

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

A. PROJECT IDENTIFICATION

1. Applicant/CON Action Number

Plaza North, Inc. (CON #10417)

3023 N. Shannon Lakes Drive
Tallahassee, Florida 32309

Authorized Representative: Peter A. Lewis, Esquire
(850) 668-7141

2. Service District/Subdistrict

District 11/Subdistrict 11-1 (Miami-Dade County)

B. PUBLIC HEARING

A public hearing was not held or requested regarding any of the proposed projects.

Letters of Support

Plaza North, Inc. (CON #10417): No letters of support were received by the Agency or submitted by the applicant for CON application #10417.

C. PROJECT SUMMARY

Plaza North, Inc. (CON #10417), hereafter referred to as Plaza North or the applicant, proposes to establish a new 104-bed community nursing home in District 11/Subdistrict 11-1, Miami-Dade County, through the voluntary delicensure of 104 community nursing home beds from Hebrew Homes South Beach, Inc. (referred to as Hebrew Homes) located in the same subdistrict. The applicant explains that Hebrew Homes maintains an inactive license since October 22, 2013 for 104 beds.

Therefore, if approved, the project will return inactive licensed nursing home beds into use, taking no beds from the fixed need pool.

The reviewer notes that Plaza Health Network owns the facility where the inactive beds are being acquired, Hebrew Homes South Beach Plaza Rehabilitation and Nursing Center. Plaza North is an affiliate of the Plaza Health Network that currently owns and operates seven other facilities, all located in Subdistrict 11-1, Miami-Dade County:

- Arch Plaza Nursing and Rehabilitation Center
- Aventura Plaza Rehabilitation and Nursing Center
- Jackson Plaza Nursing and Rehabilitation Center
- Ponce Plaza Nursing and Rehabilitation Center
- Sinai Plaza Nursing and Rehabilitation Center
- South Pointe Plaza Rehabilitation and Nursing Center
- University Plaza Rehabilitation and Nursing Center

Plaza North indicates that this project will be located at 14602 Northeast 16th Avenue, North Miami, ZIP Code 33161 in the currently vacant Plaza North facility. Plaza North states that the on-site vacated building once housed Plaza North’s 85 community nursing home beds.

The project involves 29,132 gross square feet (GSF) of new construction and 18,144 GSF of renovation (47,276 total GSF of project). The construction cost is \$7,400,000 and the renovation cost is \$3,500,000 (\$12,612,000 in total construction cost). Total project cost is \$15,448,400. Project cost includes land, building, equipment, project development, financing and start-up costs.

The applicant proposes to condition the project as shown below:

- Renovation and new construction at the existing site formerly an 85-bed licensed nursing home known as Plaza North. The address is as follows: 14601 Northeast 16th Avenue, North Miami, Florida 33161
- Medicaid Managed Care to be 60 percent of total resident days of care

Total GSF and Project Costs of Co-Batched Applicants

Applicant	CON #	Project	GSF	Costs \$	Cost Per Bed
Plaza North, Inc.	10417	New 104-Community Nursing Bed Facility	47,276	\$15,448,400	\$148,542

Source: CON applications #10417, Schedule 1 and 9

Should a project be approved, the applicant’s proposed conditions would be reported in the annual condition compliance report as required by Rule 59C-1.013 (3) Florida Administrative Code.

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, Robert Douin analyzed the application, with consultation from the financial analyst, Derron Hillman 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 109 community nursing home beds was published for District 11, Subdistrict 1 (also referenced as Subdistrict 11-1) for the July 2018 Planning Horizon.

As of December 23, 2015, Subdistrict 11-1 had 8,456 licensed and 213 approved community nursing homes beds. During the 12-month period ending June 30, 2015, Subdistrict 11-1 experienced 89.49 percent utilization (total occupancy) at 54 existing community nursing homes. Below is a table illustrating nursing home patient days and total occupancy within Subdistrict 11-1, for the referenced time frame.

Miami-Dade County Nursing Home Patient Days and
Total Occupancy July 1, 2014-June 30, 2015

County/Facility	Community Nursing Home Bed Inventory	Bed Days	Patient Days	Total Occupancy	Medicaid Occupancy
<i>Miami-Dade</i>					
Arch Plaza Nursing & Rehabilitation Center	98	35,770	32,588	91.10%	83.23%
Aventura Plaza Rehabilitation & Nursing Center	86	31,390	29,576	94.22%	83.34%
Claridge House Nursing & Rehabilitation Center	240	87,600	81,730	93.30%	81.06%
Coral Gables Nursing and Rehabilitation Center	87	31,755	28,593	90.04%	78.27%
Coral Reef Nursing & Rehabilitation Center	180	65,700	62,011	94.39%	63.17%
Cross Gardens Care Center	120	43,800	33,145	75.67%	88.16%
East Ridge Retirement Village, Inc.	50	18,250	11,043	60.51%	32.13%
Fair Havens Center	269	98,185	97,359	99.16%	70.80%
Floridean Nursing and Rehabilitation Center, The	90	32,850	31,584	96.15%	37.63%
Fountain Manor Health & Rehabilitation Center	146	53,290	47,085	88.36%	84.93%
Franco Nursing & Rehabilitation Center	120	43,800	40,785	93.12%	65.93%
Golden Glades Nursing and Rehabilitation Center	180	65,700	65,449	99.62%	69.94%
Hampton Court Nursing & Rehabilitation Center	120	43,800	40,918	93.42%	56.28%
Harmony Health Center	203	74,095	73,823	99.63%	66.39%
Heartland Health Care Center Kendall	120	43,800	41,239	94.15%	22.18%
Heartland Health Care Center Miami Lakes	120	43,800	41,245	94.17%	21.68%
Hebrew Home of South Beach (Inactive 10/22/13)	104	37,960	0	0.00%	0.00%
Hialeah Nursing and Rehabilitation Center	276	100,740	93,115	92.43%	82.93%
Hialeah Shores Nursing and Rehab Center	120	43,800	36,164	82.57%	71.79%
Homestead Manor A Palace Community	88	27,728	26,548	95.74%	76.59%
Jackson Memorial Long Term Care Center	180	65,700	62,654	95.36%	64.12%
Jackson Memorial Perdue Medical Center	163	59,495	52,589	88.39%	64.24%
Jackson Plaza Nursing & Rehabilitation Center	120	43,800	41,017	93.65%	75.00%
Miami Jewish Health Systems, Inc. (16 beds inact. 12/10/14)	438	159,870	143,753	89.92%	66.87%
Miami Shores Nursing and Rehab Center	99	36,135	33,755	93.41%	74.19%
North Beach Rehabilitation Center	99	36,135	33,105	91.61%	53.04%
North Dade Nursing and Rehabilitation Center	245	89,425	60,636	67.81%	76.45%
Nursing Center at Mercy, The	120	43,800	42,492	97.01%	16.60%
Oceanside Extended Care Center	196	71,540	71,305	99.67%	73.52%
Palace at Kendall Nursing & Rehabilitation Center	180	65,700	63,079	96.01%	60.27%
Palm Garden of Aventura	120	43,800	40,746	93.03%	52.84%
Palmetto Rehabilitation and Health Center	90	32,850	30,751	93.61%	52.49%
Palmetto Sub Acute Care Center, Inc.	95	34,675	33,335	96.14%	37.17%
Pinecrest Rehabilitation Center	100	36,500	29,449	80.68%	74.00%
Pines Nursing Home	46	16,790	14,653	87.27%	84.96%
Ponce Plaza Nursing & Rehabilitation Center	147	53,655	52,012	96.94%	80.62%
Regents Park at Aventura	180	65,700	63,003	95.89%	60.22%
Riverside Care Center	120	43,800	43,204	98.64%	85.36%
Riviera Health Resort	223	81,395	77,796	95.58%	44.70%
Signature Healthcare Center of Waterford	214	78,110	74,645	95.56%	70.18%
Signature Healthcare of Brookwood Gardens	180	65,700	46,666	71.03%	69.76%
Sinai Plaza Nursing & Rehab Center	150	54,750	50,392	92.04%	60.74%
South Dade Nursing and Rehabilitation Center	180	65,700	65,480	99.67%	68.32%
South Pointe Plaza Rehabilitation and Nursing Center	230	83,950	65,218	77.69%	88.27%
St Annes Nursing Center, St Annes Residence Inc.	213	78,977	71,066	89.98%	71.13%
Susanna Wesley Health Center	120	43,800	39,966	91.25%	66.52%
Treasure Isle Care Center	176	64,240	56,008	87.19%	87.41%
Unity Health and Rehabilitation Center	294	107,310	97,595	90.95%	82.37%
University Plaza Rehab. & Nursing Center, Inc.	148	54,020	42,847	79.32%	70.75%
VI at Aventura	0				
Victoria Nursing & Rehabilitation Center, Inc.	264	96,360	93,256	96.78%	64.76%
Villa Maria Nursing Center	212	77,380	71,419	92.30%	68.00%
Villa Maria West Skilled Nursing Facility	27	8,623	7,295	84.60%	0.00%
Watercrest Care Center	150	54,750	31,745	57.98%	83.36%
West Gables Health Care Center	120	43,800	41,288	94.26%	32.33%
Total	8,456	3,082,048	2,758,220	89.49%	66.93%

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

The reviewer notes the current and projected population within Miami-Dade County (the subdistrict), the district in total and Florida, for the planning horizon. The projected population growth, both numerically and by percent, is provided in the table below.

**Current and Projected Population Growth Rate
Miami-Dade County, Subdistrict 11-1, District 11 and Florida
January 2015 and January 2018**

County/Area	January 1, 2015 Population			January 1, 2018 Population		
	0-64	65+	Total	0-64	65+	Total
Miami-Dade	2,236,366	392,097	2,628,463	2,293,202	424,667	2,717,869
Subdistrict 11-1	2,236,366	392,097	2,628,463	2,293,202	424,667	2,717,869
District 11	2,294,861	407,020	2,701,881	2,349,716	441,037	2,790,753
Florida	16,044,019	3,635,347	19,679,366	16,510,025	4,013,237	20,523,262
County/Area	2015-2018 Increase			2015-2018 Growth Rate		
	0-64	65+	Total	0-64	65+	Total
Miami-Dade	56,836	32,570	89,406	2.54%	8.31%	3.40%
Subdistrict 11-1	56,836	32,570	89,406	2.54%	8.31%	3.40%
District 11	54,855	34,017	88,872	2.39%	8.36%	3.29%
Florida	466,006	377,890	843,896	2.90%	10.39%	4.29%

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

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

Beds per 1,000 Residents Age 65 and Older

County/Area	Community Beds	2015 Pop. Aged 65+	2015 Beds per 1,000	2018 Pop. Aged 65+	2018 Beds per 1,000
Miami-Dade	8,456	392,097	22	424,667	20
Subdistrict 11-1	8,456	392,097	22	424,667	20
District 11	8,746	407,020	21	441,037	20
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

The reviewer notes that the proposed project is not in response to the fixed need pool and does not add community nursing beds within District 11, Subdistrict 11-1 (Miami-Dade County). The project, if approved, will not change the total community nursing home bed count in the planning area.

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

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

Plaza North, Inc. (CON #10417):

Population demographics and dynamics

The applicant provides two maps on pages 1-6 and 1-7 depicting the 2015 population age 65+ by ZIP Code. Plaza North (ZIP Code 33161) is located in a light green area of the map indicating an elderly population (65+) of 3,600-7,199 residents. Also displayed on the map on page 1-7 is a five-mile radius around the Plaza North location encompassing 18 nursing homes (2,581 beds) and an elderly population of 69,009 persons.

Plaza North states that the population for Miami-Dade County will grow by the compound annual growth rate (CAGR) of 1.3 percent, however the elderly population (65+) will grow at a rate of 3.2 percent and the 85+ population will grow at a rate of three percent per year. The applicant provides the following table illustrating the current population and estimates for 2020 by age cohort with the compound annual growth rates. See table below.

Current Population 2015 and Estimates for 2020 by Age Cohort with the Compound Annual Growth Rates

Factor	Number
2015 Population: 65+	403,204
2015 Population: 85+	55,406
2015 Total Population	2,665,613
2020 Population: 65+	470,936
2020 Population: 85+	61,172
2020 Total Population	2,840,882
CAGR 65+	3.2%
CAGR 85+	2.0%
CAGR Total	1.3%

Source: CON application #10417, page 1-11

Availability, utilization, and quality of like services

Concerning availability, the applicant provides a table illustrating the five-mile radius surrounding Plaza North. For July 1, 2014 – June 30, 2015, the total occupancy rate of the 18 nursing homes is 90.1 percent. Plaza North insists that this occupancy rate is high compared to the state average of 88 percent. The applicant states that within the five-mile radius, there are three other Plaza Health Network facilities averaging a 92 percent occupancy rate for the same time period. Plaza North also provides a similar table for the five-mile radius surrounding the Hebrew Homes location highlighting an occupancy rate of 90.7 percent.

The applicant states in the five-mile radius around Plaza North there are 37 beds per 1,000 elderly and the five-mile radius surrounding Hebrew Homes is 40 beds per 1,000 elderly. Therefore, Plaza North states a shift of 104-beds from Hebrew Homes South Beach to Plaza North's location results in 38 beds per 1,000 persons, creating parity between the two locations. (Table 1-3, page 1-10).

The applicant contends that adding 104 beds in the five-mile radius surrounding Plaza North and calculating the 2020 resident days shows high demand for the area even with the addition. The applicant provides a table emphasizing the occupancy rates of the nursing homes in the five-mile radius of the proposed location and according to the table the occupancy rate in 2020, with the 104-bed addition, will be 104.9 percent--therefore this project will have no adverse impact on neighboring nursing homes.

Regarding forecasted utilization, the applicant discusses that for forecast year two (June 2020) Plaza North operations will generate 32,758 resident days leaving a remainder of 3,117,771 residents for the rest of the subdistrict. Plaza North provides a table showcasing the applicant's resident days by payer for the first two years of operation. The applicant notes that it utilizes an occupancy rate for year one of 44.6 percent and 86.1 percent for year two, respectively. Plaza North maintains that the average daily census (ADC) for year one is 46 residents and for year two is 90 residents. The applicant notes that resident days by payer indicate the expectation of the sources of reimbursement. See table below

Forecasted Nursing Home Resident Days by Payer First Two Years of Operation, Plaza North (N=104 Beds)

Payer	Year One: 7/18-6/19 Resident Days	Year Two: 7/19-6/20 Resident Days	Percent of Days	Average Daily Census Year One	Average Daily Census Year Two
Medicare	1,529	2,960	9.0%	4	8
Medicare Managed Care	2,533	4,902	15.0%	7	13
Medicaid Managed Care	10,154	19,654	60.0%	28	54
Commercial Insurance	1,861	3,604	11.0%	5	10
Self-Pay	846	1,638	5.0%	2	4
Total	16,923	32,758	100.0%	46	90
Occupancy Rate	44.6%	86.1%			

Source: CON application #10417, page 1-14

Medical Treatment Trends

Plaza North does not specifically speak about medical treatment trends, however in their determination of need services, Plaza North determined a need for specific services based off of discharges to nursing homes by Major Diagnostic Category (MDC). The applicant asserts Table 2-1 on page 2-7, highlighting the trending MDCs, the top seven are as follows:

- Musculoskeletal/connective tissue
- Circulatory system
- Respiratory system
- Kidney and urinary tract
- Nervous system
- Digestive system
- Infectious and parasitic diseases

Market Trends

No market trends were specifically discussed in CON application #10417

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.

CON #10417 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.

Plaza North, Inc. (CON #10417) states that they will provide both short and long-term care and participate in both the Medicare and Medicaid Programs. Plaza North states its focus upon residents includes the following elements:

- Live free of pain
- Focus on well being
- Adapt to functional limitations
- Identify problems early, respond quickly, monitor progress to living a rich life
- Address the whole person, physically, emotionally, spiritually and intellectually
- Identify additional services or providers and engage them with family and the nursing center personnel to meet each resident's wishes

As mentioned previously, the applicant used discharge data by MDCs to determine what services are needed at the facility (MDC analysis found on pages 2-7 through 2-10 of CON #10417), appropriate therapies include but are not limited to the services below:

- Weight bearing (to improve mobility and build strength)
- Cardiac (to improve patients that have experienced heart complications)
- Respiratory (to help restore airway capabilities and diaphragm patency)
- Physical, speech and occupational therapies

The applicant notes that some respiratory equipment might be supplied at discharge, such as ventilators, apnea monitors, nebulizers, CPAP, BiPAP and oxygen concentrators.

The applicant provides a check mark list, on pages 2-11 and 2-12, of all the services and amenities currently offered at the Plaza Health Network facilities, stating that Plaza North may rely on expertise to implement them. On pages 2-13 through 2-15 the applicant provided images of existing Plaza Health Network facilities services, including photos of gyms, gym equipment, and resident rooms.

Plaza North explains that admission to the facility will use the mandated MDS assessment tool, which must be completed within two weeks of admission. The applicant states that the resident and family participate in setting objectives, which will appear in the resident's medical record. Plaza North states that each resident receives an admissions packet which details the agreement between the facility representative and the resident. A list of forms and policies found in the admissions packet are located on page 2-4 of CON #10417. The applicant indicates that residents also receive handbooks explaining their rights, Medicare/Medicaid benefits and information on their legal rights including:

- Living will
- Living will declaration form
- Instructions for the living will declaration form
- Health care surrogate
- Surrogate designation form

- Instructions for surrogate designation form
- Health care proxy
- Durable power of attorney
- Guardianship
- Information on the case law for advanced directives

Regarding discharge, Plaza North states that discharge plans begin with the initial assessment when the patient needs and attributes are assessed with the admission diagnosis specifically addressed. The applicant states that it is the responsibility of the facility to have identified the medically related social service or home-based services needs of the resident and assure that needs are met by the appropriate disciplines. The applicant notes that discharge plans involve an interdisciplinary team approach.

The applicant's Schedule 7 indicates that average length of stay (ALOS) will be 57.8 days for year one and 58.1 days for year two of operation.

Schedule 6 illustrates that FTEs for year one (ending June 30, 2019) total 68.2 and total 121.5 for year two (ending June 30, 2020). The proposed project's year one and year two FTEs are shown in the table below.

Plaza North, Inc. (CON application #10417) Projected Year One and Year Two Staffing		
	Year One (Ending 6/30/2019) FTEs	Year Two (Ending 6/30/2020) FTEs
Administration		
Administrator	1.0	1.0
Director of Nursing/ Asst. DON	1.0	1.0
Admissions Director	1.6	2.2
Bookkeeper/ Asst Bookkeeper	1.0	1.0
Secretary	1.0	1.0
Medical Records Clerk	1.0	1.0
Other: Nursing Admin	1.1	2.1
Physicians		
Medical Director (contracted)	1.0	1.0
Nursing		
RNs	2.3	4.5
LPNs	10.1	19.5
Nurses' Aides	27.8	53.8
Ancillary		
Physical Therapist	1.1	2.1
Speech Therapist	0.2	0.4
Occupational Therapist	2.3	5.2
Dietary		
Dietary Supervisor	1.0	1.0
Cooks	1.0	1.8
Dietary Aides	3.5	6.9
Social Services		
Social Service Director	1.5	2.0
Activity Director	1.0	1.0
Activities Assistant	0.5	1.0
Housekeeping		
Housekeeping Supervision	1.0	1.0
Housekeepers	3.5	6.7
Laundry		
Laundry Aides	1.2	2.3
Plant Maintenance		
Maintenance Supervisor	1.0	1.0
Maintenance Assistance	0.5	1.0
Total	68.2	121.5

Source: CON application #10417, Schedule 6

- 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.**

Plaza North, Inc. (CON #10417) states this provision does not apply.

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?**

Plaza North, Inc. (CON #10417) states this provision does not apply.

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.**

Plaza North, Inc. (CON #10417) states this provision does not apply.

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.**

Plaza North, Inc. (CON #10417) states this provision does not apply.

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.**

Plaza North, Inc. (CON #10417) states this provision does not apply.

- 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.**

Plaza North, Inc. (CON #10417) states that the applicant agrees to the provision to submit the required data to the Health Council of South Florida, Inc. that serves health planning area District 11.

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 56 licensed community nursing homes with a total of 8,696 community nursing home beds in District 11. Subdistrict 11-1 is composed of Miami-Dade County and has 54 licensed community nursing homes with a total of 8,456 community nursing home beds. The subdistrict averaged 89.49 percent total occupancy for the 12-month period ending June 30, 2015.

Plaza North, Inc. (CON #10417) contends that availability establishes how much of a resource exists, such as the number of community nursing home beds. However, the applicant maintains that highly utilized beds reduce availability.

On page 3-2 of CON #10417 the applicant provides a bar graph displaying resident days for Subdistrict 11-1 over the last five fiscal years (FY) illustrating an increase every year for the last five years. The applicant notes that there was an increase of 105,297 days from FY 2010-2011 to FY 2014-2015, representing an annual growth rate of 0.8 percent per year. The applicant provides the same graph for Florida total resident days on page 3-3, showcasing that the state's annual growth rate is only 0.2 percent per year for the same time period.

The applicant contends that the return to use of the 104 currently inactive beds represents a prudent option to maintain an adequate supply to meet the future demand without over-bedding the district.

Plaza North states that reimbursement also can affect access and availability as well, because the applicant asserts that different programs have different criteria. Thus, the applicant indicates certain services may not be reimbursed if such service fails to be within covered services, therefore availability may be curtailed if coverage is denied.

Other factors that the applicant states may limit access as well as availability are location and provider enrollment policies. The applicant gives examples stating for instance if a provider does not provide IV therapy, the residents needing such services would not be admitted, thus curtailing availability.

According to the applicant, the significance of the proposed project is as follows:

- Returns inactive licensed nursing home beds into use, taking no beds from the fixed need pool
- Maintains parity within the Nursing Home Subdistrict 11-1 without over-bedding
- Makes use of the vacated Plaza North Building deploying nursing home beds at a lower cost than would occur with additional land acquisition and new facility construction
- Adds an eighth facility for short and long-term nursing care within the Plaza network
- Emphasizes quality in all the nursing homes with attainment of five STARS for the Plaza Health Network
- Provides experienced personnel and leadership within the broader community in adopting the best practices for senior care

The reviewer notes that based on the applicant’s Schedule 7, projected utilization for the proposed 104-bed facility is 16,923 patient days in the first year of operation and 32,758 in the second year of operation, 42.9 percent and 86.3 percent occupancy, respectively.

The reviewer created the following chart from the applicant’s Schedule 7 regarding the estimated utilization of the proposed facility.

Plaza North Forecasted Utilization		
	Year One	Year Two
Total Admissions	293	564
Total Patient Days	16,293	32,758
Occupancy	42.9%	86.3%

Source: CON application #10417, Schedule 7

- 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.**

Plaza North, Inc. (CON #10417) states that the Centers of Medicare and Medicaid Services (CMS), has created a five-star quality rating system. Plaza North states that Plaza Health Network offers facilities with five-star and four-star ratings. The applicant maintains that these ratings reflect their ongoing commitment to delivering the best possible quality of care to each and every resident in a safe, pleasant, family-like environment.

The applicant provides their Agency inspection rating from Florida Health Finder showing three facilities receiving a five-star rating, three facilities receiving a three-star rating and one facility receiving a two-star rating (no facilities received a four or one-star rating).

Plaza North asserts that the Hebrew Homes Plaza Health Network is a state-of-the-art rehabilitation and SNF network that serves the varied needs of Miami-Dade County's seniors providing premium medical, rehabilitation and support services. The applicant states the network is dedicated to the slogan that reflects its mission and purpose:

"The right care... At the right time... In the right place... With dignity and respect"

The applicant states its Quality Assessment and Improvement plan (QAPI) is designed to involve everyone who has a role in the delivery of resident care at the facility. Details of the QAPI plan are provided on pages 4-1 through 4-6. The applicant states that Plaza North will use several methods available to ensure high quality is consistently provided throughout the facility and reflected in its services. Plaza North indicates one way is through the Florida Health Care Association (FHCA) Quality Credentialing Initiative.

The reviewer notes that Hebrew Homes Plaza Health Network operates no Gold Seal Facilities and one community nursing home facility is currently on the Nursing Home Watch List (as of December 30, 2015). The reviewer notes that Hebrew Homes Health Network was placed on a Corporate Integrity Agreement, effective June 16, 2015 until June 15, 2020 through the Office of Inspector General of the U.S. Department of Health and Human Services.

Agency complaint records indicate, for the three-year period ending November 18, 2015, Plaza Health Network had 17 substantiated complaints at eight facilities. A single complaint can encompass multiple complaint categories. The substantiated complaint categories are listed below:

Plaza North Parent Substantiated Complaint Categories for the Past 36 Months	
Complaint Category	Number Substantiated
Quality of Care	8
Admission/Transfer/Discharge Rights	3
Resident Rights	2
State Licensure	2
Nursing Services	1
Resident Assessment	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.**

Plaza North, Inc. (CON #10417):

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 applicant is a development stage company, meaning there is no operational data to be analyzed for the purposes of this review. The applicant indicated that funding will be provided by a third party source.

Capital Requirements and Funding:

The applicant indicates on Schedule 2 capital projects totaling \$15,448,400 which includes this project. The applicant indicates on Schedule 3 of its application that funding for the project will be provided by cash on hand of \$3,500 and by non-related company financing. The applicant provided audited financial schedules showing \$3,483 in cash, \$5,341,087 in member’s equity and no revenues. The applicant submitted a letter from Legacy Bank expressing interest in providing financing for the cost of the project. A letter of interest is not considered a firm commitment to lend. However, the letter outlined an existing relationship with the parent entity.

The audited financial statements of the parent include a subsequent event showing a \$17,000,000 settlement with the Department of Justice of the USA, which includes a \$5,000,000 current liability. This liability may impede the applicant's ability to obtain suitable funding for the project.

Given that the funding is supported by a letter of interest, we have no basis to conclude that funding will be available for this project.

Conclusion:

Funding for this project is in question.

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

Plaza North, Inc. (CON #10417):

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	10,423,400	318	455	343	247
Total Expenses	9,777,100	298	489	334	232
Operating Income	646,300	20	115	6	-38
Operating Margin	6.20%		Comparative Group Values		
	Days	Percent	Highest	Median	Lowest
Occupancy	32,758	86.06%	114.77%	90.18%	66.81%
Medicaid/MDCD HMO	19,654	60.00%	69.63%	60.05%	50.73%
Medicare	7,862	24.00%	35.62%	21.32%	3.38%

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, CPD and profit fall within the group range and are considered reasonable. In addition, the total cost appears to include at least the minimum staffing required. Therefore, the overall profitability appears achievable.

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.**

Plaza North, Inc. (CON #10417):

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.**

Plaza North, Inc. (CON #10417):

The applicant has submitted all information and documentation necessary to demonstrate compliance with the architectural review criteria. The cost estimate for the proposed project provided in Schedule 9, Table A and the project completion forecast provided in Schedule 10 appear to be reasonable. A review of the architectural plans, narratives and other supporting documents did not reveal any deficiencies that are likely to have a significant impact on either construction costs or the proposed completion schedule.

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

**Historical Provision of Medicaid by Subdistrict, District and State
Three Years Ending June 30, 2015
Medicaid Patient Days and Occupancy Rates**

Medicaid Patient Days			
	7/12 - 6/13	7/13 - 6/14	7/14 - 6/15
Subdistrict 11-1	1,731,756	1,792,054	1,846,004
District 11	1,756,892	1,824,185	1,880,289
Florida	15,676,855	15,837,261	15,875,092
Medicaid Occupancy			
	7/12 - 6/13	7/13 - 6/14	7/14 - 6/15
Subdistrict 11-1	64.61%	66.10%	66.93%
District 11	64.49%	66.06%	66.84%
Florida	61.58%	62.05%	61.88%

Source: Florida Nursing Home Utilization by District and Subdistrict, October 2015 Batching Cycle

Plaza North, Inc. (CON #10417) states that the effective roll-out of the Managed Medicaid Long Term Care Plans for nursing home residents changes the emphasis and location of care towards less institutional settings, including home and community-based options. The applicant states Plaza North provides both long term and short-term care with the emphasis on rehabilitation and restorative care whether short-term or long-term.

The applicant’s Schedule 7 indicates that Medicaid and self-pay represent 60 percent and five percent, respectively, of year one and year two of the annual total patient days. The reviewer created the following table from the applicant’s schedule 7.

Plaza North CON #10417 Payer Mix

	Year One (Ending 06/30/2019)	Year Two (Ending 06/30/2020)
Medicaid HMO	60%	60%
Medicare HMO	15%	15%
Commercial	11%	11%
Medicare	9%	9%
Self-Pay	5%	5%
Total	100.0%	100.0%

Source: CON application #10417, Schedule 7

The reviewer compiled the following Medicaid occupancy data for Plaza Health Network’s Florida facilities for July 1, 2014 to June 30, 2015. See the table below.

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

District/ Subdistrict	Facility	Medicaid Days	Total Days	Medicaid Occupancy
11-1	Arch Plaza Nursing and Rehabilitation Center	27,124	32,588	83.23%
11-1	Aventura Plaza Rehabilitation and Nursing Center	24,650	29,576	83.34%
11-1	Jackson Plaza Nursing and Rehabilitation Center	30,762	41,017	75.00%
11-1	Ponce Plaza Nursing and Rehabilitation Center	41,931	52,012	80.62%
11-1	Sinai Plaza Nursing and Rehabilitation Center	30,608	50,392	60.74%
11-1	South Pointe Plaza Rehabilitation and Nursing Center	57,565	65,218	88.27%
11-1	University Plaza Rehabilitation and Nursing Center	30,316	42,847	70.75%
	Total	242,956	313,650	77.46%

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

F. SUMMARY

Plaza North, Inc. (CON #10417) proposes to establish a new 104-bed community nursing home in District 11/Subdistrict 11-1, Miami-Dade County, through the voluntary delicensure of 104 community nursing home beds from Hebrew Homes South Beach, Inc. (referred to as Hebrew Homes) located in the same subdistrict.

Plaza North is an affiliate of the Plaza Health Network that currently owns and operates seven other facilities, all located in Subdistrict 11-1, Miami-Dade County.

The project involves 29,132 GSF of new construction and 18,144 GSF of renovation (47,276 total GSF of project). The construction cost is \$7,400,000 and the renovation cost is \$3,500,000 (\$12,612,000 in total construction cost). Total project cost is \$15,448,400. Project cost includes land, building, equipment, project development, financing and start-up costs.

The applicant proposes two conditions on its Schedule C.

Need

The proposed project is not in response to the fixed need pool and does not add community nursing beds within District 11, Subdistrict 11-1 (Miami-Dade County). The project, if approved, will not change the total community nursing home bed count in the planning area.

The applicant contends that there are several reason to approve the proposed project, including:

- Returns inactive licensed nursing home beds into use, taking no beds from the fixed need pool
- Maintains parity within the Nursing Home Subdistrict 11-1 without over-bedding
- Makes use of the vacated Plaza North Building deploying nursing home beds at a lower cost than would occur with additional land acquisition and new facility construction
- Adds an eighth facility for short and long-term nursing care within the Plaza network
- Emphasizes quality in all the nursing homes with attainment of five STARs for the Plaza Health Network
- Provides experienced personnel and leadership within the broader community in adopting the best practices for senior care

Quality of Care

Plaza North, Inc. (CON #10417) states that Plaza Health Network offers facilities with five-star and four-star ratings. The applicant maintains that these ratings reflect their ongoing commitment to delivering the best possible quality of care to each and every resident in a safe, pleasant, family-like environment.

The applicant provides the Agency inspection rating from Florida Health Finder showing three facilities receiving a five-star rating, three facilities receiving a three-star rating and one facility receiving a two-star rating (no facilities received a four or one-star rating).

Hebrew Homes Plaza Health Network currently operate no Gold Seal facilities and there is currently one Plaza Health Network facility on the Nursing Home Watch List. The reviewer notes that Hebrew Homes Health Network was placed on a Corporate Integrity Agreement, effective June 16, 2015 until June 15, 2020 through the Office of Inspector General of the U.S. Department of Health and Human Services.

The applicant's controlling interest had 17 substantiated complaints at its eight Florida SNFs during November 18th, 2012 to November 18th, 2015.

Financial Feasibility/Availability of Funds

Plaza North, Inc. (CON #10417)

- Funding for this project is in question

- Based on the information provided in Schedule 6, the applicant's projected staffing meets the statutory requirement
- 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

Plaza North, Inc. (CON #10417) conditions that Medicaid Managed Care is expected to be 60 percent of total resident days of care for the 104-bed facility.

The applicant's Schedule 7 indicates that Medicaid and self-pay represent 60 percent and five percent, respectively, of year one and year two of the annual total patient days.

Architectural

Plaza North, Inc. (CON #10417): The cost estimate and the project completion forecast appear to be reasonable. A review of the architectural plans, narratives and other supporting documents did not reveal any deficiencies that are likely to have a significant impact on either construction costs or the proposed completion schedule.

G. RECOMMENDATION

Approve CON #10417 to establish a new 104-bed community nursing home in District 11, Subdistrict 1, Miami-Dade County, through the delicensure of 104 beds from Hebrew Homes South Beach, Inc. The total project cost is \$15,448,400. The project involves 29,132 GSF of new construction, 18,144 GSF of renovation and a total construction cost of \$12,612,000.

CONDITIONS:

- Renovation and new construction at the existing site formerly an 85-bed licensed nursing home known as Plaza North. The address is as follows: 14601 Northeast 16th Avenue, North Miami, Florida 33161
- Medicaid Managed Care to be 60 percent of total resident days of care

AUTHORIZATION FOR AGENCY ACTION

Authorized representatives of the Agency for Health Care Administration adopted the recommendation contained herein and released the State Agency Action Report.

DATE: _____

Marisol Fitch
Health Administration Services Manager
Certificate of Need