

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

**A. PROJECT IDENTIFICATION**

**1. Applicant/CON Action Number**

**Citrus Hills NH, L.L.C. d/b/a  
Citrus Hills Health & Rehabilitation Center/CON #10401**  
4042 Park Oaks Boulevard, Suite 300  
Tampa, Florida 33610

Authorized Representative: Ronald J. Swartz  
(813) 675-2341

**2. Service District/Subdistrict**

District 3/Subdistrict 5 (Citrus County)

**B. PUBLIC HEARING**

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

**Letters of Support**

The Agency received two letters of support submitted by the applicant. Dr. Felix Agbo submitted a letter supporting the proposed project and praising Greystone Health Network (parent company of the applicant) and their commitment to care. Dr. Blessilda B. Liu provided a letter expressing his support for the applicant and the construction of a state-of-the-art health care center that specializes in long-term care.

**C. PROJECT SUMMARY**

**Citrus Hills NH, L.L.C. d/b/a Citrus Hills Health & Rehabilitation Center (CON #10401)**, hereafter referred to as Citrus Hills or the applicant, proposes to add 39 community nursing home beds to Citrus Hills Health and Rehabilitation Center in District 3, Subdistrict 5, Citrus County Florida. Citrus Hills is a 120-bed skilled nursing facility (SNF) and is managed by Greystone Healthcare Management.

Greystone operates 26 SNFs and two ALFs in Florida:

- Alhambra Health and Rehabilitation Center
- Lexington Health and Rehabilitation Center
- Apollo Health and Rehabilitation
- North Rehabilitation Center
- North Beach Rehabilitation Center
- Unity Health and Rehabilitation Center
- Wilton Manors Health & Rehabilitation Center
- Lady Lake Specialty Care Center
- Club Health and Rehabilitation Center
- The Lodge Health and Rehabilitation Center
- Springs of Lady Lake
- Park Meadows Health and Rehabilitation Center
- Greenbriar Health and Rehabilitation Center
- Lehigh Acres Health and Rehabilitation Center
- Sunset Lake Health and Rehabilitation Center
- Village Place Health and Rehabilitation Center
- Carlton Shores Health and Rehabilitation Center
- Ridgecrest Nursing and Rehabilitation Center
- Rockledge Health and Rehabilitation Center
- Viera Health and Rehabilitation Center
- Citrus Hills Health & Rehabilitation Center
- The Gardens Health & Rehabilitation Center
- Isle Health & Rehabilitation Center
- Riverwood Health & Rehabilitation Center
- Terrance Health & Rehabilitation Center
- Villa Health & Rehabilitation Center
- Woodland Grove Health & Rehabilitation Center
- The Rehabilitation and Health Center of Gahanna

The project involves 28,604 gross square feet (GSF) of new construction. The construction cost is \$5,291,740. Total project cost is \$7,176,527. 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, 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 Gregory Register 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 192 of the Florida Administrative Register dated October 2, 2015, a fixed need pool of 39 beds was published for Subdistrict 3-5 for the July 2018 Planning Horizon. Subdistrict 3-5 is comprised of Citrus 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 November 18, 2015, Subdistrict 3-5 had 1,081 licensed and 22 approved community nursing home beds. During the 12-month period ending June 30, 2015, Subdistrict 3-5 experienced 85.73 percent utilization at nine existing facilities. Below is a table illustrating nursing home patient days and occupancy within Subdistrict 3-5.

**Citrus County Nursing Home Patient Days and Occupancy July 1, 2014-June 30, 2015**

Facility	Comm. Nursing Home Bed Inventory	Bed Days	Patient Days	Total Occupancy	Medicaid Occupancy
Arbor Trail Rehab and Skilled Nursing Center	116	42,340	36,410	85.99%	65.07%
Avante at Inverness	104	37,960	32,303	85.10%	66.73%
Citrus Health and Rehabilitation Center	111	40,515	33,513	82.72%	67.15%
Citrus Hills Health and Rehabilitation Center	120	43,800	39,240	89.59%	65.00%
Crystal River Health and Rehabilitation Center	150	54,750	41,633	76.04%	72.17%
Cypress Cove Care Center	120	43,800	39,751	90.76%	59.73%
Diamond Ridge Health and Rehabilitation Center	120	43,800	40,085	91.52%	48.67%
Health Center at Brentwood	120	43,800	41,950	95.78%	59.34%
Life Care Center of Citrus County	120	43,800	33,361	76.17%	46.61%
<b>Total</b>	<b>1,081</b>	<b>394,565</b>	<b>338,246</b>	<b>85.73%</b>	<b>61.20%</b>

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

The reviewer notes the current and projected population for Subdistrict 3-5 during the planning horizon. The projected population growth, both numerically and by percent are illustrated below.

**Current and Projected Population Growth Rate  
Citrus County, District 3, and Florida  
January 2015 and January 2018**

County	January 1, 2015 Population			January 1, 2018 Population		
	0-64	65+	Total	0-64	65+	Total
Citrus	96,083	47,161	143,244	98,148	51,077	149,225
District 3	1,265,354	409,689	1,675,043	1,307,646	460,579	1,768,225
Florida	16,044,019	3,635,347	19,639,366	16,510,025	4,013,237	20,523,262
County	2015-2018 Increase			2015-2018 Growth Rate		
	0-64	65+	Total	0-64	65+	Total
Citrus	1,065	3,916	6,011	2.1%	8.3%	4.2%
District 3	42,292	50,890	93,212	3.3%	12.4%	5.6%
Florida	466,006	377,890	883,896	2.9%	10.4%	4.5%

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.

<b>Beds per 1,000 Residents Age 65+</b>					
<b>County</b>	<b>Community Beds</b>	<b>2015 Pop. Aged 65+</b>	<b>2015 Beds per 1,000</b>	<b>2018 Pop. Aged 65+</b>	<b>2018 Beds per 1,000</b>
<b>Citrus</b>	1,081	47,161	22	51,077	21
<b>District 3</b>	7,558	409,689	18	460,579	12
<b>Florida</b>	80,130	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, December 2015 Batching Cycle

Citrus Hills uses population data and calculated annual growth rates (CAGR) to illustrate need consistent with the published fixed need pool. The applicant indicates that projected nursing facility utilization, based on existing use rates and projected population growth in the 65+ population, indicates that the proposed beds will not have a negative impact on existing facilities once the 39 beds are placed into service.

The applicant states that Citrus County has nine skilled nursing facilities and of these, four facilities (including the applicant) had an occupancy rate at or above 90 percent in fiscal year 2015 with all Subdistrict 3-5 facilities having occupancy rates above 76 percent. The applicant provides population data on page 1-10, to illustrate that Citrus County has a higher proportion of elderly 65+ than the district and state. The applicant notes that the number of elderly is expected to grow from 47,161 residents in 2015 to 53,578 residents by 2020.

The applicant states that it currently operates Citrus Hills Health and Rehabilitation Center. Citrus Hills maintains that the proposed project provides several benefits to residents of Citrus County, including:

- Adding 39 private rooms with private baths to the existing facility—increasing the number of private rooms available to Citrus County residents
- Provide additional space to better meet the rehabilitation needs of short-term residents
- Add additional therapy space, including a large therapy gym, ADL suite and dedicated speech therapy area
- Add additional living areas for residents, including covered patios, snack bar as well as dining, activity and living areas

- 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 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 notes that hospital discharge data for Citrus County residents age 65+ was analyzed--specifically examining discharges made to nursing homes from the hospitals. Citrus Hill first examined the Major Diagnostic Categories (MDC) followed by the most frequent diagnostic related groups (DRG) and notes that the analysis assists in identifying the conditions and disorders that are most likely to be discharged to a SNF. The top 25 DRGs are listed on page 2-3. The table below shows the top 10 MDCs discharged to nursing homes within Citrus County in 2014.

**Major Diagnostic Categories (MDCs) of Discharges to Skilled Nursing Facilities for Citrus County Residents Aged 65 and Older CY 2014**

<b>MDC</b>	<b>CY 2014 Cases</b>	<b>Percent of Total</b>
08- Musculoskeletal/Con Tissue	937	30.7%
05- Circulatory System	494	16.2%
04- Respiratory System	303	9.9%
11- Kidney and Urinary Tract	250	8.2%
06- Digestive System	239	7.8%
01- Nervous System	230	7.5%
18- Infectious and Parasitic Diseases	150	4.9%
23- Factors Influencing Health Status	95	3.1%
10- Endocrine, Nutritional and Metabolic	89	2.9%
09- Skin, Subcutaneous Tissue and Breast	70	2.3%
<b>Subtotal</b>	<b>2,857</b>	<b>93.7%</b>
<b>Balance of MDCs</b>	<b>192</b>	<b>6.3%</b>
<b>Grand Total</b>	<b>3,049</b>	<b>100%</b>

Source: CON application #10401, page 2-2

Citrus Hills states it will construct the new wing with all private rooms configured in a “culture change” design to better serve the short-term rehabilitation patients in the area. The applicant indicates that the physical plant design will include a new space with 28,604 square feet, permitting the applicant to have the space and equipment needed for rehabilitation, including a 4,230 square foot therapy suite and an activities of daily living (ADL) suite for occupational therapy. Citrus Hills notes that a speech therapy office, beauty salon, massage area, snack bar, dining area, activity area, living area and covered porch will also be incorporated. The applicant states that an interdisciplinary team provides an array of services in accordance with each resident’s care plan. The applicant asserts that patient services will include but not be limited to:

- Physical, occupational and speech therapy
- Outpatient rehabilitation
- Cardiac and stroke rehab monitoring
- Pain management
- Lymphedema therapy
- Restorative nursing program

- Wound care program
- IV therapy
- Customized pressure support system
- Infectious disease treatment
- Oncology/cancer care
- Psychological services
- Registered dietician services

The applicant notes that other services and amenities that provide comfort and security include:

- Structured activities seven days a week
- Security system
- Television and telephone
- Wireless internet access
- Snack bar
- Beauty/barber shop
- Massage therapy

Citrus Hill indicates a preliminary plan of care to meet the resident's immediate needs is developed within the first 24 hours of admission. The applicant notes that a care plan is developed within seven days of completion of a comprehensive assessment in accordance with the minimum data set and includes measurable objectives and timetables to meet the resident's needs utilizing an interdisciplinary team. The applicant states that the care planning interdisciplinary team includes, but is not limited to the following personnel:

- Attending physician
- Director of nursing
- Charge nurse responsible for resident care
- Registered nurse assigned to the resident
- Nursing assistants responsible for the resident's care
- Dietary manager
- Social service manager
- Activities director
- Therapists and consultants

Citrus Hill states that a physician must personally approve in writing a recommendation that an individual be admitted to a facility and each resident must remain under the care of a physician. The applicant indicates that at the time of admission, the charge nurse makes a preliminary assessment. The applicant notes that a physician's order is obtained for all discharges and families are provided with a post-discharge plan to assist the



resident in adjusting to his or her new living environment. Citrus Hill states that post-discharge plans are developed by the care plan team with assistance from the resident’s family and that social service reviews the plan with the resident and family before the discharge. The applicant indicates that a discharge summary is also filed in the patient record. Excerpts from Greystone’s Operational Policy and Procedure Manual, including admissions, transfers and discharges can be found in Exhibit 2-1 of CON #10401.

Schedule 6A illustrates that FTEs for year one (ending December 31, 2018,) and year two (December 31, 2019) total 167 for the total facility. Schedule 6A indicates that the applicant proposes to add 26.1 additional FTEs in both the first year and second year of operation. The reviewer notes that the figures below total 26.0. See the table below.

<b>Citrus Hills Health &amp; Rehabilitation Center (CON application #10401) Projected Year One and Year Two Staffing</b>		
	<b>Year One FTEs</b>	<b>Year Two FTEs</b>
<b>Nursing</b>		
LPNs	4.4	4.4
Nurses’ Aides	10.7	10.7
<b>Ancillary</b>		
Physical Therapist	4.4	4.4
Speech Therapist	1.0	1.0
Occupational Therapist	3.5	3.5
<b>Dietary</b>		
Cooks	1.0	1.0
<b>Housekeeping</b>		
Housekeepers	1.0	1.0
<b>Total</b>	<b>26.1</b>	<b>26.1</b>

Source: CON application #10401, Schedule 6A

**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 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?**

The applicant 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.**

The applicant did not respond to this rule criterion. The reviewer notes that this provision is not applicable as nothing was identified above.

- 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 states that it reports all required utilization data to the WellFlorida Council, Inc. Once operational, the applicant will submit data pertaining to the 39-bed addition.

**3. Statutory Review Criteria**

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

There are 63 licensed community nursing homes with a total of 7,558 community nursing home beds in District 3. Subdistrict 3-5 is composed of Citrus County and has nine licensed community nursing homes with a total of 1,081 community nursing home beds. The subdistrict averaged 85.73 percent total occupancy for the 12-month period ending June 30, 2015.

When analyzing each subdistrict in District 3, as well as the population age 65+ as of July 1, 2015, the applicant notes that Subdistrict 3-1 has the highest number of beds per 1,000 population while Subdistrict 3-7 has the lowest--Citrus County is in the middle, with a rate higher than District 3 and the state. Citrus Hills states that by July 2018, when the 39-bed addition will be fully operating, the population growth for Citrus County decreases the rate of skilled nursing beds per 1,000 population, from 23 beds per 1,000 in 2015 to 22 beds per 1,000 in 2018.

Citrus Hills states that currently, Citrus County has an inventory of 124 private rooms, representing only 11.5 percent of the community nursing home bed inventory. The applicant states that the proposed project will increase availability by adding 39 private rooms, noting that private rooms are consistent with consumer choice and culture change within long-term care. Citrus Hills maintains that the facility is located on a major road and is near U.S. 41, mid-way between two hospitals. Citrus Hills provides maps on pages 3-4 and 3-5 which illustrates the facility's location, centrally within the county.

The applicant notes that Citrus Hills has the fourth highest occupancy rate of 89.6 percent—higher than the subdistrict average. Citrus Hills indicates that three SNFs are located in ZIP Code 34461, adjacent to 34442 (where Citrus Hills is located). The applicant states that two of the facilities in ZIP Code 34461 had occupancies in excess of 90 percent during the most recent 12-month period. Citrus Hills maintains that the expected forecast reflects its current experience within the local area.

The table below shows projected utilization for years one and two of operation.

**Projected Utilization at Citrus Hills Health and Rehabilitation Center  
Frist Two Years Operation  
39-Bed Addition and Total Facility**

<b>39-Bed Addition</b>	<b>Patient Days</b>	<b>Occupancy Rate</b>	<b>ADC</b>
Year One Ending December 31, 2018	8,664	60.86%	24
Year Two Ending December 31, 2019	13,140	92.31%	36
<b>Total Facility of 159 Beds</b>			
Year One Ending December 31, 2018	50,001	86.16%	137
Year Two Ending December 31, 2019	54,477	93.87%	149

Source: CON application #10401 Project Summary page III

Citrus Hills provides a forecast for nursing home use in 2019 (proposed project’s second year of operation), based on population growth. Citrus Hills notes that for the most recent utilization data published by the Agency, the days per 1,000 persons in Citrus County is 7,257. When the days per 1,000 are applied to 2019 projected population, the applicant derives an average daily census (ADC) of 1,053 or a 95 percent occupancy rate for the subdistrict. Citrus Hill indicates that with the addition of 39 beds to the subdistrict, along with the assumption the proposed project will have a 92 percent occupancy rate with the new addition, an ADC of 1,017 will be achieved for all remaining skilled nursing beds. The applicant states this includes the existing 22 beds approved in the April 2015 batch for Citrus County. See table below.

**Forecasted Nursing Home Resident Days for the Subdistrict and 39-Bed Addition  
Assuming a 92 Percent Occupancy Rate in 2019**

Resident Days July 1, 2014 to June 30, 2015	338,246
<b>Average Daily Census, FY 2015</b>	<b>927</b>
Citrus County Population 65+, July 1, 2014	46,609
Days Per 1,000 Persons, 65+, FY 2015	7,257
Citrus County Population 65+, July 1, 2019	52,976
Resident Days Forecasted for 2019	384,452
<b>Average Daily Census, Year 2019</b>	<b>1,053</b>
New Citrus Hills Days (39 beds) at 92 percent	13,096
Deduct Citrus Hills Resident Days From Forecast	371,356
<b>Average Daily Census, Year 2019, Remaining Days</b>	<b>1,017</b>

Source: CON application 10401, page 1-13

- 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.**

Citrus Hills indicates it is managed by an experienced nursing home operator--parent company Greystone Healthcare Management Corporation which owns and operates 26 SNFs and two assisted living facilities in Florida. The applicant discusses The Greystone Health

Network as an integrated “Transition of Care” model incorporating assisted living, sub-acute rehabilitation, home health and outpatient rehabilitation providing a comprehensive network of services to patients. Citrus Hills maintains that the Greystone Health Network combines strategic community partnerships and innovative programs to optimize patient care and reduce their incidence of hospital returns. The applicant contends that The Greystone Health Network empowers patients to live a safe and independent life.

Greystone provides its vision statement in regards to quality of care- BELIEVE, which describes a dedication and commitment to providing a Ritz-Carlton level of customer service. The applicant explains that each letter of BELIEVE has a specific meaning, along with standards, processes and tools that are designed to assist each facility or agency in achieving this level of customer service for residents, patients, visitors, families, and staff. Citrus Hills contends that Greystone encourages and promotes a culture of caring through a recognition and reward program, and indicates that because of this program the culture of care is lived and supported throughout the organization. The applicant provides an overview of the BELIEVE culture of care program in Exhibit 4-1.

The applicant states the 39-bed addition to Citrus Hills will continue to operate under Greystone’s quality programs and initiatives, such as the Greystone Health Network, BELIEVE values and other efforts described on pages 4-1 through 4-12.

Citrus Hills is not a Gold Seal Program nor is it on the Agency’s Nursing Home Watch List. The most recent Agency inspection indicates the applicant received an overall two-star rating out of a possible five stars. The Agency’s Nursing Home Guide was last updated November 2015.

Citrus Hills Health & Rehabilitation Center had five substantiated complaints during November 18, 2012 to November 18, 2015. A single complaint can encompass multiple complaint categories. The facility’s five substantiated complaints were in the following categories:

<b>Citrus Hill Substantiated Complaint Categories for the Past 36 Months</b>	
<b>Complaint Category</b>	<b>Number Substantiated</b>
Admission, Transfer, Discharge Rights	2
Resident/Patient/Client Rights	2
Resident Assessment	1

Source: Agency for Healthcare Administration Complaint Records

Agency complaint records indicate, for the three-year period ending November 18, 2015, Greystone Healthcare had 154 substantiated complaints at 26 facilities. The substantiated complaint categories are listed below:

<b>Greystone Substantiated Complaint Categories for the Past 36 Months</b>	
<b>Complaint Category</b>	<b>Number Substantiated</b>
Quality of Care/Treatment	65
Resident/Patient/Client Rights	12
Resident Assessment	13
Nursing Services	12
Administration/Personnel	11
Physical Environment	8
Admission, Transfer, Discharge Rights	7
Dietary Services	5
Infection Control	4
Resident Abuse	4
Unqualified Personnel	3
Physician Services	3
Falsification Records/Report	3
Billing Refund	1
Life Safety Code	1
Quality of Life	1
State Licensure	1

Source: Agency for Healthcare Administration Complaint Records.

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

**Analysis:**

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

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

<b>Greystone Healthcare Holdings II, LLC and Subsidiaries</b>		
	<b>Current Year</b>	<b>Previous Year</b>
Current Assets	\$39,984,534	\$7,552,945
Total Assets	\$94,802,374	\$39,361,540
Current Liabilities	\$55,755,111	\$22,233,133
Total Liabilities	\$84,413,443	\$41,866,545
Net Assets	\$10,388,931	(\$2,505,005)
Total Revenues	\$85,735,570	\$32,547,673
Excess of Revenues Over Expenses	\$1,312,774	(\$258,138)
Cash Flow from Operations	(\$12,409,892)	\$2,242,483
<b>Short-Term Analysis</b>		
Current Ratio (CA/CL)	0.7	0.3
Cash Flow to Current Liabilities (CFO/CL)	-22.26%	10.09%
<b>Long-Term Analysis</b>		
Long-Term Debt to Net Assets (TL-CL/NA)	275.9%	-783.8%
Total Margin (ER/TR)	1.53%	-0.79%
<b>Measure of Available Funding</b>		
Working Capital	(\$15,770,577)	(\$14,680,188)

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

**Capital Requirements and Funding:**

The applicant provided audited financial statements for the years 2013 and 2014. The audit indicates that the applicant has a moderately weak to weak financial position. The applicant indicates on Schedule 2 capital projects totaling \$7,176,527 which includes this project. The applicant also indicates on Schedule 3 of its application that funding for the project will be provided by operating cash flows (\$1,435,305) and related company financing (\$5,741,222). The applicant provided a letter from Greystone committing to fund this project. The notes to Schedule 3 and the accompanying letter of commitment indicate that funding will be provided by Greystone & Company Holdings II, LLC and that a copy of audited financial statements were provided to substantiate the availability of funding. The audited financial statements provided with the application are for Greystone Healthcare Holdings II, LLC. It is

unclear if these two entities are one in the same or related. Greystone Healthcare Holdings II, LLC submitted their audited financial statements as proof of available funding. The applicant also provided a letter of interest from The Private Bank indicating an expressed interest to fund up to \$6,000,000 to implement the project and that they have a long standing relationship with Greystone. However, a letter of interest does not constitute a firm commitment to lend.

**Conclusion:**

Funding for this project is likely but not guaranteed.

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

**Analysis:**

The immediate and long-term financial feasibility of the project is tied to expected profitability. The purpose of our analysis for this section is to evaluate the reasonableness of the applicant's profitability projections and, ultimately, whether profitability is achievable for this project. Our analysis includes an evaluation of net revenue per patient day (NRPD), cost per patient day (CPD), nurse staffing ratios and profitability. We compared the NRPD, CPD and profitability to actual operating results from SNFs as reported on Medicaid cost reports (2012 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 3rd 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	16,847,135	309	438	345	273
Total Expenses	14,817,767	272	432	340	275
Operating Income	2,029,368	37	29	10	-29
Operating Margin	12.05%		<b>Comparative Group Values</b>		
	Days	Percent	Highest	Median	Lowest
Occupancy	54,477	93.87%	99.48%	88.96%	62.35%
Medicaid/MDCD HMO	19,100	35.06%	50.03%	45.97%	30.87%
Medicare	17,369	31.88%	58.06%	36.42%	17.01%

**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.

The projected NRPD falls within the group range and is considered reasonable. CPD and profit fall outside the comparative group values. The total cost appears to include at least the minimum staffing required. However, because CPD and profit fall outside the comparative group values, the reasonableness of the projections is in question.

**Conclusion:**

This project appears to be financially feasible based on the projections provided by the applicant. However, the reasonableness of the projections is in question.

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

**Analysis:**

The type of competition that would result in increased efficiencies, service, and quality is limited in health care. Cost-effectiveness through competition is typically achieved via a combination of competitive pricing that forces more efficient cost to remain profitable and offering higher quality and additional services to attract patients from competitors. Since Medicare and Medicaid are the primary payers in the nursing

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

**Conclusion:**

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

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

The applicant has submitted all information and documentation necessary for the architectural review. The cost estimate for the proposed project provided in Schedule 9, Table A appears to be reasonable. A review of the architectural plans, narratives and other supporting documents did reveal possible deficiencies that are likely to have significant impact on either construction costs or the proposed completion schedule. Deficiencies were identified as follows:

- A-1- Verify proposed construction completion schedule
- A-2- Verify parking requirements
- A-3- Provide FBC and NFPA construction type

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

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

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

**Medicaid Patient Days and Medicaid Occupancy at Citrus Hills  
Citrus County, District 3 and Florida**

<b>Medicaid Patient Days</b>					
<b>Facility/Area</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
Citrus Hills	19,825	20,892	21,452	21,452	22,193
Citrus County	194,784	196,582	207,941	210,074	208,610
District 3	1,468,022	1,499,110	1,523,920	1,539,243	1,548,052
Florida	15,530,575	15,612,015	15,733,318	15,700,197	15,932,613
<b>Medicaid Occupancy</b>					
<b>Facility/Area</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
Citrus Hills	56.76%	58.03%	61.42%	66.11%	67.09%
Citrus County	55.84%	57.35%	60.08%	61.19%	61.55%
District 3	60.25%	61.28%	62.13%	62.34%	61.95%
Florida	61.33%	61.56%	61.85%	61.66%	62.17%

Source: Florida Nursing Home Bed Need Projections by District and Subdistrict, October 2011-2015 Batching Cycle

Citrus Hill states that Greystone-affiliated facilities serve low-income individuals through the Medicaid program. The applicant notes that for the most recent 12-month period (FY 2015), Citrus Hill provided 25,500 Medicaid days of care yielding a Medicaid occupancy rate of 65 percent. The applicant states the expectation is that Medicaid Managed Care Plans will continue a downward trend in nursing home placements, offering options to recipients to maintain them in less restrictive settings.

Citrus Hill notes that District 3 averaged 61.58 percent for Medicaid occupancy during the most recent 12-month period. For Greystone facilities in District 3, one facility (The Club at the Villages) did not provide any Medicaid days. All Greystone’s District 3 facilities, on average, provided approximately 57 percent of their total patient days to residents covered by Medicaid. The applicant provides the table below showing the patient days, Medicaid days and percentage of Medicaid days for Greystone’s affiliated District 3 facilities.

**Patient Days and Medicaid Days  
Greystone Affiliates within District 3**

<b>Greystone District 3 Facilities</b>	<b>Number of Beds</b>	<b>Patient Days</b>	<b>Medicaid Days</b>	<b>Percent of Medicaid</b>
Parks Meadows Health & Rehab Center	154	48,170	31,113	64.59%
Terrance Health and Rehab Center	120	41,237	17,254	41.84%
Riverwood Health and Rehab Center	120	39,517	31,092	78.68%
The Club Health and Rehab Center	60	2,117	0	0%
The Lodge Health and Rehab Center	99	33,294	17,013	47.89%
Citrus Hills Health and Rehab Center	120	39,240	25,505	65.00%
Lady Lake Specialty Care Center	145	48,867	21,311	43.61%
<b>Greystone District 3 Total</b>	<b>818</b>	<b>252,442</b>	<b>143,288</b>	<b>56.76%</b>
<b>District 3 Total</b>	<b>7,558</b>	<b>2,498,857</b>	<b>1,538,825</b>	<b>61.58%</b>

Source: CON application #10401 page 9-1

The reviewer notes that the applicant’s proposed addition focuses on the short-term rehabilitation patient and the payer mix for the addition shows that all patient days will be either Medicare or Other Managed Care days. The applicant proposes to serve patients with a variety of payers, including care, reimbursement by Medicare, Medicaid and commercial managed care. The chart below shows the projected number of patient days by payer based on the projected opening date of the bed addition for the total number of beds (159 beds).

**Projected Patient Days by Payer, Citrus Hills NH, LLC**

<b>Payer</b>	<b>CY 2018</b>		<b>CY 2019</b>	
	<b>Days</b>	<b>Percent of Days</b>	<b>Days</b>	<b>Percent of Days</b>
Medicare	14,587	29.2%	17,369	31.9%
Medicaid	19,100	38.2%	19,100	35.1%
Other Managed Care	7,189	14.4%	8,883	16.3%
Self-Pay	2,190	4.4%	2,190	4.0%
Other Payers	6,935	13.9%	6,935	12.7%
<b>Total Days</b>	<b>50,001</b>	<b>100.0%</b>	<b>54,477</b>	<b>100.0%</b>

Source: CON application #10401, page 9-2

The reviewer compiled the following Medicaid occupancy data for all Greystone Florida facilities for July 1, 2014 to June 30, 2015. See table below.

**Greystone Florida Medicaid Occupancy  
July 1, 2014 to June 30, 2015**

<b>Facility</b>	<b>Medicaid Days</b>	<b>Total Days</b>	<b>Medicaid Occupancy</b>
Alhambra Health and Rehabilitation Center	10,698	20,695	51.69%
Apollo Health and Rehabilitation Center	17,887	33,454	53.47%
Carlton Shores Health and Rehabilitation Center	15,179	38,923	39.00%
Citrus Hills Health and Rehabilitation Center	25,505	39,240	65.00%
Club Health and Rehabilitation Center	0	21,117	0.00%
The Gardens Health and Rehabilitation Center	10,752	26,381	40.76%
Greenbriar Rehabilitation Center	17,021	34,363	49.53%
Isle Health and Rehabilitation Center	21,311	48,867	43.61%
Lady Lake Specialty Care Center	18,841	35,112	53.66%
Lehigh Acres Health and Rehabilitation Center	28,674	53,578	53.52%
Lexington Health and Rehabilitation Center	33,029	17,780	85.76%
The Lodge Health and Rehabilitation Center	5,494	14,647	37.51%
North Beach Rehabilitation Center	31,113	48,170	64.59%
North Rehabilitation Center	21,511	45,059	47.74%
Park Meadows Health and Rehabilitation Center	31,092	39,517	78.68%
Ridgecrest Nursing and Rehabilitation Center	14,998	35,589	42.14%
Riverwood Health and Rehabilitation Center	22,425	41,274	54.33%
Rockledge Health and Rehabilitation Center	17,254	41,237	41.84%
Sunset Lake Health and Rehabilitation Center	19,747	35,455	55.70%
Terrace Health and Rehabilitation Center	17,013	33,294	51.10%
Unity Health and Rehabilitation Center	84,878	98,287	86.36%
Viera Health and Rehabilitation Center	11,532	37,222	30.98%
Villa Health and Rehabilitation Center	22,622	40,167	56.32%
Village Place Health and Rehabilitation Center	16,003	31,810	50.31%
Wilton Manors Health and Rehabilitation Center	24,892	47,123	52.82%
Woodland Grove Health and Rehabilitation Center	22,908	38,533	59.45%
<b>Total</b>	<b>562,379</b>	<b>996,894</b>	<b>56.41%</b>

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

The applicant's Schedule 7 indicates that Medicaid and self-pay represent 38.2 percent and 4.38 percent, respectively, of year one and 35.06 percent and 4.02 percent, respectively of year two annual total patient days for the total facility. The applicant Schedule 7 indicates that Medicaid and self-pay represent 0.0 percent of year one and year two annual total patient days for the 39-bed addition.

**F. SUMMARY**

**Citrus Hills Health & Rehabilitation Center (CON #10401)** proposes to add 39 community nursing home beds to Citrus Hills Health and Rehabilitation Center in Citrus County (Subdistrict 3-5). Citrus Hills is a 120-bed skilled nursing facility and is managed by Greystone Healthcare Management.

Greystone operates 26 SNFs and two ALFs in Florida:

The project involves 28,604 GSF of new construction. The construction cost is \$5,291,740. Total project cost is \$7,176,527. 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 192 of the Florida Administrative Register dated October 2, 2015, a fixed need pool of 39 beds was published for Subdistrict 3-5 for the July 2018 Planning Horizon.

As of November 18, 2015, Subdistrict 3-5 had 1,081 licensed and 22 approved community nursing home beds. During the 12-month period ending June 30, 2015, Subdistrict 3-5 experienced 85.73 percent utilization at nine existing facilities.

Citrus Hills illustrates need consistent with the published fixed need pool. The applicant indicates that projected nursing facility utilization indicates that the proposed beds will not have a negative impact on existing facilities once the 39 beds are placed into service.

The applicant states that Citrus County has nine skilled nursing facilities and of these, four facilities (including the applicant) had an occupancy rate at or above 90 percent in fiscal year 2015 with all Subdistrict 3-5 facilities having occupancy rates above 76 percent. The applicant notes that the number of elderly is expected to grow from 47,161 residents in 2015 to 53,578 residents by 2020.

Citrus Hill maintains that the proposed project provides several benefits to residents of Citrus County, including:

- Adding 39 private rooms with private baths to the existing facility—increasing the number of private rooms available to Citrus County residents
- Provide additional space to better meet the rehabilitation needs of short-term residents
- Add additional therapy space, including a large therapy gym, ADL suite and dedicated speech therapy area
- Add additional living areas for residents, including covered patios, snack bar as well as dining, activity and living areas

**Quality of Care:**

The applicant described its ability to provide quality care.

For the most recent rating period, the existing facility had two out of a possible five-star quality inspection rating. Citrus Hills is not a Gold Seal facility nor is it on the Agency Nursing Home Watch List.

Citrus Hills Health & Rehabilitation Center had five substantiated complaints from November 18, 2012 to November 18, 2015. Greystone affiliated SNF had 154 substantiated complaints at its 26 Florida SNFs during the same time frame.

**Financial Feasibility/Availability of Funds:**

Funding for this project is likely but not guaranteed. This project appears to be financially feasible based on the projections provided by the applicant. However, the reasonableness of the projections is in question. Based on information provided in Schedule 6, the applicant's projected staffing meets the statutory requirements.

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

**Medicaid/Charity Care:**

Citrus Hills 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 38.2 percent and 4.38 percent, respectively, of year one and 35.06 percent and 4.02 percent, respectively of year two annual total patient days. The applicant Schedule 7 indicates that Medicaid and self-pay represent 0.0 percent of year one and year two annual total patient days for the 39-bed addition.

**Architectural:**

The cost estimate for the proposed project provided in Schedule 9, Table A appears to be reasonable. A review of the architectural plans, narratives and other supporting documents did reveal possible deficiencies that may have impact on either construction costs or the proposed completion schedule.

**G. RECOMMENDATION**

Approve CON #10401 to add 39 community nursing home beds in District 3, Subdistrict 5, Citrus County. The total project cost is \$7,176,527. The project involves 38,604 GSF of new construction and a construction cost of \$5,291,740.



**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 Administration Services Manager**  
**Certificate of Need**