

STATE AGENCY ACTION REPORT
ON APPLICATION FOR CERTIFICATE OF NEED

A. PROJECT IDENTIFICATION

1. Applicant/CON Action Number

Salem Homes of Florida, Inc./CON #10434

8 West Third Street
Winston Salem, North Carolina 27101

Authorized Representative: Michele Cherry
(336) 721-1920

2. Service District/County

District 3 (Alachua, Bradford, Citrus, Columbia, Dixie, Gilchrist, Hamilton, Hernando, Lafayette, Lake, Levy, Marion, Putnam, Sumter, Suwannee and Union Counties)

B. PUBLIC HEARING

A public hearing was not held or requested regarding the proposed project to replace and relocate the existing six-bed Intermediate Care Facility for the Developmentally Disabled (ICF/DD) - 19th Street Group Home at 529 NW 19th Street, Gainesville, Florida 32603 - to a newer home, a six-bed ICF/DD - 35th Place Group Home at 3423 SE 35th Place, Gainesville, Florida 32461.

No letters of support or opposition were submitted regarding the proposed project.

C. PROJECT SUMMARY

Salem Homes of Florida, Inc./CON application #10434, also referenced as SHF or the applicant, a for-profit¹ owner of 14 ICF/DDs in Florida,

¹ The reviewer notes that on CON application #10434, AHCA Form 3150-0001 Cover Rev March-09, the applicant's ownership type is indicated to be "For Profit" and page 80 of the application indicates same. However, on page one and on page four of CON application #10434, the applicant states that Salem Homes of Florida, Inc., is a not for profit organization. As of May 13, 2016, the Agency's FloridaHealthFinder.gov website indicates that 19th Street Group Home is "For-Profit". Additionally, as of May 12, 2016 and again on June 14, 2016, according to the Florida Department of State Division of Corporations website at <http://search.sunbiz.org>, Salem Homes of Florida, Inc., is a Florida profit corporation.

CON Action Number: 10434

managed by ResCare, Inc., proposes to replace and relocate its existing six-bed ICF/DD - 19th Street Group Home at 529 NW 19th Street, Gainesville, Florida 32603 - to a newer home, a six-bed ICF/DD - 35th Place Group Home at 3423 SE 35th Place, Gainesville, Florida 32461. The existing and proposed locations are in District 3, Alachua County, Florida. The proposed project would not change the total compliment of ICF/DD beds in the district or in the State of Florida.

According to the SHF, the proposed project will positively impact its ability to operate as it will improve the environment of the Group Home and provide a more conducive atmosphere. SHF states that upon transferring all six residents to the proposed replacement facility, the applicant will cease all operations at the existing 19th Street Group Home.

The proposed project, if approved, is expected to have issuance of license and initiation of service on July 1, 2016. The reviewer notes that the omissions deadline was June 22, 2016 and that a CON cannot be issued until 21 days after a preliminary decision has been made provided the decision is not petitioned.

Project costs total \$414,337. The project involves 3,163 gross square feet (GSF) of renovated space (no new construction) with total renovation costs of \$99,457. Costs covered are for land, building, equipment, project development and financing.

In Schedule C of CON application #10434, the applicant conditions the proposed project as follows:

- The Applicant's six beds will be transferred to 3423 SE 35th Place Gainesville, Florida 32461

There are no existing CON conditions on the SHF's 19th Street Group Home.

D. REVIEW PROCEDURE

The evaluation process is structured by the certificate of need review criteria found in Section 408.035, Florida Statutes. 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 assessing the responses 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 (subdistrict), applications are comparatively reviewed to determine which applicant best meet the review criteria.

Ch. 59C-1.010(3)(b), Florida Administrative Code, allows no application amendment information subsequent to the application being deemed complete. The burden of proof to entitlement of a certificate rests with the applicant. As such, the applicant is responsible for the representations in the application. This is attested to as part of the application in the Certification of the Applicant.

As part of the fact-finding, the consultant Steve Love analyzed the application with consultation from the financial analyst Eric West of the Bureau of Central Services, who reviewed 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 Sections 408.035 and 408.037, Florida Statutes, and applicable rules of the State of Florida, Chapters 59C-1 and 59C-2, Florida Administrative Code.

The reviewer presents the following analysis and review of CON application #10434.

1. Fixed Need Pool

a. Does the project proposed respond to need as published by a fixed need pool? Ch. 59C-1.008, Florida Administrative Code.

Need is not published by the Agency for ICF/DD beds.

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:**

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

Population Demographics and Dynamics:

The applicant does not respond specifically to this criterion. However, the applicant has indicated that SHF has 14 ICF/DDs in Florida, listing the names, addresses and licensed beds of each of these facilities on page two of the application. The reviewer confirms that SHF owns 14 ICF/DDs statewide, according to the Agency's Long Term Care Unit. The reviewer notes that the applicant's listing totals 13 ICF/DDs, with a cumulative licensed bed count of 78. The reviewer also notes in the applicant's Schedule 6A and in notes to Schedule 8A, the cumulative licensed bed count is 84. The reviewer also notes that SHF's cumulative licensed bed count of 84 is verified by the Agency's Long Term Care Unit.

The reviewer notes that the applicant does not discuss ICF/DD referral patterns or the current conditions or arrangements in the area, if any, in which eligible persons are in need of ICF/DD services. The reviewer notes that licensed beds are near or at capacity and are therefore unavailable for additional eligible persons.

Availability, utilization and quality of like services in the district, subdistrict, or both:

The applicant does not respond specifically to this criterion. However, the applicant has indicated that the proposed project will improve the environment of the Group Home and provide a more conducive atmosphere.

SHF provides photographs of the existing 19th Street Group Home (page seven through 29 of the application), to depict visible challenges at the existing facility and also provides photographs of the proposed 35th Place Group Home (page 31 through 65 of the application) to indicate quality of life, recreational, safety and structural improvements at the proposed newer home. The applicant indicates that need for the proposed project is based on the core issue revolving around the cost of necessary repairs. According to SHF, the need for the proposed project is solely based on the

disrepair at 19th Street Group Home. The applicant lists 11 identified issues with the existing facility (page five and six of the application) as well as noting seven features of the proposed facility (page 30 of the application) which will enhance quality of life. Below is a brief listing of the applicant's 11 reasons for relocating from the existing 19th Street Group Home:

- Major plumbing issues
- Costly and disruptive roof replacement
- Electrical wires are external presenting a dangerous hazard
- The home is small providing obstacles to quality of life to residents
- No private space for security or dignity in medication administration
- Limited parking availability (creating obstacles and congestion)
- Limited outdoor recreation space (limiting outdoor activities and life enhancement opportunities for residents)
- Tree debris tracked into the house (creating a tripping hazard and an unsafe environment)
- All windows in the home need to be replaced (they are inefficient and dated)
- All three bedrooms in the house need costly renovations
- Multiple instances of trespassers ostensibly due to substance abuse which compromises health and safety of the residents

Below is a brief listing of the applicant's seven quality of life enhancements that the applicant indicates will be realized at the proposed 35th Place Group Home:

- Five spacious bedrooms
- A large garage, kitchen with open layout, eat-in kitchen/craft area, dining room, living room and large screened-in patio
- Ample parking for staff and guests
- Large laundry room with a sink
- Five bedrooms allow for four single occupants and master bedroom with double occupancy
- Separate office with ample space for medication administration
- Spacious garage for storage and additional refrigerator/freezer

Below are the ICF/DD facilities located in District 3 (Alachua County) by name, city, ZIP Code and licensed beds at each.

ICF/DDs in District 3 (Alachua County)

Facility Name	City	ZIP Code	Licensed Beds
19 th Street Group Home	Gainesville	32603	6
Res-Care, Inc.	Gainesville	32606	24
Tachachale-Facility I	Gainesville	32609	104
Tachachale-Facility II	Gainesville	32609	92
Tachachale-Facility IV	Gainesville	32609	60
Tachachale-Facility V	Gainesville	32609	42
Tachachale-Facility VII	Gainesville	32609	32
Tachachale-Facility VIII	Gainesville	32609	56
Total Beds			416

Source: www.healthfinder.gov, on May 13, 2016

Below is ICF vacancy information from the Agency for Persons with Disabilities for its Area 3 (Alachua, Bradford, Columbia, Dixie, Gilchrist, Hamilton, Lafayette, Levy, Putnam, Suwannee and Union Counties).

ICF Vacancy Information

Total Vacancies	Age			Gender		
	Under 18	Adults	Any	M	F	Co-Ed
2	0	2	0	1	1	0

Source: <http://apd.myflorida.com/planning-resources/area-3.htm>, on May 13, 2016

The Agency notes that the applicant does not specify the specific or combination of disabilities (Autism, Cerebral Palsy, Down Syndrome, Intellectual Disability, Prader-Willi, Spina-Bifida, other) that the applicant intends to serve pursuant to the proposal, the age groups or the gender targeted.

The Agency for Persons with Disabilities website at <http://apd.myflorida.com/planning-resources/> indicates that as of June 14, 2016, there were 54 ICF vacancies statewide.

Medical treatment trends:

The applicant does not respond to this criterion. Nationally there has been a trend toward placement of developmentally disabled individuals away from large institutional settings to smaller residential facilities and community-based services in recent decades and this trend continues. The proposed project is in concert with this trend.²

² Sheryl Larson, Patricia Salmi, Drew Smith, Lynda Anderson and Amy Hewitt (2013); *Residential Services for Persons with Intellectual or Developmental Disabilities: Status and Trends Through 2011*. National Residential Information Systems Project Research and Training Center on Community Living Institute on Community Integration and College of Education and Human Development, University of Minnesota.

Market conditions:

The applicant does not respond to this criterion. It should be noted that ICF/DD services are fully reimbursed by Medicaid. Pro formas submitted indicate that 100 percent of the reimbursement for services is expected to be funded by Medicaid.

2. Agency Rule Preferences

Please indicate how each applicable preference for the type of service proposed is met. Ch. 59C-1.034, Florida Administrative Code.

A Certificate of Need for a proposed Intermediate Care Facility for the Developmentally Disabled (ICF/DD) shall not be issued unless:

- (1) The proposal has been determined by the Agency to be justified in context with the applicable review criteria contained in section 408.035, Florida Statutes, and the standards set forth in this rule; Chapter 59A-26, Florida Administrative Code; and current legislative appropriations providing for ICF/DD placements.**

ICF/DD is defined pursuant to Section 408.032(12), Florida Statutes. Rule 10D-38, Florida Administrative Code, was first renumbered to Ch. 65B-38, Florida Administrative Code and second renumbered to Ch. 69A-38.020. The Agency for Persons with Disabilities and the Agency for Health Care Administration are affected by these rules.

SHF indicates that as the proposed project is the replacement of an already existing and funded facility, the current legislative appropriations are not relevant as the ICF/DD placements are not new to the applicant, merely a relocation from one address to another (and in the same county). As previously stated in item E.1.b. of this report, funding for the proposed project is projected to be 100 percent Medicaid. The Agency's Division of Medicaid, Bureau of Medicaid Program Finance-Institutional Reimbursements states that, if the proposed project was approved, it would be funded by Medicaid according to the Florida Title XIX ICF/MR/DD Reimbursement Plan.

- (2) The proposal, if for a new facility, provides for not more than 60 beds divided into living units of not more than 15 beds each.**

The applicant states that the proposal is for a replacement facility, not a new facility therefore this rule criterion is not applicable. The

reviewer notes that with the proposed project being for a six-bed ICF/DD, the proposal meets this criterion.

- (3) The proposal, if for conversion of an existing facility to ICF/DD utilization, provides for division of such facility into living units of not more than 25 beds each.**

The applicant states that the proposal is for a replacement facility, not to convert an existing facility and that therefore, this rule criterion is not applicable. The reviewer notes that the applicant states having already identified and purchased the proposed replacement facility and that the new home (35th Place Group Home at 3423 SE 35th Place, Gainesville, Florida 32461) was built in 2004. The reviewer also notes that with the proposed project being for a six-bed ICF/DD, the proposal meets this criterion.

Other Rule Criteria

Ch. 59C-1.030(2), Health Care Access Criteria

SHF points out that the proposed project is for the replacement of an existing group home in Gainesville with a much more appropriate group home, also in Gainesville. According to SHF, the group home is an ICF serving six developmentally disabled residents. SHF notes that all six residents are funded via Medicaid appropriations and that the existing facility exclusively provides services to underserved, developmentally disabled low income persons. The applicant maintains that the proposed replacement facility will serve the same six residents, thereby demonstrating that SHF meets this criteria as defined by rule.

Ch. 65B-38.003, Florida Administrative Code, provides the following:

The Department [of Children and Families] sets the operating capacity for facilities and living units licensed after June 1, 1989, as six or less. The operating capacity for facilities initially licensed prior to June 1, 1989 shall be the capacity in effect as of June 1, 1989.

Chapter 65B-38.003 of the Florida Administrative Code was repealed August 15, 2012 and no longer governs regarding the jurisdiction of the Department. The succeeding Agency for Persons with Disabilities is not responsible for licensing ICF/DDs.

Ch. 59A-35, Florida Administrative Code, provides the following:

Health care licensing procedures and issuances, including those for ICF/DDs, reside with the Agency, pursuant to Chapters 393, 408-Part II, 400-Part VIII, Florida Statutes and this rule.

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)(a) and (b), Florida Statutes.**

The applicant reiterates that the proposed project will not add any new ICF beds to the area but will move the same number of beds it operates and its current residents from the existing group home (in Gainesville, Alachua County) to a newer group home (in Gainesville, Alachua County). SHF indicates that the licensed six beds slated for relocation pursuant to this proposal are currently at full capacity.

SHF reiterates the 11 reasons for relocating from the existing 19th Street Group Home and the seven quality of life enhancements that the applicant indicates will be realized at the proposed 35th Place Group Home. SHF indicates that the Best in Care© system is ResCare, Inc.'s quality improvement system.

The applicant does not discuss accessibility and extent of utilization of existing health care facilities and health services in the service area. However, the proposed project does not change the total compliment of ICF/DD beds in the district or in the State of Florida.

The Agency has previously shown that as of May 13, 2016, the Agency for Persons with Disabilities indicates two ICF vacancies (broken down as two adult vacancies, one male and one female) in the Agency for Persons with Disabilities Area 3. The Agency notes that the proposed project would not impact utilization, as the applicant states that the licensed six beds planned for relocation to the proposed newer site are currently at full capacity.

- b. Does the applicant have a history of providing quality of care? Has the applicant demonstrated the ability to provide quality care? ss. 408.035(1)(c), Florida Statutes.**

SHF contends that throughout the years various Agency surveyors have made negative complaints to the Group Home leadership and staff about the size and condition of the existing group home--19th Street Group Home. However, the reviewer notes that the applicant does not provide any survey reports or other documentation to confirm this attestation.

The reviewer notes that the 19th Street Group Home is currently licensed by the Agency from December 1, 2015 to November 30, 2017.

According to the Agency's FloridaHealthFinder.gov website at <http://www.floridahealthfinder.gov/facilitylocator/FacilityProfilePage.aspx?id=10273>, inspection details for the 19th Street Group Home indicate that the facility was last surveyed by the Agency on July 30, 2015, and at that time, there were no fire/life/safety deficiencies indicated. However, deficiencies were noted in the following five deficiency areas: Protection of Clients Rights, Professional Program Services, Program Monitoring and Change, Drug Usage and Physician Services. The reviewer notes that the applicant does not correlate its proposed project as relieving or correcting these programmatic deficiencies.

According to SHF, Best in Class© is ResCare, Inc.'s quality improvement and measurement system to assist operations to continually improve overall organizational performance and to establish consistent procedures. Additionally, SHF indicates that the system is intended to proactively involve all staff in a measurable quest for continuous improvement. Best in Class© is stated to include business performance standards and a set of standards related to specific service delivery models. On page 73 to 75 of the application, SHF offers a brief description of various models and activities of Best in Class© which include:

- Service model
- Implementation
- Multiple service models
- Multiple locations
- Types of reviews – internal and external
- Achievement criteria and benchmarks

SHF provides the Best in Class© 2015 Manual in Tab 4, Volume II of the application.

SHF indicates that ResCare, Inc., maintains a policy and procedure manual specific to Salem Homes of Florida, Inc., with this manual having more than 160 policies and procedures, categorized into 11 various fields. These fields include:

- Administrative
- Disaster and/or emergency situations
- Emergency care
- Housekeeping
- Infection control
- Maintenance
- Nutrition
- Personnel
- Professional services

- Resident life
- Pharmacy

SHF provides the ResCare Salem Homes of Florida, Inc., Policy and Procedure Manual (updated 2014), Tab 7, Volume II of the application as well as the ResCare Accounting Policies and Procedures Table of Contents, Tab 8, Volume II of the application.

SHF offers brief discussion of the Governing Board of the group home (page 76 of the application). This body is stated to exercise general policy, budget and operating direction over the home.

Additionally, the applicant includes in Tab 6, Volume II of the application a signed, 32-page management agreement between Salem Homes of Florida, Inc., and ResCare, Inc. The reviewer notes that the agreement delineates contractual responsibilities, obligations and authorities between the parties. The reviewer confirms that according to the Agency's Long Term Care Unit, ResCare, Inc., is the management company for SHF's Florida ICF/DDs.

SHF is licensed for 14 ICF/DDs statewide, which includes the six-bed 19th Street Group Home in Gainesville (Alachua County). SHF's cumulative total licensed ICF/DD beds is 84. Agency records indicate that SHF affiliated ICF/DDs had no substantiated complaints during the three-year period ending June 15, 2016 with the 19th Street Group Home having no substantiated complaints for the same period.

- 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.**

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 benchmarks 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 ResCare, Inc. (parent company) and where the two short term and long term measures fall on the scale (highlighted in gray) for the most recent year.

Salem Homes of Florida, Inc. (In Thousands)		
	Current Year	Previous Year
Current Assets	\$283,708	\$293,934
Total Assets	\$1,008,876	\$1,085,365
Current Liabilities	\$191,072	\$201,001
Total Liabilities	\$828,052	\$784,675
Net Assets	\$180,824	\$300,690
Total Revenues	\$1,821,438	\$1,736,538
Excess of Revenues Over Expenses	(\$20,247)	\$25,435
Cash Flow from Operations	\$83,382	\$67,872
Short-Term Analysis		
Current Ratio (CA/CL)	1.5	1.5
Cash Flow to Current Liabilities (CFO/CL)	43.64%	33.77%
Long-Term Analysis		
Long-Term Debt to Net Assets (TL-CL/NA)	352.3%	194.1%
Total Margin (ER/TR)	-1.11%	1.46%
Measure of Available Funding		
Working Capital	\$92,636	\$92,933

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 provided audited financial statements of the parent company for the years 2014 and 2015. The audit indicates that the applicant has a weak to moderately weak financial position. The applicant indicates on Schedule 2 capital projects totaling \$514,337 which includes this project, CY 2016 capital expenditures, and CY 2017 capital expenditures. The applicant also indicates on Schedule 3 of its application that funding for the project will be provided by cash on hand. The applicant provided a settlement statement (HUD-1) indicating that the building has already been purchased.

Staffing:

Schedule 6A of the application contains the projected staffing of 9.63 FTEs for year one (ending June 30, 2017) and 9.63 FTEs for year two (ending June 30, 2018) for the proposed project. Two versions of Schedule 6A are included in the application. The first illustrates years one and two (147.83 FTEs for each year) of staffing patterns for the consolidated Salem Homes of Florida, Inc.'s 84 ICF/DD beds in Florida, managed by ResCare Inc. The second illustrates years one and two staffing patterns for the individual eight-bed proposed project. As indicated, the consolidated total FTE count and the individual total FTE count each remain the same, respectively, for year one and for year two.

Conclusion:

Since the audited financial statements indicate 8.5 million in cash, funding for this project is likely.

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

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 the facility's most recent Medicaid cost report ending on October 31, 2015.

Projected NRPD, CPD and profitability or operating margin that fall closer to the historic results are considered reasonable projections. Below is the result of our analysis.

	Projections	PPD	Historical	PPD	Percent Difference
Net Revenues	\$ 830,952.00	\$ 379.43	\$ 1,216,203.00	\$ 329.77	-13.10%
Total Expenses	\$ 606,376.00	\$ 276.88	\$ 1,265,242.00	\$ 343.07	23.90%
Operating Income	\$ 224,576.00	\$ 102.55	\$ (49,039.00)	\$ (13.30)	-113.00%
Operating Margin	27%				

The projected NRPD, CPD and profit do not appear to be consistent with the most recent historical data submitted to the Agency.

Conclusion:

The Agency has doubts the project will be financially feasible as projected given the deviation of projections from historical data.

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

Conclusion:

The applicant is proposing to move six of its intermediate care beds from one location to another within the same county. Therefore, 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-3 or 59A-4, Florida Administrative Code.**

A review of the architectural plans, narratives and other supporting documents did reveal possible deficiencies that are likely to have significant impact on either construction costs or the proposed completion schedule.

Deficiencies:

- A-1 Provide a program that reflects the entire scope of work of the Project. The type and level of care will determine all codes and standards facility must comply with.
- A-2 Provide FBC Construction Type
- A-3 Provide NFPA Construction Type
- A-4 Provide the ICF/DD level of care as defined in 59A. (Chronic, Skilled/Acute Nursing or Medical Care or Designated as a Level of Care 9)
- A-5 Provide a life safety plan.

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 providing 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.**

ICF/DDs are primarily funded by the Medicaid program. SHF states that it has a long history of providing health services to Medicaid enrollees. SHF also states that all six residents are funded via Medicaid appropriations. The applicant maintains that the existing facility exclusively provides services to the underserved, developmentally disabled low income persons. SHF indicates that the replacement facility will serve the same six residents thereby demonstrating that this statutory criterion is met. The applicant further indicates that it will continue to serve Medicaid and the medically indigent.

Schedule 7 of the application (for year one ending June 30, 2017 and for year two ending June 30, 2018) shows 100 percent of the revenue and patient days attributed to Medicaid.

CON application #10434 does not propose a Medicaid or charity care condition.

F. SUMMARY

Salem Homes of Florida, Inc./CON application #10434 proposes to replace and relocate its existing six-bed ICF/DD - 19th Street Group Home at 529 NW 19th Street, Gainesville, Florida 32603 - to a newer home, a six-bed ICF/DD - 35th Place Group Home at 3423 SE 35th Place, Gainesville, Florida 32461. The existing and proposed locations are in District 3, Alachua County, Florida. The proposed project would not change the total compliment of ICF/DD beds in the district or in the State of Florida.

Project costs total \$414,337. The project involves 3,163 GSF of renovated space (no new construction) with total renovation costs of \$99,457. Costs covered are for land, building, equipment, project development and financing.

In Schedule C of CON application #10434, the applicant conditions the proposed project as follows:

- The Applicant's six beds will be transferred to 3423 SE 35th Place Gainesville, Florida 32461

There are no existing CON conditions on the SHF's 19th Street Group Home.

Need:

- Need is not published by the Agency for ICF/DD beds. The proposed project would not change the total complement of ICF/DD beds in the district or the State of Florida. The proposal seeks to relocate six ICF/DD beds from an older licensed site (ZIP Code 34263) to a newer proposed site (ZIP Code 32461), all within Alachua County.
- Need is stated to be due to costly repairs needed and the dilapidated conditions at the older licensed site. Correspondingly, the applicant states the newer proposed site will offer quality of life enhancements, safety and structural improvements that are currently not realized at the older licensed site

Quality of Care:

- The quality of life for residents is expected to improve as a result of the proposed relocation
- The Agency notes that at the older licensed site, the most recent Agency survey (conducted on July 30, 2015) indicated no fire/life/safety deficiencies
- ResCare, Inc., which manages the applicant's Florida ICF/DDs, maintains the Best in Class© quality improvement and measurement system to assist operations to continually improve organizational performance and to establish consistent procedures. The system is designed to proactively involve all staff in a measurable quest for continuous improvement
- Agency data indicates that SHF affiliated ICF/DDs had no substantiated complaints during the three-year period ending June 15, 2016 with 19th Street Group Home having no substantiated complaints during this same three-year period
- The applicant demonstrates the ability to provide quality care

Financial Feasibility/Cost:

- Since the audited financial statements indicate 8.5 million in cash, funding for this project is likely
- The Agency has doubts the project will be financially feasible as projected given the deviation of projections from historical data
- This project is not likely to have a material impact on competition to promote quality and cost effectiveness

Architectural:

A review of the architectural plans, narratives and other supporting documents did reveal possible deficiencies that are likely to have a significant impact on either construction costs or the proposed completion schedule.

Deficiencies:

- A-1 Provide a program that reflects the entire scope of work of the Project. The type and level of care will determine all codes and standards facility must comply with
- A-2 Provide FBC Construction Type
- A-3 Provide NFPA Construction Type
- A-4 Provide the ICF/DD level of care as defined in 59A. (Chronic, Skilled/Acute Nursing or Medical Care or Designated as a Level of Care 9)
- A-5 Provide a life safety plan

Medicaid/Indigent Care:

- ICF/DDs are primarily funded by the Medicaid program, through legislative appropriations
- Schedule 7 of the application (for year one ending June 30, 2017 and for year two ending June 30, 2018) shows 100 percent of the revenue and patient days attributed to Medicaid
- No Medicaid or charity care condition is proposed
- The Agency's Division of Medicaid, Bureau of Medicaid Program Finance-Institutional Reimbursements confirms that if the proposed project was approved, Medicaid would pay for these beds according to Florida Title XIX ICF/MR/DD Reimbursement Plan

G. RECOMMENDATION

Approve CON #10434 to replace and relocate its existing six-bed ICF/DD - 19th Street Group Home at 529 NW 19th Street, Gainesville, Florida 32603 - to a newer home, a six-bed ICF/DD – 35th Place Group Home at 3423 SE 35th Place, Gainesville, Florida 32461. The total project cost is \$414,337 and involves 3,163 GSF of renovated space (no new construction) with total renovation costs of \$99,457.

CONDITIONS:

The Applicant's six beds will be transferred to 3423 SE 35th Place Gainesville, Florida 32461.

AUTHORIZATION FOR AGENCY ACTION

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

DATE: _____

Marisol Fitch
Health Services and Facilities Consultant Supervisor
Certificate of Need