

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

A. PROJECT IDENTIFICATION

1. Applicant/CON Action Number

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

d/b/a Premier Place at the Glenview/CON #10366

100 Glenview Place

Naples, Florida 34108

Authorized Representative: Randal Long, Executive Director
(239) 591-0011

2. Service District/Subdistrict

District 8/Subdistrict 8-2 (Collier County)

B. PUBLIC HEARING

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

Letters of Support

Pelican Bay Retirement Services, Inc. (CON application #10366):

The applicant submitted 11 letters of support and three resident support letters. The Agency received one support letter independently. All the support/resident appreciation letters were from the local area and individually composed. This totals 15 letters of support/resident appreciation (combined). Letters of support include the following:

- Representative Kathleen Passidomo, District 106, Florida House of Representatives
- Kamela Patton, Ph.D., Superintendent, Collier County Public Schools
- Allen S. Weiss, MD, MBA, FACP, FACR, President and CEO, NCH Healthcare System (NCH Downtown Naples Hospital and NCH North Naples Hospital)
- Seven other practicing physicians
- Karen Rollins, President/CEO, Avow Hospice
- One support letter signed by five senior executive staff of The Glenview at Pelican Bay

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

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

C. PROJECT SUMMARY

Pelican Bay Retirement Services, Inc. (CON application #10366), hereafter referred to as Pelican Bay, Premier Place or the applicant, a subsidiary of the Florida non-profit Pelican Bay Cooperative Housing Corporation, proposes to add 14 community nursing home beds through the conversion of 14 sheltered nursing home beds, at Premier Place at the Glenview, located at 100 Glenview Place, Naples, Florida 34108 in District 8, Subdistrict 8-2, Collier County.

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

For the 14 community bed conversion, the project involves 3,388 gross square feet (GSF) of existing space but no renovation or construction costs. Total project cost is \$330,154. Project cost includes land, building and project development costs.

The applicant proposes the following four conditions on its Schedule C:

- The parcel or address is 100 Glenview Place, Naples, Florida 34108
- Bed hold policy of at least two beds for the CCRC residents at Pelican Bay Retirement Housing, Inc.
- Wellness program
- Early discharge program

The reviewer notes that Pelican Bay Retirement Housing, Inc. differs in name and differs in Florida Department of State Division of Corporations Owner Information from Pelican Bay Retirement Services, Inc. (a subsidiary of Pelican Bay Cooperative Housing Corporation) d/b/a Premier Place at the Glenview.

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

Total GSF and Project Costs of the Applicant

Applicant	CON #	Project	GSF	Costs \$	Cost Per Bed
Pelican Bay Retirement Services, Inc.	10366	Convert 14 sheltered beds to community beds in an existing total 35-bed facility	3,388	\$330,154	\$23,582

Source; CON application #10366, Schedule 1 and 9

D. REVIEW PROCEDURE

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

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

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

As part of the fact-finding, the consultant, Steve Love 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 65 of the Florida Administrative Register dated April 3, 2015, a fixed need pool of zero beds was published for Subdistrict 8-2 for the January 2018 Planning Horizon. Subdistrict 8-2 is comprised of Collier County. Therefore, the applicant does not respond to need based on the fixed need pool.

After publication of this fixed need pool, zero existing Subdistrict 8-2 facilities filed exemption requests or filed expedited CON reviews to increase or add community nursing home beds.

As of May 20, 2015, Subdistrict 8-2 had 755 licensed and 30 approved community nursing home beds. During the 12-month period ending December 31, 2014, Subdistrict 8-2 experienced 87.17 percent utilization at 10 existing facilities. Below is a table illustrating nursing home patient days and occupancy within Subdistrict 8-2.

**Collier County Nursing Home Patient Days and
Occupancy January 1, 2014-December 31, 2014**

Facility	Comm. Nursing Home Bed Inventory	Bed Days	Patient Days	Total Occupancy	Medicaid Occupancy
Aristocrat, The	60	21,900	17,813	81.34%	42.27%
Bentley Care Center	7	2,555	2,555	100.00%	0.00%
Chateau at Moorings Park, The	60	21,900	20,656	94.32%	0.00%
Harborchase of Naples	40	14,600	11,322	77.55%	25.71%
Heritage Healthcare & Rehabilitation Center	97	35,405	32,532	91.89%	76.62%
Imperial Health Care Center	113	41,245	35,585	86.28%	45.51%
Lakeside Pavilion	120	43,800	39,896	91.09%	76.25%
ManorCare at Lely Palms	117	42,705	38,506	90.17%	39.71%
ManorCare Nursing and Rehabilitation Center	120	43,800	33,679	76.89%	64.87%
Premier Place at the Glenview	21	76,65	7,665	100.00%	0.00%
Total	755	275,575	240,209	87.17%	49.59%

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

**Current and Projected Population Growth Rate
Collier, District 8, and Florida
January 2015 and January 2018**

County/Area	January 1, 2015 Population			January 1, 2018 Population		
	0-64	65+	Total	0-64	65+	Total
Collier	249,929	93,488	343,417	260,692	103,253	363,945
District 8	1,202,434	453,695	1,656,129	1,250,034	501,200	1,751,234
Florida	16,044,019	3,635,347	19,679,366	16,510,025	4,013,237	20,523,262
County/Area	JAN 1, 2015 - JAN 1, 2018 Increase			JAN 1, 2015 - JAN 1, 2018 Growth Rate		
	0-64	65+	Total	0-64	65+	Total
Collier	10,763	9,765	20,528	4.31%	10.45%	5.98%
District 8	47,600	47,505	95,105	3.96%	10.47%	5.74%
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+ cohort in the subdistrict are shown below.

Beds per 1,000 Residents Age 65 and Older

County/Area	Community Beds	January	January	January	
		2015 Pop. Aged 65+	2015 Beds per 1,000	2018 Pop. Aged 65+	2018 Beds per 1,000
Collier	755	93,488	8	103,254	7
District 8	7,200	453,695	16	501,200	14
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

Pelican Bay Retirement Services, Inc. (CON application #10366)

states that there are at least six unique and special circumstances that comprise the reasons that the applicant respectfully seeks proposed project approval. These six reasons are briefly described below.

Pelican Bay contends that there is a greater increase in overall population growth, especially in the age 65+ age population, than has been projected by the governor's office, with indications that this trend will continue to increase. Pelican Bay asserts that the City of Naples growth rate for persons 65+ (46.7 percent) is twice that of the rest of Collier County (27.3 percent), more than two and a half times that of Florida (17.7 percent) and is over triple that of the United States (13.4 percent) for the same age groups (CON application #10366 Appendix II.f-Phase I: Opportunity Naples Competitive Assessment-Age Composition 2012 Chart).

Pelican Bay maintains a seasonal in-migration of almost 70,000 persons every year (CON application #10366 Appendix II.a-Collier County Peak Season Population Estimates and Projections, Collier County Comprehensive Planning Section May 26, 2015) and that this fact is not taken into account in the governor's population projections.

Pelican Bay offers a formula in offering each of several estimates for community nursing home bed need in the area when applying a 3.0 percent market share for Premier Place. These bed estimates range from 50 to 18 (CON application #10366, page B-4). Pelican Bay stresses that the proposed project is conservative, in that the proposal is for 14 community nursing home beds. The applicant's formula considers daily National Skilled Nursing Facility (SNF) Use Rates and daily Florida SNF Use Rates for persons aged 65+ per 1,000 residents. In reaching its bed need estimates, the applicant references several data sources: Appendix II.b-Agency Population Projections, Appendix II.c-2009-2013 American Community Survey/FactFinder, U.S. Census and the Center for Disease Control, U.S. Department of Health and Human Services, 2013. The applicant also states consideration of existing and approved beds.

Pelican Bay asserts that a June 2015 survey (performed by Healthcare Research and Associates) of acute care providers and assisted living providers regarding discharges to post-acute care or community nursing homes indicated:

- Two-thirds of those surveyed reported difficulty finding a nursing home bed for their patients
- A delay of one to three days in being able to discharge their patients from a higher acuity and more expensive setting to a less intense and less expensive post-acute care or skilled nursing home

- That the main reason for delay was either that there were no nursing home bed available or that the beds available did not offer the types of therapies the patient needed

Pelican Bay discusses the proposed project's financial feasibility and states that without approval, the applicant expects a significant loss of almost half a million dollars (\$478,404). Pelican Bay indicates that approval is requested to avoid a catastrophic situation.

Pelican Bay points out that the current 14 sheltered beds are subject to sunset December 31, 2016 at which time they will no longer operate as they do now, as community beds. According to the applicant, this will result in the decrease of a needed service in Collier County. The reviewer notes that the applicant can apply for an additional five years of the extended use of sheltered skilled nursing beds pursuant to 651.118 (7), Florida Statutes, as long as it can evidence that the nursing home facility had either a net loss for the most recent fiscal year or that the nursing home would have had a pro forma loss for the most recent fiscal year.

Pelican Bay contends that approximately half of Premier Place at the Glenview's residents are considered post-acute care and have a length of stay of usually less than three weeks. Pelican Bay notes that discharge from acute care to post-acute care is less expensive to all parties involved than if the patient were to remain in the hospital.

Pelican Bay points out a total occupancy rate of 100.0 percent (at Premier Place at the Glenview) for the 12-month period ending December 31, 2014, as shown in Agency records above. The reviewer notes that the applicant does not note whether this is the total occupancy rate for the entire facility or just for the community beds at the facility.

The reviewer notes that pursuant to 408.036 (3) (k), Florida Statutes, the applicant can add up to 10 total community nursing home beds through the CON exemption process if the facility meets the exemption criteria which includes certifying an occupancy rate that meets or exceeds 94 percent for the prior 12 months for the total facility.

The applicant reiterates (CON application #10366, page B-5 to B-8) its justifications to warrant proposed project approval.

- 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:**
- **Population demographics and dynamics**
 - **Availability, utilization and quality of like services in the district, subdistrict, or both.**
 - **Medical treatment trends.**
 - **Market conditions.**

As previously indicated in Item E. 1. a. of this report, the Agency published a fixed need pool of zero beds for Subdistrict 8-2 for the January 2018 Planning Horizon. Therefore, the applicant is responsible for demonstrating need through a needs methodology. The applicant's description of need to warrant proposed project approval is found in Item E.1.a. of this report.

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 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.

Pelican Bay Retirement Services, Inc. (CON application #10366) contends that the services to be provided in the proposed project will not differ significantly from those that have been provided since the facility first began providing services. Pelican Bay indicates that the current facility (Pelican Bay at the Glenview) serves its residents. The applicant points out it is the only facility in Florida that is both “equity owned community owned” by its own residents and a CCRC.

Pelican Bay maintains that services offered in the SNF have been provided to both the residents of Pelican Bay Housing Cooperative as well as residents from Naples, Florida and Collier County. The applicant notes that it provides a range of services that are most often presented in SNFs, including a special emphasis on rehabilitation and various therapies to support the residents in reaching and maintaining their optimum level of independence.

Pelican Bay asserts that the heavy focus on rehabilitative services means that the facility serves many orthopedic post-surgical patients discharged from the hospital, who go on to become residents of Premier Place for their therapeutic environment. The applicant states that often these residents stay only two to three weeks.

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

Pelican Bay states that it provides the following ancillary services:

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

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

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

Pelican Bay briefly discusses admission policies and discharge policies (CON application #10366, page B-14). The applicant provides Premier Place's single page Admissions Criteria Guidelines (CON application #10366, Appendix IV.e) and states the facility does not accept admissions for: ventilators, blood transfusions, TB or AFB positive sputum, systemic infections and is not able to handle combative mental health residents. Pelican Bay contends that discharge policies are in place to ensure that

residents are discharged when they have attained their care goals and have reached their respective optimum level of independence and no longer need the services of a SNF.

Per Pelican Bay, the average length of stay (ALOS) at Premier Place at the Glenview is not the best descriptive statistic in looking at the type and length of stay of most of the residents. Pelican Bay contends that it is probably more accurate to look at Premier Place as serving two groups in the community: rehabilitative cases with a relatively short length of stay and long-term care cases that will remain at Premier Place for a long time. The reviewer notes that the applicant’s Schedule 7 indicates that the ALOS will be 35.99 days for the total 35-bed facility in year one and 30.95 days for year two. The reviewer notes that the applicant did not submit a separate Schedule 7 for the partial award, nor did the applicant submit a Schedule 7 showing the facility’s projections without approval of the proposed project so that incremental admissions and patient days could be calculated.

Schedule 6A illustrates a year one (ending August 31, 2016) negative FTE count of (8.9), for the proposed project and a year two (ending August 31, 2017) FTE count of 15.8, for the proposed project. Schedule 6A also illustrates a year one negative FTE count of (8.9), without the proposed project and a year two FTE count of 8.3, without the proposed project. See the tables below.

Pelican Bay Retirement Services, Inc. (CON application #10366) With Project Approval Projected Year One and Year Two Staffing		
	Year One FTEs	Year Two FTEs
Nursing		
RNs	(1.0)	2.0
LPNs	(1.2)	2.4
Nurses’ Aides	(3.8)	8.1
Ancillary		
Physical Therapist	(1.3)	1.5
Occupational Therapist	(1.1)	1.3
Other	(0.5)	0.5
Total	(8.9)	15.8

Source: CON application #10366, Schedule 6A

Pelican Bay Retirement Services, Inc. (CON application #10366) Without Project Approval Projected Year One and Year Two Staffing		
	Year One FTEs	Year Two FTEs
Nursing		
RNs	(1.0)	1.1
LPNs	(1.2)	1.3
Nurses' Aides	(3.8)	4.6
Ancillary		
Physical Therapist	(1.3)	0.6
Occupational Therapist	(1.1)	0.5
Other	(0.5)	0.2
Total	(8.9)	8.3

Source: CON application #10366, Schedule 6A

Notes to Schedule 6A indicate that with project approval, staffing in year one will have a temporary dip due to interior renovations and upgrades. As previously shown in Item C-Project Summary, the applicant reports no renovation and no construction costs for the proposed project (as shown in the application, Schedule 9). The notes further indicate that no positions will be eliminated and that staff affected by the renovations will be assigned to other duties within the facility temporarily.

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.**

Pelican Bay Retirement Services, Inc. (CON application #10366) states not having had a nursing home license denied, revoked or suspended.

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

Pelican Bay Retirement Services, Inc. (CON application #10366) states not having had a nursing home placed into receivership.

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

Pelican Bay Retirement Services, Inc. (CON application #10366) indicates that answers being no to subparagraph 1 and 2, there have been no related conditions which have resulted in direct, significant harm to the health, safety or welfare of the nursing facility residents.

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.**

Pelican Bay Retirement Services, Inc. (CON application #10366) 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.**

Pelican Bay Retirement Services, Inc. (CON application #10366) indicates that this provision is not applicable, since there have been no violations.

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

Pelican Bay Retirement Services, Inc. (CON application #10366) does not respond to this provision. However, the reviewer notes that the facility regularly reports utilization data to the local health council.

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 66 licensed community nursing homes with a total of 7,200 community nursing home beds in District 8. Subdistrict 8-2 is composed of Collier County and has 10 licensed community nursing homes with a total of 755 community nursing home beds (with 30 CON approved beds). The subdistrict averaged 87.17 percent total occupancy for the 12-month period ending December 31, 2014.

Pelican Bay Retirement Services, Inc. (CON application #10366)

reiterates historical occupancy rates at Premier Place, with 100 percent occupancy in calendar year (CY) 2014. For the same period, the applicant reports an 89 percent occupancy rate for its total 35 beds (both community beds and sheltered beds). The applicant also reiterates accepting many post-acute care patients from hospitals, stating that almost 25 percent of older adults hospitalized with heart failure (HF) are discharged to SNFs. The applicant offers other discussion of HF patient disease management as a growing potential market for SNFs, which serve as a major site of transitional care for older adults both national, as well as at Premier Place. The reviewer notes that the applicant does not provide documentation of HF patient discharges within Collier County to area SNFs or that HF patients discharges in the area have poor health care outcomes in the current situation. The applicant contends that growth of the need for shorter term post-acute care will increase along with the aging of the baby boomers.

Pelican Bay contends having difficulty, especially during the winter season, accepting residents from the area, as well as in placing their own residents from The Glenview at Premier Place, due to the small number of beds available when at current occupancy. According to the applicant, the proposed project would increase quality of care, accessibility and the extent of utilization of care, both in Naples-Collier County as well as at Premier Place. Additionally, the applicant contends that the current number of SNFs in Collier County may limit choices for area residents, as well as for residents of The Glenview at Pelican Bay.

The reviewer provides a table to account for total community nursing home bed occupancy rates for the three-year period ending December 31, 2014 at Premier Place at the Glenview.

**Premier Place at the Glenview
Total Occupancy Rates 36 Months Ending December 31, 2014
CY 2012 - 2014**

Facility	Total Occupancy Rates by Percentage		
	CY 2012	CY 2013	CY 2014
Premier Place at the Glenview	98.89%	103.01%	100.00%

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

The reviewer notes that the applicant’s total occupancy rate exceeds that of each of the remaining Subdistrict 8-2 community nursing home providers for CY 2012 and CY 2013 and matches that of one of the remaining Subdistrict 8-2 community nursing home providers in CY 2014. The reviewer notes further that occupancy of more than 100.0 percent is impossible and indicates that reporting errors by the applicant may have existed. The reviewer notes that referenced occupancy excludes sheltered occupancy (if any).

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

Pelican Bay Retirement Services, Inc. (CON application #10366) states that Premier Place has a good record of providing a high quality of care. Pelican Bay states and the reviewer confirms as of June 8, 2015, that according to the Medicare Nursing Home Compare Care website at <http://www.medicare.gov/nursinghomecompare/search.html>, Premier Place at the Glenview had a five-star overall quality rating (Much Above Average), out of a possible five stars. This Medicare website further indicates that Premier Place also realized a five-star rating for the rating subcategories of health inspections and staffing and a four-star rating (Above Average) for the rating subcategory of quality measures. The applicant briefly offers other discussion of quality (CON application #10366, page B-17).

Premier Place at the Glenview is not a Gold Seal Program and is not on the Nursing Home Watch List. The most recent Agency inspection indicates Premier Place received an overall five-star rating out of a possible five stars. The Agency’s Nursing Home Guide was last updated May 2015. Premier Place at the Glenview had zero substantiated complaints during May 20, 2012 to May 20, 2015.

Agency records indicate that the applicant’s management company is related to Brookdale Senior Living, Inc., who operates 12 SNFs in Florida:

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

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

Agency complaint records indicate that the affiliated SNFs associated with the parent company, for the three-year period ending May 20, 2015, had 23 substantiated complaints among its 12 facilities. A single complaint can encompass multiple complaint categories. The substantiated complaint categories are listed below.

Substantiated Complaint Categories in the Past 36 Months	
Complaint Category	Number Substantiated
Quality of Care/Treatment	14
Resident Rights	5
Nursing Services	4
Physical Environment	3
Administration/Personnel	2
Admission, Transfer and Discharge Rights	2
Infection Control	2
Resident Assessment	2

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.**

Pelican Bay Retirement Services, Inc. (CON application #10366):

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 Pelican Bay Cooperative Housing Corporation and Subsidiaries, 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.

Pelican Bay Cooperative Housing Corporation and Subsidiaries		
	Current Year	Previous Year
Current Assets	\$3,729,738	\$3,472,951
Total Assets	\$39,785,196	\$39,688,613
Current Liabilities	\$2,967,357	\$2,665,277
Total Liabilities	\$2,967,357	\$2,665,277
Net Assets	\$36,817,839	\$37,023,336
Total Revenues	\$14,482,973	\$14,577,373
Excess of Revenues Over Expenses	(\$268,211)	(\$99,201)
Cash Flow from Operations	\$1,460,486	\$1,921,066
Short-Term Analysis		
Current Ratio (CA/CL)	1.3	1.3
Cash Flow to Current Liabilities (CFO/CL)	49.22%	72.08%
Long-Term Analysis		
Long-Term Debt to Net Assets (TL-CL/NA)	0.0%	0.0%
Total Margin (ER/TR)	-1.85%	-0.68%
Measure of Available Funding		
Working Capital	\$762,381	\$807,674

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 \$11,103,427 for capital projects which includes CON application #10288, SNF renovation, and the CON currently under review. This project is a conversion of existing bed types. Because of this, the costs associated with this project are minimal and include no construction costs.

Conclusion:

Funding for this project is should be available as needed.

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

Pelican Bay Retirement Services, Inc. (CON application #10366):

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	5,574,156	402	1,866	538	282
Total Expenses	5,550,935	400	1,786	510	335
Operating Income	23,221	2	176	24	-173
Operating Margin	0.42%		Comparative Group Values		
	Days	Percent	Highest	Median	Lowest
Occupancy	13,867	90.46%	97.64%	91.27%	33.72%
Medicaid	0	0.00%	29.81%	20.22%	0.00%
Medicare	7,692	55.47%	98.02%	36.70%	6.50%

Staffing:

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

Pelican Bay Retirement Services, Inc. (CON application #10366):

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.**

Pelican Bay Retirement Services, Inc. (CON application #10366):

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 applicant, county, district and state is provided in the table below.

**Medicaid Patient Days & Medicaid Occupancy in Collier County (Subdistrict 8-2),
District 8 and Florida**

Medicaid Patient Days					
Facility/Area	2010	2011	2012	2013	2014
Premier Place at the Glenview	0	0	0	0	0
Collier (Subdistrict 8-2)	120,971	118,460	115,896	117,048	119,121
District 8	1,184,832	1,198,660	1,212,391	1,207,330	1,247,576
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
Premier Place at the Glenview	0.00%	0.00%	0.00%	0.00%	0.00%
Collier (Subdistrict 8-2)	49.88%	48.71%	47.34%	48.14%	49.59%
District 8	56.92%	57.18%	57.39%	56.43%	57.22%
Florida	61.33%	61.56%	61.85%	61.66%	62.17%

Source: Florida Nursing Home Bed Need Projections by District and Subdistrict, 2010-2014

As shown in the table above, for the five year period ending December 31, 2014, the applicant reported no Medicaid patient days.

Pelican Bay Retirement Services, Inc. (CON application #10366)

states being unable to serve Medicaid eligible persons as the cost of entrance, and annual and monthly fees make it unaffordable for Medicaid eligible persons. The applicant indicates that Premier Place accepts Medicare funds along with other third-party payors.

Below is a table to account for the applicant’s estimated admissions with the proposed 14-bed conversion, patient days and percent of patient days, by payer, for year one and year two, as indicated. The reviewer notes that a total percentage of days for year one is not provided by the applicant, however based on the sums provided, the total adds up to 101 percent. Further, a total percentage of days for year two is denoted as 100 percent, however based on the sums provided the total adds up to 99 percent. These slight differences are likely due to rounding.

**Projected Admissions with the 14-Bed Conversion, Patients Days and Percentages
Premier Place at the Glenview
Year One (September 1, 2016 – August 31, 2017) and
Year Two (September 1, 2017 – August 31, 2018)**

Payer	Year One			Year Two		
	Admissions	Patient Days	Percent of Days	Admissions	Patient Days	Percent of Days
Medicare	202	3,758	46%	414	7,692	55%
Other Payers	21	2,928	36%	21	2,920	21%
Self-Pay	6	1,556	19%	13	3,255	23%
Total	229	8,242	Not given	448	13,867	100%

Source: CON application #10366, Schedule 7

As shown, the applicant’s Schedule 7 indicates that Medicaid and self-pay represent 0.0 percent and 19.0 percent, respectively, in year one and 0.0 percent and 23.0 percent, respectively, in year two of total annual patient days, for planned operations.

F. SUMMARY

Pelican Bay Retirement Services, Inc. (CON application #10366), a subsidiary of the Florida non-profit Pelican Bay Cooperative Housing Corporation, proposes to add 14 community nursing home beds through the conversion of 14 sheltered nursing home beds, at Premier Place at the Glenview, located at 100 Glenview Place, Naples, Florida 34108 in Subdistrict 8-2, Collier County.

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

For the 14 community bed conversion, the project involves 3,388 GSF of existing space but no renovation or construction costs. Total project cost is \$330,154. Project cost includes land, building and project development costs.

The applicant proposes four conditions on its Schedule C:

- The parcel or address is 100 Glenview Place, Naples, Florida 34108
- Bed hold policy of at least two beds for the CCRC residents at Pelican Bay Retirement Housing, Inc.
- Wellness program
- Early discharge program

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

Need:

In Volume 41, Number 65 of the Florida Administrative Register dated April 3, 2015, a fixed need pool of zero beds was published for Subdistrict 8-2 for the January 2018 Planning Horizon.

As of May 20, 2015, Subdistrict 8-2 had 755 licensed and 30 approved community nursing home beds. During the 12-month period ending December 31, 2014, Subdistrict 8-2 experienced 87.17 percent utilization at 10 existing facilities.

The applicant justifies need for its proposed project for the following reasons:

- There is a greater increase in overall population growth, especially in the age 65+ age population, than has been projected by the governor’s office, with indications that this trend will continue to increase in Collier County
- The age 65+ age population percentage is greater in Collier County than in the state overall or in the United States overall
- There is a seasonal in-migration of almost 70,000 persons every year in Collier County, with a high percentage of these being in the age 65+ cohort
- The proposed project (14 beds) is more conservative than other bed need estimates of 50 and 18
- A June 2015 survey of area acute care providers and assisted living providers concluded:
 - Difficulty finding nursing home beds when needed
 - Delays in discharges from higher acuity/more expensive care to less intense/expensive post-acute care, when needed, due either to lack of availability or lack of needed therapies
- Without proposed project approval, the applicant expects a loss of \$478,404
- The 14 sheltered beds proposed for conversion will sunset December 31, 2016 which would result in the decrease of a needed service in Collier County
- Historically high occupancy rates

**Premier Place at the Glenview
Total Occupancy Rates 36 Months Ending December 31, 2014
CY 2012 - 2014**

Facility	Total Occupancy Rates by Percentage		
	CY 2012	CY 2013	CY 2014
Premier Place at the Glenview	98.89%	103.01%	100.00%

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

Pursuant to Section 408.036 (3) (k), Florida Statutes, the applicant can add up to 10 total community nursing home beds through the CON exemption process if the facility meets the exemption criteria.

Quality of Care:

Premier Place at the Glenview is not a Gold Seal Program and is not on the Nursing Home Watch List. For the most recent rating period, Premier Place at the Glenview had five out of a possible five-star Agency quality inspection rating.

Premier Place at the Glenview had zero substantiated complaints during May 20, 2012 to May 20, 2015.

The applicant's controlling interest (Brookdale Senior Living) had 23 substantiated complaints at its 12 Florida SNFs during May 20, 2012 to May 20, 2015.

The applicant demonstrates the ability to provide quality care.

Financial Feasibility/Availability of Funds:

Funding for this project should be available as needed and the project appears reasonably profitable. Staffing in Schedule 6 meets at least minimum nursing ratio requirements.

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

Medicaid/Charity Care:

The applicant proposes no Medicaid conditions for the proposed project, stating being unable to serve Medicaid eligible persons.

As shown, the applicant's Schedule 7 indicates that Medicaid and self-pay represent 0.0 percent and 19.0 percent, respectively, in year one and 0.0 percent and 23.0 percent, respectively, in year two of total annual patient days, for planned operations.

Architectural:

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

A review of the architectural submissions for this project was deemed unnecessary as 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

Deny CON #10366.

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