

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

A. PROJECT IDENTIFICATION

1. Applicant/CON Action Number

CCRC-Freedom Pointe at the Villages, LLC/CON #10402

6737 West Washington Street, Suite 2300
Milwaukee, Wisconsin 53214

Authorized Representative: Anna Munoz
(414) 918-5443

2. Service District/Subdistrict

District 3/Subdistrict 7 (Lake and Sumter Counties)

B. PUBLIC HEARING

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

Letters of Support

The Agency received several letters of support submitted by the applicant. The composed letters were from local health care providers such as Dr. Elliot J. Sussman, several volunteers, The Canine Therapy Team, former residents and community members.

C. PROJECT SUMMARY

CCRC-Freedom Pointe at the Villages, LLC (CON application #10402), hereafter referred to as Freedom Pointe or the applicant, an affiliate of Brookdale Senior Living, proposes to add 50 community nursing home beds through the conversion of 50 sheltered nursing home beds, or a partial request to add 16 community nursing home beds through the conversion of sheltered nursing home beds to CCRC-Freedom Pointe at the Villages District 3/Subdistrict 3-7, Sumter County. The applicant intends to aggregate need from Citrus County (Subdistrict 3-5), Hernando County (Subdistrict 3-6) and Lake/Sumter

County (Subdistrict 3-7). To implement the full project, 50 beds will be taken from the aggregated fixed need pool of these three subdistricts and to implement the partial project, 16 beds will be taken from the aggregated fixed need pool of these same three counties.

According to 408.034 (6), Florida Statutes

“If nursing home bed need is determined to exist in geographically contiguous subdistricts within a district, an applicant may aggregate the subdistricts’ need for a new community nursing home in one of the subdistricts. If need is aggregated from two subdistricts, the proposed nursing home site must be located in the subdistrict with the greater need as published by the Agency in the Florida Administrative Register. However, if need is aggregated from more than two subdistricts, the location of the proposed nursing home site must provide reasonable geographic access for residents in the subdistricts given the relative bed need in each subdistrict.”

The applicant operates 12 skilled nursing facilities (SNFs) in Florida:

- Lake Harris Health Center
- Freedom Pointe at the Villages Rehabilitation and Healthcare Center (the applicant)
- 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
- Brookdale Atrium Way 2
- Cypress Village

The proposed project is a conversion of existing licensed beds and will involve no new construction or renovation. The applicant lists a total project cost of \$76,482.50 including project development costs.

The applicant proposes to condition the project as shown below:

- CCRC-Freedom Pointe at the Villages, LLC, will make a nursing home bed available to any Lifecare contract holder residing on the CCRC campus and requiring a nursing home bed.

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 zero beds was published for Subdistrict 3-7 for the July 2018 Planning Horizon. Subdistrict 3-7 is comprised of Lake and Sumter Counties.

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

The reviewer notes that the applicant is filing this application based on the provision of 408.034 (6) Florida Statutes, to aggregate need from more than two subdistricts. According to 408.034 (6), Florida Statutes:

“If nursing home bed need is determined to exist in geographically contiguous subdistricts within a district, an applicant may aggregate the subdistricts’ need for a new community nursing home in one of the subdistricts. If need is aggregated from two subdistricts, the proposed nursing home site must be located in the subdistrict with the greater need as published by the Agency in the Florida Administrative Register. However, if need is aggregated from more than two subdistricts, the location of the proposed nursing home site must provide reasonable geographic access for residents in the subdistricts given the relative bed need in each subdistrict.”

The reviewer notes that nursing home bed need was determined to exist in both Subdistrict 3-5 (Citrus County--39 beds) and Subdistrict 3-6 (Hernando County--16 beds) but no bed need was determined to exist in Subdistrict 3-7 (Lake and Sumter Counties). The relative bed need for each subdistrict where bed need was determined to exist, by percentage, is as follows:

- Citrus County--70.91 percent
- Hernando County--29.09 percent

The reviewer created a map to show the three subdistricts as well as the location of the existing facility. See below.



As of November 18, 2015, Subdistrict 3-7 had 1,727 licensed and 300 approved community nursing home beds. During the 12-month period ending June 30, 2015, Subdistrict 3-7 experienced 90.72 percent utilization at 15 existing facilities. Below is a table illustrating nursing home patient days and occupancy within Subdistrict 3-7.

Lake and Sumter Counties 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
Lake County Facilities					
Avante at Leesburg, Inc.	116	42,340	36,483	86.17%	69.67%
Avante at Mt. Dora, Inc.	116	42,340	38,037	89.84%	54.20%
Bayview Center	120	43,800	38,932	88.89%	83.25%
Clermont Health and Rehabilitation Center	182	66,430	63,783	96.02%	77.01%
Edgewater at Waterman Village	120	43,800	41,055	93.73%	41.38%
Lady Lake Specialty Care Center	145	52,925	48,867	92.33%	43.61%
Lake Eustis Health and Rehabilitation Center	90	32,850	31,283	95.23%	59.60%
Lake Harris Health Center	110	40,150	32,503	80.95%	35.55%
Lakeview Terrace Skilled Nursing Facility	20	7,300	5,963	81.68%	14.62%
North Campus Rehabilitation and Nursing	90	32,850	29,792	90.69%	44.26%
Ruleme Center	138	50,370	44,751	88.84%	68.40%
South Campus Rehabilitation and Nursing	120	43,800	37,170	84.86%	76.89%
Villages Rehabilitation and Nursing Center	120	43,800	41,137	93.92%	24.86%
Sumter County Facilities					
Arbor Village Nursing Center	180	65,700	61,090	92.98%	64.70%
Osprey Point Nursing Center	60	21,900	21,001	95.89%	59.49%
Total	1727	630,355	571,847	90.72%	57.92%

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

The reviewer notes the current and projected population of Subdistrict 3-7 for the planning horizon. The projected population growth, both numerically and by percent are illustrated below.

**Current and Projected Population Growth Rate
Lake and Sumter Counties, 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
Lake	238,606	76,381	314,987	253,002	85,637	338,639
Sumter	58,624	54,164	112,788	61,809	65,166	126,975
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
Lake	14,396	9,256	23,652	6.0%	12.11%	7.5%
Sumter	3,185	11,002	14,187	5.4%	20.3%	12.6%
District 3	42,292	50,890	93,182	3.3%	12.4%	5.6%
Florida	466,006	37,7890	883,896	2.9%	10.0%	4.5%

Source: Florida Agency for Health Care Administration Population Estimates, February 2015

The community nursing home beds per 1,000 residents for the 65+ population in the subdistrict are shown below.

Beds per 1,000 Residents Age 65 and Older

County	Community Beds	2015 Pop. Aged 65+	2015 Beds per 1,000	2018 Pop. Aged 65+	2018 Beds per 1,000
Lake	1,487	76,381	19	85,637	17
Sumter	240	54,164	4	65,166	3
District 3	7,558	409,689	18	460,579	16
Florida	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, October 2015 Batching Cycle

Freedom Pointe currently has 72 licensed nursing home beds, ten of these beds are licensed as community beds. The 62 remaining beds are licensed as sheltered beds with 30 of the sheltered beds under a Chapter 651 extension which allows them to be used as community beds. The applicant notes upon approval of the 50-bed project, Freedom Pointe will have a total of 60 community nursing home beds and 12 sheltered beds. Upon approval of the 16-bed partial project, the applicant states the bed designation will be 26 community beds, 30 sheltered beds subject to a Chapter 651 extension, and 16 sheltered beds.

Freedom Pointe indicates it intends to aggregate available bed need from Nursing Home Subdistrict 3-5 (Citrus County), Subdistrict 3-6 (Hernando County), and Subdistrict 3-7 (Lake and Sumter counties). The reviewer notes that bed need was not determined to exist in Subdistrict 3-7 for the current batching cycle. The applicant's aggregated need from the three contiguous subdistricts is 55 beds. The

applicant notes the request for 50 beds is less than the aggregated need of 55 beds stated above and therefore responds to the fixed need pool and does not seek excess beds or services. The reviewer notes that bed need was not determined to exist in Subdistrict 3-7 for the current batching cycle and therefore cannot aggregate bed need from contiguous subdistricts pursuant to section 408.034 (6), Florida Statutes. The applicant maintains that Freedom Pointe provides reasonable access for residents of the three aggregated subdistricts, states there are no geographic barriers to access and maintains that ground transportation for area residents should take no more than 45-60 minutes to the existing facility.

The applicant notes the population of Lake and Sumter Counties, as of July 1, 2015, is 433,828 with a total senior population (65+) of 133,457, (31 percent). Freedom Pointe states that by July of 2016, about 25 percent of Districts 3's total population will be at least 65 or older. Freedom Pointe states by 2020, the population of Lake and Sumter counties is expected to increase to 497,248, an increase of 62,423 people (14.6 percent) and is expected to be 26 percent (34,682) of the total population. Freedom Pointe states these figures are a strong indication of the vibrancy of the senior market in Subdistrict 3-7 and the demands the market will place on health care in the future. The applicant provides population data on pages 1-4 through 1-9 of CON application #10402.

Freedom Pointe provides a detailed analysis of discharges to SNFs for residents of Subdistrict 3-7 for the period during the calendar year (CY) 2014 and states during this same period, 66,055 residents of residents were discharged to short-term acute care hospitals in Florida. Of these, 8,019 or 12.1 percent were discharged to Medicare-certified SNFs. The applicant reports the largest number of discharges to skilled nursing include those in MDC 8 (Musculoskeletal System/Orthopedics) and MDC 5 (Circulatory System). Freedom Pointe states these two MDC's account for 45 percent of all discharges to skilled nursing for residents of Subdistrict 3-7. MDC 8 accounted for 28.3 percent of discharges from short-term acute care hospitals and is the leading referral source for skilled nursing in Subdistrict 3-7 for both volume and percentage of discharges whom are referred to skilled nursing. See table below:

**Resident 3-7 Discharges to SNFs from
Short-Term Acute Care Hospitals, by MDC (CY) 2014**

Major Diagnostic Category (MDC)	Volume	Percent
08- Musculoskeletal System	2,224	27.7%
05- Circulatory System	1,372	17.1%
04- Respiratory System	754	9.4%
01- Nervous System	716	8.9%
11- Kidney and Urinary Tract	701	8.7%
06- Digestive System	620	7.7%
18- Infectious and Parasitic Diseases	594	7.4%
10- Endocrine, Nutritional and Metabolic	234	2.9%
09- Skin, Subcutaneous Tissue and Breast	172	2.1%
07- Hepatobiliary System/ Pancreas	125	1.6%
All Other MDCs	507	6.3%
Total	8,019	100.0%

Source: CON application #10402, page 1-10

The applicant insists that Brookdale is aware of these patient types and has developed and implemented specific programs and services to address their unique needs. Freedom Pointe provides a map illustrating the geographic distribution of discharges to SNFs in the subdistrict for CY 2014, ages 65+. The applicant notes that it is located in the heart of the high demand area near the center of The Villages, within walking distance to a major acute care hospital, The Villages Regional Hospital.

The reviewer notes that while the applicant is aggregating bed need from Citrus and Hernando Counties, the applicant did not provide a data analysis of those counties population statistics or extent of utilization of existing health care services as it did for Lake and Sumter counties.

Freedom Pointe states the following factors demonstrate the advantages of the proposed project:

- Creates full-time access to Freedom Pointe’s state-of-the-art physical plant and its specialized skilled nursing services
- Efforts can continue to focus on patient-centered, quality-driven rehabilitation with the most technologically advanced therapy equipment available aimed at returning residents to their home environment
- The facility contains a variety of spaces that are intended to promote resident activity, socialization, entertainment, independence, and well-being
- Because of its affiliation with Brookdale, the applicant has significant experience in the development and operation of quality long-term care facilities and senior living communities
- Freedom Pointe’s sheltered beds are currently in operation so the transformation from sheltered to community beds will be seamless

The applicant indicates that there are several “special circumstances” relating to statutory review criteria that support the need for this project and justifies the request for 50 community beds. The “special circumstances” that Freedom Pointe identifies are listed below:

- Freedom Pointe functions as a community resource rather than a sheltered bed facility and is always full
- Large and growing elderly population in the applicant’s service area compared to other areas such as District 3 and Florida
- High occupancy rates at existing nursing homes in the area
- SNF utilization for Sumter County is significantly underreported
- Annual growth rates of discharges of residents age 65+ from hospitals to SNFs are higher in the Freedom Pointe service area than the subdistrict and Florida
- With regard to geographic access, residents of Freedom Pointe’s primary service area, utilize The Villages Regional Hospital and Leesburg Regional Medical Center
- With respect to geographic and cultural access, residents of The Villages prefer to use the golf cart mode of transportation
- Maldistribution in the ratio of nursing home beds to population 65+ within Subdistrict 3-7 (Lake and Sumter Counties)
- Freedom Pointe’s CON application is based on historical and current need unlike most CON applications, which are justified on the basis of projected need

The applicant provides further explanation of each of the above-mentioned “special circumstances” on pages 1-14 through 1-17 of CON application #10402.

The reviewer notes that the applicant states that it had 21,962 non-resident patient days for the period of July 1, 2014 to June 30, 2015 on page 1-15 of CON application #10402. The applicant was issued its original license on October 8, 2009 and therefore by October 8, 2014 all 72 beds were for the exclusive use of the prospective residents of the continuing care retirement community (CCRC) pursuant to 651.118, Florida Statutes. The applicant was approved by Agency licensure to convert 10 sheltered beds to community nursing home beds on June 14, 2015 and an extension of the community use of 30 beds pursuant to 651.118 (7), Florida Statutes was granted on June 10, 2015. By the reviewer’s calculation, the applicant could have had a maximum of 7,928 community nursing home bed days if it was following the statutory requirements of 651.118 and part one of Chapter 408, Florida Statutes, therefore the applicant provided 14,034 community nursing home bed days it was not authorized to provide.

- 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.**

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

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

Freedom Pointe states it is a CCRC offering exceptional independent living, personalized assisted living, Alzheimer's and dementia care as well as skilled nursing care options for seniors in a single setting. Freedom Pointe declares that it is equipped and staffed to accommodate short-term rehabilitation typically associated with Medicare stays and long-term skilled nursing care.

The applicant explains that it has 72 sheltered beds divided into two nursing units, both as skilled long-term and rehabilitation. Freedom Pointe indicates that Unit One has 23 private rooms and seven shared-private rooms (for a total of 37 beds) while Unit Two has 19 private rooms and eight shared-private rooms (for a total of 35 beds). Freedom Pointe insists that all rooms contain spacious accommodations and includes a list of features present in the two nursing units within the facility. The applicant states that the physical plant offers a variety of amenities that create the highest standards to assure the highest quality of life for residents. Freedom Pointe includes a list of functional spaces that the two nursing units contain including storage, janitor closet and central supply room. The applicant states that the nurse station and adjacent support spaces are located at a convenient vantage point so that the nursing staff has constant visual control of the areas.

The applicant asserts that patient services will include:

- Speech, occupational and physical therapies
- Outpatient rehabilitation
- General wound care and management
- Acute medical conditions
- Interim medical care following a hospital stay
- Clare Bridge Program for skilled memory care
- Massage and IV therapy
- Laboratory and x-ray service
- Respiratory and Parkinson's care
- Terminal illness care (in cooperation with hospice)

- Stroke recovery
- Diabetic rehabilitation
- Nutritional counseling and special diets
- Individualized care plans

Freedom Pointe states the single-story building consists of 51,363 square feet and the spaciousness of resident rooms, in addition to the facility's unique amenities, provides comfort and the opportunity for engagement and participation of residents. The applicant states that other services and amenities that will provide support, comfort and security include the following:

- 24-hour nursing care
- Social services
- Therapeutic recreational activities
- 24-hour open visitation hours
- Private lavatory/shower
- Barber/beauty salon services
- Accommodations to special therapeutic diet needs
- A chapel to provide a place for solace and peace
- Ice cream parlor
- Multi-purpose theater
- Therapy suites
- Facility transportation service
- Structured activities seven days a week
- Wi-Fi
- Pet therapy
- Pharmacy services
- Security monitor system
- Multi-lingual staff

Freedom Pointe discusses Brookdale's Clare Bridge Concept for Memory care, indicating that the program is deeply rooted by the person-centered approach focused on sustaining feelings of belonging and purpose while seeking to preserve a sense of self.

The applicant notes that services include:

- Customized anti-aging and dementia prevention programs
- Consultation on lifestyle, diet and supplements, plus bio-identical hormones in selected cases
- Optimization of brain function through neuro feedback

Freedom Pointe discusses the management and evaluation of the care plan, noting that each care plan will include measureable objectives to meet the resident's goals. Freedom Pointe asserts that daily charting supports the need for and delivery of daily skilled nursing and the applicant includes a list of documents supporting the level of care.

The applicant maintains that a physician must personally approve in writing a recommendation that an individual be admitted to the facility. The applicant indicates that a preliminary assessment of the resident and development of care will take place during the admission process. Freedom Pointe states that the care plan committee provides a discharge plan and a physician's order is required for all discharges. Freedom Pointe includes samples of its policies and forms associated with these procedures in Appendices four through six of CON application #10402.

Freedom Pointe believes that the new facility will be primarily utilized to provide short-term rehabilitation, and long-term nursing care where the primary payer is Medicare. Shorter stays are reflective of the need for rehabilitative care in the local area.

The applicant provides the following table illustrating the projected admissions, patient days, average length of stay (ALOS) and average daily census (ADC) for the first two years of operation.

**CCRC-Freedom Pointe
Projected Admissions, Patient Days, ALOS and ADC
Year One and Year Two**

	50 -Bed Project		19-Bed Project	
	Year One	Year Two	Year One	Year Two
Admissions	904	904	289	289
Patient Days	17,301	17,301	5,536	5,536
ALOS	19.1	19.1	19.2	19.2
ADC	47.4	47.4	15.2	15.2

Source: CON application #10402, page 2-8

The applicant states due to the great demand for short-term rehabilitation care at the facility, admissions and patient days indicate an expected ALOS of around 19 days for the first two years of conversion.

The reviewer notes that the applicant's Schedule 6A shows that no new FTEs were added by this project.

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 it has not had a nursing home license denied, revoked or suspended.

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

The applicant states it has not 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 indicates that this provision is not applicable.

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

The applicant indicates that this provision is not applicable.

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

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

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

The applicant states that it will provide the required data to the applicable local health council and to the Agency.

3. Statutory Review Criteria

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

There are 63 licensed community nursing homes with 7,558 community nursing home beds in District 3. Subdistrict 3-7 is composed of Lake and Sumter Counties and has 15 licensed community nursing homes with a total of 1,727 community nursing home beds. The subdistrict averaged 90.72 percent total occupancy for the 12-month period ending July 1, 2015.

Freedom Pointe notes that for the most recent 12-month period ending June 2015, overall occupancy in Lake and Sumter Counties (Subdistrict 3-7) was 90.7 percent, virtually the same as the larger District 3 (90.6 percent). The applicant states that Brookdale's community SNF in District 3, Lake Harris Health Center, reported an occupancy rate of 81.0 percent for this same period. The applicant notes that Freedom Pointe recently obtained 10 community beds through an exemption in May, 2015 (E150011). The reviewer notes that exemption E150021 was granted on May 21, 2015 to delicense 10 sheltered beds and add ten community beds and that Agency licensure noted the change in status on June 14, 2015.

The applicant reports its own occupancy at 97 percent for CY 2014. The applicant reports that Freedom Pointe had an occupancy rate of 95 percent for the first half of 2015 (1/15-6/15) and contends that this clearly demonstrates that Freedom's Pointe skilled nursing beds are in great demand. The applicant provides occupancy charts on page 3-2, tables 3-1 and 3-2 of CON application #10402. The reviewer notes that

the applicant was only authorized to utilize these beds for the exclusive use of the residents of the CCRC until June 10, 2015 when 30 beds were opened to the public by extension pursuant to 651.118 (7), Florida Statutes and an additional ten were converted on June 14, 2015 by exemption pursuant to 408.036 (3)(k), Florida Statutes. It is unclear from the information presented by the applicant whether the facility was highly occupied due to the facility's authorized utilization under 651.118, Florida Statutes by residents of the CCRC or whether the high occupancy was due to utilization by the general community.

Freedom Pointe attests that it has 42 private rooms and 15 semi-private rooms. The applicant provides data on page 3-3 of CON application #10402 illustrating the types of rooms (private, semi-private, three-bed and four-bed) offered at the community nursing homes in Subdistrict 3-7. The applicant indicates that there are several facilities in the area having three and four-bed wards and contends that Freedom Pointe sets the standard for the availability of private rooms in the area.

The applicant states that its association with an experienced provider like Brookdale ensures the delivery of the highest quality health care as well as adherence to Chapter 400, Part II, Florida Statutes, and Rule 59A-4, Minimum Standards for Nursing Homes. Freedom Pointe provides a list of all Brookdale SNFs in Florida and award recipients on page 3-4 of CON application #10402.

In regards to accessibility, the applicant states Freedom Pointe has consistently maintained an occupancy rate of 90-95 percent or higher and maintains that Subdistrict 3-7's senior population will benefit directly from the conversion of sheltered beds to community beds. Freedom Pointe indicates the bed conversion will allow direct access to community nursing home beds on a full-time basis.

The applicant includes maps of Subdistrict 3-7 on pages 3-8 and 3-9 of CON application #10402, one map illustrates the current 2015 population, and the second map illustrates the changes in population expected from 2015 to 2020. Freedom Pointe insists that these maps show that the senior population growth is expected to be the heaviest in and around The Villages and southern Lake County. The reviewer notes that the applicant did not examine the population demographics or examine the accessibility of services for residents of Citrus and Hernando counties, except to state that the existing facility is a maximum of 45 to 60 minutes by car.

Freedom Pointe explains that its local service area has been defined based on internal patient origin data for the period July 2014-June 2015. Freedom Pointe notes that the service area is based on all

community admissions with known ZIP Codes during the period. The applicant points out that the service area comprises three ZIP Codes (32159, 32162, and 32163) and represents 74.2 percent of all patients admitted to Freedom Pointe during the period. See table below.

**Freedom Pointe Patient Origin
July 2014-June 2015**

ZIP Code	Volume	Percent of Total	Cumulative Percent
32162 The Villages (includes 32163)	336	40.1%	40.1%
32159 Lady Lake	285	34.1%	74.2%
34491 Summerfield	27	10.2%	84.3%
34484 Oxford	21	3.2%	87.6%
34748 Leesburg	12	2.5%	90.1%
34731 Fruitland Park	12	1.4%	91.5%
34785 Wildwood	6	1.4%	93.0%
34420 Belleview	5	0.7%	93.7%
32778 Tavares	4	0.6%	94.3%
All Other	48	5.7%	100.0%
Total	837	100.0%	

Source: CON application #10402, page 3-10, based on Brookdale Senior Living internal data and Legacy Consulting Group analysis

Freedom Pointe provides a map on page 3-11 illustrating the locations of the four SNFs that are within a 10-mile radius of the proposed site and notes that Buffalo Crossing, a recently approved SNF with 120 beds is also located within the same radius. The applicant reports that the ZIP Codes that make up Freedom Pointe’s service area, 32162 and 32159, have a total 2015 population of 89,498 of which 59,685 (67 percent) are seniors growing to 72,346 by 2020. Freedom Pointe declares that allowing the conversion of sheltered beds assures that this important community resource remains available to those who need it.

The applicant asserts that since hospitals are referral sources for nursing homes, proximity to area hospitals is important. The applicant notes that Freedom Pointe is located just a few hundred yards from The Villages Regional Hospital, where 2,387 patients (20 percent) were discharged to a Medicare-certified SNF during CY 2014. Assuming an average length of stay of 20 days in a SNF, the applicant contends the 2,387 patients alone could support a SNF of 140 beds at 90 percent occupancy rate. Freedom Pointe notes that 2,452 seniors in their primary service area (PSA) were discharged to SNF’s in 2014. Using the same assumption, the applicant states senior discharges to skilled nursing from the PSA alone could support a facility of 150 beds.

Freedom Pointe reports that during the CY 2014, Subdistrict 3-7’s four short-term acute care hospitals discharged a combined total of 7,343 patients to SNFs and in total, 8,255 residents of Subdistrict 3-7 were referred to SNFs from all hospitals. The applicant notes that discharges

from The Villages ZIP Codes (331259, 32162 and 32163) represent nearly one-third (30.8 percent) of all discharges to SNFs for residents of Subdistrict 3-7, and maintains that this is another clear indication of the need for community beds at Freedom Pointe. Discharge data is provided on page 3-14 of CON application #10402.

The applicant indicates that the proposed conversion of 50 sheltered beds or a partial request to convert 16 sheltered beds to community beds is projected to occur by July 2016. Freedom Pointe expects to maintain an occupancy rate of at least 95 percent in the first two years of conversion and continuation of current occupancy rates based on a mix of community beds, sheltered beds, and sheltered beds authorized for an extension pursuant to 651.118, Florida Statutes. See table below.

**Forecasted Utilization for Freedom Pointe
Years One and Two of Conversion**

	50-Bed Project		19-Bed Project	
	Year One	Year Two	Year One	Year Two
Resident Days	17,301	17,301	5,536	5,536
Community Beds	50	50	16	16
Bed Days	18,250	18,250	5,840	5,840
Medicare Days	13,791	13,791	4,413	4,413
Total Occupancy	94.8%	94.8%	94.8%	94.8%
Medicare Occupancy	79.7%	79.7%	79.7%	79.7%

Source: CON application #10402, page 3-17

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

The applicant states that if the proposed project is approved, it will allow Freedom Pointe to continue its history of providing quality care to its residents. The applicant indicates that the facility is expected to attain and maintain its high quality rating because of its broad-based support for residents. Freedom Pointe discusses its mission statement and its Optimum Life® program on page 4-2 of CON application #10402.

Freedom Pointe states that Florida has over 150 Brookdale communities and that each community provides customized solutions for each resident in a variety of community environments that collectively offer a broad continuum of care. The applicant asserts that this continuum of care includes independent living, assisted living, memory care, skilled nursing, CCRCs, home health, therapy, and hospice.

Freedom Pointe notes that Brookdale views wellness as something you do “with” them, not “to” them. The goals of Optimum Life® are to create an environment where residents are hopeful, engaged and growing. Brookdale’s promise is to consider residents and their families as partners in care and to listen well so that choices are respected and care is provided with compassion and competence.

Freedom Pointe reports that 78 percent of Brookdale’s Florida SNFs have been awarded a four or five-star quality rating by the Centers for Medicare and Medicaid Services (CMS). The applicant discusses further recognitions of its facilities on pages 4-3 to 4-5 of CON application #10402.

The applicant declares that quality assurance policies and procedures exist, and all employees are trained to adopt these procedures in their daily assignments, as they become part of the team that will review objectively how care is delivered. The applicant indicates that Brookdale uses PointRight RADAR, an analytics reporting system, to proactively assess trends, track decline, plan interventions for affordable high risk outcomes and begin a dialogue with residents and their families on care preferences. Freedom Pointe states that the three perspectives of Brookdale’s Quality Assurance Performance Improvement Model include ensuring the foundation, creating improvement and sustaining the gains. The applicant states this model is sustained by the following principles:

- Ownership and ongoing engagement of leadership
- Excellence and sustained compliance
- Prioritization of improvement activities
- High-risk, high-volume, problem prone area
- Affect health outcomes, quality of life, satisfaction
- Includes clinical and non-clinical process/outcomes
- Ongoing improvements, new programs

The applicant includes forms related to Brookdale’s quality of care policies in Appendices 10-13 of CON application #10402.

Freedom Pointe is not a Gold Seal Program nor is it on the Agency’s Nursing Home Watch List. The most recent Agency inspection indicates Freedom Pointe received an overall five-star rating out of a possible five stars. The Agency’s Nursing Home Guide was last updated November 2015. Freedom Pointe had two substantiated complaints during the period November 18, 2012 to November 18, 2015 in the complaint category of nursing services and quality of care.

Agency complaint records indicate that the affiliated nursing homes associated with the parent company, for the three-year period ending November 18, 2015, had 35 substantiated complaints at 12 facilities. A single complaint can encompass multiple complaint categories. The substantiated complaint categories are listed below:

Substantiated Complaint Categories for the Past 36 Months	
Complaint Category	Number Substantiated
Physical Environment	3
Quality of Care/Treatment	12
Admission/Transfer/Discharge Rights	2
Infection Control	3
Administration/Personnel	3
Nursing Services	4
Resident Rights	5
Resident Assessments	3

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.**

Full Award- proposed addition of 50 community beds through the conversion of 50 sheltered beds

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 Brookdale Senior Living, Inc. and HCP, Inc., joint owners of the parent company CCRC – Freedom Pointe at the Villages, LLC, and where the two short-term and long-term measures fall on the scale (highlighted in gray) for the most recent year. All dollar values are in thousands.

Brookdale Senior Living, Inc. (in thousands)		
	Current Year	Previous Year
Current Assets	\$614,789	\$294,862
Total Assets	\$10,521,363	\$4,737,757
Current Liabilities	\$877,762	\$870,844
Total Liabilities	\$7,639,122	\$3,716,820
Net Assets	\$2,882,241	\$1,020,937
Total Revenues	\$3,831,706	\$2,891,966
Excess of Revenues Over Expenses	(\$149,426)	(\$3,584)
Cash Flow from Operations	\$242,652	\$366,121
Short-Term Analysis		
Current Ratio (CA/CL)	0.7	0.3
Cash Flow to Current Liabilities (CFO/CL)	27.64%	42.04%
Long-Term Analysis		
Long-Term Debt to Net Assets (TL-CL/NA)	234.6%	278.8%
Total Margin (ER/TR)	-3.90%	-0.12%
Measure of Available Funding		
Working Capital	(\$262,973)	(\$575,982)

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%

HCP, Inc. (in thousands)		
	Current Year	Previous Year
Current Assets	\$220,149	\$328,050
Total Assets	\$21,369,940	\$20,075,870
Current Liabilities	\$432,934	\$318,427
Total Liabilities	\$10,372,841	\$9,144,736
Net Assets	\$10,997,099	\$10,931,134
Total Revenues	\$2,266,279	\$2,099,878
Excess of Revenues Over Expenses	\$936,591	\$985,006
Cash Flow from Operations	\$1,248,621	\$1,148,987
Short-Term Analysis		
Current Ratio (CA/CL)	0.5	1.0
Cash Flow to Current Liabilities (CFO/CL)	288.41%	360.83%
Long-Term Analysis		
Long-Term Debt to Net Assets (TL-CL/NA)	90.4%	80.7%
Total Margin (ER/TR)	41.33%	46.91%
Measure of Available Funding		
Working Capital	(\$212,785)	\$9,623

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

Capital Requirements and Funding:

The applicant indicates on Schedule 2 capital projects totaling \$2,304,872 which includes this project (\$76,482), routine capital expenditures 2015 (\$1,162,885), routine capital expenditures 2016 (\$164,247), 2016 unit turn cap ex (\$10,411), 2016 deferred cap ex (\$210,000), and 2016 apartment upgrades (\$680,847). The applicant indicates on Schedule 3 of its application that funding for the project will be provided by operating cash flows. A letter was provided from Brookdale Senior Living, Inc. for this project. The letter also states that the co-owner HCP, Inc. will provide necessary funds as needed, but no letter from HCP was provided confirming this support.

Conclusion:

Funding for this project should be available as needed provided HCP meets its commitment to provide 49 percent of the necessary funding.

Partial award- proposed addition of 16 community nursing beds through the conversion of 16 sheltered beds

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 Brookdale Senior Living, Inc. and HCP, Inc., joint owners of the parent company CCRC – Freedom Pointe at the Villages, LLC, and where the two short-term and long-term measures fall on the scale (highlighted in gray) for the most recent year. All dollar values are in thousands.

Brookdale Senior Living, Inc. (in thousands)		
	Current Year	Previous Year
Current Assets	\$614,789	\$294,862
Total Assets	\$10,521,363	\$4,737,757
Current Liabilities	\$877,762	\$870,844
Total Liabilities	\$7,639,122	\$3,716,820
Net Assets	\$2,882,241	\$1,020,937
Total Revenues	\$3,831,706	\$2,891,966
Excess of Revenues Over Expenses	(\$149,426)	(\$3,584)
Cash Flow from Operations	\$242,652	\$366,121
Short-Term Analysis		
Current Ratio (CA/CL)	0.7	0.3
Cash Flow to Current Liabilities (CFO/CL)	27.64%	42.04%
Long-Term Analysis		
Long-Term Debt to Net Assets (TL-CL/NA)	234.6%	278.8%
Total Margin (ER/TR)	-3.90%	-0.12%
Measure of Available Funding		
Working Capital	(\$262,973)	(\$575,982)

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%

HCP, Inc. (in thousands)		
	Current Year	Previous Year
Current Assets	\$220,149	\$328,050
Total Assets	\$21,369,940	\$20,075,870
Current Liabilities	\$432,934	\$318,427
Total Liabilities	\$10,372,841	\$9,144,736
Net Assets	\$10,997,099	\$10,931,134
Total Revenues	\$2,266,279	\$2,099,878
Excess of Revenues Over Expenses	\$936,591	\$985,006
Cash Flow from Operations	\$1,248,621	\$1,148,987
Short-Term Analysis		
Current Ratio (CA/CL)	0.5	1.0
Cash Flow to Current Liabilities (CFO/CL)	288.41%	360.83%
Long-Term Analysis		
Long-Term Debt to Net Assets (TL-CL/NA)	90.4%	80.7%
Total Margin (ER/TR)	41.33%	46.91%
Measure of Available Funding		
Working Capital	(\$212,785)	\$9,623

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

Capital Requirements and Funding:

The applicant indicates on Schedule 2 capital projects totaling \$2,304,872 which includes this project (\$76,482), routine capital expenditures 2015 (\$1,162,885), routine capital expenditures 2016 (\$164,247), 2016 unit turn cap ex (\$10,411), 2016 deferred cap ex (\$210,000), and 2016 apartment upgrades (\$680,847). The applicant indicates on Schedule 3 of its application that funding for the project will be provided by operating cash flows. A letter was provided from Brookdale Senior Living, Inc. for this project. The letter also states that the co-owner HCP, Inc. will provide necessary funds as needed, but no letter from HCP was provided confirming this support.

Conclusion:

Funding for this project should be available as needed provided HCP meets its commitment to provide 49 percent of the necessary funding.

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

Full award- proposed addition of 50 community beds through the conversion of 50 sheltered beds

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 ratio and profitability. We compared the NRPD, CPD, and profitability to actual operating results from SNFs as reported on Medicaid cost reports (2012, 2013, and 2014 cost report years). For our comparison group, we selected 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	11,334,745	455	1,748	507	264
Total Expenses	9,601,687	385	1,673	481	316
Operating Income	1,733,058	70	176	24	-173
Operating Margin	15.29%		Comparative Group Values		
	Days	Percent	Highest	Median	Lowest
Occupancy	24,913	94.80%	97.64%	91.27%	33.72%
Medicaid	0	0.00%	29.81%	20.22%	0.00%
Medicare	19,859	79.71%	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's projected staffing meets this requirement.

The applicant nursing home is part of a CCRC made up of residential units, an assisted living facility, and a nursing home and is regulated as a type of insurance arrangement. The idea is that CCRC residents buy into the community and transition through life from residential, to assisted living, and finally to skilled nursing. Skilled nursing is also available for rehabilitation to residents. The business model for a CCRC in general shows the skilled nursing component as a loss with the residential living and assisted living generating enough profit to cover the loss. In this case, the applicant projected an overall profit both with and without the net earnings of the rest of the CCRC.

The range of actual results in our group for small nursing homes is wide due to the small volume of nursing homes in the group and associated scale of cost and revenue. CCRCs are regulated by the Florida Office of Insurance Regulation (OIR). OIR requires CCRCs to maintain a minimum liquid reserve and file financial statements on a regular basis. The existence of a Certificate of Authority issued by OIR and maintenance of a minimum liquid reserve indicates stability of the CCRC. The applicant CCRC had both in the previous year, but the Agency was not able to verify if this still holds true with the OIR.

Conclusion:

This project appears to be financially feasible based on the projections provided by the applicant.

Partial award- proposed addition of 16 community nursing beds through the conversion of 16 sheltered beds

Analysis:

The immediate and long-term financial feasibility of the project is tied to expected profitability. The purpose of our analysis for this section is to evaluate the reasonableness of the applicant's profitability projections and, ultimately, whether profitability is achievable for this project. Our analysis includes an evaluation of net revenue per patient day (NRPD), cost per patient day (CPD), nurse staffing ratios and profitability. We compared the NRPD, CPD and profitability to actual operating results from SNFs as reported on Medicaid cost reports (2012, 2013, and 2014 cost report years). For our comparison group, we selected 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	11,334,745	455	1,748	507	264
Total Expenses	9,601,687	385	1,673	481	316
Operating Income	1,733,058	70	176	24	-173
Operating Margin	15.29%		Comparative Group Values		
	Days	Percent	Highest	Median	Lowest
Occupancy	24,913	94.80%	97.64%	91.27%	33.72%
Medicaid	0	0.00%	29.81%	20.22%	0.00%
Medicare	19,859	79.71%	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’s projected staffing meets this requirement.

The applicant nursing home is part of a CCRC made up of residential units, an assisted living facility, and a nursing home and is regulated as a type of insurance arrangement. The idea is that CCRC residents buy into the community and transition through life from residential, to assisted living, and finally to skilled nursing. Skilled nursing is also available for rehabilitation to residents. The business model for a CCRC in general shows the skilled nursing component as a loss with the residential living and assisted living generating enough profit to cover the loss. In this case, the applicant projected an overall profit both with and without the net earnings of the rest of the CCRC.

The range of actual results in our group for small nursing homes is wide due to the small volume of nursing homes in the group and associated scale of cost and revenue. CCRCs are regulated by the Florida Office of Insurance Regulation (OIR). OIR requires CCRCs to maintain a

minimum liquid reserve and file financial statements on a regular basis. The existence of a Certificate of Authority issued by OIR and maintenance of a minimum liquid reserve indicates stability of the CCRC. The applicant CCRC had both in the previous year, but the Agency was not able to verify if this still holds true with the OIR.

Conclusion:

This project appears to be financially feasible based on the projections provided by the applicant.

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

Analysis:

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

Conclusion:

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

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

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

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

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

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

Medicaid Patient Days and Medicaid Occupancy Subdistrict 3-7, District 3 and Florida

Medicaid Patient Days					
Facility/Area	2010	2011	2012	2013	2014
Subdistrict 3-7	290,790	305,589	309,524	314,518	331,525
District 3	1,468,022	1,499,110	1,523,920	1,539,243	1,538,825
Florida	15,530,575	15,612,015	15,733,318	15,700,197	15,875,092
Medicaid Occupancy					
Facility/Area	2010	2011	2012	2013	2014
Subdistrict 3-7	53.89%	55.64%	56.91%	57.75%	57.97%
District 3	60.25%	61.28%	62.13%	62.34%	61.58%
Florida	61.33%	61.56%	61.85%	61.66%	61.88%

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

Freedom Pointe indicates the facility will continue to accept Medicare, as well as a variety of other payers to accommodate the community it serves. The applicant projects admissions and patient days will remain consistent with current patterns, should the proposed conversion be approved. Medicare patients are expected to comprise approximately 80 percent of total patient days. The summarized payer projections for both the 50-bed and the 16-bed project are shown below.

Freedom Pointe Projected Payer Mix Year One and Two

Payer	50 -Bed Project		19-Bed Project	
	Year One	Year Two	Year One	Year Two
Medicare	13,791	13,791	4,413	4,413
Commercial	807	807	258	258
Private	2,703	2,703	865	865
Total	17,301	17,301	5,536	5,536

Source: CON application #10402, page 3-31

The applicant affirms that it provides high-quality skilled nursing care to those in need and states that historically, it has been overwhelmed with short-term rehabilitation patients, who are typically Medicare and private-pay patients. Freedom Pointe indicates it follows the trends of what the local market demands, short-term rehabilitation, also typically covered by Medicare and private payers.

Freedom Pointe notes that it does not accept Medicaid, but its affiliated facility Lake Harris Health Center provides skilled nursing care to Medicaid patients. The reviewer notes that Lake Harris Health Center, located in Leesburg Florida (Subdistrict 3-7) is a three-star facility according to the FloridaHealthFinder.gov, and is not on the Nursing Home Watch List nor is it a Gold Seal facility.

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

**Brookdale Operated Facilities, Florida Medicaid Occupancy
July 1, 2014 to June 30, 2015**

Facility	Medicaid Days	Total Days	Medicaid Occupancy
Lake Harris Health Center	11,554	32,503	35.55%
Freedom Pointe at the Villages*	N/A	N/A	N/A
Atrium Healthcare Center (name changed to Brookdale Atrium Way 2 on 12/18/2014)	8,954	29,917	32.07%
Cypress Village	11,604	41,904	27.69%
Sylvan Health Care	4,750	20,852	22.78%
Freedom Square Rehab Center and Nursing	12,429	22,212	55.96%
Seminole Pavilion Rehab and Nursing Services	16,246	41,373	39.27%
Freedom Village at Bradenton*	N/A	N/A	N/A
Plaza West	6,788	39,936	18.38%
Premier Place at Glenview	0	7,516	0.00%
Harbour Health Center	16,820	34,824	48.30%
Palmer Ranch Healthcare and Rehabilitation	7,694	19,542	39.37%
Total	96,839	290,579	35.48%

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

*The reviewer notes that this SNF is a sheltered facility without Medicaid utilization

The applicant’s Schedule 7 indicates that Medicaid and self-pay represent 0.0 percent and 15.6 percent, respectively, of year one and year two annual total patient days.

F. SUMMARY

CCRC-Freedom Pointe at the Villages, LLC (CON application #10402), proposes to add 50 community nursing home beds through conversion of 50 sheltered nursing home beds or a partial request to add 16 community nursing home beds through the conversion of sheltered nursing home beds to CCRC-Freedom Pointe at the Villages in Sumter County. The applicant intends to aggregate need from Subdistricts 3-5, 3-6 and 3-7. The reviewer notes that bed need was not determined to exist in Subdistrict 3-7 and therefore bed need cannot be aggregated from Subdistrict 3-7.

The applicant's parent operates 12 SNFs in Florida.

The proposed project is a conversion of existing licensed beds and will involve no construction or renovation. The applicant states that the only project costs are those costs associated project development costs. The applicant lists a total project cost of \$76,482.50.

Freedom Pointe is a 72 sheltered bed facility located in The Villages in Sumter County. It is located on the campus of a CCRC.

The applicant proposes one condition on its Schedule C.

Need:

In Volume 41, Number 192 of the Florida Administrative Register dated October 2, 2015, a fixed need pool of zero beds was published for Subdistrict 3-7 for the July 2018 Planning Horizon. Subdistrict 3-7 is comprised of Lake and Sumter Counties. The applicant states that it will be aggregating bed need from Subdistricts 3-5, 3-6 and 3-7 pursuant to 408.034 (6), Florida Statutes.

The reviewer notes that nursing home bed need was determined to exist in both Subdistrict 3-5 (Citrus County—39 beds) and Subdistrict 3-6 (Hernando County—16 beds) but no bed need was determined to exist in Subdistrict 3-7 (Lake and Sumter Counties). The relative bed need for each subdistrict where bed need was determined to exist, by percentage, is as follows:

- Citrus County—70.91 percent
- Hernando County—29.09 percent

The reviewer notes that bed need was not determined to exist in Subdistrict 3-7 and therefore bed need cannot be aggregated from Subdistrict 3-7.

As of November 18, 2015, Subdistrict 3-7 had 1,727 licensed and 300 approved community nursing home beds. During the 12-month period ending June 30, 2015, Subdistrict 3-7 experienced 90.72 percent utilization at 15 existing facilities.

The applicant states the following factors demonstrate the advantages of the proposed project:

- Creates full-time access to Freedom Pointe’s state-of-the-art physical plant and its specialized skilled nursing services
- Efforts can continue to focus on patient-centered, quality-driven rehabilitation with the most technologically advanced therapy equipment available aimed at returning residents to their home environment
- The facility contains a variety of spaces that are intended to promote resident activity, socialization, entertainment, independence, and well-being
- Because of its affiliation with Brookdale, the applicant has significant experience in the development and operation of quality long-term care facilities and senior living communities
- Freedom Pointe’s sheltered beds are currently in operation so the transformation from sheltered to community beds will be seamless

The applicant provides the following table illustrating the projected admissions, patient days, ALOS and ADC for the first two years of operation.

**CCRC-Freedom Pointe
Projected Admissions, Patient Days, ALOS and ADC
Year One and Year Two**

	50-Bed Project		19-Bed Project	
	Year One	Year Two	Year One	Year Two
Admissions	904	904	289	289
Patient Days	17,301	17,301	5,536	5,536
ALOS	19.1	19.1	19.2	19.2
ADC	47.4	47.4	15.2	15.2

Source: CON application #10402, page 2-8

Quality of Care:

The applicant described its ability to provide quality care.

For the most recent rating period, the existing facility had five out of a possible five-star quality inspection rating according to the Agency Nursing Home Guide. CCRC-Freedom Pointe at the Villages, LLC, is not a Gold Seal facility nor is it on the Agency Nursing Home Watch List.

The applicant had two substantiated complaints from November 18, 2012 to November 18, 2015. The applicant's controlling interest had 35 substantiated complaints in its 12 Florida SNFs for the same time period.

Financial Feasibility/Availability of Funds:

For both the full and partial award.

Funding for this project should be available as needed provided HCP meets its commitment to provide 49 percent of the necessary funding. This project appears to be financially feasible based on the projections provided by the applicant.

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

Medicaid/Charity Care:

The applicant does not propose to condition project approval to a percentage of Medicaid days. The applicant does not accept Medicaid although it indicates that an affiliated facility (Lake Harris Health Center) in Subdistrict 3-7 does accept Medicaid.

The applicant's Schedule 7 indicates that Medicaid and self-pay represent 0.0 percent and 15.6 percent, respectively, of year one and year two annual total patient days.

Architectural:

The Office of Plans and Construction notes that the codes and standards regulating the design and construction of SNFs are the same for beds licensed as sheltered beds and community beds. Therefore, a review of the architectural submissions for this project is unnecessary since the existing nursing beds have already been reviewed and approved by the Agency for use as skilled nursing beds in accordance with Florida Statutes 400.232 and Florida Administrative Code 59A-4.133.

G. RECOMMENDATION

Deny CON #10402.

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