

STATE AGENCY ACTION REPORT ON APPLICATION FOR CERTIFICATE OF NEED

A. PROJECT IDENTIFICATION

1. Applicant/CON Action Number

PruittHealth – Escambia County, LLC/CON #10527

1626 Jeurgens Court
Norcross, Georgia 30093

Authorized Representative: Neil L. Pruitt, Jr.
Chief Executive Officer
(770) 279-6200

2. Service District/Subdistrict

District 1/Subdistrict 1-1 (Escambia and Santa Rosa Counties)

B. PUBLIC HEARING

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

Letters of Support

PruittHealth – Escambia County, LLC (CON application #10527)

submitted various individually composed letters of support from local business owners and organizations, local health care providers, including physicians, hospital and PruittHealth administrators. The reviewer notes that the letters of support were all dated between November 20, 2017 and December 20, 2017. Statements of endorsement for the proposed project included the following:

- PruittHealth has over 40 years of experience in providing long-term care services and operates numerous skilled nursing facilities (SNFs) in various states, including Florida. This expertise and commitment to providing high quality services would greatly benefit the local community.
- Most of the nursing homes in the area do not have private rooms to accommodate clinically complex patients. Referring physicians and medical directors are seeking private rooms to accommodate certain medical diagnosis.

- The introduction of a high quality provider will increase competition which will lead to improved quality of care within the subdistrict.
- Allowing PruittHealth to establish a new SNF in Escambia County will greatly improve access to high quality SNF services within the area.
- The proposed facility will incorporate features that will address patient acuity clinical needs.

Letters of support are noted from:

- Peggy McCullough, Administrator, PruittHealth – Santa Rosa
- R. Carlton Ulmer, President and Chief Executive Officer, West Florida Hospital
- Adam Principe, PharmD, MBA, Chief Executive Officer, Select Specialty Hospital – Pensacola
- Michelle Hill, Public Health Services Manager, Florida Department of Health in Santa Rosa County
- Wynell Clary, RN, Lead Case Manager, Select Specialty Hospital – Pensacola
- Elias Banuelos, M.D., Banuelos Family Medicine
- John E. Reble, Chief, City of Milton Fire Department
- Janet Lewis, M.D., Gulf Coast Physician Partners & Medical Director, PruittHealth – Santa Rosa
- Brad Baker, Director, Santa Rosa County Emergency Management

C. PROJECT SUMMARY

PruittHealth – Escambia County, LLC (CON application #10527), an entity hereafter referred to as PHE or the applicant, proposes to add 45 beds to a previously approved 92-bed community nursing home (CON #10505), resulting in a new 137-bed SNF to be located in District 1, Subdistrict 1-1, Escambia County. The applicant notes that the ultimate intent after approval of CON application #10527 is to reduce the number of beds being transferred from PruittHealth-Santa Rosa from 40 beds to 23 beds resulting in PHE as a 120-bed facility and PruittHealth-Santa Rosa as a 109-bed facility. PHE maintains that this will occur after the issuance of CON application #10527 by requesting a modification to CON application #10505 to reduce the number of beds transferred from PruittHealth-Santa Rosa.

The applicant is an affiliate of PruittHealth, which currently operates PruittHealth – Santa Rosa, a 120-bed SNF. In addition to operating PruittHealth-Santa Rosa, the applicant’s approved CON projects include the following:

- PruittHealth-Panama City, LLC (CON application #10245) 77 beds, Subdistrict 2-2, Bay County

- Pruitt-Health-Southwood, LLC (CON application #10248) 86 beds, Subdistrict 2-4, Leon County
- PruittHealth-Fleming Island¹ (CON application #10273) 97 beds, Subdistrict 4-2, Clay County
- PruittHealth-Escambia County, LLC (CON application #10505) 92 beds, Subdistrict 1-1, Escambia County
- PruittHealth-Hillsborough County, LLC (CON application #10509) 84 beds, Subdistrict 6-1, Hillsborough County

The proposed project includes 25,462 gross square feet (GSF) of new construction. The construction cost is \$4,201,230. The total project cost is \$6,414,118. The total project cost includes land, building, equipment, project development and financing costs.

The applicant anticipates issuance of licensure in November 2020 and initiation of service in January 2021, as indicated in Schedule 10, CON application #10527.

The applicant conditions approval of the proposal to the following Schedule C conditions:

- Submit a formal request to modify CON application #10505 to transfer only 23 of the original 40 beds from PruittHealth – Santa Rosa to PruittHealth – Escambia thereby becoming a CON to develop a 75-bed nursing home
- After approval of the CON application #10505 modification, request an exemption with AHCA to combine PruittHealth – Escambia CON applications #10505 and #10527 to a single CON application #10527 for 120 community nursing home beds. Ultimately, 23 beds will be transferred from PruittHealth – Santa Rosa to the applicant and the remaining 97 beds will be responsive to the Fixed Need Pools from the two batching cycles.
- Locate PruittHealth-Escambia within Escambia County, Subdistrict 1-1, Florida.
- Seek Joint Commission accreditation or accreditation from some other similarly recognized accrediting body.

¹ The reviewer notes that for PruittHealth – Panama City, PruittHealth – Southwood and PruittHealth – Fleming Island, applicants have filed corporate name changes with the Florida Secretary of State since their original CONs were issued.

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- Implement a program designed to reduce hospital re-admissions; the current program utilized by PruittHealth affiliated facilities is INTERACT 3.0. The program to be implemented will be this program or other similarly designed program based on the most recent quality driven program PruittHealth determines to be available at the time of implementation.
- Participate in an organization-wide Quality Assurance/Performance Improvement initiative that entails quarterly visits in regard to clinical, operational, pharmaceutical and reimbursement areas by corporate consultants to ensure compliance with all local, state and federal laws.
- Implement Electronic Medical Records (EMR) at the facility, and include Smart Charting or other similar bedside patient charting tool.
- Implement Resident Safety Technology including Call Guard and WanderGuard into the facility.
- Implement Clinical Kiosks in appropriate locations throughout the facility.
- Assure all staff maintains ongoing training and continuing education credits utilizing Pruitt University and at no cost to the employees.
- Participate in a company-wide Annual Quality Report to demonstrate transparency in operations and make this Quality Report available to the public.
- Adopt the PruittHealth patient model of care including the applicable PerfectPath Programs appropriate for this facility and described in the CON application and Supporting Documents.
- Implement PointRight Technology (or a future similar technology) in the ongoing operations.

Note: Section 408.043 (4) Florida Statutes, prohibits accreditation by any private organization as a requirement for the issuance or maintenance of a certificate of need, so Joint Commission accreditation will not be cited as a condition to approval. Should the 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.

PruittHealth - Escambia County, LLC: Total GSF and Project Cost					
Applicant	CON #	Project	GSF	Cost	Cost Per Bed
PruittHealth-Escambia County, LLC	10527	45-Bed Addition	25,462	\$6,414,118	\$142,536

Source: CON application #10527, Schedule 9

D. REVIEW PROCEDURE

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

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

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

As part of the fact-finding, the consultant, 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 Scott Waltz 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 44, Number 63, of the Florida Administrative Register dated March 30, 2018, a fixed need pool of 45 community nursing home beds was published for Subdistrict 1-1, for the January 2021 Planning Horizon.

After publication of the fixed need pool for community nursing homes, there were no existing Subdistrict 1-1 facilities that filed exemption requests or filed expedited CON reviews related to community nursing home beds.

As of May 16, 2018, Subdistrict 1-1 had 2,168 licensed and 165 approved community nursing home beds. During the 12-month period ending December 31, 2017, Subdistrict 1-1 experienced 92.14 percent utilization at 18 existing community nursing homes. Below is a table illustrating nursing home patient days and total occupancy (utilization) within Subdistrict 1-1 for the 12 months ending December 31, 2017.

Escambia and Santa Rosa Counties (Subdistrict 1-1) Nursing Home Patient Days and Total Occupancy January 1, 2017– December 31, 2017				
Facility	Comm. Beds	Bed Days	Patient Days	Utilization
Escambia County				
Arcadia Health & Rehabilitation Center	150	61,430	51,797	84.32%
Bayside Health and Rehabilitation Center	120	43,800	40,578	92.64%
Century Health and Rehabilitation Center	88	32,120	29,887	93.05%
Consulate Health Care of Pensacola	120	43,800	41,840	95.53%
Haven of our Lady of Peace	120	43,800	41,579	94.93%
Life Care Center of Pensacola	120	43,800	40,824	93.21%
Olive Branch Health & Rehab Center*	90	360	--	--
Rehabilitation Center at Park Place	118	43,070	40,502	94.04%
Rosewood Healthcare and Rehabilitation Center	155	56,575	51,813	91.58%
Solaris Healthcare Pensacola	180	65,700	63,679	96.92%
Southern Oaks Care Center	210	76,650	69,074	90.12%
Specialty Health and Rehabilitation Center	120	43,800	41,691	95.18%
University Hills Health and Rehabilitation	120	43,800	41,056	93.74%
Willowbrooke Court at Azalea Trace	47	17,155	12,872	75.03%
Santa Rosa County				
Bay Breeze Senior Living and Rehabilitation Center	120	43,800	39,042	89.14%
PruittHealth-Santa Rosa	120	43,800	41,629	95.04%
Sandy Ridge Health and Rehabilitation	60	21,900	20,572	93.94%
Santa Rosa Health & Rehabilitation Center	110	40,150	36,934	91.99%
Total	2,168	765,510	705,369	92.14%

Source: Florida Nursing Home Bed Need Projections by District and Subdistrict, April 2018 Batching Cycle

*Olive Branch Health & Rehab Center was licensed on 12/28/2017 and has less than a year of operation, and therefore has no utilization data to report.

The reviewer notes the current and projected population of each county within the subdistrict, overall subdistrict, district and Florida for the planning horizon. Projected population growth is provided in the following table.

Escambia and Santa Rosa Counties, Population Change Comparisons						
County/Area	January 1, 2018 Population			January 1, 2021 Population		
	0-64	65+	Total	0-64	65+	Total
Escambia	253,137	52,477	305,614	252,358	56,679	309,037
Santa Rosa	144,981	25,923	170,904	151,054	29,336	180,390
Subdistrict 1-1	398,118	78,400	476,518	403,412	86,015	489,427
District 1	614,400	122,101	736,501	623,756	134,113	757,869
Florida	16,510,025	4,013,237	20,523,262	16,953,840	4,399,153	21,352,993
County/Area	2018-2021 Increase			2018-2021 Growth Rate		
	0-64	65+	Total	0-64	65+	Total
Escambia	-779	4,202	3,423	-0.31%	8.01%	1.13%
Santa Rosa	6,073	3,413	9,486	4.18%	13.17%	5.62%
Subdistrict 1-1	5,294	7,615	12,909	1.33%	9.71%	2.73%
District 1	9,356	12,012	21,368	1.52%	9.84%	2.94%
Florida	443,815	385,916	829,731	2.69%	9.92%	4.04%

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

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

Subdistrict 1-1 Bed per 1,000 Residents Age 65+					
County/Area	Comm. Beds	2018 Pop Age 65+	2018 Beds per 1,000	2021 Pop Age 65+	2021 Beds per 1,000
Escambia	1,758	52,477	34	56,679	31
Santa Rosa	410	25,923	16	29,336	14
Subdistrict 1-1	2,168	78,400	28	86,015	25
District 1	3,379	122,101	28	134,113	25
Florida	83,917	4,013,237	21	4,399,153	19

Source: Florida Agency for Health Care Administration Population Estimates, February 2015 and Florida Nursing Home Bed Need Projections by District and Subdistrict, April 2018 Batching Cycle

PruittHealth – Escambia County, LLC (CON application #10527), states that CON application#10505 combined 40 community nursing home beds transferred from PruittHealth – Santa Rosa to PHE with 52 beds from the fixed need pool published for the October 2017 batching cycle, to establish a new 92-bed SNF. The applicant states that although the proposed project (combining CON applications #10505 and #10527) will result in a 137-bed SNF, the intent is to reduce the number of beds being transferred from PruittHealth – Santa Rosa from 40 beds to 23 beds via a modification to CON application #10505 which will be filed upon approval of CON application #10527.

The applicant provides the following justifications for approval of the proposed facility:

- Improve access for persons in need of short term rehab
- Improve access of Medicaid services
- Improve access of Medicare services
- Improve access to private rooms

- Provide a modern design that supports independence and choice
- Provide state-of-the-art rehabilitation programming
- Provide extensive clinical programming focused on reducing hospital readmissions
- State-of-the-art rehab suite, extensively equipped to include to Hydroworx therapy pool
- The facility will be built to include the following:
 - All private rooms enhancing Medicaid access
 - Short term rehab and Medicare beds
 - Hospital readmission reduction program
 - Electronic medical record
 - Resident safety technology
 - Clinical care kiosks
 - Specialized care staff
 - State-of-the-art rehab suites
 - Therapy pool
 - Diabetes care
 - Medication management
 - Physical, occupational and speech therapies

The applicant states that the proposed facility will serve residents in both Escambia and Santa Rosa Counties by creating additional access within Escambia County and by allowing PruittHealth – Santa Rosa to convert semi-private rooms to private rooms. PHE asserts that as demographic demands and cost-saving initiatives move health care to post-acute care settings, the proposed project will ensure that the need for SNF services in Subdistrict 1-1 is met by an experienced, high-quality provider of post-acute care services with the necessary resources to offer innovative solutions from a highly integrated health care system.

- 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.**

CON application #10527 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.**

PHE indicates that the proposed state-of-the-art SNF will expand access to skilled nursing services in Subdistrict 1-1 and that the design and outlook for the proposed facility includes:

- All private rooms
- Short-term rehab and Medicare beds
- Hospital re-admission reduction program
- EMR
- Resident safety technology
- Clinical care kiosks
- Specialized care staff
- State-of-the-art rehabilitation suites
- Therapy pool
- Physical, occupational and speech therapy

The applicant notes that essential services will include, but not be limited to the following:

- 24-hour nursing services
- Physical therapy
- Occupational therapy
- Speech therapy
- IV therapy
- Tube feeding and total parental nutrition
- Wound care management
- Pain management
- Central lines
- Oxygen therapy
- Outpatient therapy

PHE lists several unique services and characteristics that are stated set it apart from other nursing home providers which include, but are not limited to:

- PerfectPath specialty care programs
- Clinic oversight teams
- Medication monitoring
- Dedicated quality staff
- Clinical and general kiosks

The applicant states the intent to offer the following additional services:

- Dietetic programming and nourishment care
- Recreational activities programming
- Counseling services
- Religious services
- Laundry services
- Beauty/barber services
- Pharmacy services
- Volunteer services

- Medication management
- Chronic disease management
- Bariatric programming (specialized training and design features)

The applicant provides an in-depth narrative of the numerous programs and other services intended to be offered at the proposed facility on pages 90 – 112 of CON application #10527. The reviewer notes that the applicant discusses services intended to serve bariatric residents, including specialized equipment but does not specify that this services and equipment will be available at the proposed facility.

Regarding admission and discharge procedures, the applicant states that the proposed facility will have strict admission policies to accurately screen and assure the appropriateness of facility placement/medical necessity of services. PHE maintains that the Admission Committee, in consult with the facility's Medical Director, will determine if the facility is an appropriate setting for the prospective resident. The applicant indicates that a discharge plan will be developed for each resident from the day of admission, for a smooth transfer of the resident from the facility to their home/another care setting to provide continuity of care. PHE provides a copy of the proposed facility's admissions and discharge planning policies and procedures in Volume II, Tab 4 of CON application #10527.

PHE maintains that the proposed facility will be staffed at levels in excess of minimum licensure requirements for nursing staff to fully meet the care needs of residents and provides nursing/related services to achieve and maintain the well-being of each patient. The applicant asserts that all skilled nursing staff will receive comprehensive training. PHE indicates that it has budgeted 1.7 skilled nursing hours per patient day and 4.36 total nursing hours per patient day which compares favorably with the existing Subdistrict 1-1 staffing pattern of 1.37 skilled nursing hours per patient day and 4.11 total nursing hours per patient day.

PHE's Schedule 6A indicates that full time employees (FTEs) for the entire facility for year one (ending December 31, 2021) and year two (ending December 31, 2022) total 64.5 and 142.2, respectively. Schedule 6A illustrates that FTEs for year one and year two total 9.74 and 30.72, respectively, for the proposed 45-bed addition. The applicant's proposed staffing model for the first two years of operation are included in the following table:

PruittHealth – Escambia County, LLC (CON application #10527) 45-Bed Addition: Projected Year One and Year Two Staffing		
Position	Year One FTEs	Year Two FTEs
Administration		
Medical Records Clerk	0.33	1.0
Nursing		
RNs	1.4	4.80
LPNs	0.8	4.20
Nurses’ Aides	4.5	12.60
Other	0.2	--
Ancillary		
Physical Therapist (Contracted)	0.67	2.10
Physical Therapist Assistant (Contracted)	0.22	0.67
Speech Therapist (Contracted)	0.07	0.31
Occupational Therapist (Contracted)	0.14	0.78
Occupational Therapy Assistant (Contracted)	0.01	0.06
Other: Rehab Aide	--	1.0
Dietary		
Cooks	0.6	0.4
Dietary Aides	0.2	1.4
Housekeeping		
Housekeepers	0.6	1.4
Total	9.74	30.72

Source: CON application #10527, Schedule 6A

The applicant’s Schedule 7 indicates that the average length of stay (ALOS) will be 56.9 days for year one and 57.6 days for year two of operation for the entire 120-bed facility and 51 days for year one and 54.5 days for year two of operation for the proposed 45-bed addition.

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 that it is a newly created entity and that neither PHE nor affiliated sister facility, PruittHealth-Santa Rosa, has had a SNF license denied, revoked or suspended within the 36 months prior to the current application.

- 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 is a newly created entity and has not had a SNF placed into receivership within the 36 months prior to the current application.

- 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 criteria is not applicable as neither the applicant nor its affiliated nursing facilities through its parent corporation, have ever had a license denied, revoked, suspended or placed into receivership within the past 36 months.

- 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 as there have not been any violations.

- 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 as there have not been any 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 indicates that it will provide the required data in compliance with this provision.

3. Statutory Review Criteria

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

Subdistrict 1-1 is comprised of Escambia and Santa Rosa Counties and has 18 licensed community nursing home, with a total of 2,168 community nursing home beds. Subdistrict 1-1 averaged 91.14 percent total occupancy for the 12-month period ending December 31, 2017.

PHE offers an in-depth analysis of the need for the proposal as it relates to availability, quality of care, accessibility and extent of utilization of existing health care facilities and health services in the service area. The applicant asserts that the benefits gained by the implementation of the proposal include:

- Further enhanced longstanding positive PruittHealth relationships with area hospitals
- Enhance accessibility and availability to private room accommodations
- Accommodate Medicaid patients
- Licensed and total nursing hours per patient days to exceed subdistrict average
- Implement programs to reduce hospital admissions
- Install and maintain resident safety technologies
- Utilize EMR
- Provide top-notch physical, occupational and speech therapies
- Incorporate diabetic care clinical pathway
- Medication management
- Provide special amenities

The applicant states to have evaluated characteristics of the service area including demographics, competition, utilization patterns, forecasted market and facility utilization.

Regarding services area population trends, the applicant states that Subdistrict 1-1 is home to more than 476,000 residents with 16.5 percent being seniors age 65+. PHE notes that of the subdistrict’s 78,000 senior residents, 67 percent reside in Escambia County. PHE indicates that as of January 2018, Subdistrict 1-1 had 46,498 seniors age 65 to 74 and 31,902 seniors age 75+. The applicant provides resident population demographics by age cohort for Escambia and Santa Rosa Counties. See the table below.

Subdistrict 1-1 Population as of January 2018					
County	Ages 65-74	Ages 75+	Ages 65+	All Ages	County as % of Subdistrict Population 65+
Escambia	30,448	22,029	52,477	305,614	66.9%
Santa Rosa	16,050	9,873	25,923	170,904	33.1%
Subdistrict 1-1	46,498	31,902	78,400	476,518	100.0%

Source: CON application #10527, page 43

In determining future population projections for Subdistrict 1-1, the applicant indicates that population age demographics were forecasted for July 2021 and July 2022, as PHE anticipates initiation of services on January 1, 2021. The applicant states that July 2021 will be the midpoint for year one of the proposed project and forecasts that Escambia and Santa Rosa Counties will be home to 57,399 residents age 65+ and 29,903 residents age 75+ respectively, with a combined total 87,302 subdistrict residents age 65+. PHE adds that by July 2022, the subdistrict’s forecasted age 65+ population will reach nearly 90,000. PruittHealth provides the following table to illustrate the forecasted elderly cohort age 65+ for Subdistrict 1-1.

Subdistrict 1-1 Forecasted 65+ Population as of July 2021 and July 2022						
County	July 2021			July 2022		
	Ages 65-74	Ages 75+	Ages 65+	Ages 65-74	Ages 75+	Ages 65+
Escambia	33,357	24,024	57,399	33,942	24,871	58,813
Santa Rosa	18,455	11,448	29,903	19,027	11,998	31,025
Subdistrict 1-1	51,812	35,490	87,302	52,969	36,869	89,838

Source: CON# 10527, page 43

The applicant states that during the next five years, Subdistrict 1-1’s 65+ population is expected to grow by an additional 12,729 residents (16.5 percent), with both Escambia and Santa Rosa Counties experiencing significant growth during this time. PHE indicates that

Santa Rosa County’s 65+ population growth rate (22.4 percent) will outpace that of Escambia County (13.6 percent). The applicant provides the current and forecasted population for the 65+ age cohort within the service area for July 2018 and July 2022. See the table below.

Subdistrict 1-1 Growth Rate Age 65+ Population January 2018-July 2022				
County	July 2018	July 2022	Numeric Change 2018-2022	Percent Change 2018-2022
Escambia	51,763	58,813	7,050	13.6%
Santa Rosa	25,346	31,025	5,679	22.4%
Subdistrict 1-1	77,109	89,838	12,729	16.5%

Source: CON application #10527, page 44

PHE asserts that the forecasted growth rate for the age cohort 65+ supports the need for additional SNF beds to accommodate incremental demand for such services. The applicant affirms that the proposed facility will be located in southeast Escambia County, where the 65+ population is most dense. PHE maintains that intended sites being sought for the proposed facility are also located in eastern Escambia County near Interstate-10 and US-90 in order to be highly accessible to Pace in Santa Rosa County, a densely populated area of the county. A map of the distribution of nursing homes in Subdistrict 1-1 in relation to 65+ population density is provided on page 45 of CON application #10527.

The applicant analyzed utilization trends for existing service area licensed facilities for July - December 2017, noting that within Escambia County, 11 of the 13 licensed nursing facilities had occupancy rates that exceeded 90 percent and eight of 13 exceeded 94 percent. PHE notes that for the same period, Santa Rosa County had three of the four facilities exceeding 90 percent occupancy and two of the four facilities exceeding 94 percent occupancy, including PruittHealth – Santa Rosa which experienced an occupancy rate of 94.9 percent. The applicant provides a table depicting the occupancy rates for the existing nursing facilities in Subdistrict 1-1 (CON application #10527, page 46-47) for CY 2017. The applicant states that in aggregate, 705,369 nursing home patient days were provided by all 18 nursing homes in Subdistrict 1-1 for calendar year 2017. PHE provides a map on page 48 of CON application #10527, illustrating the distribution of existing service area SNFs.

PHE indicates that the configuration of the proposed facility will be a mix of short-term and long-term beds and provides the forecasted admissions and average daily census (ADC) for the first two years of operation in the following table. Figures provided are for the total project of 137 beds as well as the project with the applicant’s intended modification of CON #10505 (17-bed reduction), resulting in a 120-bed facility.

PruittHealth – Escambia Forecasted Utilization Years One and Two				
	137-Beds		120-Beds	
	Year One: 2021	Year Two: 2022	Year One: 2021	Year Two: 2022
Medicare/Medicare HMO, Skilled Patients				
Admissions	258	678	224	583
Patient Days	6,336	16,790	5,495	14,418
ADC	17.4	46	15.1	39.15
Medicaid, Long-Term Patients				
Admissions	43	121	39	105
Patient Days	10,454	29,018	9,496	25,276
ADC	28.6	79.5	26.0	39.5
All Other Payors				
Admissions	18	26	19	26
Patient Days	1,066	1,460	1,065	1,460
ADC	2.9	4.0	2.9	4.0
Total*				
Admissions	320	824	282	714
Patient Days	17,856	47,268	16,056	41,154
Occupancy Rate	36%	95%	37%	94%
ADC	48.9	129.5	44.0	112.8

Source: CON application #10527, page 77

* Given the long-term nature of these patients, the applicant states that annual admissions are based on replacement of long-term residents.

PHE provides the following payer source forecast for the first two years of operation for the 137-bed proposal and 120-bed planned bed complement through modification of CON application #10505 and CON application #10527:

PruittHealth – Escambia Forecasted Utilization by Payor Source: Year One & Two				
	137 Beds		120 Beds	
	Year One: 2021	Year Two: 2022	Year One: 2021	Year Two: 2022
Medicare	6,091	16,425	5,250	14,053
Medicare HMO	245	365	245	365
Medicaid	10,454	29,018	9,496	25,276
VA	367	730	367	730
Private Pay	699	730	699	730
Total	17,856	47,268	16,056	41,154

Source: CON application #10527, page 78

The applicant discusses acute care hospital discharges to SNFs, stating that yearly, the seven hospitals within Subdistrict 1-1 discharge between 6,504 and 6,765 patients to service area SNFs. The applicant provides a table depicting the distribution of acute care discharges from hospitals to SNFs within the subdistrict for the three-year period ending September 30, 2017.

Escambia and Santa Rosa County Hospitals Discharges to SNF by Hospital October 1, 2014 Through September 30, 2017						
Hospital	Discharges to SNF			Percent Discharges by Hospital		
	12 Months Ending 9/30/2015	12 Months Ending 9/30/2016	12 Months Ending 9/30/2017	12 Months Ending 9/30/2015	12 Months Ending 9/30/2016	12 Months Ending 9/30/2017
Sacred Heart Hospital of Pensacola	2,152	2,051	2,052	31.8%	31.2%	31.5%
West Florida Hospital	1,546	1,661	1,741	22.9%	25.2%	26.8%
Baptist Hospital	1,788	1,585	1,367	26.4%	24.1%	21.0%
Gulf Breeze Hospital	532	514	533	7.9%	7.8%	8.2%
Santa Rosa Medical Center	425	385	409	6.3%	5.9%	6.3%
Select Specialty Hospital - Pensacola	288	295	335	4.3%	4.5%	5.2%
Jay Hospital	34	89	67	0.5%	1.4%	1.0%
Total	6,765	6,580	6,504	100.0%	100.0%	100.0%

Source: CON application #10527, page 49

PHE notes that of the 6,504 residents transferred from hospitals to SNFs, 5,434 were 65+, with 84 to 85 percent of transfers being discharged from Escambia County hospitals. The applicant provides a comparative analysis of hospital discharges to SNF by hospital county in Subdistrict 1-1. See the table below.

Hospital Discharges to SNFs by Hospital County 12 Months Ending September 30, 2017				
Hospital County	Ages 65+		All Ages	
	Discharges/ Transfers to SNFs	Percent of Total to SNFs	Discharges/ Transfers to SNFs	Percent of Total to SNFs
Escambia	4,542	83.6%	5,495	84.5%
Santa Rosa	892	16.4%	1,009	15.5%
Subdistrict 1-1	5,434	100.0%	6,504	100.0%

Source: CON application #10527, page 50

The applicant acknowledges that the data above does not reveal which SNF patients were discharged to, but the data does allow a reasonable deduction that some of these out-of-area patients were discharged from service area hospitals to SNFs within the service area in order to access their medical team and post-acute treatment. PHE maintains that when assessing the discharges by resident county, the data supports the fact that patients migrate into the subdistrict to utilize hospital services. The applicant states that residents of Escambia and Santa Rosa Counties account for 60 percent and 27 percent, respectively, of service area hospital discharges to SNFs. PHE notes that between 12 and 13 percent of hospital discharges to service area SNFs originate from outside the subdistrict. See the following table.

Hospital Discharges to Nursing Facilities by Resident County 12 Months Ending September 30, 2017				
Hospital County	Ages 65+		All Ages	
	Discharges/ Transfers to Nursing Facilities	Percent of Total to Nursing Facilities	Discharges/ Transfers to Nursing Facilities	Percent of Total to Nursing Facilities
Escambia	3,275	60.3%	3,972	61.1%
Santa Rosa	1,471	27.1%	1,688	26.0%
Subdistrict 1-1	4,746	87.4%	5,660	87.1%
In-Migration	648	12.6%	844	12.9%
Total	5,434	100.0%	6,504	100.0%

Source: CON application #10527, page 51

PHE conveys that data is limited and does not provided the patient’s nursing home destination or the patient’s primary diagnosis during a hospital stay. The applicant provides the top 11 primary service line groups for those who were discharged from the hospital to SNFs. See the table below.

Hospital Discharges to SNF by Service Line 12 Months Ending September 30, 2017				
Service Line (MS-DRG)	Age 65+		Total	
	Cases	Percent of Total	Cases	Percent of Total
Orthopedics	1,252	23.0%	1,472	22.6%
Cardiology/Cardiac Surgery	729	13.4%	800	12.3%
Pulmonary	538	9.9%	638	9.8%
Nephrology	515	9.5%	569	8.7%
Neurology	434	8.0%	547	8.4%
Infectious Disease	511	9.4%	610	9.4%
General Surgery	267	4.9%	370	5.7%
Gastroenterology	236	4.3%	279	4.3%
General Medicine	132	2.4%	173	2.7%
Endocrinology	122	2.3%	148	2.3%
Vascular	94	1.7%	127	2.0%
All Other	604	11.2%	771	11.8%
Total	5,434	100.0%	6,504	100.0%

Source: CON application #10527, page 52

As the previous table does not include resident county or hospital origin, the applicant states that 84 to 85 percent of the discharges included above are representative of Escambia County hospitals. PHE expresses that there are disease and condition specific programming deployed at other facilities throughout the southeast that will be implemented at the proposed facility along with tailored clinical services in order to meet patient needs. The applicant asserts that the highly specialized programs and services to be featured at the proposed facility are in response to the local hospital discharges to SNF identified through this proposal.

PHE maintains that acute care discharges to SNF are important in developing relationships between hospital discharge planners, social workers and hospital leadership, to ensure placement options/referrals for patients seeking SNF care. Through its operation of PruittHealth-Santa Rosa, the applicant attests to having established relationships with existing hospitals within the service area which PHE will utilize.

The applicant intends to address service area hospital readmissions by adopting and implementing the INTERACT (Interventions to Reduce Hospital Readmissions) program. The applicant describes INTERACT as a comprehensive program with tools specifically designed to decrease patient re-hospitalizations. PHE maintains that the INTERACT program supports national health care goals of reducing overall health care cost and improving quality through measures to decrease patient re-hospitalization.

The applicant states it has met with some of the service area hospital providers in order to address patient needs when transitioning from either a short-term or long-term acute care setting to a SNF. PHE asserts that service area hospital leaderships was unanimous in their interest for more private room accommodations during the transition phase. The applicant affirms that treatment concerns for high acuity patients were discussed with health care providers. The reviewer notes that the applicant does not specify which area hospitals were consulted however, two of the seven subdistrict hospitals (Select Specialty Hospital of Pensacola and West Florida Hospital) were represented by letters of support submitted by the applicant.

In addition to analyzing the volume of hospital acute care discharges to SNFs within the service area, the applicant evaluated Medicare requirements for reimbursement, noting that patients admitted to short-term beds within SNFs must be transferred from the hospital setting after a qualifying stay in lieu of being referred from home or another facility type. PHE indicates that there will be exceptions with commercial payors with less stringent admission requirements but notes that Medicare is the dominant payor for short-term care. Based on this Medicare requirement, the applicant asserts that evaluating the levels of patients admitted to SNFs provides meaningful metrics to support this proposal.

PHE states that the proposal will have no adverse impact on existing SNFs in the subdistrict given the publication of the fixed need. The applicant indicates that the proposal will have a positive impact on the local health care infrastructure as it will serve as an additional post-acute discharge destination for hospitals and physicians to refer patients post-hospitalization.

The applicant asserts that SNF beds, as they presently exist within the service area, are virtually unavailable to meet incremental demand based on respective occupancy rates and the lack of availability of private beds. PHE contends that the annual occupancy rate of 92.1 percent in 2,168 beds, with only 11.7 percent private rooms, indicates a lack of available SNF beds.

PHE states that the proposed facility will fulfill incremental demand in the subdistrict by offering all private rooms and allowing PruittHealth – Santa Rosa to shift 23 beds, allowing the facility to offer additional private rooms.

- 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.**

PHE is a newly-formed entity and therefore does not have a history of providing quality care. The applicant asserts that it will develop all policies and procedures as well as the quality assurance program based on PruittHealth affiliates throughout the southeastern United States. PHE describes its historical provision of administrative services to more than 90 SNFs in Georgia, North Carolina and Florida. The applicant states a commitment to provide the appropriate provision of comprehensive, high-quality, safe and cost-effective SNF services to persons in need of such care.

The applicant maintains that PruittHealth’s organizational experience and expertise in providing quality SNF services is evidenced by the number of successful programs and quality assurance practices. PHE states that the quality program at the proposed facility will consist of assigned patient care managers, a care transition program, corporate standards, leadership/training, external benchmarking and awards, continuous process improvement, customer service and transparency.

As a testament to PruittHealth’s commitment to providing quality care, the applicant provide a detailed account of the various quality assurance initiatives implemented throughout existing facilities within PruittHealth system. PHE indicates that these various quality measures and mechanisms will be implemented at the proposed facility. Components of PruittHealth system’s quality program include:

- Commitment to Caring campaign
- Corporate standards
- Association memberships and national awards/recognition

- CMS five-star rating (including deficiency-free CMS surveys)
- The Joint Commission Accreditation
- U.S. News and World Report – Best Nursing Homes in the US (PruittHealth-Santa Rosa)
- State awards (Georgia Health Care Association quality awards-2017)
- External benchmarking (quality indicator reports)
- PruittHealth consulting services
- PruittHealth pharmacy
- Benchmarking tools
- CMS Quality Improvement Organization (QIO)
 - Satisfaction surveys
 - Care transitions and clinical pathways
 - INTERACT program
- Performance improvement program
 - Peer review program
 - Specialist consultants
 - Care guard
 - PointRight
- Joint Commission Accreditation
- Staffing, training and career development
- Pruitt University
- Customer service and transparency
- Senior Care Partner program
- Care Ambassador program
- Green Sweep program

The applicant indicates that it will establish a quality assessment and assurance committee—consisting of the director of nursing, a physician, pharmacist and at least three other staff members—to meet at least quarterly to develop and implement appropriate plans of action which will correct identified quality care issues. PHE discusses external benchmarking studies in which all PruittHealth affiliates take part in to stay on the front-edge of quality care practices. The applicant describes the quality indicator reports and the use of the ABAQIS quality indicator program which is a web-based program that provides reports focused on quality assurance and improvement in 26 different care areas directly linked to Federal and State regulations.

PHE discusses quality benchmarking tools including:

- LTC trend tracker
- CMS Quality Improvement Organization
- Satisfaction surveys
- Care transitions and clinical pathways
- Interact program

The applicant discusses PruittHealth’s Performance Improvement Process (PIP), stating that the process demonstrates its strong commitment to continuous quality improvement by providing an avenue to continuously improve care and services to the residents, family members and staff of its facilities. PHE maintains that the process is coordinated by the facility administrator and designed to initiate positive improvements through a strategic change process. The applicant indicates that PIP is derived from company policies/procedures, standards for licensure/certification and quality benchmarks. PHE asserts that PIP monitors and obtains information from the reports of various facility committees, consultant reviews, surveys, monthly quality assurance key indicator data and internal staff audits. The applicant discusses additional quality initiatives that will be implemented at the proposed facility on pages 142-147 of CON application #10527.

PruittHealth currently operates PruittHealth-Santa Rosa located in Santa Rosa County (Subdistrict 1-1). PruittHealth-Santa Rosa is not a Gold Seal Program nor is it on the Nursing Home Watch List. Agency records indicate that for the three-year period ending May 14, 2018, the parent had five substantiated complaints, which are listed below. A single complaint can encompass multiple complaint categories.

PruittHealth - Santa Rosa, Three Year Substantiated Complaint History	
Complaint Category	Number Substantiated
Quality of Care/Treatment	3
Billing/Refunds	1
Resident/Patient/Client Rights	1
Total Number of Substantiated Complaints	5

Agency Complaint Records, May 14, 2015 – May 14, 2018

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

Analysis:

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

be achieved if necessary to fund the project. We also calculate working capital (current assets less current liabilities) a measure of excess liquidity that could be used to fund capital projects.

Historically we have compared all applicant financial ratios regardless of type to bench marks established from financial ratios collected from Florida acute care hospitals. While not always a perfect match to a particular CON project it is a reasonable proxy for health care related entities. The applicant provided audited financial statements for PruittHealth – Escambia County, LLC, a development stage company with no assets, liabilities, revenues or expenses.

Capital Requirements and Funding:

The applicant indicates on Schedule 2 capital projects totaling \$28,430,579, which consists of the project currently under review and CON application #10505. The applicant states on Schedule 3 that funding for this project will come from operating cash flows and non-related company financing. The applicant provided a letter from Synovus. The letter states that final approval will be decided on approval of the CON as well as closing of the loan documents. The letter further stated that Synovus committed to fund 80 percent of the project costs associated with both CON application #10505 and CON application #10527. The applicant also provided a letter from their parent company and a document showing available balances for various lines of credit, but this document is unaudited.

Conclusion:

Funding for this project should be available.

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

Analysis:

The immediate and long-term financial feasibility of the project is tied to expected profitability. The purpose of our analysis for this section is to evaluate the reasonableness of the applicant's profitability projections and, ultimately, whether profitability is achievable for this project. Our analysis includes an evaluation of net revenue per patient day (NRPD), cost per patient day (CPD), nurse staffing ratios, and profitability. We compared the NRPD, CPD, and profitability to actual operating results from skilled nursing facilities as reported on Medicaid cost reports (2015, 2016, and 2017 cost report years). For our comparison group, we selected skilled nursing facilities with similar Medicaid utilizations to the utilization projected by the applicant on a per patient day basis (PPD).

Comparison group data was adjusted for inflation to match the second year projection (inflation factor was based on the New CMS Market Basket Price Index as published in the 3rd Quarter 2017, Health Care Cost Review).

This review is for a 137-bed community nursing home (CON application #10505 unmodified and CON application #10527) since the modification to CON application #10505 is not guaranteed. 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	19,259,558	407	492	368	250
Total Expenses	17,063,081	361	476	364	243
Operating Income	2,196,477	46	118	7	-161
Operating Margin	11.40%		Comparative Group Values		
	Days	Percent	Highest	Median	Lowest
Occupancy	47,268	94.53%	103.17%	90.29%	56.68%
Medicaid	29,018	61.39%	69.78%	61.94%	50.01%
Medicare	16,790	35.52%	40.00%	16.65%	1.15%

The projected NRPD, CPD, and profit fall within the group range and are considered reasonable. Therefore, the overall profitability appears achievable.

Staffing:

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

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:

Strictly from a financial perspective, the type of competition that would result in increased efficiencies, service, and quality is limited in health

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

Conclusion:

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

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

The applicant has submitted all information and documentation necessary 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 applicant may need to upgrade an existing one-hour rated smoked barrier to a two-hour rated fire wall to comply with the building construction type limitations in Florida Building Code Sixth Edition. The applicant does not indicate this scope of work. This additional work should not have a significant impact to the overall cost of construction or create delays.

The plans submitted with this application were schematic in detail with the expectation that they will be necessarily revised and refined prior to being submitted for full plan review. The architectural review of this application shall not be construed as an in-depth effort to determine complete compliance with all applicable codes and standards. The final

responsibility for facility compliance ultimately rests with the applicant owner. Approval from the Agency for Health Care Administration’s Office of Plans and Construction is required before the commencement of any construction.

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

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

Medicaid Patient Days and Medicaid Occupancy Subdistrict 1-1, District 1 and Florida Calendar Year 2013-2017					
Medicaid Patient Days					
Area	CY 2013	CY 2014	CY 2015	CY 2016	CY 2017
PruittHealth*	25,605	28,083	28,141	28,360	28,352
Subdistrict 1-1	452,559	456,105	458,717	460,083	465,735
District 1	664,028	670,062	672,406	683,541	682,860
Florida	15,700,197	15,932,613	15,959,939	16,144,618	15,990,448
Medicaid Occupancy					
Area	CY 2013	CY 2014	CY 2015	CY 2016	CY 2017
PruittHealth*	62.18%	68.48%	68.91%	67.89%	68.11%
Subdistrict 1-1	64.70%	65.00%	64.84%	65.72%	66.03%
District 1	63.11%	63.04%	63.28%	64.82%	65.20%
Florida	61.66%	62.17%	62.18%	63.13%	63.18%

Source: Florida Nursing Home Utilization by District and Subdistrict, April 2014– April 2018 Batching Cycles.

*PruittHealth – Santa Rosa

The applicant states that as a newly-formed entity, it does not have a historical record of providing health services to Medicaid patients and the medically indigent. The applicant asserts that all PruittHealth affiliated SNFs have demonstrated history and commitment to Medicaid recipients, having provided nearly 8.8 million Medicaid patient days over the past four years from January 2014 to present. PHE asserts that each year at affiliated SNFs, Medicaid payors account for between 63 and 65 percent of all patient days, noting that sister facility PruittHealth – Santa Rosa provides a greater percent of Medicaid patients with 68 percent of total patient days.

The applicant provides the historical Medicaid provision for all Pruitt Health affiliates for the period CY 2014 through CY 2017. See the table below.

PruittHealth Affiliated Facilities Historical Commitment to the Medicaid Patients Medicaid Percent of Total Patient Days CY 2014 - 2017				
PruittHealth Facilities Collectively	CY 2014	CY 2015	CY 2016	CY 2017
Medicaid Patient Days	2,143,023	2,180,936	2,240,549	2,237,583
Percent of Patient Days	64.8%	64.1%	64.8%	62.8%

Source: CON application #10527, page 161

PruittHealth provides the following payer forecast for the first two years of operation.

PruittHealth - Escambia, LLC Payer Mix Forecast Years One and Two		
Payer Group	Year One	Year Two
Patient Days		
Self-Pay	699	730
Medicaid	10,454	29,018
Medicare	6,091	16,425
Medicare HMO	245	365
Other Payers	367	730
Total	17,856	47,268
Percentages		
Self-Pay	3.9%	1.5%
Medicaid	58.5%	61.4%
Medicare	34.1%	34.7%
Medicare HMO	1.4%	0.8%
Other Payers - VA	2.0%	2.0%
Total	100%	100%

Source: CON application #10527, Schedule 7

The applicant asserts that financial projections included in this proposal demonstrate that it is committed to serving the Medicaid population upon licensure. PHE maintains that the proposed admission policy clearly dictates that it will not discriminate against anyone on the basis of race, sex, religion, national origin, physical handicap, diagnosis, payment source and/or any other circumstance or physical condition which classifies an individual as underserved. For this reason, the applicant states that its commitment to serve the medically indigent population of the service area is demonstrated.

PHE does not condition the CON proposal to the provision of a minimum level of Medicaid or charity care. The applicant's Schedule 7 indicates that Medicaid and self-pay represent 57.1 percent and 0.0 percent, respectively, for year one annual total patient days and 60.7 percent and 0.0 percent, respectively, for year two annual total patient days for the proposed 45-bed addition.

F. SUMMARY

PruittHealth – Escambia County, LLC (CON application #10527), proposes to add 45 beds to a previously approved 92-bed community nursing home (CON application #10505), resulting in a new 137-bed SNF to be located in Subdistrict 1-1, Escambia County. The applicant notes that the ultimate intent after approval of CON application #10527 is to reduce the number of beds being transferred from PruittHealth – Santa Rosa from 40 beds to 23 beds resulting in PHE as a 120-bed facility and PruittHealth – Santa Rosa as a 109-bed facility.

The applicant is an affiliate of PruittHealth, an existing facility SNF provider in Santa Rosa County, which currently operates PruittHealth – Santa Rosa, a 120-bed community nursing home.

The proposed project includes 25,462 GSF of new construction. The construction cost is \$4,201,230. The total project cost is \$6,414,118. The total project cost includes land, building, equipment, project development and financing costs.

PruittHealth conditions approval of the proposal to 13 conditions:

Need

In Volume 44, Number 63 of the Florida Administrative Register dated March 30, 2018, a fixed need pool of 45 community nursing home beds was published for Subdistrict 1-1 for the January 2021 Planning Horizon.

As of May 16, 2018, Subdistrict 1-1 had 2,168 licensed and 165 approved community nursing home beds. During the 12-month period ending December 31, 2017, Subdistrict 1-1 experienced 92.14 percent utilization at 18 existing community nursing homes.

The applicant indicates that the proposed facility will serve residents in both Escambia and Santa Rosa Counties by creating additional access within Escambia County and by allowing PruittHealth – Santa Rosa to covert semi-private to private rooms. PHE asserts that as demographic demands and cost-saving initiatives move health care to post-acute care settings, the proposed project will ensure that the need for SNF services in Subdistrict 1-1 is met by an experienced, high-quality provider of post-acute care services with the necessary resources to offer innovative solutions from a highly integrated health care system.

The applicant asserts that the proposed project warrants approval based on the following:

- Improve access for persons in need of short-term rehab
- Improve access of Medicaid services
- Improve access of Medicare services
- Improve access to private rooms
- Provide a modern design that supports independence and choice
- Provide state-of-the-art rehabilitation programming
- Provide extensive clinical programming focused on reducing hospital readmissions
- Further enhance longstanding positive PruittHealth relationships with area hospitals
- Licensed and total nursing hours per patient day will exceed subdistrict averages

The applicant's Schedule 7 indicates that the ALOS will be 56.9 days for year one and 57.6 days for year two of operation for the entire 120-bed facility and 51 days for year one and 54.5 days for year two of operation for the proposed 45-bed addition.

The Agency finds that, on balance, the applicant demonstrated the applicable criteria specified in statute and rule to merit approval of the proposed bed addition.

Quality of Care

The applicant is a new entity and does not have any operational history for quality of care however, the applicant described its ability to provide quality care.

Agency records indicate for the three-year period ending May 14, 2018, PruittHealth – Santa Rosa had five substantiated complaints.

Financial Feasibility/Availability of Funds

Funding for this project should be available. Based on the applicant's Schedule 6, minimum nurse staffing requirements are met, pursuant to Section 400.23(3)(a)(1), Florida Statutes. This project appears to be financially feasible based on the projections provided by the applicant.

Based solely on a review of the applicant's financial schedules, the proposed 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's Schedule 7 indicates that Medicaid and self-pay represent 57.1 percent and 0.0 percent, respectively, for year one annual total patient days and 60.7 percent and 0.0 percent, respectively, for year two annual total patient days for the proposed 45-bed addition.

Architectural

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 significant impact on either construction costs or the proposed completion schedule.

G. RECOMMENDATION

Approve CON #10527 to add 45 beds to a previously approved 92-bed community nursing home (CON #10505), resulting in a new 137-bed SNF to be located in District 1, Subdistrict 1-1, Escambia County. The total project cost is \$6,414,118. The project involves 25,462 (GSF) of new construction and a construction cost of \$4,201,230.

CONDITIONS:

- Submit a formal request to modify CON application #10505 to transfer only 23 of the original 40 beds from PruittHealth – Santa Rosa to PruittHealth – Escambia thereby becoming a CON to develop a 75-bed nursing home
- After approval of the CON application #10505 modification, request an exemption with AHCA to combine PruittHealth – Escambia CON applications #10505 and #10527 to a single CON application #10527 for 120 community nursing home beds. Ultimately, 23 beds will be transferred from PruittHealth – Santa Rosa to the applicant and the remaining 97 beds will be responsive to the Fixed Need Pools from the two batching cycles.
- Locate PruittHealth-Escambia within Escambia County, Subdistrict 1-1, Florida.
- Seek Joint Commission accreditation or accreditation from some other similarly recognized accrediting body.

- Implement a program designed to reduce hospital re-admissions; the current program utilized by PruittHealth affiliated facilities is INTERACT 3.0. The program to be implemented will be this program or other similarly designed program based on the most recent quality driven program PruittHealth determines to be available at the time of implementation.
- Participate in an organization-wide Quality Assurance/Performance Improvement initiative that entails quarterly visits in regard to clinical, operational, pharmaceutical and reimbursement areas by corporate consultants to ensure compliance with all local, state and federal laws.
- Implement Electronic Medical Records (EMR) at the facility, and include Smart Charting or other similar bedside patient charting tool.
- Implement Resident Safety Technology including Call Guard and WanderGuard into the facility.
- Implement Clinical Kiosks in appropriate locations throughout the facility.
- Assure all staff maintains ongoing training and continuing education credits utilizing Pruitt University and at no cost to the employees.
- Participate in a company-wide Annual Quality Report to demonstrate transparency in operations and make this Quality Report available to the public.
- Adopt the PruittHealth patient model of care including the applicable PerfectPath Programs appropriate for this facility and described in the CON application and Supporting Documents.
- Implement PointRight Technology (or a future similar technology) in the ongoing operations.

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