 had 1,172 licensed and 64 approved community nursing home beds. During the 12-month period ending December 31, 2014, Subdistrict 7-4 experienced 93.05 percent utilization at nine existing facilities. Below is a table illustrating nursing home patient days and occupancy within Subdistrict 7-4.

Seminole County 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
Consulate Health Care at West Altamonte	116	42,340	41,212	97.34%	65.43%
Florida Living Nursing Center	202	73,730	70,770	95.99%	67.42%
Healthcare and Rehab of Sanford	114	41,610	37,498	90.12%	72.99%
Island Lake Center	120	43,800	42,841	97.81%	70.99%
Lake Mary Health and Rehabilitation Center	120	43,800	42,307	96.59%	37.43%
Life Care Center of Altamonte Springs	240	87,600	74,480	85.02%	61.00%
Longwood Health and Rehabilitation Center	120	43,800	41,857	95.56%	70.82%
Lutheran Haven Nursing Home	42	15,330	14,672	95.71%	49.70%
Tuskawilla Nursing and Rehab Center	98	35,770	32,421	90.64%	36.86%
Total	1,172	427,780	398,058	93.05%	60.95%

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

The reviewer notes the current and projected population of Subdistrict 7-4, District 7 and the state for the planning horizon.

**Current and Projected Population Growth Rate
Seminole County, District 7, 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
Seminole	378,039	60,364	438,403	386,625	67,208	453,833
District 7	2,197,488	348,009	2,545,497	2,303,827	390,431	2,694,258
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
Seminole	8,586	6,844	15,430	2.27%	11.33%	3.51%
District 7	106,339	42,422	148,761	4.83%	12.18%	5.84%
Florida	466,006	377,890	843,896	2.9%	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+ cohort in the subdistrict are shown below.

Beds per 1,000 Residents Age 65 and Older

County	Community Beds	2015 Pop. Aged 65+	2015 Beds per 1,000	2018 Pop. Aged 65+	2018 Beds per 1,000
Seminole	1172	60,364	19	67,208	17
District 7	8,955	348,009	25	386,625	23
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

Lifespace Communities, Inc. (CON #10365) states that the proposed project will convert 30 existing sheltered nursing home beds saving time and resources to implement the project. The applicant contends that projects that can be implemented quickly can relieve the area's bed need

sooner. The applicant states that the proposed project provides the following advantages:

- Improves access for members of the general public to skilled nursing care by utilizing sheltered beds that only require a change to the license status, a ministerial function
- Improves access to quality of skilled nursing care by placing community beds into service at a five-star rated facility
- Promotes competition by only applying for a portion of the total beds needed as published in the fixed need pool--allowing other projects to develop simultaneously with this one
- Provides a financially viable project that can be implemented with minimal costs
- Village on the Green is located in a ZIP code with a high concentration of persons aged 65+ and there are no other skilled nursing facilities located within the ZIP code
- Elders experience directly the constellation of services and life style choices available at retirement

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.

The applicant states that it will offer a wide variety of restorative and rehabilitation services, from assistance with activities of daily living for persons with Alzheimer's disease and other memory loss challenges to quality restorative nursing. The applicant offers the following services:

- Physical, occupational and speech therapies
- Orthopedic rehabilitation
- Neurological rehabilitation
- Pulmonary rehabilitation
- Medical management
- Palliative care
- Hospice care
- Wound care
- Memory care
- Skilled nursing

The applicant notes that physician orders for the resident's immediate care will be obtained prior to or upon admission. Village on the Green indicates that when admitted, each resident will have physician orders,

dietary needs, medications, treatments and preliminary discharge plans reviewed by the Interdisciplinary Team and an interim care plan developed within 24 hours of admission. The applicant asserts that discharge plans begin with the initial assessment and that it is the responsibility of the facility to have identified the medically related social service or home based service needs of the resident.

Village on the Green provides detailed admission, interdisciplinary care plan and discharge information on pages 2-4 through 2-8 of CON #10365.

The applicant's Schedule 7 indicates that the average length of stay (ALOS) for the 30 converted beds will be 36.09 for year one of operations and 36.04 for year two of operations. Schedule 6A shows that no new FTEs will be added for the first or second year of operations.

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

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

The applicant states that it is an existing facility and has not had a nursing facility license denied, revoked or suspended within the 36 months prior to the current application.

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

The applicant states it has not had a nursing home in receivership.

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

The applicant indicates that this provision is not applicable.

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

The applicant indicates that this provision is not applicable.

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

The applicant indicates that this provision is not applicable, since there have been no violations.

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

The applicant indicates that it will continue to provide the required data to the Health Council of East Central Florida, Inc. and to the Agency.

3. Statutory Review Criteria

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

There are 71 licensed community nursing homes with a total of 8,955 community nursing home beds in District 7. Subdistrict 7-4 is composed of Seminole County and has nine licensed community nursing homes with a total of 1,172 community nursing home beds.¹ The subdistrict averaged 93.05 percent total occupancy for the 12-month period ending December 31, 2014.

¹ The reviewer notes that the subdistrict also has a tenth facility, Village On The Green, which has 60 sheltered beds.

Lifespace Communities, Inc. (CON #10365) states that the conversion of sheltered to community beds provides the greatest flexibility and assures the public of access to a nursing center that is not entirely open to members of the general public. The reviewer notes that the applicant was approved (CON #10329) on February 20, 2015 to convert 30 sheltered beds to community beds and the CON was issued on July 6, 2015. The applicant indicates that as a Gold Seal and five-star rated nursing center, Village on the Green seeks to expand its mission to the public by permanently making all beds available to the general public and not restricting the beds to only those persons having continuing care contracts. Although the applicant seeks to convert the remaining sheltered beds to community beds, Village on the Green is willing to condition award of this CON on having a bed available to any Lifecare contract holder.

Village on the Green states it is located in a ZIP code with a high concentration of persons aged 65+ and notes there are no other SNFs located within the ZIP code. The applicant states the western portion of Seminole County abuts northwest Orange County and the area of Apopka with its northern border abutting Lake County. A map is provided of the proposed service area on page 1-6 and 1-7 of CON #10365. The applicant ensures that approval of the proposed project will increase the numbers of persons served. The applicant states treatments will be available for a variety of disorders and conditions addressing the needs of persons for both long-term and short-term nursing rehabilitation and restorative care. Village on the Green contends that this project promotes greater accessibility of skilled nursing beds in Seminole County.

In regards to utilization, the applicant states of the ten licensed nursing homes within the county, five lie within a five-mile radius of Village on the Green: Island Lake Center, Longwood Health and Rehabilitation Center, Florida Living Nursing Center, Life Care Center of Altamonte Springs and Consulate Health Care at West Altamonte. The most recent 12-month occupancy rates for Subdistrict 7-4 are as follows:

**Nursing Home Resident Days and Occupancy Rates by Facility
District 7, Subdistrict 7-4, January 1, 2014 through December 31, 2014**

Seminole County Facilities	Comm. Beds	Bed Days	Resident Days	Facility Occup.
Consulate Health Care at West Altamonte	116	42,340	41,212	97.34%
Florida Living Nursing Center	202	73,730	70,770	95.99%
Healthcare and Rehab of Sanford	114	41,610	37,770	90.12%
Island Lake Center	120	43,800	37,498	97.81%
Lake Mary Health and Rehabilitation Center	120	43,800	42,841	96.59%
Life Care Center of Altamonte Springs	240	87,600	42,307	85.02%
Longwood Health and Rehabilitation Center	120	43,800	74,480	95.56%
Lutheran Haven Nursing Home	42	15,330	41,857	95.71%
Tuskawilla Nursing and Rehab Center	98	35,770	14,672	90.64%
Village on the Green	0	0	32,421	0
Subdistrict 7-4	1,172	427,780	398,058	93.05%

AHCA publication, Florida Nursing Home Bed Need projections by District and Subdistrict April 2015 Batching Cycle

Based on the table above the applicant notes the nursing homes proximate to Village on the Green are highly utilized with the exception of Life Care. However, the applicant indicates that with 240 beds, Life Care does experience an average daily census of 201 persons. Village on the Green contends that at such occupancy levels for Subdistrict 7-4, residents of the area likely find it difficult to be placed close to home upon discharge from hospitals. The applicant asserts that expansion of the bed capacity within the area is a priority.

The applicant indicates that it is accessible to Medicare Program participants and will provide a range of therapeutic services for both long-term and short-term residents. The applicant provides projected utilization by payer indicating that it presumes Medicare and self-pay as the usual experience with the facility. The charts below show the projected utilization based on payer type as well as projected admissions, patient days, average length of stay (ALOS) and average daily census (ADC) for the first two years of operation for the total 60-bed facility.

**Projected Utilization at Village on the Green,
Forecast for Years One and Two**

Payer	Year One Days	Year Two Days	Percent of Days
Medicare	5,914	5,952	32.0%
Self-Pay	9,242	9,298	50.0%
Private Pay	3,326	3,348	18.0%
Total	18,482	18,598	100.0%
Occupancy	84.38%	84.93%	

Source: CON application #10365 page 1-15

Projected Admission, Patient Days, Average Length of Stay and Average Daily Census First Two Years of Operation for the 30-bed Addition and Total Facility of 60 Beds

	30-Bed Addition		Total Facility	
	Year One	Year Two	Year One	Year Two
Admissions	334	337	512	516
Patient Days	9,240	9,330	18,482	18,598
ALOS	28	28	36	36
ADC	25	25	51	51

Source: CON application #10365, page 2-9

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

The applicant states it is a five-star rated facility having been awarded by the Governor’s Panel on Excellence in Long-Term Care a “Gold Seal in recognition of demonstrated excellence in long-term care over a sustained period” for the period November 24, 2012-November 23, 2014. The facility remains a Gold Seal facility as its status has been extended to June 30, 2016. The applicant states as the “Gold Seal” award and recognition subsections attest, Village on the Green has been developed and is operated to achieve the highest standard of care. A detailed description of Village on the Green’s Quality of Care program is provided on pages 4-2 through 4-8 of CON #10365.

Village on the Green is a Gold Seal Program and is not on the Nursing Home Watch List. The most recent Agency inspection indicates that Village on the Green received an overall five-star rating out of a possible five stars. The Agency’s Nursing Home Guide was last updated April 3, 2015. Village on the Green had no substantiated complaints during May 20, 2012 to May 20, 2015.

Agency records indicate that Village on the Green is affiliated with and operates four SNFs in Florida:

- Abbey Delray
- Abbey Delray South
- Harbour’s Edge
- The Waterford

Agency complaint records indicate that the affiliated nursing homes associated with the parent company, for the three-year period ending May 20, 2015, had three substantiated complaints in the complaint categories of quality of care/treatment, resident/patient/client abuse and administration 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.**

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.

Below is an analysis of the audited financial statements for Lifespace Communities, Inc., its parent company and the entity that is funding the project, where the short-term and long-term measures fall on the scale (highlighted in gray) for the most recent year. All numbers are in thousands.

Lifespace Communities, Inc. (in thousands)		
	Current Year	Previous Year
Current Assets	\$183,439	\$187,799
Total Assets	\$747,057	\$743,306
Current Liabilities	\$63,457	\$64,446
Total Liabilities	\$840,597	\$842,605
Net Assets	(\$93,540)	(\$99,299)
Total Revenues	\$210,652	\$200,977
Excess of Revenues Over Expenses	\$5,665	(\$12,294)
Cash Flow from Operations	\$41,171	\$30,123
Short-Term Analysis		
Current Ratio (CA/CL)	2.9	2.9
Cash Flow to Current Liabilities (CFO/CL)	64.88%	46.74%
Long-Term Analysis		
Long-Term Debt to Net Assets (TL-CL/NA)	-830.8%	-783.7%
Total Margin (ER/TR)	2.69%	-6.12%
Measure of Available Funding		
Working Capital	\$119,982	\$123,353

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 lists \$196,500 for capital projects which includes CON #10329 which was approved in the previous batch, routine capital expenditures, and the CON currently under review. This project consists of a conversion of bed types, meaning costs are minimal with no construction involved.

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 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	6,308,000	339	1,859	536	281
Total Expenses	6,196,100	333	1,779	508	334
Operating Income	111,900	6	176	24	-173
Operating Margin	1.77%		Comparative Group Values		
	Days	Percent	Highest	Median	Lowest
Occupancy	18,598	84.92%	97.64%	91.27%	33.72%
Medicaid	0	0.00%	29.81%	20.22%	0.00%
Medicare	5,952	32.00%	98.02%	36.70%	6.50%

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

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

Staffing:

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

The projections for NRPD, CPD, and operating margin all fall within their respective ranges.

Conclusion:

The project appears reasonably profitable.

- 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 Office of Plans and Construction notes that the codes and standards regulating the design and construction of SNFs are the same for beds licensed as sheltered beds and community beds.

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

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

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

A five-year history of Medicaid patient days and occupancy for the subdistrict, district and state is provided in the table below.

Medicaid Patient Days and Medicaid Occupancy in Subdistrict 7-4, District 7 and Florida

Medicaid Patient Days					
Facility/Area	2010	2011	2012	2013	2014
Seminole County	240,607	242,549	238,495	235,885	242,611
District 7	1,762,965	1,771,754	1,768,611	1,758,966	1,781,886
Florida	15,530,575	15,612,015	15,733,318	15,700,197	15,932,613
Medicaid Occupancy					
Facility/Area	2010	2011	2012	2013	2014
Seminole County	60.84%	60.78%	60.61%	60.31%	60.95
District 7	60.05%	60.18%	60.26%	60.04%	60.43
Florida	61.33%	61.56%	61.85%	61.66%	62.17

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

Lifespace Communities, Inc. (CON #10365) states that Village on the Green is a CCRC with an extension to offer skilled nursing care to the general public in 30 beds. The applicant states the facility’s ongoing highly rated services which bears the Governor’s Gold Seal rating in addition to other recognitions creates an advantage for the public to seek admission. The applicant indicates continued requests for admissions is beneficial because it opens access, yet deters them because of the limit on beds that must be managed between sheltered and community residents.

Village on the Green states the facility is not a participant in Medicaid at the present time. The applicant states, with the implementation of statewide Medicaid Managed Care, the designation of Medicaid may be irrelevant to the overall payers. Managed care will continue to be relevant to the retirees who have pensions and who will be covered by a myriad of payers. Village on the Green contends the future has evolved to remove the distinction of Medicare for the most part, as well as Medicaid. The applicant concludes that Managed Care is the payer which encompasses a myriad of insurers that will write policies for long-term care which cover the scope of care.

The reviewer created the following chart which shows the projected Medicaid, Medicare, Managed Care and self-pay admissions for year one and year two of the proposed project.

**Projected Admissions and Patient Days Year One and Two
Village on the Green
Total Facility**

Payer	Year One			Year Two		
	Admissions	Patient Days	Percent of Days	Admissions	Patient Days	Percent of Days
Medicare	270	5,914	50.0%	272	5,952	50.0%
Life Care Contract	178	9,242	32.0%	179	9,298	32.0%
Self-Pay	64	3,336	18.0%	65	3,348	18.0%
Total	511	18,482	100%	516	18,598	100%

Source: CON application #10365, Schedule 7

The applicant’s Schedule 7 indicates that Medicaid and self-pay represent 0.0 percent and 18.0 percent, respectively, of year one and year two annual total patient days for the proposed 30-bed conversion.

F. SUMMARY

Lifespace Communities, Inc. d/b/a Village on the Green (CON #10365) hereafter also referred to as Village on the Green or the applicant, proposes for the conversion of 30 sheltered nursing home beds to 30 community nursing home beds in Subdistrict 7-4, Seminole

County. Village on the Green received a certificate of need (CON #10329) to convert 30 sheltered beds to community status on July 6, 2015. The current proposal would convert the remaining 30 beds, resulting in a 60-bed community nursing home.

Village on the Green is a 60-bed SNF composed solely of sheltered beds. It is located on the campus of a CCRC.

The applicant operates five SNFs in Florida.

The proposed project is a conversion of existing licensed beds and will involve no construction or renovation. The applicant states that the only project costs are those costs associated with the CON process, a total of \$60,750.

The applicant proposes to condition the project as shown below:

- The applicant conditions the proposed project on making a nursing home bed available at its nursing home facility to any Lifecare contract holder residing on campus who requires nursing home care

Need:

In Volume 41, Number 81 of the Florida Administrative Register dated April 27, 2015, a corrected fixed need pool notice of 51 beds was published for Subdistrict 7-4 for the July 2018 Planning Horizon. Subdistrict 7-4 is comprised of Seminole County.

As of May 20, 2015 Subdistrict 7-4 had 1,172 licensed and 64 approved community nursing home beds. During the 12-month period ending December 31, 2014, Subdistrict 7-4 experienced 93.11 percent utilization at nine existing facilities.

Lifespace Communities, Inc. (CON #10365) states that the proposed project will convert 30 existing sheltered nursing home beds at Village on the Green, a 60-bed nursing home (with 60 sheltered nursing beds and approval to convert 30 sheltered beds to community beds as of February 20, 2015). The applicant states this project achieves benefits through converting the remaining 30 existing sheltered nursing home beds to community beds without delay, thus saving time and resources to implement the project.

The applicant contends that projects that can be implemented quickly can relieve the area's bed need sooner. The applicant states the proposed project provides the following advantages:

- Improves access for members of the general public to skilled nursing care by utilizing sheltered beds that only require a change to the license status, a ministerial function
- Improves access to quality of skilled nursing care by placing community beds into service at a five-star rated facility
- Promotes competition by only applying for a portion of the total beds needed as published in the fixed need pool--allowing other projects to develop simultaneously with this one
- Provides a financially viable project that can be implemented with minimal costs
- Village on the Green is located in a ZIP code with a high concentration of persons aged 65+ and there are no other skilled nursing facilities located within the ZIP code
- Elders experience directly the constellation of services and life style choices available at retirement

Quality of Care:

The applicant described the ability to provide quality care.

Lifespace Communities, Inc. (CON #10365): Village on the Green is a Gold Seal facility and is not on the Nursing Home Watch List. The most recent Agency inspection indicates that Village on the Green received an overall five-star rating out of a possible five stars. Village on the Green had no substantiated complaints during May 20, 2012 to May 20, 2015.

Agency complaint records indicate that the affiliated nursing homes associated with the parent company, for the three-year period ending May 20, 2015, had three substantiated complaints in three complaint categories.

Financial Feasibility/Availability of Funds:

Lifespace Communities, Inc. (CON #10365): Funding for this project should be available as needed. Based on the information provided in Schedule 6, the applicant meets the statutory staffing requirements. The project appears reasonably profitable.

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

Medicaid/Charity Care:

Lifespace Communities, Inc. (CON #10365) 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 0.0 percent and 18.0 percent, respectively, for year one and year two annual total patient days for the proposed 30-bed conversion.

Architectural

Lifespace Communities, Inc. (CON #10365): The Office of Plans and Construction notes that the codes and standards regulating the design and construction of SNFs are the same for beds licensed as sheltered beds and community beds.

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

G. RECOMMENDATION

Approve CON #10365 to add 30 community nursing home beds through the conversion of 30 sheltered nursing home beds at Village on the Green. The total project cost is \$60,750. The project is for the conversion of existing beds and will not involve any construction or renovation.

CONDITION: The applicant conditions the project on making a nursing home bed available at its nursing home facility to any Lifecare contract holder residing on campus who requires nursing home care.

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