

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

A. PROJECT IDENTIFICATION

1. Applicant/CON Action Number

PruittHealth – Southwood, LLC¹/CON #10529
1626 Jeurgens Court
Norcross, Georgia 30093

Authorized Representative: Neil L. Pruitt, Jr.
(770) 806-6893

2. Service District/Subdistrict

District 2/Subdistrict 2-4 (Leon County)

B. PUBLIC HEARING

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

Letters of Support

PruittHealth – Southwood, LLC (CON application #10529) includes no letters of support and the Agency received no letters of support independently, pursuant to the proposal.

Letters of Opposition

The Agency received no letters of opposition pursuant to the proposal.

¹ On Wednesday, June 27, 2018 the applicant’s consultant notified the Agency, by e-mail, that on June 18, 2018 PruittHealth – Leon County, LLC properly filed a corporate name change with the Florida secretary of state. This documentation indicates that effective June 18, 2018 the applicant’s name was changed to “PruittHealth – Southwood, LLC”.

C. PROJECT SUMMARY

PruittHealth – Southwood, LLC (CON application #10529), also referenced as PHS or the applicant, an affiliate of PruittHealth, Inc., also referenced as PH or the parent/affiliate², an existing Florida “for profit” skilled nursing facility (SNF) provider, founded in 1969, with operations in Florida, Georgia, North Carolina and South Carolina, proposes to add 15 community nursing home beds to the already approved 86-bed community nursing home project (CON application #10248P)³ in Subdistrict 2-4⁴. PHL will be physically be on the same campus as CON application #10248 – 2301 Bluff Oak Way, Tallahassee, Florida 32311.

The applicant proposes to aggregate beds from Subdistrict 2-5 (Jefferson, Madison and Taylor Counties), with a calculated bed need of 15 beds in the current batching cycle. Per the applicant, CON application #10248P and the 15 beds in CON application #10529 would result in a 101-bed SNF, which the applicant indicates is a more efficient, economically feasible and functionally viable model.

The applicant expects issuance of licensure in December 2019 and initiation of service in January 2020 (CON application #10529, Schedule 10).

The affiliate, PH, operates one SNF in Florida with 120 beds, located in Subdistrict 1-1 (Santa Rosa County):

- PruittHealth – Santa Rosa

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

² Per the applicant, the ultimate parent is United Health Services, Inc. (UHS).

³ In this review, reference to CON application #10248 and CON application #10248P are the same project.

⁴ In the current batching cycle, the affiliate, PH, also submitted:

- CON application #10527, a proposal to add 45 community nursing home beds to the already approved 92-bed community nursing home project – CON application #10505 – in District 1/Subdistrict 1/1, Escambia County
- CON application #10528, a proposal to add 24 community nursing home beds to the already approved 77-bed community nursing home project - CON application #10245 - in District 2/Subdistrict 2-2, Bay County

- PruittHealth-Fleming Island⁵ (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 project involves 9,155 gross square feet (GSF) of new construction. The construction cost is \$1,719,795. Total project cost is \$2,932,058. Project cost includes land, building, equipment, project development and financing costs.

The applicant's Schedule C includes the following conditions, predicated upon award:

The applicant has conditioned approval of this CON application on the following provisions which are consistent with the applicable conditions in CON application #10248P:

1. Request an exemption with AHCA to combine PruittHealth – Leon CON applications #10248P and #10529 to a single CON application #10529 for 101 community nursing home beds
2. Locate PruittHealth – Leon at 2301 Bluff Oak Way, Tallahassee, FL 32311
3. Seek Joint Commission accreditation or accreditation from some other similarly recognized accrediting body
4. Implement a program designed to reduce hospital readmissions; 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
5. Implement Electronic Medical Records (EMR) at the facility and include Smart Charting or other similar bed side patient charting tool
6. Implement Resident Safety Technology including Call Guard and WanderGuard into the facility
7. Implement Clinical Kiosks in appropriate locations throughout the facility
8. Assure all staff maintains ongoing training and continuing education credits utilizing Pruitt University and at no cost to employees

⁵ 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.

9. Participate in a company-wide Annual Quality Report to demonstrate transparency in operations and make this Quality Report available to the public
10. 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
11. Implement PointRight Technology (or a future similar technology) in the ongoing operations

All of these conditions will be measured by furnishing AHCA with certificates or signed declaratory statements. Conditions associated with CON application #10248P will continue to apply to the 86 beds as appropriate.

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 (the third condition listed) will not be cited as a condition to approval, should the project be approved.

NOTE: Effective March 6, 2017, a modification to CON application #10248 was approved for PruittHealth to increase the total GSF from 63,310 to 65,132. This changed the project description on the face of CON application #10248 but left the conditions unchanged. For convenience, the conditions for CON application #10248 are reproduced below and the reviewer confirms that the conditions of CON application #10248 shown below are consistent with the conditions submitted and approved for CON application #10248.

- Seek Joint Commission accreditation or accreditation from some other similarly recognized accrediting body
- Implement a program designed to reduce hospital readmissions
- Incorporate a minimum of 69.1 percent private rooms/beds into the facility design
- 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 the WanderGuard system as a management component of the Alzheimer's program
- Implement Electronic Medical Records (EMR) at the facility and include Smart Charting or other similar bed side patient charting tool
- Implement Resident Safety Technology including Call Guard and WanderGuard into the facility
- Implement Clinical Kiosks in appropriate locations throughout the facility

CON Action Number: 10529

- Implement Alzheimer, dementia and other special behavioral health management programs
- Implement the top five special amenities requested by existing health care providers in this subdistrict:
 - State of the art rehab suites, specialized therapy equipment, specialized care staff, therapy pool and occupational therapy kitchen
- Implement the top special operational initiatives requested by existing health care providers:
 - High percentage of private rooms, program to reduce hospital readmissions, joint commission accreditation and competitive private pay room charge
- Implement the top five clinical services requested by existing health care providers:
 - Wound care, mental/behavioral health program, diabetes care, respiratory therapy and PT/OT/ST (physical therapy, occupational therapy and speech therapy)
- Assure all staff maintains ongoing training and continuing education credits utilizing Pruitt University and at no cost to 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 UniPath Programs appropriate for this facility and described in the CON application and Supporting Documents
- Implement PointRight Technology (or a future similar technology) in ongoing operations
- Maintain a minimum Medicaid percentage which exceeds the subdistrict wide average Medicaid percentage in regard to percentage occupancy
- Offer semi-private room rate charges not to exceed five percent greater and offer private room rate charges not to exceed 10 percent greater than the Medicaid reimbursement rate for a period of three years

Total GSF and Project Costs of CON Application #10529					
Applicant	CON app. #	Project	GSF	Costs \$	Cost Per Bed
PruittHealth – Leon County, LLC	10529	Add 15 beds to CON #10248	9,155	\$2,932,058	\$195,470

Source: CON applications 10529 and the corresponding Schedules 1 and 9

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. The Agency will not place conditions on any already mandated reporting requirement(s).

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, Steve Love, analyzed the application with consultation from the financial analyst, Kimberly Noble 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 zero beds was published for Subdistrict 2-4 for the January 2021 Planning Horizon. Subdistrict 2-4 is comprised of one county – Leon County. The proposal is submitted in the absence of published need in the subdistrict where the project will be located.

According to Section 408.034 (6), Florida Statutes:

“If nursing home bed need is determined to exist in geographically contiguous subdistricts within a district, an applicant may aggregate the subdistricts’ need for a new community nursing home in one of the subdistricts. If need is aggregated from two subdistricts, the proposed nursing home site must be located in the subdistrict with the greater need as published by the agency in the Florida Administrative Register. “

Further, according to Rule 59C-1.036(3)(e), Florida Administrative Code:

Geographically Contiguous Subdistricts within a District. If nursing home need is determined by the bed need formula contained in this rule in contiguous subdistricts within a district, the applicant may aggregate the subdistrict’s need for a new community nursing home pursuant to Section 408.034(6), Florida Statutes.

- 1. If need is aggregated from two subdistricts, the proposed nursing home site must be located in the subdistrict with the greatest published need as determined by the bed need formula contained in this rule.*
- 2. If need is aggregated from more than two subdistricts, the location of the proposed nursing home site must provide reasonable geographic access for residents in the aggregated subdistricts given the relative bed need in each subdistrict.*

The reviewer confirms that no nursing home bed need was determined to exist in Subdistrict 2-4 while a bed need of 15 was determined to exist in Subdistrict 2-5 for the January 2021 planning horizon, as published by the Agency in the March 30, 2018 issue of the Florida Administrative Register. See the table below.

**Notice of Fixed Need Pool for
Community Nursing Home Beds
District 2**

Subdistrict	Bed Need
2-1	24
2-2	0
2-3	0
2-4	0
2-5	15

Source: Florida Administrative Register, Vol. 44, No. 63, published March 30, 2018

As shown above, the applicant seeks to aggregate need from a geographically contiguous subdistrict with published need (Subdistrict 2-5 with a need of 15 beds) to a subdistrict with no published need (Subdistrict 2-4 with a need of zero beds). The reviewer notes that the proposal is not consistent with Section 408.034(6), Florida Statutes, in that only one (not both) of the geographically contiguous subdistricts has published need, the published need exists in Subdistrict 2-5 not in the subdistrict of the proposed project.

After publication of this fixed need pool, zero existing Subdistrict 2-4 facilities filed exemption requests or filed expedited CON reviews to increase or add community nursing home beds.

As of February 16, 2018, Subdistrict 2-4 had 744 licensed and 106 approved community nursing home beds. During the 12-month period ending December 31, 2017, Subdistrict 2-4 experienced 91.40 percent utilization at six existing facilities. Below is a table illustrating the community nursing home bed inventory, the bed days, patient days, total occupancy and Medicaid occupancy within Subdistrict 2-4, District 2 and Florida overall, for the 12 months ending December 31, 2017.

**Leon County Community Nursing Home Inventory, Bed Days, Patient Days and Occupancy (Subdistrict 2-4), District 2 and Florida Overall
January 1, 2017 thru December 31, 2017**

Facility/Area	Commun. Nursing Home Bed Inventory	Bed Days	Patient Days	Total Occupancy	Medicaid Occupancy
Center Pointe Health and Rehab Center	120	43,800	41,451	94.64%	38.44%
Consulate Health Care of Tallahassee	120	43,800	35,789	81.71%	52.75%
Heritage Healthcare Center at Tallahassee	180	65,700	60,957	92.78%	65.97%
Miracle Hill Nursing & Rehabilitation Center, Inc.	120	43,800	38,043	86.86%	75.99%
Seven Hills Health and Rehabilitation Center	156	56,940	54,258	95.29%	69.64%
Westminister Oaks	48	17,520	17,717	100.00%	71.04%
Leon County (Subdistrict 2-4)	744	271,560	248,215	91.40%	62.17%
District 2	3,709	1,353,785	1,126,884	83.24%	71.72%
Florida	80,616	29,317,474	25,310,723	86.33%	63.18%

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

As shown in the table above, for the 12 months ending December 31, 2017, Leon County (Subdistrict 2-4) had a total occupancy rate of 91.40 percent, which was higher than the District 2 total occupancy rate of 83.24 percent and also higher than the Florida overall total occupancy rate of 86.33 percent. As indicated, Subdistrict 2-4's total occupancy rate was 8.16 percent higher than District 2 overall and was 5.07 percent higher than Florida overall.

The reviewer notes the current and projected population of Subdistrict 2-4 for the planning horizon. The projected population growth, both numerically and by percent, is illustrated below.

**Current and Projected Population Growth Rate
Leon County (Subdistrict 2-4), District 2, and Florida
January 2018 and January 2021**

Area	January 1, 2018			January 1, 2021		
	0-64	65+	Total	0-64	65+	Total
Leon	253,995	37,024	291,019	256,944	41,710	298,654
District 2	640,477	118,623	759,100	645,917	130,778	776,695
Florida	16,510,025	4,013,237	20,523,262	16,953,840	4,399,153	21,352,993
Area	2018 - 2021 Increase			2018-2021 Growth		
	0-64	65+	Total	0-64	65+	Total
Leon	2,949	4,686	7,635	1.15%	11.23%	2.56%
District 2	5,440	12,155	17,595	0.85%	10.25%	2.32%
Florida	443,815	385,916	829,731	2.69%	9.62%	4.04%

Source: Florida Agency for Health Care Administration Population Estimates and Projections by AHCA District 2010-2030, issued February 2015

The reviewer notes that based on the table above, from January 2018 to January 2021, the Subdistrict 2-4 (Leon County) age 65+ population is expected to grow at a rate of:

- 11.23 percent, which is higher than District 2 overall (10.25 percent) and higher than Florida overall (9.62 percent)

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

Beds per 1,000 Residents Age 65 and Older

County/Area	Community Beds*	2018 Pop. Aged 65+	2018	2021 Pop. Aged 65+	2021
			Beds per 1,000		Beds per 1,000
Leon County	850	37,024	23	41,710	20
District 2	3,897	118,623	33	130,778	30
Florida	84,309	4,013,237	21	4,399,153	19

* Note: These counts are licensed and approved, as of February 16, 2018.

Source: Florida Agency for Health Care Administration Population Estimates and Projections by AHCA District 2010-2030, issued February 2015 and Florida Nursing Home Bed Need Projections by District and Subdistrict, April 2018 Batching Cycle

The reviewer notes that based on the table above, by January 2021, the Subdistrict 2-4 community nursing home beds per 1,000 residents age 65+ is expected to be:

- 20 beds, which is fewer than District 2 overall (30 beds) but more than Florida overall (19 beds)

PruittHealth – Southwood, LLC (CON application #10529) contends that approval of the proposed 15-bed project, in combination with the 86-bed CON application #10248P (resulting in a proposed 101-bed community nursing home), will:

- 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

PHS agrees with the Agency that there is a need for 15 additional community beds to serve the Subdistrict 2-5 population. PHL contends that the proposed project will be the southeastern-most SNF in Leon County (in an area called Southwood) accessible to both Highway 27 (east/west) and 319 (north/south) and the closest Subdistrict 2-4 facility to Jefferson County and Subdistrict 2-5 (maps on pages 2, 47 and 51 of the application)⁶.

The applicant asserts that the proposal, “meets the intent of the Aggregation Rule in terms of serving two subdistricts and given its location is well suited to meet the incremental needs of the Subdistrict 2-5 population. PHS indicates that the rule (59C-1.036 (3)(e), Florida Administrative Code) states that if need is determined in contiguous subdistricts within a district, the applicant will locate the SNF in the subdistrict with greatest need. The applicant contends that the rule does not state that need must be published in a single batching cycle. PHL emphasizes that CON application #10248P responded to published need for 86 beds in Subdistrict 2-4, that in the current batching cycle the Agency published a need for 15 beds in Subdistrict 2-5, that Subdistricts 2-4 and 2-5 are contiguous and that Subdistrict 2-4, “had greatest published need between the two subdistricts”.

The Agency notes pursuant to 408.034 (6), Florida Statutes, that in the current batching cycle, bed need was not determined to exist in Subdistrict 2-4 but was published in Subdistrict 2-5—since bed need was not determined to exist in Subdistrict 2-4 it unclear how an applicant can aggregate zero need and the 15-bed need in Subdistrict 2-5. In addition, the statute further states that if bed need is determined to exist (which no need was determined to exist in Subdistrict 2-4), the proposed nursing home site must be located in the subdistrict with the greater need as published by the agency in the Florida Administrative Register. The subdistrict with the greater need in this case is Subdistrict 2-5, not Subdistrict 2-4 where the proposed project will be located. The reviewer notes that the applicant is proposing to increase the net number of community nursing home beds in a subdistrict where a numerical need of zero beds was published in the current batching cycle.

⁶ The reviewer notes that CON application #10529 does not provide letters of support or other documentation from Subdistrict 2-5 physicians or other health care providers (in Jefferson County and/or the broader Subdistrict 2-5) or from Subdistrict 2-5 residents (in Jefferson County and/or the broader Subdistrict 2-5) that they would recommend or seek SNF services in Subdistrict 2-4 (Leon County).

PHS maintains that the proposal is filed based on the Rule 59C-1.036(3)(e), Florida Administrative Code and “Not Normal Circumstances”.

PHL asserts that even if the Agency does not apply the “Aggregation Rule” as a basis for the approval of CON application #10529, there are other “Not Normal Circumstances” that warrant project approval. The applicant contends that these include, but are not limited to, the following:

- There is a published need for the 15 additional beds in Subdistrict 2-5, yet no provider in the Subdistrict has filed to meet this projected need for additional beds.⁷
- PHS, located in the adjoining Subdistrict 2-4, has filed to fill the projected need and has plans in place to market its services and build referral relationships in the adjoining counties in Subdistrict 2-5⁸. These efforts will make its facility available to fill the need for additional SNF beds for residents of these adjoining counties.
- PHS has evaluated where the acute care patients from Subdistrict 2-5 are hospitalized, noting many are hospitalized in Leon County. Accordingly, a Leon County facility would presumably be even more accessible for these Subdistrict 2-5 patients—allowing nearby discharges to maintain continuity of care with their Subdistrict 2-4 Leon County hospital physicians.⁹
- The proposed PHS facility location is the most southern SNF in Leon County and is therefore reasonably accessible and available to the residents of the adjoining counties, within a reasonable drive time.¹⁰

⁷ The reviewer confirms that in the current batching cycle, the Agency did not receive/accept any Letter(s) of Intent and correspondingly did not receive/accept any applications to accommodate the published need for 15 community nursing home beds in Subdistrict 2-5 (Jefferson, Madison and Taylor Counties). The reviewer also confirms that the Agency has received no exemption requests, pursuant to Section 408.036(3)(j), Florida Statutes, to add community nursing home beds to any existing Chapter 400 SNF facilities in Subdistrict 2-5.

⁸ The reviewer notes that CON application #10529 includes no documentation, such as letters of support or other evidentiary documentation, to show plans in place to market its services and build referral relationships in the adjoining counties in Subdistrict 2-5. The reviewer also notes that the application includes no letters of support or other validation to confirm that the applicant has reached out to market services and/or to build referral relationships in Subdistrict 2-5.

⁹ The reviewer notes that the applicant provides no documentation to show why non-Subdistrict 2-4 residents would prefer or elect to remain in Subdistrict 2-4 for SNF services upon acute care discharge if such services were available in their home county of residence. Additionally, the reviewer notes that the applicant includes no Subdistrict 2-5 hospital physicians or other health care professional letters of support in favor of the proposed project.

¹⁰ The reviewer notes that the applicant provides no documentation or other related verification that discharge planners and/or area residents in Subdistrict 2-5’s adjoining counties would seek or recommend SNF services in Subdistrict 2-4, if such services were available in their home county of residence.

- The overall balancing and weighing of all the statutory and rule review criteria clearly favors approval of the proposal. An assessment of “Not Normal Circumstances” requires an overall weighing and balancing of all criteria to determine if, overall and under the circumstances presented, the CON application should be approved in the best interest of the population to be benefited and served.

The applicant maintains that the proposed project will be private patient rooms. However, the reviewer notes that this is not conditioned in CON application #10529, Schedule C.

PHS states that the natural migration pattern for residents of Subdistrict 2-5 counties is to access health care services in Subdistrict 2-4, as services provided in Subdistrict 5 are less specialized. The applicant maintains that as a result, PHS, situated in southeastern Leon County, is a highly accessible, logical placement for the 15 beds needed for Subdistrict 2-5, particularly in the absence of any Subdistrict 2-5 facility agreeing to meet the defined incremental need.

The applicant discusses population growth in Subdistricts 2-4 and 2-5 (pages 39 to 41 of the application). PHS utilizes the Florida Population Estimates and Projections by AHCA District 2010-2030 (February 2015 publication) and NHA Analysis to illustrate various population estimates, by different age cohorts, from January 2018, January 2021 and January 2022. The reviewer collapses the Subdistrict 2-5 county estimates. See the three tables below.

**Subdistricts 2-4 and 2-5
Current 65+ Population as of January 2018**

Area(s)	Ages 65-74	Ages 75+	Ages 65+	Percentage of Service Area Population
Service Area Total	30,292	18,211	48,503	100.0%
Subdistrict 2-4	23,232	13,792	37,024	76.3%
Subdistrict 2-5	7,060	4,419	11,479	23.7%

Source: CON application #10529, Vol. 1, page 39

PHS comments that in the table above, as of January 2018, Subdistrict 2-4 had the largest age 65+ population (37,024 residents) of the two subdistricts, accounting for 76.3 percent of the age 65+ population in the service area. The reviewer notes that this is the first instance in the application where the applicant references Subdistricts 2-4 and 2-5 (combined) as the “service area”. The Agency notes that for community bed need calculation purposes, need is determined on a subdistrict-by-subdistrict basis and does not combine subdistricts for need publication

purposes—nor is the combining of subdistricts (i.e. aggregation pursuant to 408.034(6), Florida Statutes) appropriate as need was not found to exist in both subdistricts.

**Subdistricts 2-4 and 2-5
Forecasted 65+ Population as of January 2021 and January 2022**

Area(s)	January 2021			January 2022		
	Ages 65-74	Ages 75+	Ages 65+	Ages 65-74	Ages 75+	Ages 65+
Service Area Total	33,753	20,605	54,358	34,182	21,774	55,956
Subdistrict 2-4	25,983	15,727	41,710	26,349	16,680	43,029
Subdistrict 2-5	7,770	4,878	12,648	7,833	5,094	12,927
Percent Subdistrict 2-4	77.0%	76.3%	76.7%	77.1%	76.6%	76.9%

Source: CON application #10529, Vol. 1, page 40

The applicant indicates that in the table above, in sum, by January 2021, the service area will be home to 54,358 residents who are 65+, 77 percent of whom will reside in Subdistrict 2-4. According to the same table, by January 2022, the service area will be home to 55,956 residents who are 65+, 77 percent of whom will reside in Subdistrict 2-4.

**Subdistricts 2-4 and 2-5
Growth in 65+ Population / January 2018 to January 2022**

Area(s)	January 2018	January 2022	Change 2018-2022	Percentage Change 2018-2022
Service Area Total	48,503	55,956	7,453	15.4%
Subdistrict 2-4	37,024	43,029	6,005	16.2%
Subdistrict 2-5	11,479	12,927	1,448	12.6%
Percent Subdistrict 2-4	76.3	76.9	80.6	--

Source: CON application #10529, Vol. 1, page 41

PHS comments that in the table above, from January 2018 to January 2022, the service area’s age 65+ population is expected to grow by 7,453 residents (15.4 percent), with more than 80 percent of this growth taking place in Subdistrict 2-4.

The applicant asserts that the anticipated growth in the above tables supports the need for additional SNF beds to accommodate incremental demand for such services and confirms the Agency’s published need for the additional 15 beds in Subdistrict 2-5. PHL contends that the dispersion of population and need supports the entirety of the beds to be implemented in Subdistrict 2-4. The reviewer again notes that the Agency published need for 15 community nursing home beds in Subdistrict 2-5, with no published need in Subdistrict 2-4.

PHS discusses the existing SNF landscape and utilization in Subdistricts 2-4 and 2-5 (pages 48 to 50 of the application). In the following two tables, the applicant utilizes the Agency’s Florida Nursing Home Bed Need Projections by District and Subdistrict (for the January 2021 Planning Horizon), published March 30, 2018 and NHA Analysis to present SNF bed totals, total patient days, total occupancy rates, Medicaid patient days and the percent of Medicaid occupancy, for calendar year (CY) 2017. In each of the two tables, PHS includes utilization data for each SNF in Subdistricts 2-4 and 2-5. Again, in each of the two tables provided by the applicant, PHL states and the reviewer confirms that:

- Westminster Oaks (Subdistrict 2-4) has 72 existing sheltered beds
- Lake Park of Madison (Subdistrict 2-5) is approved to add 19 beds (the reviewer notes that this is through CON application #10249)
- PruittHealth – Leon County (Subdistrict 2-4) is approved to add 86 beds (the reviewer notes that this is through CON application #10248)
- Centre Pointe Health and Rehab Center (Subdistrict 2-4) is approved to add 20 beds (the reviewer notes that this is through #E140026)
 - Center Pointe has added 15 beds as of April 2018 (the reviewer notes that this verified through the Agency’s Long Term Care Unit records, File Number 23705, License Number 10810962)

The reviewer collapses each discreet SNF into the subdistrict totals, as presented. See the two PHL-generated tables below.

**Subdistricts 2-4 and 2-5
Community SNF Utilization / CY 2017**

Area(s)	SNF Beds	Patient Days		Occupancy Rate	
		JAN-JUN 2017	JUL-DEC 2017	JAN-JUN 2017	JUL-DEC 2017
Service Area Total	1,259	201,519*	212,397*	88.4%*	91.7%*
Subdistrict 2-4	744	120,406*	127,801	89.4%	93.4%
Subdistrict 2-5	515	81,113*	84,596*	87.0%*	89.3%*

Source: CON application #10529, Vol. 1, page 48 and pages 114 and 115

NOTE: * The reviewer notes that this total/calculation is inconsistent with the Agency’s Florida Nursing Home Bed Need Projections by District and Subdistrict publication, issued March 30, 2018, for CY 2017.

The reviewer generated the table below to reflect the totals and percentages consistent with Agency records. The reviewer calculated arithmetically the combined Subdistrict 2-4 and 2-5 totals and percentages in the table below, as Agency records reflect each individual subdistrict total and district total.

**Subdistricts 2-4 and 2-5
Community SNF Utilization / CY 2017**

Area(s)	SNF Beds	Patient Days		Occupancy Rate	
		JAN-JUN 2017	JUL-DEC 2017	JAN-JUN 2017	JUL-DEC 2017
Service Area Total	1,259	202,655	211,953	88.93%	91.49%
Subdistrict 2-4	744	120,414	127,801	89.42%	93.36%
Subdistrict 2-5	515	82,241	84,152	88.23%	88.81%

Source: Agency's Florida Nursing Home Bed Need Projections by District and Subdistrict (for the January 2021 Planning Horizon), published March 30, 2018

**Subdistricts 2-4 and 2-5
Community SNF Utilization / CY 2017**

Area(s)	SNF Beds	Total Patient Days	Total Occupancy Rate	Medicaid Patient Days	Percent Medicaid of Total Days
Service Area Total	1,259	414,608	90.2%	289,846	69.9%
Subdistrict 2-4	744	248,215	91.4%	154,305	62.2%
Subdistrict 2-5	515	166,393	88.5%	135,541	81.5%

Source: CON application #10529, Vol. 1, pages 49 and 50, pages 63 and 64 and pages 115 and 116

The applicant contends that the proposal will foster competition, “in the Subdistrict” (pages 50 and 116 of the application), through implementation of state-of-the-art facilities, top notch amenities, quality programs/services and providing 100 percent private rooms.

The applicant provides a map of the geographic locations of SNFs, as well as general/acute care, comprehensive medical rehabilitation and long-term care hospitals in Subdistricts 2-4 and 2-5. The reviewer notes that according to the applicant’s map, Subdistrict 2-4 SNFs are geographically located near or in the general vicinity of area hospitals, with approximately half of the SNFs in Subdistrict 2-5 being more widely dispersed.

PHS discusses the hospital landscape and discharges to SNFs in Subdistricts 2-4 and 2-5 (pages 53 to 56 of the application). The applicant asserts that when Subdistrict 2-5 residents require an inpatient hospitalization, they frequently utilize Leon County hospitals so residents are accustomed to migrating into Leon County. PHS maintains that, “This is supported by the above statistics which indicate very few hospital discharges to nursing homes in Subdistrict 2-5”. The applicant states that the more acute patients from Subdistrict 2-5 who require post-acute care after discharge are generally utilizing Subdistrict 2-4 hospitals for complex acute services.

The applicant utilizes the Agency Inpatient Data Tapes and NHA Analysis to show Subdistrict 2-4 and 2-5 resident discharges from area hospitals to SNFs, for the three-year period ending September 30, 2017. The reviewer utilizes the following legend:

- Tallahassee Memorial Hospital (TMH)
- Capital Regional Medical Center (CRMC)
- HealthSouth of Tallahassee (HST)
- Doctors Memorial Hospital-Perry (DMH-P)
- Select Specialty-Tallahassee (SS-T)
- Madison County Memorial Hospital (MCMH)

See the table below.

**Leon, Jefferson, Madison and Taylor County Hospitals
Discharges to SNFs by Hospital
12 Months Ending September 30, 2015 through 2017**

Hospital	Discharge 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
TMH	2,771	2,750	2,856	60.3%	60.3%	60.4%
CRMC	1,426	1,428	1,461	31.0%	31.3%	30.9%
HST	118	134	136	2.6%	2.9%	2.9%
DMH-P	100	93	98	2.2%	2.0%	2.1%
SS-T	71	100	95	1.5%	2.2%	2.0%
MCMH	110	54	83	2.4%	1.2%	1.8%
Grand Total	4,596	4,559	4,729	100.0%	100.0%	100.0%

Source: CON application #10529, Vol. 1, page 53

The reviewer notes that CON application #10529 co-mingles the referenced hospital-to-SNF discharge data among the entirety of discharges, without distinguishing the patient subdistrict of residence. Based on the information provided, this co-mingling of data makes it impossible to identify the number of Subdistrict 2-5 resident hospital discharges to Subdistrict 2-5 SNFs, Subdistrict 2-4 SNFs or any other SNFs by subdistrict.

The applicant utilizes the Agency Inpatient Data Tapes and NHA Analysis to illustrate Subdistrict 2-4 and 2-5 resident discharges from area hospitals to SNFs for the 12-month period ending September 30, 2017. PHS points out that the assumption would be that most patients discharged from a service area hospital are discharged to a local SNF but that some may leave the area. The applicant indicates that of the transfers to SNFs from the service area hospitals, the vast majority (96 percent) were discharged from Leon County hospitals and many of those residents would remain within the county for the SNF level of care. The applicant reiterates that Subdistrict 2-5 residents are accustomed to migrating to Leon County to access health care services. See the table below.

**Leon, Jefferson, Madison and Taylor County Hospitals
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
Leon	3,422	95.7%	4,548	96.2%
Jefferson	n/a	n/a	n/a	n/a
Madison	79	2.2%	83	1.8%
Taylor	75	2.1%	98	2.1%
Service Area Total	3,576	100.0%	4,729	100.0%
Subdistrict 2-4	3,422	95.7%	4,548	96.2%
Subdistrict 2-5	154	4.3%	181	3.8%

Source: CON application #10529, Vol. 1, page 54

The reviewer notes that CON application #10529 previously stated that Subdistrict 2-5 residents migrate to Subdistrict 2-4 for more complex (or higher acuity) medical services. However, in the above table, the applicant does not provide an acuity case mix index concerning discharges/transfers to SNFs from hospitals by county. The reviewer maintains that based on the information provided in the table above, it is not documented that discharges-to-SNFs from Subdistrict 2-5 hospitals is occurring at a rate lower than would be expected, owing to the comparable acuity case mix index (which was not provided for Agency review).

The applicant points out that in the above table, when acute care patients from Subdistrict 2-5 are hospitalized, many are hospitalized in Leon County and accordingly, a Leon County SNF would be even more accessible for these Subdistrict 2-5 patients, allowing for maintenance of continuity of care with their Leon County hospital physicians. The reviewer notes that CON application #10529 does not include letters of support from physicians or other health care professionals to support this contention or to otherwise indicate that the current situation is resulting in poor, delayed or substandard health care outcomes for the Subdistrict 2-5 patient population that would be remedied by increasing the bed inventory in Subdistrict 2-4 (as proposed).

PHS concedes that, “Even though the data does not reveal which nursing home patients were discharged to”, the applicant maintains that it is reasonable to assume some of these out of area patients who were discharged from service area hospitals to SNFs remained within the service area for access to their medical team and post-acute treatment.

The applicant utilizes the Agency Inpatient Data Tapes and NHA Analysis to illustrate Subdistrict 2-4 and 2-5 hospital discharges to SNFs by resident county. PHS provides data on resident discharges (by county) from area hospitals to SNFs for the 12-month period ending September 30, 2017. The applicant emphasizes that this data clearly supports the contention that patients migrate into Leon County for hospital services. The applicant points out that Leon County residents account for 57 percent of the discharges to SNFs from service area hospitals and that additionally, Jefferson, Madison and Taylor County residents (Subdistrict 2-5) each account for between 3.6 to 4.8 percent (ages 65+) of discharges to SNFs.

**Leon, Jefferson, Madison and Taylor County Hospitals
Hospital Discharges to SNFs by Resident County
12 Months Ending September 31¹¹, 2017**

Resident County	Ages 65+		All Ages	
	Discharges/ Transfers to SNFs	Percent of Total to SNFs	Discharges/ Transfers to SNFs	Percent of Total to SNFs
Leon	2,040	57.0%	2,612	55.2%
Jefferson	156	4.4%	211	4.5%
Madison	171	4.8%	211	4.5%
Taylor	126	3.6%	182	3.8%
Service Area Total	2,496	69.8%	3,216	68.0%
All Other (In-Migration)	1,080	30.2%	1,513	32.0%
Total	3,576	100.0%	4,729	100.0%

Source: CON application #10529, Vol. 1, page 55

The reviewer notes that while the applicant emphasizes that Subdistrict 2-5 residents migrate to Subdistrict 2-4 for hospital services, the Agency has published need for an additional 15 community nursing home beds in Subdistrict 2-5 and zero need for additional community nursing home beds in Subdistrict 2-4.

PHS concedes that, “the data is limited in that one cannot discern which nursing home the patient was discharged/transferred to” (page 55 of the application).

The applicant utilizes the Agency Inpatient Data Tapes and NHA Analysis to illustrate Subdistrict 2-4 and 2-5 hospital discharges to SNFs by service line. PHS indicates cases and percent of cases (by service line) among Subdistrict 2-4 and 2-5 hospitals for the 12 months ending September 30, 2017. The applicant provides the service lines in descending order (generally from most common to less common) of the 10 most frequently

¹¹ The reviewer notes that there is no 31st day in the month of September.

occurring. Per PHS, for all ages, the most common service line that lead to a hospital discharge-to-SNF was orthopedics (20.4 percent), followed by cardiology/cardiac surgery (14.2 percent). See the table below.

**Leon, Jefferson, Madison and Taylor County Hospitals
Hospital Discharges to SNFs by Service Line
12 Months Ending September 30, 2017**

Service Lines (MS-DRGs)	Ages 65+		All Ages	
	Cases	Percent of Total	Cases	Percent of Total
Orthopedics	734	20.5%	967	20.4%
Cardiology/Cardiac Surgery	539	15.1%	672	14.2%
Neurology	378	10.6%	527	11.1%
Pulmonary	294	8.2%	361	7.6%
Nephrology	297	8.3%	347	7.3%
Infectious Disease	247	6.9%	316	6.7%
Gastroenterology	175	4.9%	208	4.4%
General Surgery	148	4.1%	240	5.1%
Endocrinology	114	3.2%	144	3.0%
General Medicine	108	3.0%	139	2.9%
All Other	542	15.2%	808	17.1%
Service Area Total	3,576	100.0%	4,729	100.0%

Source: CON application #10529, Vol. 1, page 56

The reviewer notes that CON application #10529 co-mingles the referenced service line data among the entirety of Subdistricts 2-4 and 2-5 hospitals. Based on the information provided, this co-mingling of data makes it impossible to distinguish the number/percentage of Subdistrict 2-5 residents that were discharged from hospital-to-SNF regarding any given service line or the most common service lines experienced by Subdistrict 2-5 residents. The reviewer maintains that without the provision of an acuity case mix index specific to Subdistrict 2-5 residents that experience hospital discharges-to-SNF (or those who do not experience a hospital discharge-to-SNF), it is not possible to determine the relative need for more specialized and/or higher level programming among Subdistrict 2-4 SNFs compared to Subdistrict 2-5 SNFs.

PHS discusses how the proposed project, in combination with CON application #10248P, will add value to Subdistricts 2-4 and 2-5, enhance the local health care market and identify/address gaps in service within the area. The applicant comments on having established referral patterns, positive relationships with providers and a positive reputation that will extend to Subdistricts 2-4 and 2-5.

The applicant states that the proposed project will enhance the accessibility and availability to private room accommodations. PHS utilizes www.FloridaHealthFinder.gov and NHA Analysis to indicate the number

and percentage of private rooms in Subdistrict 2-4 and 2-5 SNFs. The reviewer collapses each discreet SNF into the subdistrict totals, as presented. See the tables below.

**Subdistricts 2-4 and 2-5
Community SNFs
Bed Configuration and Daily Room Rate**

Area(s)	SNF Beds	Private Rooms	Beds in Multiple Bedrooms	Percent Private Rooms
Subdistrict 2-4	831	85	746	10.2%
Subdistrict 2-5	515	32*	483	6.2%*
Service Area Total	1,346	117*	1,229	8.7%*

Source: CON application #10529, Vol. 1, page 58

NOTE: * The reviewer notes that this total/calculation is inconsistent with the Agency's www.FloridaHealthFinder.gov website, as of July 6, 2018.

The reviewer notes that while the applicant's table above indicates "Daily Room Rate" as part of the table title, no daily room rate information is provided.

The reviewer evaluated the private bedrooms, beds in multiple rooms and the percentage of private bedrooms, in Subdistrict 2-4 and 2-5 SNFs, based on Agency records. As shown in the table below, Subdistrict 2-4 and 2-5 SNFs, combined, have a total of 110 private bedrooms which represents 8.17 percent of all community SNF beds in the two combined subdistricts. See the table below.

**Subdistricts 2-4 and 2-5
Community SNFs
Bed Configuration**

Area(s)	SNF Beds	Private Rooms	Beds in Multiple Bedrooms	Percent Private Rooms
Subdistrict 2-4	831	85	746	10.23%
Subdistrict 2-5	515	25	490	4.85%
Subdistricts 2-4 and 2-5 Combined	1,346	110	1,236	8.17%

Source: The Agency's www.FloridaHealthFinder.gov website, as of July 6, 2018 and the Agency's Florida Nursing Home Bed Need Projections by District and Subdistrict (for the January 2021 Planning Horizon), published March 30, 2018, for CY 2017

PHS states that the proposed project, in combination with CON application #10248P, will have 101 total beds, of which 68.3 percent (or 69 beds) will be in private rooms.

The applicant indicates that the vast majority of residents admitted to any SNF are Medicare enrollees, regardless if Medicare is the actual payer at the SNF. PHS utilizes the Centers for Medicare and Medicaid Services (CMS) Medicare Enrollment Dashboard and NHA Analysis to indicate that as of January 2018, Subdistricts 2-4 and 2-5 (combined) had a total

Medicare enrollment count of 54,728—with 42,426 residing in Leon County. The applicant states that in regard to Medicaid enrollment, as of March 2018, there were more than 40,000 Medicaid enrollees in Leon County (Subdistrict 2-4) and that of this approximate 40,000 Medicaid with 1,881 were enrolled in a Medicaid Long Term Care (LTC) plan. PHS maintains that within Subdistrict 2-5, as of March 2018, there were more than 13,000 Medicaid enrollees spread among Subdistrict 2-5 counties and 999 were enrolled in a Medicaid LTC plan.

PHS provides forecasted utilization estimates for the first two years of operation of the proposed 15-bed addition, along with the resulting utilization for the proposed overall 101-bed facility. Per the applicant, by year two, the 15-bed proposed project will realize 107 admissions, 5,110 patient days, an occupancy rate of 93 percent and an average daily census (ADC) of 14.0. See the table below.

**PruittHealth-Leon
Forecasted Utilization
Years One and Two of the 15-Bed Addition and the 101-Bed Total Facility**

	15-Bed Addition		Total 101-Bed Facility	
	Year One	Year Two	Year One	Year Two
Medicare/Medicare HMO, Skilled Patients				
Admissions	31	107	188	472
Patient Days	729	2,555	4,507	11,315
ADC	2.0	7.0	12.3	31.0
Medicaid/Long Term Patients				
Admissions	7	0	87	80
Patient Days	816	2,555	8,560	22,630
ADC	2.2	7.0	23.5	62.0
All Other Payers				
Admissions	0	0	16	17
Patient Days	0	0	941	1,095
ADC	0	0	2.6	3.0
Total				
Admissions	38	107	291	569
Patient Days	1,545	5,110	14,008	35,040
Occupancy Rate	4.2	14.0	38.4	96.0
ADC	28%	93%	38%	95%

Source: CON application #10529, Vol. 1, page 71

The applicant offers comments on the impact of existing providers (pages 73 and 74 of the application). According to PHS, the proposed project will have no adverse impact on existing SNF in the subdistrict given the obvious demand for SNF services calculated for the planning horizon.

PHS contends that the proposed project will alleviate incremental bed demand for those who seek SNF admission but for whom there is no bed availability locally. The Agency notes that the community nursing home

bed need methodology did not trigger a need to increase the bed inventory in Subdistrict 2-4 but in Subdistrict 2-5, therefore the proposed project will not alleviate incremental bed demand locally for residents of Subdistrict 2-5.

The reviewer notes that no letters of opposition were received by the Agency, regarding the proposed project.

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

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

PruittHealth – Southwood, LLC (CON application #10529): As previously indicated in Item E.1.a of this report, the Agency published a fixed need pool of zero beds for Subdistrict 2-4 for the January 2021 planning horizon. Therefore, the applicant is responsible for demonstrating need through a needs methodology. The applicant’s description of need to warrant proposed project approval is found (above) in Item E.1.a. of this report.

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.

PruittHealth – Southwood, LLC (CON application #10529) was not submitted to remedy a geographically underserved area as defined above. According to PHS, the proposal is submitted based on, “the aggregation portion of the rule (3)(e) and not normal circumstances”. The applicant asserts that, “The rule does not specifically state that need pursuant to the rule must be published in a single batching cycle”.

PHS maintains that the proposed project is in response to the Agency’s Fixed Need Pool publication dated March 30, 2018 indicating a calculated bed need of 15 beds in contiguous Subdistrict 2-5.

- 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.

PruittHealth – Southwood, LLC (CON application #10529) stresses that as part of its programming for short-term rehabilitation and skilled patients, the applicant will employ care tracks to model specific care patterns. PHS stresses that these care tracks are developed as part of the PruittHealth PerfectPath Specialty Care programs (PerfectPath). The applicant indicates that these programs focus on treating a resident’s primary diagnosis while continuing to

monitor and care for a resident's overall well-being. PHS comments that PerfectPath is a state-of-the-art care delivery tool to ensure that the patient receives the highest care possible and thrives on their journey back to health. According to the applicant, the benefits of PerfectPath for the patient are:

- A care path that is designed for the patient immediately upon admission
- Ongoing real-time feedback for patients and families about clinical milestones and achievements
- Increasing coordination with patients and their primary caregivers to return them home quickly, while minimizing the risk of re-hospitalization
- Improved interdisciplinary communication

Also according to PHS, included in the PerfectPath Program are:

- Clinical Pathways
- Patient Workbook
- Patient Education Guide
- Discharge Folder

The applicant provides literature on PerfectPath/UniPath Clinical Pathways (Vol III, Tab 19 of the application).

PHS emphasizes that PerfectPath Specialty Care consists of the following nine programs, which the applicant states will be implemented at the proposed project. The applicant briefly describes each on the nine programs listed below on pages 61-62 and 86-87 of the application:

- UniStep (joint replacement and surgical procedure program)
- UniPulse (heart failure program)
- UniVive (stroke program)
- UniRes (respiratory program)
- UniFit (falls prevention and balance program)
- Uniquet (aqua therapy program)
- UniCure (pain management program)
- UniLife (quality of life program)
- Unishield (skin integrity program)

The applicant asserts that the proposed project will be dually certified (Medicare and Medicaid) and will accommodate any other payers, so that all beds in the facility can be used for either skilled rehabilitation or long-term care.

PHS discusses the following topics (pages 64-68 of the application):

- Licensed and total SNFs per patient day to exceed subdistrict average
- Implement programs to reduce hospital readmissions
- Install and maintain resident safety technologies
- Utilize EMR
- Provide top notch PruittHealth physical, occupational and speech therapy

The applicant states that equipment will include but not be limited to the following:

- Nautilus Leg Press
- Nautilus Triceps Press
- Nautilus Compound Row
- Nautilus Low Back
- Nautilus 4-Way Neck
- Nautilus Leg Extension
- Biodex Balance system
- Biodex Gait Trainer
- Biodex Un-weighing system
- Biodex Biostep
- Accelerated Care Plus Modalities
- UntraSound
- Shortwave Diathermy
- Electric Stimulation

PHS discusses other features and services (Diabetic Care Clinical Pathways, medical management and special amenities) on pages 69 and 70 of the application.

The applicant states that essential services to residents will include, but are not limited to, the following:

- 24-hour nursing services
- Physical, occupational, speech and IV therapy
- Tube feeding and total parental nutrition
- Wound care and pain management
- Central lines
- Oxygen, as well as outpatient therapy

PHS lists other services which will be available at the proposed facility:

- Dietetic programming and nourishment care
- Recreational activities programming

- Counseling, religious, laundry, beauty/barber, pharmacy and volunteer services
- Medication management
- Chronic disease management
- Bariatric programming (specialized training and design features)

The applicant indicates that it will utilize FIMS (Functional Independent Measurement System).

PHS offers a narrative description of the following routine services to be offered (pages 88 to 110 of the application):

- Compliance with licensure
- Administrator
- Admissions
- Patients not to be admitted
- Respite care
- Discharge of patients
- Medical director
- Patient rights
- Safety
- Infection control
- Reporting and investigating abuse, neglect and misappropriation
- Personnel standards
- Quality assurance committee
- Patient and resident care and services
- Nursing services
- Nurse staff requirements
- Nurse aides
- Quality of care
- Services to residents with Alzheimer's Disease and other forms of dementia
- Restorative nursing services (15 programs are bulleted)
- Specialized wound care and infusion services
- Skin care program (10 pressure sore prevention areas are bulleted)
- Higher acuity and rehabilitative care services (nine services are bulleted)
- Care Paths
- Care Guard
- Restraint reduction program
- Mental health services
- Services to younger residents
- Services to bariatric patients
- Medication administration

- Dental care and services
- Cardio-pulmonary resuscitation
- Medical records
- Physician, laboratory, radiological, pharmaceutical and dietary/dining services
- Activities and recreational services
- Social services (five are bulleted)
- Pets and companion animals
- Short-term and long-term care services
- Hospice services
- Recruitment and retention

Schedule 6 of the application indicates the staffing pattern for the proposed 15-bed addition. According to the schedule, FTEs total 4.74 for year one (ending 12/31/2020) and total 17.49 for year two (ending 12/31/2021). The reviewer notes that the table below accounts for the incremental FTE increase associated with the proposed 15-bed increase, with no incremental increase of FTEs to the following FTE categories:

- Physicians
- Dietary
- Social services
- Laundry
- Plant maintenance

PruittHealth – Southwood, LLC (CON application #10529) Projected Year One and Year Two Staffing		
	Year One FTEs	Year Two FTEs
Administration		
Medical Records Clerk	0.50	1.00
Nursing		
RNs	1.40	4.20
LPNs	0.70	2.80
Nurses' Aides	1.40	5.60
Ancillary		
Physical Therapist (Contracted)	0.16	0.60
Physical Therapist Assistant (Contracted)	0.19	0.69
Speech Therapist (Contracted)	0.08	0.28
Occupational Therapist (Contracted)	0.19	0.67
Occupational Therapy Assistant (Contracted)	0.70	0.25
Housekeeping		
Housekeepers	0.10	1.4
Total	4.75*	17.49

Source: CON application #10529, Schedule 6

The reviewer notes that the year one FTE total (*) is arithmetically 5.42 and that the year two total is arithmetically consistent with the applicant's total (17.49).

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 none of the facilities operated by the affiliate, PH, and ultimately UHS, have ever had a license denied, revoked or suspended.

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

The applicant states that none of the facilities operated by the affiliate, PH, and ultimately UHS, have had a license placed into receivership at any time, particularly within the past 36 months.

- 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 states that this criterion is not applicable.

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

The applicant states that this criterion is not applicable.

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

The applicant states that this criterion is not applicable, as nothing was identified above.

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

The applicant states that within 15 days after the end of each calendar quarter, the applicant will report its total number of patient days which occurred in each month of the quarter and the number of such days which were Medicaid patient days.

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.**

There are 32 licensed community nursing homes with a total of 3,709 community nursing home beds in District 2. Subdistrict 2-4 is composed of Leon County and has six licensed community SNFs with a total of 744 community nursing home beds. The subdistrict averaged 91.40 percent total occupancy for the 12-month period ending December 31, 2017.

PruittHealth – Southwood, LLC (CON application #10529) restates that the proposal is submitted, “based on the above aggregation rule and not normal circumstances” and also that, “the rule does not specifically state that need pursuant to the rule must be published in a single batching

cycle”. The Agency notes that in the current batching cycle, community bed need for 15 beds was published in Subdistrict 2-5, with zero beds needed in Subdistrict 2-4.

The applicant restates that the proposed project site will be the southeastern-most SNF in Leon County which makes it most proximate to the Jefferson County line and Subdistrict 2-5. PHS asserts that the proposal meets the intent of the “aggregation rule” in terms of serving two subdistricts and given its location is well-suited to also meet the incremental needs of the Subdistrict 2-1 population.

PHS reiterates its stated not normal circumstances to warrant project approval (see item E.1.a of this report). The applicant contends that the fact that need to which PHS previously responded and is currently responding was published in two distinct batching cycles is a not normal circumstance. The applicant states that it is being responsive to published need and will be an available and accessible facility to meet the needs of adjoining Subdistrict 2-5.

The applicant asserts that it will be dually certified and will accommodate any other payers.

PHS states that SNF beds, as they exist within the service area today, are virtually unavailable to meet incremental demand based on respective occupancy rates. The applicant maintains that the majority of available beds at any given time are semi-private accommodations. The applicant comments that the 8.7 percent private room composition SNFs in Subdistricts 2-4 and 2-5 (combined) indicates a lack of available SNF beds. PHS maintains that the proposed project will add 15 more private rooms to the subdistrict.

The applicant asserts that the proposed project will foster competition “in the Subdistrict” through implementation of state-of-the-art facilities, top notch amenities and quality programs/services.

PHS indicates plans to develop programs, services, protocols and to exceed benchmarks in an effort to ultimately achieve Agency Gold Seal eligibility. The applicant states that there are no existing Agency Gold Seal Award nursing facilities in the Service Area. The reviewer confirms that based on a July 9, 2018 review of the Agency’s website at www.FloridaHealthFinder.gov, there are no community SNFs in Subdistrict 2-4 or in Subdistrict 2-5 with Gold Seal designation. The reviewer notes that the same source on the same review date indicates that PH’s PruittHealth-Santa Rosa SNF (located in Subdistrict 1-1) also lacks Gold Seal designation.

- 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.**

PruittHealth – Southwood, LLC (CON application #10529) is a newly-formed entity and therefore does not have a historical quality record available to document in this CON proposal. The applicant states that implementation of this proposal will involve the development of all quality policies and procedures and a quality assurance program based on its other PruittHealth affiliated facilities nationally. PHS expresses a commitment to adhere to any and all State and Federal nursing home regulations and statutes in addition to Medicare’s Conditions of Participation. The applicant states that the application is conditioned on the provision that it will seek Joint Commission Accreditation, which the reviewer has previously noted is prohibited by Section 408.043 (4), Florida Statutes.

PHS describes the PH historical provision of administrative services to more than 90 SNFs in Florida, Georgia, North Carolina and South Carolina. The applicant maintains that it is committed to providing the appropriate level of comprehensive, high-quality, safe and cost-effective SNF services to persons in need of such care. The applicant indicates that PH’s organizational experience and expertise in providing quality SNF services is evidenced by the number of successful programs and quality assurance practices. PHS describes how the quality program at the proposed facility will consist of assigned patient care managers, a care transition program, corporate standards, leadership/training, external benchmarking, awards, continuous process improvement, customer service and transparency.

The applicant includes narrative descriptions of quality assurance initiatives currently in place at its existing facilities within and outside of the State of Florida which are to be implemented as quality mechanisms as a part of this proposal (pages 118 to 142 of the application). Bulleted major subheadings of these descriptions are included below:

- Commitment to Caring campaign
- Corporate standards
- Memberships and awards
- CMS five-star rating (including deficiency-free CMS surveys)
- The Joint Commission Accreditation
- U.S. News & World Report – Best Nursing Homes in the US (PruittHealth – Santa Rosa)
- State awards (Georgia Health Care Association)
- External benchmarking

- PruittHealth consulting services
- PruittHealth pharmacy
- Benchmarking tools
- CMS Quality Improvement Organization (QIO)
- Satisfaction surveys
- Care transitions and clinical pathways
- Interventions to Reduce Hospital Readmissions (INTERACT Program)
- Performance improvement program
- Peer review program
- Specialist consultants
- Care guard
- PointRight
- Staffing, training and career development
- Customer service and transparency
- Senior Care Partner program
- Care Ambassador program
- Green Sweep program

Specific to pertinent areas of its quality initiatives, PHS discusses how PH's affiliated facilities and agencies participate in multiple external benchmarking studies in order to be abreast of contemporary quality care practices. The applicant indicates that PH utilizes the ABAQIS quality indicator program which provides reports targeted to quality assurance and improvement in 26 different care areas linked to Federal and State regulations.

Internal reports (e.g. monthly quality indicator reports) are also stated to be used at PH to provide a systematic means of collecting data on quality indicators from individual facilities in order to determine patterns, trends and resource allocation as a part of the overall performance improvement process.

The applicant states that LTC TrendTracker is utilized as a data collection and benchmarking tool across its facilities to compare staffing levels, resident characteristics, survey findings, revenue/cost, Medicare patient days and quality measures with its peers. PHS indicates that LTC TrendTracker collects data from CMS, CASPER and the NH Quality Measure Report.

PH discusses its Performance Improvement Process (PIP) which it states 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. PHS states that the process is coordinated by the facility administrator and designed to initiate positive improvements through a strategic change process. The applicant

maintains that the PIP is derived from company policies/procedures, standards for licensure/certification, standards and quality benchmarks. PHS asserts that the 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 maintains that reducing hospital admissions is the top priority of hospitals throughout the nation and its targeted subdistrict. For this reason, PHS states that a major emphasis will be placed on safely reducing hospital readmissions at the proposed facility. In order to address hospital readmissions, the applicant states that PH has adopted INTERACT 3.0, a comprehensive program with tools specifically designed to decrease 30-day patient re-hospitalizations. PHS indicates that INTERACT supports the goals of the nation's health care system and industry advocates in reducing overall health care cost and improving quality through measures taken to decrease patient re-hospitalizations. The applicant provides a brief description of tools and techniques used in the INTERACT program (page 131 of the application) and provides sample INTERACT Forms and the INTERACT Overview (Vol. 2, Tab 14 and Tab 15).

In Vol. 2 and Vol. 3 of the application, PHS provides descriptions of the following quality areas and written materials:

- 2017 Quality Report, PruittHealth
- ABAQIs user manual
- Admission and discharge planning policies and procedures
- Care Guard program
- Medicaid Readmission Manual
- Medicaid Enrollment and Medicare Enrollment
- PerfectPath Program (and UniPath Clinical Pathways)
- PointRight QAPI
- PointRight User Manual
- UniPath specialty care programs
- UniRes program policy

PH currently operates PruittHealth – Santa Rosa in Santa Rosa County (Subdistrict 1-1). Agency records indicate for the three-year period ending May 14, 2018, the provider had a total of five substantiated complaints at its single Florida SNF. A single complaint can encompass multiple complaint categories. See the table below.

**PruittHealth – Santa Rosa
Three Year Substantiated Compliant History
Ending May 14, 2018**

Complaint Category	Number Substantiated
Quality of Care/Treatment	3
Billing/Refunds	1
Resident/Patient/Client Rights	1

Source: Florida Agency for Health Care Administration Complaint Records

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

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 – Southwood, 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 \$17,915,541, which consists of the project currently under review (\$2,932,058) and CON application #10248 (\$14,983,483). 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 Renasant Bank. The letter states that final approval will be decided on approval of the CON as well as closing of the loan documents. The letter indicated that Renasant is currently financing CON application #10248 and further states that Renasant committed to fund 80 percent of the project costs associated with CON application #10528. The applicant

also provided a letter from their parent company committing funds for the development and operation of the project. The parent (United Health Services) provided a document showing a line of credit availability. However, the document is unaudited and no audited financial statements for the parent were provided.

Conclusion:

Given the current relationship between the applicant and Renasant, 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 101-bed community nursing home (CON application #10248 unmodified and CON application #10529). 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	13,051,245	372	849	334	256
Total Expenses	12,327,158	352	768	325	227
Operating Income	724,087	21	67	8	-43
Operating Margin	5.55%		Comparative Group Values		
	Days	Percent	Highest	Median	Lowest
Occupancy	35,040	95.05%	96.96%	90.22%	65.35%
Medicaid	22,630	64.58%	79.36%	69.77%	60.24%
Medicare	11,315	32.29%	27.56%	15.02%	3.74%

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:

The 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.**

PruittHealth – Southwood, LLC (CON application #10529): The applicant has submitted all information and documentation necessary to demonstrate compliance with the architectural review criteria. The cost estimate for the proposed project provided in Schedule 9, Table A and the project completion forecast provided in Schedule 10 appear to be reasonable. A review of the architectural plans, narratives and other supporting documents did not reveal any deficiencies that are likely to have a significant impact on either construction costs or the proposed completion schedule.

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

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

A five-year Medicaid patient day history and corresponding Medicaid occupancy rate history for the subdistrict, district and Florida overall is provided in the table below.

**Historical Provision of Medicaid by Subdistrict, District and State
Medicaid Patient Days and Occupancy Rates
Five Years Ending December 31, 2017**

Area	Medicaid Patient Days				
	CY 2013	CY 2014	CY 2015	CY 2016	CY 2017
Subdistrict 2-4	152,422	161,734	158,135	155,308	154,305
District 2	848,387	866,334	853,589	844,697	808,215
Florida	15,700,197	15,932,613	15,959,939	16,144,618	15,990,448
Area	Medicaid Occupancy Percentage				
	CY 2013	CY 2014	CY 2015	CY 2016	CY 2017
Subdistrict 2-4	60.88%	63.35%	63.19%	61.80%	62.17%
District 2	70.72%	71.92%	71.85%	71.35%	71.72%
Florida	61.66%	62.17%	62.18%	63.13%	63.18%

Source: Florida Nursing Home Bed Need Projections by District and Subdistrict, April 2014 to April 2018 Batching Cycles

PruittHealth – Southwood, LLC (CON application #10529): A five-year Medicaid patient day history and corresponding Medicaid occupancy rate history of the parent’s sole Florida SNF, PruittHealth – Santa Rosa (PHSR), is provided in the table below.

**Historical Provision of Medicaid by PruittHealth – Santa Rosa in Subdistrict 1-1
Medicaid Patient Days and Occupancy Rates
Five Years Ending December 31, 2017**

Facility	Medicaid Patient Days				
	CY 2013	CY 2014	CY 2015	CY 2016	CY 2017
PHSR	25,606	28,083	28,141	28,360	28,352
Facility	Medicaid Occupancy Percentage				
	CY 2013	CY 2014	CY 2015	CY 2016	CY 2017
PHSR	62.18%	68.48%	68.91%	67.89%	68.11%

Source: Florida Nursing Home Bed Need Projections by District and Subdistrict, April 2014 to April 2018 Batching Cycles

Based on the two tables above, the reviewer notes the following characteristics for each of the last five years ending December 31, 2017 regarding Medicaid occupancy between PH’s sole Florida SNF and Medicaid occupancy in Subdistrict 2-4, District 2 and Florida:

- PHSR had a higher annualized Medicaid occupancy percentage than Subdistrict 2-4 (Leon County)
- PHSR had a lower annualized Medicaid occupancy percentage than District 2 overall
- PHSR had a higher annualized Medicaid occupancy percentage than Florida overall

PHS points out that it is a newly established entity, with no history of providing health services to Medicaid patients and the medically indigent. However, the applicant maintains that as a part of the PH family of providers which includes one SNF in Florida and 90+ such facilities throughout the southeastern United States, these facilities have a demonstrated history and commitment to the Medicaid program.

The applicant provides CY 2014 through CY 2017 patient days and percent of patient days to Medicaid patients, company-wide, among PH affiliated facilities. See the table below.

**PruittHealth Affiliated Facilities Historical Commitment to Medicaid Patients
Medicaid Percent of Total Patient Days
CY 2014 – CY 2017**

	CY 2014	CY 2015	CY 2016	CY 2017
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 #10529, Vol. 1, page 156

The reviewer notes that in the above table, the applicant does not include total patient days all payers so that the Medicaid percent of patient days could be arithmetically validated.

The applicant contends that PH’s affiliated SNFs have provided nearly 8.8 million Medicaid patient days during the four years since January 2014. The applicant maintains that as its admissions policy clearly dictates, the proposed facility will not discriminate against anyone based on race, sex, religion, national origin, physical handicap, or diagnosis, payment source and/or any other circumstance or physical condition which classify the individual as underserved.

PHS offers a forecasted patient days by payer estimate for year one and year two of the proposed 15-bed project, as well as for the combined proposed 101-bed total. For the proposed 15-bed addition, by year two, the applicant estimates 22,630 total patient days, with 20,075 of those patient days being Medicaid days. See the table below.

**PruittHealth – Southwood
Forecasted Utilization
Years One and Two of the 15-Bed Addition**

	15-Bed Addition		Total 101-Bed Facility	
	Year One	Year Two	Year One	Year Two
Medicare	729	2,555	4,265	10,950
Medicare HMO	0	0	242	365
Medicaid	7,744	20,075*	8,560	22,630
VA	0	0	242	365
Private Pay	0	0	699	730
Total	8,473	22,630*	14,008	35,040

Source: CON application #10529, Vol. 1, page 72

Note: * The reviewer notes that in year two, these estimates exceed the total possible patient days at 100 percent occupancy (15 beds X 365 days = 5,475 total possible patient days at 100 percent occupancy). Again in year two, the applicant is estimating 17,155 patient days beyond 100 percent occupancy for the proposed 15-bed addition (22,630 – 5,475 = 17,155).

Below, the reviewer replicates the applicant’s Schedule 7 year one and year two, forecasted patient days (utilization), for the 15-bed addition and the 101-bed total facility.

**PruittHealth – Southwood
Forecasted Utilization
Years One and Two of the 15-Bed Addition and the 101-Bed Total Facility**

	15-Bed Addition		Total 101-Bed Facility	
	Year One at 28% Occupancy	Year Two at 93% Occupancy	Year One at 38% Occupancy	Year Two at 95% Occupancy
Medicare	729	2,555	4,265	10,950
Medicare HMO	0	0	242	365
Medicaid	816	2,555	8,560	22,630
Other Payers-VA	0	0	242	365
Self-Pay	0	0	699	730
Total	1,545	5,110	14,008	35,040

Source: CON application #10529, Vol. 1, Schedule 7

The reviewer notes the discrepancy in the year one and year two 15-bed Medicaid patient day estimates and the year one and year two 15-bed total patient day estimates between the two tables above.

The reviewer confirms that the applicant’s Schedule 7 indicates that Medicaid and self-pay represent 52.8 percent and 0.0 percent, respectively, of year one and 50.0 percent and 0.0 percent, respectively, of year two, annual total patient days (for the 15-bed proposal). The applicant’s Schedule 7 also indicates that Medicaid and self-pay represent 61.1 percent and 5.0 percent of patient days in year one and 64.6 percent and 2.1 percent of patient days in year two, annual total patient days (for the combined 101 proposed beds). The reviewer confirms that the year one and year two private pay/self-pay totals (and the corresponding percentages), for the 15-bed proposal, are consistent between the applicant’s Schedule 7 and the applicant’s Vol. 1, page 72 table above. The reviewer reiterates that the year one and year two Medicaid/Medicaid HMO totals (and the corresponding percentages), for the 15-bed proposal, are inconsistent between the applicant’s Schedule 7 and the applicant’s Vol. 1, page 72 table above.

The applicant’s Schedule C proposes no Medicaid/Medicaid HMO and/or charity care conditions for the proposed additional 15 beds.

F. SUMMARY

PruittHealth – Southwood, LLC (CON application #10529), an affiliate of the for profit PH with the ultimate parent being UHS, proposes to add 15 community nursing home beds to the already approved 86-bed community nursing home project (CON application #10248P) in Subdistrict 2-4, Leon County. The proposal will physically be on the same campus as CON application #10248 – 2301 Bluff Oak Way, Tallahassee, Florida 32311.

The applicant proposes to aggregate beds from Subdistrict 2-5 (Jefferson, Madison and Taylor Counties), with that subdistrict having an Agency calculated bed need of 15 beds, in the current batching cycle. Per the applicant, the proposal combined with the already approved CON would result in a 101-bed SNF, what the applicant indicates to be a more efficient model, economically feasible and functionally viable.

The affiliate, PH, operates one SNF in Florida, with that facility having 120 beds, located in Subdistrict 1-1—PHSR.

The project involves 9,155 GSF of new construction. The construction cost is \$1,719,795. Total project cost is \$2,932,058. Project cost includes land, building, equipment, project development and financing costs.

The applicant's Schedule C includes 11 conditions.

Need:

In Volume 44, Number 63 of the Florida Administrative Register dated March 30, 2018, a fixed need pool of zero beds was published for Subdistrict 2-4 for the January 2021 Planning Horizon. The proposal is submitted in the absence of published need in the subdistrict where the project will be located.

As of February 16, 2018, Subdistrict 2-4 had 744 licensed and 106 approved community nursing home beds. During the 12-month period ending December 31, 2017, Subdistrict 2-4 experienced 91.40 percent utilization at six existing facilities.

The reviewer notes that the proposal is not consistent with Section 408.034(6), Florida Statutes, in that only one (not both) of the geographically contiguous subdistricts has published need, with the published need occurring in Subdistrict 2-5 not in Subdistrict 2-4, the latter being the stated location of the proposed project.

PruittHealth – Southwood, LLC (CON application #10529) contends that approval of the proposed 15-bed project, in combination with the 86-bed CON application #10248P (resulting in a proposed 101-bed community nursing home), will:

- 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

PHS contends that the proposed project is the southeastern-most SNF in Leon County (in an area called Southwood) accessible to both Highway 27 (east/west) and 319 (north/south) and the closest Subdistrict 2-4 facility to Jefferson County and Subdistrict 2-5.

The applicant asserts that even if the Agency does not apply the “aggregation rule” as a basis for the approval of CON application #10529, there are other “not normal circumstances” that warrant project approval. The applicant contends that these include, but are not limited to, the following:

- There is a published need for the 15 additional beds in Subdistrict 2-5, yet no provider in the subdistrict has filed to meet this projected need for additional beds.
- PHS, located in the adjoining Subdistrict 2-4, has filed to fill the projected need and has plans in place to market its services and build referral relationships in the adjoining counties in Subdistrict 2-5. These efforts will make its facility available to fill the need for additional nursing home beds for residents of these adjoining counties.
- PHS has evaluated where the acute care patients from Subdistrict 2-5 are hospitalized, noting many are hospitalized in Subdistrict 2-4. Accordingly, a Subdistrict 2-4 facility would presumably be even more accessible for these Subdistrict 2-5 patients, thereby allowing nearby discharges to maintain continuity of care with their Subdistrict 2-4 Leon hospital physicians.
- The proposed facility location is the most southern nursing home in Leon County and is therefore reasonably accessible and available to the residents of the adjoining counties, within reasonable drive times.
- The overall balancing and weighing of all the statutory and rule review criteria clearly favors approval of the proposal. An assessment of not normal circumstances requires an overall weighing and balancing of all criteria to determine if, overall and under the circumstances presented, the CON application should be approved in the best interest of the population to be benefited and served.

The Agency notes that need was not found to exist as determined by the bed need formula, pursuant to 408.034 (6) Florida Statutes and 59C-1.036 (4) Florida Administrative Code, in geographically contiguous Subdistricts 2-4 and 2-5 for the January 2021 planning horizon for community nursing home beds—bed need was only found to exist in Subdistrict 2-5. The applicant’s proposal to aggregate the 15 bed need from Subdistrict 2-5 to Subdistrict 2-4 where no need was found to exist is contrary to the provisions of 408.034(6), Florida Statutes, and 59C-1.036 (3)(e), Florida Administrative Code, including the cited bed need formula contemplated within the rule subsection.

The applicant applied under special circumstance and presented arguments outside of the need formula. Pursuant to 59C-1.036 (2), Florida Administrative Code, an application for nursing facility beds will not be approved in the absence of numeric need unless it is outweighed by special circumstances presented by the applicant consistent with the applicable and relevant criteria of 408.035, Florida Statutes. Based on CON application #10529, not normal circumstances were not established to outweigh the absence of published numeric need in Subdistrict 2-4.

Quality of Care:

PruittHealth – Southwood, LLC (CON application #10529) described its ability to provide quality care. The applicant’s controlling interest, PH, had four substantiated complaints at its one Florida SNF (PHSR) during the three-year period ending May 14, 2018.

Financial Feasibility/Availability of Funds:

PruittHealth – Southwood, LLC (CON application #10529):

- Given the current relationship between the applicant and Renasant, funding for this project should be available
- Based on the information provided in Schedule 6, the projected staffing meets nurse staffing requirements
- The project appears to be financially feasible based on the projections provided by the applicant
- The project is not likely to have a material impact on competition to promote quality and cost-effectiveness

Medicaid/Charity Care:

PruittHealth – Southwood, LLC (CON application #10529): Based on the Agency’s Florida Nursing Home Bed Need Projections by District and Subdistrict publications for the April 2014 to April 2018 Batching Cycles, the following characteristics are noted for each of the following five years ending December 31, 2017 regarding Medicaid occupancy between PH’s

sole Florida SNF (PHSR) and Medicaid occupancy in Subdistrict 2-4, District 2 and Florida:

- PHSR had a higher annualized Medicaid occupancy percentage than Subdistrict 2-4
- PHSR had a lower annualized Medicaid occupancy percentage than District 2 overall
- PHSR had a higher annualized Medicaid occupancy percentage than Florida overall

The applicant's Schedule 7 indicates that Medicaid and self-pay represent 52.8 percent and 0.0 percent, respectively, of year one and 50.0 percent and 0.0 percent, respectively, of year two, annual total patient days (for the 15-bed proposal).

The year one and year two private pay/self-pay percentages are consistent with the applicant's item E.3.g forecasted patient day by payer table and Schedule 7. However, the year one and year two Medicaid/Medicaid HMO percentages (for the proposed 15-bed addition) are inconsistent with the applicant's item E.3.g forecasted patient day by payer table and Schedule 7.

The applicant's Schedule C proposes no Medicaid/Medicaid HMO and/or charity care condition(s) for the proposed additional 15 beds.

Architectural:

PruittHealth – Southwood, LLC (CON application #10529):

- The cost estimate and project completion forecast appear to be reasonable
- A review of the architectural plans, narratives and other supporting documents did not reveal any deficiencies that are likely to have a significant impact on either construction costs or the proposed completion schedule

G. RECOMMENDATION

Deny CON #10529.

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