

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

A. PROJECT IDENTIFICATION

1. **Applicant/CON Action Number**

Miami Dade SNF, LLC/CON #10532
4042 Park Oaks Boulevard, Suite 300
Tampa, Florida 33610

Authorized Representative: Ronald J. Swartz
Vice President and CFO
(305) 917-0400

2. **Service District/Subdistrict**

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

B. PUBLIC HEARING

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

C. PROJECT SUMMARY

Miami Dade SNF, LLC (CON application #10532) also referred to as MDSNF, proposes to establish a new 70-bed community nursing home in Subdistrict 11-1 (Miami-Dade County) through the voluntary delicensure of 70 community nursing home beds from affiliate, La Mer NH II, LLC (an inactive 196-bed skilled nursing facility (SNF) also referenced as La Mer II) within Subdistrict 11-1. If approved, the proposed project will not introduce new community nursing home beds within the subdistrict. MDSNF and La Mer II are both subsidiaries of parent company Greystone Healthcare Holdings II, LLC, also referenced as Greystone.

Greystone operates 26 SNFs in Florida:

- Alhambra Health and Rehabilitation Center
- Apollo Health and Rehabilitation Center
- Carlton Shores Health and Rehabilitation Center
- Club Health and Rehabilitation Center at The Villages
- Gardens Health and Rehabilitation Center

- Greenbriar Rehabilitation and Nursing Center
- Grove Health and Rehabilitation Center
- Isle Health and Rehabilitation Center
- Lady Lake Specialty Care Center
- Lehigh Acres Health and Rehabilitation Center
- Lexington Health and Rehabilitation Center
- North Beach Rehabilitation Center
- North Rehabilitation Center
- Park Meadows Health and Rehabilitation Center
- Ridgecrest Nursing and Rehabilitation Center
- Riverwood Health and Rehabilitation Center
- Rockledge Health and Rehabilitation Center
- Sunset Lake Health and Rehabilitation Center
- Terrace Health and Rehabilitation Center
- The Lodge Health and Rehabilitation Center
- Unity Health and Rehabilitation Center
- Viera Health and Rehabilitation Center
- Villa Health and Rehabilitation Center
- Village Place Health and Rehabilitation Center
- Wilton Manors Health and Rehabilitation Center
- Woodland Grove Health and Rehabilitation Center

CON application #10532, Exhibit 1-1, page 1-17, includes a signed and notarized letter from Ronald Swartz, VP and CFO (authorized representative for La Mer II) agreeing to delicense 70 beds in conjunction with the proposed project.

The applicant anticipates issuance of licensure and initiation of service in January 2021, as indicated in Schedule 10, CON application #10532.

The project involves 65,235 gross square feet (GSF) of new construction. The construction cost is \$13,373,175. Total project cost is \$18,752,133. Project cost includes: land, building, equipment, project development, financing and start-up costs.

The applicant does not wish to accept any conditions, pursuant to Schedule C of CON application #10532.

Total GSF and Project Costs of CON application #10532					
Applicant	CON #	Project	GSF	Costs	Cost Per Bed
Miami Dade SNF, LLC	10532	New 70-Bed Community Nursing Home through Delicensure of 70 Beds	65,235	\$18,752,133	\$267,888

Source: CON applications 10532, Schedules 1 and 9

D. REVIEW PROCEDURE

The evaluation process is structured by the certificate of need review criteria found in Section 408.035, Florida Statutes. These criteria form the basis for the goals of the review process. The goals represent desirable outcomes to be attained by successful applicants who demonstrate an overall compliance with the criteria. Analysis of an applicant's capability to undertake the proposed project successfully is conducted by assessing the responses provided in the application, and independent information gathered by the reviewer.

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

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

As part of the fact-finding, the consultant, Dwight Aldridge, analyzed the application with consultation from Financial Analyst Everett "Butch" Broussard 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 and 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.**

The proposed project is not submitted in response to the fixed need pool and does not add community nursing beds within Subdistrict 11-1. The project, if approved, will not change the total inventory of community nursing home beds in the planning area.

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

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

Population demographics and dynamics

The applicant describes Miami-Dade County not only as having the largest population of any county, but also having the highest concentration of elderly residents age 65+ (430,667) in the state. The applicant notes that although it has not yet identified a site location for the proposed facility, the most likely location will be within the northwestern part of the county, near Miami Lakes, which includes Zip Codes 33014, 33015, 33016 and 33018. Utilizing Claritas population data, MDSNF states to have analyzed the 65+ population within these Zip Codes as well as for the county. The applicant explains that Claritas population data is updated annually to reflect factors that affect population trends.

MDSNF provides the current and projected age 65+ population, as well as the five-year compounded annual growth rate (CAGR) for Subdistrict 11-1. The applicant states that the four Zip Codes identified as the possible site location are forecasted for year 2023, to have a combined age 65+ population of 36,689 and CAGR of 3.6 percent, which is higher than the overall elderly CAGR for Miami-Dade County (3.2 percent). See the table below.

Miami-Dade County Population and CAGR, 2018-2023			
Miami-Dade County ZIP Code	2018 Total Population Age 65+	2023 Total Population Age 65+	CAGR
33010	10,505	11,537	1.9%
33012	18,185	19,772	1.9%
33013	8,194	8,804	1.7%
33014	7,206	8,111	1.4%
33015	8,147	10,189	2.4%
33016	7,824	9,165	4.6%
33018	7,571	9,224	3.2%
33030	3,208	3,974	4.0%
33031	1,177	1,453	4.4%
33032	3,851	5,157	4.3%
33033	5,653	6,943	6.0%
33034	2,104	2,603	4.2%
33035	1,532	1,915	4.3%
33039	05	07	4.6%
33054	3,996	4,744	7.0%
33055	7,422	8,477	3.5%
33056	4,998	5,849	2.7%
33109	231	248	3.2%
33122	03	03	1.4%
33125	11,462	12,700	0.0%
33126	10,140	11,397	2.1%
33127	4,157	4,774	2.4%
33128	1,831	2,075	2.8%
33129	3,170	3,654	2.5%
33130	4,656	5,289	2.9%
33131	1,699	2,288	2.6%
33132	1,256	1,694	6.1%
33133	6,471	7,531	6.2%
33134	8,954	10,193	3.1%
33135	8,379	9,250	2.6%
33136	2,038	2,385	2.0%
33137	2,884	3,518	3.2%
33138	5,270	6,404	4.1%
33139	7,416	8,516	4.0%
33140	5,241	6,087	2.8%
33141	6,182	7,467	3.0%
33142	8,436	9,776	3.8%
33143	5,671	6,767	3.0%
33144	7,684	8,516	3.6%
33145	6,678	7,382	2.1%
33146	2,330	2,646	2.0%
33147	7,433	8,592	2.6%
33149	2,883	3,365	2.9%
33150	4,349	5,090	3.1%
33154	4,070	4,650	3.2%
33155	10,247	11,257	2.7%
33156	5,701	6,901	1.9%
33157	10,406	12,562	3.9%
33158	1,299	1,567	3.8%
33160	12,358	14,721	3.8%
33161	7,431	9,071	3.6%
33162	6,181	7,603	4.1%
33165	13,947	15,122	4.2%
33166	3,872	4,591	1.6%

33167	3,050	3,555	3.5%
33168	3,866	4,741	3.1%
33169	5,508	6,608	4.2%
33170	1,564	1,905	3.7%
33172	7,310	8,607	4.0%
33173	6,928	7,881	3.3%
33174	7,381	8,309	2.6%
33175	11,525	13,198	2.4%
33176	10,093	12,008	2.7%
33177	7,762	9,584	3.5%
33178	4,459	5,929	4.3%
33179	8,044	9,792	5.9%
33180	10,300	12,004	4.0%
33181	3,121	3,896	3.1%
33182	2,353	2,793	4.5%
33183	6,644	7,722	3.5%
33184	4,373	5,087	3.1%
33185	3,845	4,813	3.1%
33186	10,508	13,040	4.6%
33187	2,654	3,325	4.4%
33189	3,539	4,238	4.6%
33190	1,116	1,458	3.7%
33193	6,306	7,865	5.5%
33194	694	883	4.5%
33196	6,199	8,166	4.9%
Total	453,136	530,983	3.2%

Source: CON application #10532, page 1-4

The applicant analyzed the number of beds per 1,000 population within Subdistrict 11-1, as well as the number of beds per 1,000 population for elders within the subdistrict. Using the existing number of community beds (8,352) and then dividing that number by the estimated county population 65+, the applicant calculates the number of beds per 1,000 to be 18.4 beds per 1,000 population for the county. Miami Dade SNF states that this rate is in line with the overall state rate, which is 18.6 per 1,000 population aged 65+. The applicant states that combining the population aged 65+ of the four-targeted site location Zip Codes (30,748) with the number of SNF beds located within the four Zip Code area (451), yields a SNF beds per 1,000 population 65+ of 14.7, which is lower than the county or state rate. The applicant asserts that the proposal to move 70 beds outside Zip Code 33139 is supported by the beds per 1,000 rate, showing an overabundance of beds within Zip Code 33139¹ and a lower number of beds within the northwestern part of the county, based on the current population of 65+ residents.

¹ The reviewer notes that the applicant did not provide the beds per thousand for Zip Code 33139 which is at present 31.0 beds per thousand for the single Zip Code.

The applicant states that the four Zip Codes under consideration for the site location of the proposal, have a high concentration of elderly and only four existing SNFs ranging from 27 beds to 214 beds, within the Zip Code boundaries. MDSNF maintains that the targeted site location Zip Codes about Zip Code 33012, which has the largest concentration of 65+ in the county.

Availability, Utilization, and quality of like services

Regarding availability, Subdistrict 11-1 has 54 existing community nursing homes with a total of 8,352 licensed and 567 approved community nursing home beds. During the 12-month period ending December 31, 2017, Subdistrict 11-1 averaged 89.38 percent total occupancy.

The applicant examined both the SNF and population data within a five and 10-mile radius of the area in which the proposed facility is planned. Although no site exists, the applicant used a "midpoint" of the four Zip Codes under consideration for the facility to determine the radii for purposes of the analysis. MDSNF indicates that five SNFs operate within a five-mile radius of the estimated midpoint for locating the new facility. The applicant maintains that the data illustrates that these facilities experienced a 92.4 percent occupancy rate for CY 2017, indicating relatively high utilization within the five-mile radius, creating access and availability challenges for elders. See the table below.

2017 Occupancy Rates for Nursing Homes Located Within a Five-Mile Contour				
Facility Name	Beds	Bed Days	Resident Days	Facility Occupancy
Signature Healthcare Center of Waterford	214	78,110	73,423	94.0%
Heartland Health Care Center-Miami Lakes	120	43,800	40,691	92.9%
Villa Maria West Skilled Nursing Facility	27	9,855	8,683	88.1%
Palmetto Care Center	90	32,850	30,801	93.8%
Susanna Wesley Health Center	120	43,800	38,971	89.0%
Total	571	208,415	192,569	92.4%

Source: CON application #10532, page 1-11

MDSNF notes that this same high utilization was found for those facilities located within a 10-mile radius contour of the midpoint for locating the new facility. The applicant provides data to show that 12 SNFs are located within the 10-mile radius contour with these facilities experiencing an overall occupancy rate of 92.5 percent during CY 2017, slightly higher than the rate experienced by those facilities located within the five-mile radius contour.

2017 Occupancy Rates for Nursing Homes Located Within a 10-Mile Contour				
Facility	Beds	Bed Days	Resident Days	Facility Occupancy
Cross Gardens Care Center	120	43,800	35,652	81.4%
Fair Havens Center	269	98,185	95,190	97.0%
Franco Nursing & Rehabilitation Center	120	43,800	41,868	95.6%
Hampton Court Nursing & Rehabilitation Center	120	43,800	41,764	95.4%
Heartland Health Care Center – Miami Lakes	120	43,800	40,691	92.9%
Hialeah Nursing & Rehabilitation Center	276	100,740	94,744	94.1%
Hialeah Shores Nursing & Rehab Center	120	43,800	36,347	83.0%
Miami Shores Nursing & Rehab Center	99	36,135	34,000	94.1%
Palmetto Care Center	90	32,850	30,801	93.8%
Signature Healthcare Center of Waterford	214	78,110	73,423	94.0%
Susanna Wesley Health Center	120	43,800	38,971	89.0%
Villa Maria West Skilled Nursing Facility	27	9,855	8,683	88.1%
Total	1,695	618,675	572,134	92.5%

Source: CON application #10532, page 1-12

The applicant indicates that by 2023, the 65+ age cohort within the 10-mile radius of the proposed project (which includes 18 Zip Codes), will represent a population of 138,498. MDSNF contends that even with the addition of the proposed 70 beds, in conjunction with the existing 1,695 within a 10-mile radius, the SNF beds per 1,000 population age 65+ will be 12.74 by 2023—lower than the state or subdistrict average. The applicant asserts that if existing occupancy rates and population growth holds constant, the elderly population requiring SNF care is likely to have difficulty accessing an available bed.

With respect to quality, the applicant states that of the 12 nursing homes within the 10-mile contour of the proposed facility, four facilities achieved a five-star rating, while two achieved a one-star rating. The applicant further discusses quality in section E.3.(b) of this report.

Medical Treatment Trends

Regarding medical treatment trends, the applicant examines the conditions that the elderly experience requiring post-acute care—specifically analyzing hospital discharges to SNF for the age 65+ cohort in Miami-Dade County for the time period July 1, 2016 through June 30, 2017. MDSNF provides a comprehensive list of Major Diagnostic Categories (MDCs) and Diagnostic Related Groups (DRGs) discharged from hospitals to SNF located within the service area. The applicant notes that MDC 08 Musculoskeletal System disorders, such as hip or knee replacement represented 4,832 cases, accounting for 24 percent of all hospital discharges of elderly Subdistrict 11-1 residents to SNFs for the 12 months ending June 30, 2017. See the table below.

Hospital Discharges to Nursing Homes By Major Diagnostic Category (MDC) Miami-Dade County Age 65+ Cohort, July 1, 2016 – June 30, 2017		
MDC	Cases	Percent
08 Diseases & Disorders of the Musculoskeletal System & Conn Tissue	4,832	23.9%
05 Diseases & Disorders of the Circulatory System	2,742	13.5%
04 Diseases & Disorders of the Respiratory System	2,603	12.9%
01 Diseases & Disorders of the Nervous System	1,964	9.7%
18 Infectious & Parasitic Diseases, Systemic or Unspecified Sites	1,911	9.4%
11 Diseases & Disorders of the Kidney & Urinary Tract	1,805	8.9%
06 Diseases & Disorders of the Digestive System	1,526	7.5%
10 Endocrine, Nutritional & Metabolic Diseases & Disorders	589	2.9%
09 Diseases & Disorders of the Skin, Subcutaneous Tissue & Breast	522	2.6%
00 Pre MDC	335	1.7%
19 Mental Diseases & Disorders	288	1.4%
07 Diseases & Disorders of the Hepatobiliary System & Pancreas	234	1.2%
16 Diseases & Disorders of Blood, Blood Forming Organs, Immunolog. Disorder	206	1.0%
23 Factors Influencing Health Stat & Other Contacts With Health Services	196	1.0%
21 Injuries, Poisonings & Toxic Effects of Drugs	151	0.7%
12 Diseases & Disorders of the Male Reproductive System	75	0.4%
03 Diseases & Disorders of the Ear, Nose, Mouth & Throat	73	0.4%
24 Multiple Significant Trauma	65	0.3%
17 Myeloproliferative Diseases & Disorders, Poorly Differentiated Neoplasm	40	0.2%
13 Diseases & Disorders of the Female Reproductive System	28	0.1%
02 Diseases & Disorders of the Eye	21	0.1%
20 Alcohol/Drug Use & Alcohol/Drug Induced Organic Mental Disorders	15	0.1%
25 Human Immunodeficiency Virus Infections	12	0.1%
22 Burns	6	0.0%
Total	20,239	100.0%

Source: CON application #10532, page 2-3

The applicant identifies joint replacement (DRG 470) as the most frequently occurring DRG with 1,621 cases or eight percent, followed by Septicemia (DRG 871) with 1,185 cases or six percent of all hospital discharges to SNFs for the 12 months ending June 30, 2017. Other frequently occurring DRGs as noted by the applicant include DRG 291 (heart failure and shock), DRG 481 (hip and femur procedures), DRG 189 (pulmonary edema and respiratory failure) DRGs 690 and 689 (kidney and urinary tract infections). Miami Dade SNF states that combined, the previously referenced DRGs represent over 25 percent of all hospital discharges to SNF for the referenced 12-month period. See the table below.

Hospital Discharges to Nursing Homes By Major Diagnostic Category (DRG) Miami-Dade County Age 65+ Cohort, July 1, 2016 – June 30, 2017			
DRG	Cases	Percent	Cum. Percent
470 Major Joint Replacement or Reattachmt of Lower Extremity w/o MCC	1,621	8.0%	8.0%
871 Septicemia or Severe Sepsis w/o MV >96 Hours w MCC	1,185	5.9%	13.9%
291 Heart Failure & Shock w MCC	616	3.0%	16.9%
481 Hip & Femur Procedures Except Major Joint w CC	560	2.8%	19.7%
690 Kidney & Urinary Tract Infections w/o MCC	509	2.5%	22.2%
689 Kidney & Urinary Tract Infections w MCC	354	1.7%	23.9%
189 Pulmonary Edema & Respiratory Failure	350	1.7%	25.7%
190 Chronic Obstructive Pulmonary Disease w MCC	330	1.6%	27.3%
193 Simple Pneumonia & Pleurisy w MCC	296	1.5%	28.8%
683 Renal Failure w CC	286	1.4%	30.2%
065 Intracranial Hemorrhage or Cerebral Infarction w CC or Tpa in 24 Hrs	278	1.4%	31.5%
682 Renal Failure w MCC	275	1.4%	32.9%
064 Intracranial Hemorrhage or Cerebral Infarction w MCC	258	1.3%	34.2%
482 Hip & Femur Procedures Except Major Joint w/o CC/MCC	257	1.3%	35.5%
853 Infectious & Parasitic Diseases W O.R. Procedure w MCC	247	1.2%	36.7%
207 Respiratory System Diagnosis W Ventilator Support >96 Hours	218	1.1%	37.7%
552 Medical Back Problems w/o MCC	218	1.1%	38.8%
194 Simple Pneumonia & Pleurisy w CC	213	1.1%	39.9%
872 Septicemia or Severe Sepsis w/o MV >96 Hours w/o MCC	208	1.0%	40.9%
177 Respiratory Infections & Inflammations w MCC	206	1.0%	41.9%
Total	8,485	41.9%	41.9%

Source: CON application #10532, page 2-4

MDSNF indicates that current medical trends emphasize infection control and indicate a private-room preference. The applicant discusses a research study² concluding that private nursing home rooms support better outcomes when compared with shared rooms and that private rooms were preferred. MDSNF states that from a clinical care perspective—private rooms in comparison to shared rooms—reduce the risk of a resident developing a hospital-acquired infection. Consistent with research and resident preference, the applicant asserts that the proposed facility will feature a majority of private rooms.

To further current SNF practices and standards, the applicant states the proposed facility will allow La Mer II to convert eight rooms with four-bed configuration to semi-private or private rooms.³ The applicant explains that the proposed facility will increase the number of private rooms for the 12 facilities within a 10-mile radius to 98, indicating that the addition of 50 private rooms brings that area of the market more in line with preferences and standards for optimal SNF care.

² Calkins, M. and Cassella, C. “Exploring the Cost and Value of Private Versus Shared Bedrooms in Nursing Homes”. The Gerontologist 47:2, page169-183.

³ The reviewer notes that the applicant has already transferred 126 of the 196 existing inactive licensed beds at La Mer II through a modification request to CON application #10392 (La Mer NH LLC I), in that letter LA Mer I (also an affiliate of Greystone) stated that “the modification allows for 56 beds in multi-bed wards to convert to private or semi-private rooms”. The reviewer concludes that all eight four-bed rooms have already been transferred from La Mer II and therefore the applicant’s argument on this matter is not applicable.

Market Trends

In determining the impact of the proposed project on existing providers, the applicant provides the forecasted utilization including admissions, patient days, occupancy rate and average daily census (ADC), for the first two years of operation. See the table below.

Miami Dade SNF Projected Utilization, First Two Years of Operation		
Utilization Factors	Year One (2021)	Year Two (2022)
Admissions	475	850
Patient Days	13,990	22,995
Occupancy Rate	55%	90%
ADC	38	63

Source: CON application #10532, page 1-15

The applicant reiterates a preference to locate the proposed facility within one of four Zip Codes (33014, 33015, 33016 or 33018) in the northwestern part of the county, stating that both the five-mile and 10-mile analyses of SNFs surrounding the proximate centroid of those Zip Codes experienced an average 92 percent occupancy rate for CY 2017. Given that the proposal will utilize currently licensed beds and deploy them in an area that experiences high utilization, the applicant maintains that the impact on existing facilities will be minimal.

2. Agency Rule Preferences

Does the project respond to preferences stated in Agency rules? 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 for Health Care Administration publish specific preferences for these facilities. However, the rule does contain standards the Agency utilizes in assessing the 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(15), Florida Statutes (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.

The application is not submitted in order to remedy a geographically underserved area.

- 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 discharged policies.

MDSNF states that the proposed facility will be dually Medicaid and Medicare-certified, offering 50 private and 10 semi-private rooms along with 10 private suites. The applicant indicates that licensed nursing staff will be available 24 hours a day. Services to be offered at the proposed facility include:

- Physical, occupational and speech therapies
- Orthopedic rehabilitation
- Neurological rehabilitation
- Pulmonary rehabilitation
- Medical management
- Hospice care
- Wound care

The applicant indicates the proposed facility will have a variety of spaces intended to promote resident activity, socialization, entertainment, independence and well-being. The proposed facility will feature:

- A therapy suite for physical/occupational/speech therapy as well as for activities of daily living.
- Large central courtyard is dedicated to outdoor physical therapy with activity equipment and a therapy track providing various walking surfaces, stairs and ramps
- Multiple dining areas located throughout the facility to provide options to the residents other than the main central dining room including smaller scale areas in the resident wings.
- Several shaded porch areas for resident comfort and enjoying the outdoors, activity areas within each resident wing.

Additional amenities indicated by the applicant include: a movie theatre for movies/performances, a beauty/barber salon with spa services and amenities fostering resident-centered care and culture change within the facility.

Regarding admission procedures, MDSNF explains that each resident obtains admission to a SNF based on a physician's recommendations. The applicant states that the admission procedure requires facility staff to provide an orientation to the facility and its policies to the resident and/or their family while providing an initial comprehensive assessment. MDSNF indicates that the assessment is coordinated by a registered nurse with the assistance of health professionals and is designed to capture aspects of resident needs, strengths, goals, life history, preferences and includes a review of the resident's status pertaining to:

- Routines
- Cognitive patterns
- Communication
- Vision
- Mood and behavior patterns
- Psychological well-being
- Physical functioning
- Continence
- Disease diagnosis and health conditions
- Dental status
- Nutritional status
- Skin conditions
- Activity pursuit
- Medications
- Special treatments and procedures

MDSNF describes resident care planning as a baseline care plan established within 48 hours of admission, assuring that the resident’s immediate needs are met. The applicant states that within seven days of admission, an interdisciplinary team collaborates to complete a comprehensive care plan for the resident. MDSNF indicates that the resident’s care team maintains the care plan incorporating strategies to prevent/reduce decline in functional status in an effort to attain the highest outcome achievable by each resident.

In discussion of discharge planning, MDSNF conveys that a resident-specific discharge plan begins at admission and incorporates the resident’s care goals and treatment preferences as well as the needs associated with reducing preventable readmissions. The applicant asserts that the interdisciplinary team ensures that discharge plans include an assessment of caregiver needs.

MDSNF indicates that the projected average length of stay (ALOS) will reflect the proposed project’s focus on long and short-term rehabilitation. The applicant’s Schedule 7 indicates an ALOS of 29.5 days for year one and 27.1 days for year two of operation.

Projected Admissions, Patient Days, ALOS and ADC First Two Years of Operation for Proposed 70-Bed Facility		
	Year One	Year Two
Admissions	475	850
Patient Days	13,990	22,995
ALOS	29.5	27.1
ADC	38	63

Source: CON application #10532, page 2-10

The applicant’s Schedule 6 indicates that full-time employees (FTEs) for year one (ending December 31, 2021) total 76.9 and 108.3 for year two (ending December 31, 2022). The proposed project’s year one and year two FTEs are shown in the table below.

Miami Dade SNF, LLC Projected Year One and Year Two Staffing		
	Year One FTEs	Year Two FTEs
Administration		
Administrator	1.0	1.0
Director of Nursing	1.0	1.0
Bookkeeper	1.0	1.0
Secretary	1.5	1.9
Medical Records Clerk	1.5	2.0
Other: HR Marketing	2.7	3.0
Physicians		
Medical Director (Contracted)	--	--
Nursing		
RNs	6.7	9.0
LPNs	6.6	11.0
Nurses' Aides	17.2	28.2
Other: MDS/Nurse Liaison/Case Mgr.	6.3	7.1
Ancillary		
Physical Therapist (Contracted)	7.2	11.5
Speech Therapist (Contracted)	0.9	1.7
Occupational Therapist (Contracted)	3.8	6.8
Dietary		
Dietary Supervisor	1.6	1.6
Cooks	3.4	4.0
Dietary Aides	3.3	4.4
Social Services		
Social Service Director	1.0	1.0
Activity Director	1.0	1.0
Activities Assistant	0.8	1.0
Housekeeping		
Housekeepers Supervision	3.6	4.9
Housekeepers	3.6	4.9
Laundry		
Laundry Aides	2.3	2.3
Plant Maintenance		
Maintenance Supervisor	1.0	1.0
Other: Drivers	1.5	2.0
Total	76.9	108.3

Source: CON application #10532, Schedule 6

c. Quality of Care. In assessing the applicant’s ability to provide quality of care pursuant to s. 408.035(1), 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 application.**

The applicant is a newly formed entity and has not had a nursing home license denied, revoked, or suspended.

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

The applicant is a newly formed entity and states that this provision does not apply.

- 3. The extent to which the conditions identified within subparagraphs 1 and 2 threatened or resulted in direct, significant harm to the health, safety, or welfare of the nursing facility residents.**

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

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

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

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

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

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

The applicant states it will provide the required data to the Health Council of South Florida and to the Agency.

3. Statutory Review Criteria

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

As of May 16, 2018, Subdistrict 11-1 had 8,352 licensed and 567 approved community nursing home beds. During the 12-month period ending December 31, 2017, Subdistrict 11-1 experienced 89.38 percent utilization at 54 existing community nursing homes.

The applicant points out that while the overall occupancy rate for Miami-Dade County is just under 90 percent, 37 facilities within the county experienced occupancy rates at or exceeding 92 percent, indicating the unavailability of beds when needed. MDSNF states to have calculated the number of community nursing home beds per 1,000 elderly age 65+ to determine how Miami-Dade County compared to the statewide beds ratio. When utilizing the July 1, 2017, Miami-Dade County population published by the Agency in February 2015, and utilizing the number of community beds (8,352) within the subdistrict, the applicant calculates a use rate per 1,000 beds of 19.95. Utilizing the same data, the applicant assessed the use rate per 1,000 for the state and concludes that the state rate is higher than the subdistrict at 20.43.

Based on this assessment, the applicant maintains that Miami-Dade residents have somewhat fewer nursing home beds available compared to the state. The applicant states that when applying the projected population growth, yet holding the number of beds constant between 2017 and 2022, the nursing beds per 1,000 elderly age 65+ declines to 17.53 for Miami-Dade County and 17.63 for the state. The applicant asserts that the proposed facility will maintain the availability of SNF beds for the growing elderly population.

MDSNF discusses quality, stating that through its affiliation with Greystone the applicant has been the benefactor of having an experienced, knowledgeable, Florida-based manager who possesses the tools and expertise to maintain high quality standards. The applicant indicates that Greystone is dedicated to improving the quality of care standards at affiliated facilities as well as the continuous investment in upgrades and renovations to the facilities. MDSNF indicates that the proposed facility will be developed with rehabilitation in mind to promote recovery and the resident's return to the community, while also providing long-term care. The applicant acknowledges that by tailoring care to patients with similar needs, a higher level of service and higher staffing ratios can be efficiently implemented to establish a viable program committed to excellence in outcomes for those it serves.

Regarding geographic access, the applicant states that a site location has not been selected for the proposed facility therefore, analyses of the surrounding area was not conducted. The applicant expresses that one of the most important aspects to geographic access pertains to the proximity to acute care hospitals, noting the 20,239 Miami-Dade County resident discharges from hospitals to SNFs.⁴ The applicant provides a map (CON application #10532, page 3-5) illustrating the distribution of acute care hospitals within Subdistrict 11-1 and their location proximate to SNFs. The map indicates SNF locations that are near at least one acute care hospital, thus reducing travel time when an elderly resident is transferred from a hospital setting to a SNF. When selecting a site location, MDSNF maintains that it will take into consideration: drive times, proximity to acute care hospitals and the number of SNFs within the area.

The applicant identifies a second component of accessibility which addresses whether or not there are any economic barriers to obtaining care. MDSNF asserts that it will participate in both the Medicare and Medicaid programs and will seek contracts with managed care providers and commercial insurance companies. The applicant indicates it will maximize access by accepting a wide variety of payment options. To ensure financial access, MDSNF assures that it will make every effort to remove any financial barriers that could impede access to SNF care and work closely with hospital discharge planners—assuring that the proposed facility will be able to contract with a variety of providers and managed care organizations.

With respect to maintaining an adequate supply of SNF beds for residents who require them, the applicant stresses the importance of analyzing the extent of utilization of Miami-Dade County facilities. The applicant states that in addition to 71 percent (37 facilities) of the subdistrict's SNFs experiencing occupancy rates in excess of 92 percent, additional facilities reported occupancy rates in the high 80 percent, with only three of 52 facilities experiencing below 80 percent occupancy. The applicant declares that the SNFs within Miami-Dade County are well utilized, indicating the proposed facility will have minimal impact on existing providers.

The applicant provides the utilization of SNFs in Miami-Dade County, noting that bed days for La Mer II are included but since beds are inactive there are no resident days associated with the facility. The reviewer confirms the utilization data provided by the applicant. See the table below.

⁴ Based on the Agency's hospital discharge data for the period July 1, 2016 through June 30, 2017

CON Action Number: 10532

Miami-Dade County, Subdistrict 11-1 Community Nursing Home Bed Utilization by Facility						
Facility Name	Beds	Bed Days	Resident Days	Facility Occup.	M'Caid Days	M'Caid Occup.
Arch Plaza Nursing & Rehabilitation Center	98	35,770	33,129.00	92.62%	24,270	73.26%
Aventura Plaza Rehabilitation & Nursing Ctr	86	31,390	29,850.00	95.09%	23,648	79.22%
Claridge House Nursing & Rehabilitation Ctr	240	87,600	82,977.00	94.72%	67,565	81.43%
Coral Gables Nursing and Rehabilitation Ctr	87	31,755	30,047.00	94.62%	24,543	81.68%
Coral Reef Nursing & Rehabilitation Center	180	65,700	60,774.00	92.50%	39,856	65.58%
Cross Gardens Care Center	120	43,800	35,652.00	81.40%	31,096	87.22%
East Ridge Retirement Village, Inc.	50	18,250	14,837.00	81.30%	4,848	32.68%
Fair Havens Center	269	98,185	95,190.00	96.95%	74,721	78.50%
Floridean Nursing and Rehabilitation Ctr, The	90	32,850	31,842.00	96.93%	12,270	38.53%
Fountain Manor Health & Rehabilitation Ctr	146	53,290	49,295.00	92.50%	43,302	87.84%
Franco Nursing & Rehabilitation Center	120	43,800	41,868.00	95.59%	28,903	69.03%
Golden Glades Nursing and Rehabilitation Ctr	180	65,700	65,093.00	99.08%	50,344	77.34%
Hampton Court Nursing & Rehabilitation Ctr	120	43,800	41,764.00	95.35%	25,955	62.15%
Harmony Health Center	203	74,095	72,406.00	97.72%	56,793	78.44%
Heartland Health Care Center Kendall	120	43,800	41,272.00	94.23%	12,394	30.03%
Heartland Health Care Center Miami Lakes	120	43,800	40,691.00	92.90%	10,766	26.46%
Hialeah Nursing and Rehabilitation Center	276	100,740	94,744.00	94.05%	80,808	85.29%
Hialeah Shores Nursing and Rehab Center	120	43,800	36,347.00	82.98%	26,929	74.09%
Homestead Manor A Palace Community	88	32,120	31,638.00	98.50%	27,966	88.39%
Jackson Memorial Long Term Care Center	180	65,700	63,016.00	95.91%	36,268	57.55%
Jackson Memorial Perdue Medical Center	163	59,495	52,415.00	88.10%	31,787	60.64%
Jackson Plaza Nursing & Rehabilitation Center	120	43,800	41,518.00	94.79%	33,355	80.34%
Krystal Bay Nursing and Rehabilitation	150	54,750	38,000.00	69.41%	30,619	80.58%
La Mer NH II, LLC	196	71,540	-	0.00%	-	0.00%
Miami Jewish Health Systems, Inc.	438	159,870	145,043.00	90.73%	104,010	71.71%
Miami Shores Nursing and Rehab Center	99	36,135	34,000.00	94.09%	25,564	75.19%
North Beach Rehabilitation Center	99	36,135	33,539.00	92.82%	26,758	79.78%
North Dade Nursing and Rehabilitation Center	245	89,425	79,704.00	89.13%	73,047	91.65%
Nursing Center at Mercy, The	120	43,800	40,328.00	92.07%	19,277	47.80%
Palace at Kendall Nursing & Rehabilitation Ctr	180	65,700	63,497.00	96.65%	43,357	68.28%
Palm Garden of Aventura	120	43,800	38,917.00	88.85%	22,334	57.39%
Palmetto Care Center	90	32,850	30,801.00	93.76%	16,808	54.57%
Palmetto Sub Acute Care Center, Inc.	95	34,675	32,349.00	93.29%	13,607	42.06%
Pinecrest Rehabilitation Center	100	36,500	32,457.00	88.92%	20,853	64.25%
Pines Nursing Home	46	16,790	16,265.00	96.87%	14,967	92.02%
Ponce Plaza Nursing & Rehabilitation Center	147	53,655	51,741.00	96.43%	38,546	74.50%
Regents Park at Aventura	180	65,700	62,414.00	95.00%	40,079	64.21%
Riverside Care Center	120	43,800	43,017.00	98.21%	36,568	85.01%
Riviera Health Resort	223	81,395	78,292.00	96.19%	39,202	50.07%
Signature Healthcare Center of Waterford	214	78,110	73,423.00	94.00%	49,359	67.23%
Signature Healthcare of Brookwood Gardens	180	65,700	33,501.00	50.99%	25,483	76.07%
Sinai Plaza Nursing & Rehab Center	150	54,750	50,466.00	92.18%	37,852	75.00%
South Dade Nursing and Rehabilitation Center	180	65,700	64,292.00	97.86%	49,672	77.26%
South Pointe Plaza Rehabilitation and Nurs Ctr	230	83,950	65,867.00	78.46%	59,289	90.01%
St Annes Nursing Ctr, St Annes Residence Inc.	213	77,745	71,713.00	92.24%	54,135	75.49%
Susanna Wesley Health Center	120	43,800	38,971.00	88.97%	22,677	58.19%
Treasure Isle Care Center	176	64,240	59,970.00	93.35%	48,686	81.18%
Unity Health and Rehabilitation Center	294	107,310	94,122.00	87.71%	70,940	75.37%
University Plaza Rehab. & Nursing Center, Inc.	148	54,020	51,809.00	95.91%	39,070	75.41%
VI at Aventura	0					
Victoria Nursing & Rehabilitation Center, Inc.	264	96,360	94,200.00	97.76%	61,934	65.75%
Villa Maria Nursing Center	212	77,380	69,148.00	89.36%	49,650	71.80%
Villa Maria West Skilled Nursing Facility	27	9,855	8,683.00	88.11%	-	0.00%
West Gables Health Care Center	120	43,800	41,690.00	95.18%	14,942	35.84%
Total	8,352	3,048,480	2,724,584.00	89.38%	1,917,672	70.38%

Source: CON application #10532, page 3-7

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

The applicant states that the proposed facility will be managed by Greystone Healthcare, which currently operates 26 SNFs in Florida. MDSNF indicates that Greystone places a high priority on quality of care, quality improvement and organizational integrity. The applicant notes that Greystone is committed to a philosophy of management that encourages continuous quality improvement through the institution of uniform standards and guidelines, the creation of quality improvement goals, and the recognition and use of evidenced based clinical pathways or “best practices” in an effort to achieve desired patient outcomes.

The applicant asserts that the proposed project will feature Greystone’s quality programs and initiatives, including Greystone Health Network™ and provided its vision statement regarding quality of care-BELIEVE, which describes a dedication and commitment to providing a Ritz-Carlton level of customer service. The applicant explains that each letter of BELIEVE has a specific meaning, along with standards, processes and tools that are designed to assist each facility or agency in achieving this level of customer service for residents, patients, visitors, families, and staff. MDSNF indicates that Greystone’s BELIEVE encompasses the following:

Best practices
Exceeding expectations
Leading by example
Investing in people
Empowering employees
Valuing our residents
Excited about our future

MDSNF states it will implement a Quality Assurance Performance Improvement (QAPI) process, which addresses clinical care, quality of life, resident choice and care transitions. In addition to the QAPI, the applicant states the proposed facility will implement Performance Improvement Projects (PIPs), to examine and improve care/services in clinical and non-clinical areas of operation. The applicant further states that Greystone has developed and implemented organization-specific programs that promote delivery of quality care beyond mandatory requirements. The applicant provides a list and summary of the voluntary programs on page 4-4 of CON application #10532.

As testament to Greystone’s commitment to quality service and facilities, the applicant states that five of Greystone’s Florida SNFs received the *U.S. News and World Report’s* distinction of “Best Nursing Homes” 2017-2018. Additionally, the applicant provides the Centers for Medicare and Medicaid Services (CMS) quality of resident care star rating for Greystone facilities as of April 27, 2018. The applicant provides the CMS ratings for Greystone’s Florida operated SNFs (CON application #10526, Exhibit 4-1), noting that, 22 of 26 facilities received a Five-Star CMS quality rating. The reviewer confirms the CMS quality ratings provided by the applicant.

Agency records indicate that Greystone’s 26 affiliated SNFs in Florida had 129 substantiated complaints during the three-year period ending May 14, 2018. A single complaint can encompass multiple complaint categories. The substantiated complaint categories are listed below.

Greystone Healthcare Management Corp. Substantiated Complaint History May 14, 2015 - May 14, 2018	
Complaint Category	Number Substantiated
Administration/Personnel	2
Dietary Services	8
Infection Control	2
Falsification of Records/Reports	1
Admission, Transfer & Discharge	12
Life Safety Code	2
Nursing Services	11
Physical Environment	8
Quality of Care/Treatment	60
Resident/Patient/Client Abuse	3
Resident/Patient/Client Assessment	5
Resident/Patient/Client Rights	14
Restraints/Seclusion General	1

Source: Florida Agency for Healthcare Administration Complaint Records, May 14, 2015-May 14, 2018

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

Analysis:

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

Historically we have compared all applicant financial ratios regardless of type to benchmarks established from financial ratios collected from Florida acute care hospitals. While not always a perfect match to a CON project it is a reasonable proxy for health care related entities.

Below is an analysis of the audited financial statements for the parent, where the short-term and long-term measures fall on the scale (highlighted in gray) for the most recent year.

Greystone Healthcare Holdings II, LLC		
	Current Year	Previous Year
Current Assets	\$17,326,481	\$25,688,005
Total Assets	\$90,479,399	\$87,149,574
Current Liabilities	\$26,369,511	\$31,846,452
Total Liabilities	\$68,807,156	\$67,855,230
Net Assets	\$21,672,243	\$19,294,344
Total Revenues	\$122,939,796	\$131,109,442
Excess of Revenues Over Expenses	(\$1,675,343)	(\$3,796,191)
Cash Flow from Operations	\$7,847,345	\$8,679,320
Short-Term Analysis		
Current Ratio (CA/CL)	0.7	0.8
Cash Flow to Current Liabilities (CFO/CL)	29.76%	27.25%
Long-Term Analysis		
Long-Term Debt to Net Assets (TL-CL/NA)	195.8%	186.6%
Total Margin (ER/TR)	-1.36%	-2.90%
Measure of Available Funding		
Working Capital	(\$9,043,030)	(\$6,158,447)

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

Capital Requirements and Funding:

On Schedule 2, the applicant indicates capital projects totaling \$18,702,133, which comprises this project. The applicant indicates on Schedule 3 of its application that funding for the project will be provided

by cash on hand (\$2,187,287) and non-related company financing (\$16,514,846). Sun Trust Bank provided a letter of interest in the project and indicated a long-standing relationship with the applicant. However, a letter of interest does not guarantee financing. Given the weak to moderately weak financial ratios, the applicant may have difficulty obtaining the necessary financing.

Conclusion:

Funding for this project likely but not guaranteed.

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).

NRPD, CPD, and profitability or operating margin that fall within the group range are considered reasonable projections. Below is the result of our analysis.

	PROJECTIONS PER APPLICANT		COMPARATIVE GROUP VALUES PPD		
	Total	PPD	Highest	Median	Lowest
Net Revenues	10,794,459	469	2,123	532	301
Total Expenses	10,229,473	445	2,098	526	344
Operating Income	564,986	25	182	-10	-492
Operating Margin	5.23%		Comparative Group Values		
	Days	Percent	Highest	Median	Lowest
Occupancy	22,995	90.00%	99.31%	85.90%	37.49%
Medicaid	5,749	25.00%	29.84%	18.62%	0.00%
Medicare	17,246	75.00%	99.59%	30.16%	5.51%

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

Staffing:

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

Conclusion:

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

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

Analysis:

Strictly from a financial perspective, the type of competition that would result in increased efficiencies, service, and quality is limited in health care. Cost-effectiveness through competition is typically achieved via a combination of competitive pricing that forces more efficient cost to remain profitable and offering higher quality and additional services to attract patients from competitors. Since Medicare and Medicaid are the primary payers in the nursing home industry, price-based competition is limited. With a large portion of the revenue stream essentially fixed on a per patient basis, the available margin to increase quality and offer additional services is limited.

Conclusion:

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

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

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

the facility at the time of submission and did not explicitly indicate that the site will be chosen based on the disaster preparedness requirements. The application does however include a reference to the current building code and indicates that the facility will be built in accordance with these and other applicable codes and standards. The site requirements are included the referenced building code.

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

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

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

Medicaid Patient Days and Medicaid Occupancy in Miami-Dade County, District 11 and Florida Five Years Calendar Years (CY) Ending December 31, 2017					
Medicaid Patient Days					
Area	CY 2013	CY 2014	CY 2015	CY 2016	CY 2017
Miami-Dade County	1,746,982	1,829,291	1,889,724	1,951,540	1,917,672
District 11	1,775,857	1,863,601	1,924,454	1,987,959	1,955,713
Florida	15,700,197	15,923,613	15,959,939	16,144,618	15,990,448
Medicaid Occupancy					
Area	CY 2013	CY 2014	CY 2015	CY 2016	CY 2017
Miami-Dade County	64.76%	66.98%	67.90%	69.63%	70.38%
District 11	64.71%	66.95%	67.78%	69.49%	70.18%
Florida	61.66%	62.17%	62.18%	63.13%	63.18%

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

MDSNF is a newly formed entity and therefore has no history of providing services to Medicaid recipients and the medically indigent. The applicant indicates that, as an affiliate of Greystone, it is committed to serving elderly residents whose care is managed by Medicaid managed care plans. MDSNF asserts that Greystone’s District 11 facilities, on average, provided approximately 75 percent of their total patient days to residents covered by Medicaid. The applicant provides the patient days, Medicaid days and percentage of Medicaid days for Greystone’s affiliated

District 11 facilities and states that these two facilities provided a higher rate of care to Medicaid managed care recipients (76.5 percent) than the subdistrict (70.4) and district (70.2) overall for CY 2017. See the table below.

Greystone District 11 SNF Resident and Medicaid Days CY 2017					
Facility	Beds	Resident Days	Occupancy	Medicaid Days	Medicaid Occupancy
North Beach Rehabilitation Center	99	33,539	92.8%	26,758	79.8%
Unity Health & Rehabilitation Center	294	94,122	87.7%	70,940	75.4%
District 11 Greystone Facilities	393	127,661	89.0%	97,698	76.5%
Subdistrict 11-1, Miami-Dade County	8,352	2,724,584	89.4%	1,917,672	70.4%
District 11 Total	8,592	2,786,676	88.9%	1,955,713	70.2%

Source: CON application #10532, page 9-1

The applicant states the expectation that the proposed facility will serve elderly residents who require intensive service to return home and acknowledges that Medicare will be the primary services payer however, reasserts that it will serve Medicaid Managed Care residents as well. The applicant provides the forecasted Medicaid and Medicare days, ADC and admissions for the first two years of operation. MDSNF notes that Medicaid Managed Care will account for 32 percent of patient days in year one and 25 percent of patient days in year two. See the table below.

Patient Days, Admissions and ADC by Payer for 70-Bed Facility			
Medicaid	Year One	Year Two	Total
Days	4,486	9,505	13,990
ADC	12	26	38
Admissions	22	453	475
Medicare	Year One	Year Two	Total
Days	5,749	17,246	22,995
ADC	16	47	63
Admissions	29	821	850
Occupancy	55%	90%	

Source: CON application #10532, page 9-2

The reviewer compiled the following Medicaid occupancy data for all Greystone Florida facilities from January 1, 2017 through December 31, 2017.

Greystone Florida Medicaid Occupancy January 1, 2017 – December 31, 2017			
Facility	Total Days	Medicaid Days	Medicaid Occupancy
Alhambra Health and Rehabilitation Center 5	20,098	8,857	44.07%
Apollo Health and Rehabilitation Center	33,291	17,237	51.88%
Carlton Shores Health and Rehabilitation Center	34,190	20,158	58.96%
Club Health and Rehabilitation Center	21,176	--	0.00%
Greenbriar Health and Rehabilitation Center	27,426	13,416	48.92%
Grove Health and Rehabilitation Center	42,313	26,804	63.35%
Isle Health and Rehabilitation Center	35,484	19,893	56.05%
Lady Lake Specialty Care Center	50,439	30,493	60.46%
Lehigh Acres Health and Rehabilitation Center	38,918	26,318	67.62%
Lexington Health and Rehabilitation Center	53,758	31,817	59.19%
North Beach Rehabilitation Center	33,539	26,758	79.78%
North Rehabilitation Center	15,086	7,757	51.42%
Park Meadows Health and Rehabilitation Center	51,368	35,779	69.65%
Ridgecrest Nursing and Rehabilitation Center	48,276	31,356	64.95%
Riverwood Health and Rehabilitation Center	40,371	30,743	76.15%
Rockledge Health and Rehabilitation Center	36,538	22,005	60.22%
Sunset Lake Health and Rehabilitation Center	36,095	23,671	65.58%
Terrance Health and Rehabilitation Center	41,673	16,931	40.63%
The Gardens Health and Rehabilitation Center	38,225	24,485	64.03%
The Lodge Health and Rehabilitation Center (New Horizon)	34,598	23,067	66.67%
Unity Health and Rehabilitation Center	94,122	70,940	75.37%
Viera Health and Rehabilitation Center	37,456	16,966	47.63%
Villa Health and Rehabilitation Center	37,500	17,860	64.69%
Village Place Health and Rehabilitation Center	32,702	21,013	64.26%
Wilton Manors Health and Rehabilitation Center	36,409	20,124	53.27%
Woodland Grove Health and Rehabilitation Center	40,602	28,901	71.18%
Total	1,011,653	567,097	58.69%

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

The applicant’s Schedule 7 indicates that Medicaid represents 32.1 percent and 25 percent, respectively, and self-pay represents 0.0 percent of year one and of year two, total annual patient days.

F. SUMMARY

Miami Dade SNF, LLC (CON application #10532), proposes to establish a new 70-bed SNF in Subdistrict 11-1, Miami-Dade County, through the voluntary delicensure of 70 community nursing home beds from affiliate, La Mer II (a 196-bed SNF) within Subdistrict 11-1. If approved, the proposed project will not increase the inventory of new nursing home beds within the subdistrict, district or state. MDSNF and La Mer II are both subsidiaries of parent company, Greystone.

The project involves 65,235 GSF of new construction. The construction cost is \$13,373,175. Total project cost is \$18,752,133. Project cost includes: land, building, equipment, project development, financing and start-up costs.

The applicant anticipates issuance of licensure and initiation of service in January 2021.

The applicant does not wish to accept any conditions for the proposed project.

Need/Access:

The proposed project is not submitted in response to the fixed need pool nor does it add community nursing beds to Subdistrict 11-1.

MDSNF indicates that by 2023, the 65+ age cohort within the 10-mile radius of the proposed project (which includes 18 Zip Codes), will represent a population of 138,498. The applicant states the addition of the proposed 70 beds, in conjunction with the existing 1,695 within a 10-mile radius, the nursing home beds per 1,000 population age 65+ will be 12.74 by 2023. MDSNF asserts that if existing occupancy rates and population growth holds constant, the elderly population requiring SNF care is likely to have difficulty accessing an available nursing home bed.

The applicant's Schedule 7 indicates an ALOS of 29.5 days for year one and 27.1 days for year two of operation.

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

Quality of Care:

The applicant described its ability to provide quality care.

The applicant's controlling interest, Greystone, had 129 substantiated complaints among 26 affiliate facilities during the three-year period ending May 14, 2018.

Financial Feasibility/Availability of Funds:

Funding for this project likely but not guaranteed. Based on the information provided in Schedule 6, the applicant meets statutory requirements for staffing pursuant to 400.23(3)(a)1, Florida Statutes. This project appears to be financially feasible based on the projections provided by the applicant.

Based solely on the review of the financial schedules, this project is not likely to have a material impact on priced-based competition to promote quality and cost-effectiveness.

Medicaid/Indigent/Charity Care:

The applicant does not propose to condition project approval to a percentage of Medicaid days.

The applicant's Schedule 7 indicates that Medicaid represents 32.1 percent and 25 percent, respectively, and self-pay represents 0.0 percent of year one and of year two, total annual patient days.

Architectural:

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

G. RECOMMENDATION

Approve CON #10532 to establish a new 70-bed community nursing home in Subdistrict 11-1 (Miami-Dade County) through the voluntary delicensure of 70 community nursing home beds from affiliate, La Mer NH II, LLC (an inactive 196-bed skilled nursing facility (SNF) also referenced as La Mer II) within Subdistrict 11-1. The total project cost is \$18,752,133. The project involves 65,235 GSF of new construction and a construction cost of \$13,373,175.

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