

STATE AGENCY ACTION REPORT
ON APPLICATIONS FOR CERTIFICATE OF NEED

A. PROJECT IDENTIFICATION

1. Applicant/CON Action Number

Hillsborough County Nursing and Rehab Center, LLC/CON #10552

P.O. Box 3376

Ridgeland, Mississippi 39158

Authorized Representative: Donald E. Eicher, III, JD
(601) 853-2667

PruittHealth-Hillsborough County, LLC/CON #10553

1626 Jeurgens Court

Norcross, Georgia 30093

Authorized Representative: Neil L. Pruitt, Jr.
Chairman and CEO
(678) 533-6699

2. Service District/Subdistrict

District 6/Subdistrict 6-1 (Hillsborough County)

B. PUBLIC HEARING

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

Letters of Support

Hillsborough County Nursing and Rehab Center, LLC (CON application #10552) includes letters of support from elected officials, members of the local government and area providers. Form letters are present among the letters of support. The proposal is broadly endorsed in light of the following factors:

- The expectation that the proposal will benefit residents of Hillsborough County

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- The growing 65+ population that will require skilled nursing services within the area
- The potential for the proposal to enhance quality
- A need for additional beds within the service area
- The need for long term care placement within the service area

Letters of support are noted from:

- Darryl Rouson, The Florida Senate, District 19
- Jackie Toledo, The Florida House of Representatives, District 60
- Sandra L. Murman, County Commissioner, District 1
- Ken Hagan, County Commissioner, District 2
- Bland Eng, CEO, Brandon Regional Hospital
- Tanya F. Doran, Executive Director, Greater Riverview Chamber of Commerce
- J. Scott Eller, CEO, CASL

PruittHealth-Hillsborough County, LLC (CON application #10553):

The applicant includes letters of support that were previously included with CON applications #10509 and #10509P, all dated December 2017.

C. PROJECT SUMMARY

Hillsborough County Nursing and Rehab Center, LLC (CON application #10552) is a newly-formed entity which will be referred to as HCNR or the applicant. The applicant proposes to establish a 73-bed skilled nursing facility (SNF) Subdistrict 6-1 (Hillsborough County) in the area that encompasses the Riverview area—Zip Codes: 33534, 33569, 33578, and 33579. HCNR states that the proposal will include 73 private, single-occupancy rooms which will result in the maximum utilization and usefulness to all types of residents regardless of payer source.

The project cost subject to fee for the proposal is \$16,396,085 (Schedule 1, Line 51). The project cost includes land, building, equipment, project development, financing and start-up costs. The project includes 61,084 gross square feet (GSF) of new construction.

The applicant anticipates issuance of license on April 12, 2021 and initiation of service on May 11, 2021.

The applicant does not condition approval of the CON proposal to any conditions.

PruittHealth-Hillsborough County, LLC (CON application #10553) is a newly-formed entity which will be referred to as PHH or the applicant. PHH proposes to add 36 beds to already approved CON #10509P, which establishes a community nursing home of 84 beds in Hillsborough County. The addition would result in a SNF of 120 beds in Hillsborough County. PHH states that the addition to the previously approved proposal will result in a facility size that is more optimal, economically feasible, and functionally viable.

The applicant's parent-company PruittHealth, currently operates PruittHealth- Santa Rosa in Santa Rosa County (Subdistrict 1-1) and PruittHealth – Panama City in Bay County (Subdistrict 2-2).¹

The applicant states that need for PHH is supported by PruittHealth's credentials and proven track record and the programs and services that will be instituted in the proposed facility that are presented throughout this CON application and the previously approved beds. PHH states that collectively these factors make it uniquely suited to fulfill the need for these additional 36 beds in the community and the previously approved project. The applicant maintains that need for the proposed addition is justified by general health planning principals related to Subdistrict 6-1, including issues relating to access for Medicaid clients, bariatric rooms, improved quality environment (private rooms) and other programmatic features.

The applicant lists the project cost subject to fee as \$5,519,512 (Schedule 1, Line 51). The total project cost includes land, building, equipment, project development, financing and start-up costs. For the 36-bed addition, the proposed project includes 19,547 GSF of construction. The construction cost is \$3,225,255.

The applicant expects issuance of licensure in November 2021 and initiation of service in January 2022.

PHH includes the following Schedule C conditions:

- After approval of this CON application, request an exemption with AHCA to combine PruittHealth – Hillsborough CON #10509 and #10553 to a single CON #10553 for 120 community nursing home beds
- Location:
 - Hillsborough County, Subdistrict 6-1, Florida

¹ Licensed 12/14/18

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- Programming/Operational Conditions:
 - All 36 patient beds will be in private patient rooms
 - A minimum of 60 percent Medicaid patient days for the 36-bed addition
 - Seek Joint Commission accreditation or accreditation from some other similarly recognized accrediting body
 - Implement a program designed to reduce hospital re-admissions; the current program utilized by PruittHealth affiliated facilities is INTERACT 3.0. The program to be implemented will be this program or other similarly designed program based on the most recent quality driven program PruittHealth determines to be available at the time of implementation.
 - Include two bariatric rooms in the 36-bed addition (there are two bariatric rooms in the 84-bed 10509P)
 - Participate in an organization-wide Quality Assurance/Performance Improvement initiative that entails quarterly visits in regard to clinical, operational, pharmaceutical and reimbursement areas by corporate consultants to ensure compliance with all local, state and federal laws
 - Implement Electronic Medical Records (EMR) at the facility, and include Smart Charting or other similar 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
 - Assure all staff maintains ongoing training and continuing education credits utilizing Pruitt University and at no cost to the employees
 - Participate in a company-wide Annual Quality Report to demonstrate transparency in operations and make this Quality Report available to the public
 - Adopt the PruittHealth patient model of care including the applicable PerfectPath Programs appropriate for this facility and described in the CON application and Supporting Documents
 - Implement PointRight Technology (or a future similar technology) in the ongoing operations

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. Section 408.043 (4) Florida Statutes states that "Accreditation by any private organization may not be a requirement for the issuance or maintenance of a certificate of need under ss. 408.031-408.045, Florida Statutes." The Agency will not impose conditions on already mandated reporting requirements.

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Issuance of a CON is required prior to licensure of certain health care facilities and services. The review of a CON application and ultimate approval or denial of a proposed project is based upon the applicable statutory criteria in the Health Facility and Services Development Act (408.031-408.045, Florida Statutes) and applicable rule criteria within Chapters 59C-1 and 59C-2, Florida Administrative Code. An approved CON does not guarantee licensure of the proposed project. Meeting the applicable licensure requirements and licensure of the proposed project is the sole responsibility of the applicant.

| CON# | # of Beds | GSF | Cost(\$) | Cost/Bed (\$) |
|-------------------------------|-----------|--------|--------------|---------------|
| CON application #10552 (HCNR) | 73 | 61,084 | \$16,396,085 | \$224,603 |
| CON application #10553 (PHH) | 36 | 19,547 | \$5,519,512 | \$153,319 |

Source: Schedules 1 and 9, CON application #s 10552, 10553

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, Bianca Eugene analyzed the application, with consultation from the financial analyst, Eric West, of the Bureau of Central Services, who evaluated the financial data and Scott Waltz of the Office of Plans and Construction, who reviewed the application for conformance with the architectural criteria.

E. CONFORMITY OF PROJECT WITH REVIEW CRITERIA

The following indicate the level of conformity of the proposed project with the criteria and application content requirements found in Florida Statutes, sections 408.035 and 408.037; applicable rules of the State of Florida, Chapter 59C-1 and 59C-2, Florida Administrative Code.

1. Fixed Need Pool

- a. Does the project proposed respond to need as published by a fixed need pool? Or does the project proposed seek beds or services in excess of the fixed need pool? Rule 59C-1.008 (2), Florida Administrative Code.**

In Volume 44, Number 190 of the Florida Administrative Register dated September 28, 2018, need for 73 community nursing home beds was published in the fixed need pool for Subdistrict 6-1 for the July 2021 Planning Horizon.

As of the application deadline for the October 2018 Other Beds & Programs Batching Cycle, November 21, 2018, there were no exemptions or expedited CON applications submitted to add community nursing home beds to Hillsborough County.

Below is a table illustrating utilization in Subdistrict 6-1, Hillsborough County from July 2017 – June 2018.

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| Hillsborough County, Subdistrict 6-1, Utilization July 2017 - June 2018 | | | | |
|--|---------------------------|------------------|---------------------|--------------------|
| Facility | Community Beds | Bed Days | Patient Days | Utilization |
| Bayshore Pointe Nursing and Rehab Center | 117 | 42,705 | 39,747 | 93.07% |
| Brandon Health and Rehabilitation Center | 120 | 43,800 | 39,584 | 90.37% |
| Brighton Gardens of Tampa | 45 | 16,425 | 12,162 | 74.05% |
| Bristol at Tampa Rehab. and Nursing Center, LLC | 266 | 97,090 | 77,265 | 79.58% |
| Canterbury Towers, Inc. | 40 | 14,600 | 6,481 | 44.39% |
| Carrollwood Care Center | 120 | 43,800 | 42,238 | 96.43% |
| Central Park Healthcare and Rehabilitation Center | 120 | 43,800 | 39,967 | 91.25% |
| Community Convalescent Center | 120 | 43,800 | 42,979 | 98.13% |
| Concordia Village of Tampa | 129 | 42,221 | 37,239 | 88.20% |
| Consulate Health Care of Brandon | 120 | 43,800 | 40,962 | 93.52% |
| Excel Care Center | 120 | 43,800 | 40,993 | 93.59% |
| Fairway Oaks Center | 120 | 43,800 | 40,742 | 93.02% |
| Fletcher Health and Rehabilitation Center | 120 | 43,800 | 41,467 | 94.67% |
| Gandy Crossing Care Center | 160 | 58,400 | 53,338 | 91.33% |
| Habana Health Care Center | 150 | 54,750 | 53,257 | 97.27% |
| Hawthorne Health and Rehab. of Brandon | 132 | 48,180 | 42,889 | 89.02% |
| Home Association, The | 96 | 35,040 | 38,561 | 100.00% |
| KR at Hillsborough Lakes | 120 | 43,800 | 26,813 | 61.22% |
| Manorcare Health Services Carrollwood | 120 | 43,800 | 35,986 | 82.16% |
| Palm Garden of Sun City | 120 | 43,800 | 40,512 | 92.49% |
| Palm Garden of Tampa | 120 | 43,800 | 41,059 | 93.74% |
| Plaza West | 113 | 41,245 | 37,229 | 90.26% |
| Rehabilitation and Healthcare Center of Tampa | 174 | 63,510 | 58,293 | 91.79% |
| Solaris Healthcare Plant City | 180 | 65,700 | 63,784 | 97.08% |
| Sun Terrace Health Care Center | 115 | 40,049 | 36,207 | 90.41% |
| Tampa Lakes Health and Rehabilitation Center | 179 | 65,335 | 0 | 0.00% |
| Whispering Oaks | 240 | 87,600 | 84,113 | 96.02% |
| Woodbridge Rehabilitation and Health Center | 120 | 43,800 | 40,527 | 92.53% |
| Ybor City Healthcare and Rehabilitation Center | 80 | 29,200 | 26,912 | 92.16% |
| Totals | 3,776 | 1,371,450 | 1,181,306 | 86.14% |

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

The reviewer notes the current and projected population of Hillsborough County, the district in total and Florida for the planning horizon. The projected population growth, both numerically and by percent, is provided in the following table.

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| Hillsborough County Population Change Comparisons | | | | | | |
|--|--------------------------------|------------|--------------|--------------------------------|------------|--------------|
| County/Area | July 1, 2018 Population | | | July 1, 2021 Population | | |
| | 0-64 | 65+ | Total | 0-64 | 65+ | Total |
| Hillsborough | 1,208,429 | 192,307 | 1,400,736 | 1,263,605 | 212,716 | 1,476,321 |
| District 6 | 2,107,476 | 462,039 | 2,569,515 | 2,192,807 | 507,159 | 2,699,966 |
| Florida | 16,583,433 | 4,080,266 | 20,663,699 | 17,028,574 | 4,457,999 | 21,486,573 |
| County/Area | 2018 - 2021 Increase | | | 2018 - 2021 Growth Rate | | |
| | 0-64 | 65+ | Total | 0-64 | 65+ | Total |
| Hillsborough | 55,176 | 20,409 | 75,585 | 4.57% | 10.61% | 5.40% |
| District 6 | 85,331 | 45,120 | 130,451 | 4.05% | 9.77% | 5.08% |
| Florida | 445,141 | 377,733 | 822,874 | 2.68% | 9.26% | 3.98% |

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

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

| Hillsborough County Bed:Population Ratio | | | | | |
|---|-----------------------|---------------------------|---------------------------------------|---------------------------|---------------------------------------|
| County/Area | Community Beds | 2018 Pop. Aged 65+ | 2018 Bed: Pop. Ratio per 1,000 | 2021 Pop. Aged 65+ | 2021 Bed: Pop. Ratio per 1,000 |
| Hillsborough | 3,776 | 192,307 | 19.63 | 212,716 | 17.75 |
| District 6 | 8,862 | 462,039 | 19.18 | 507,159 | 17.47 |
| Florida | 80,580 | 4,080,266 | 19.74 | 4,457,999 | 18.07 |

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

Each co-batched applicant states that their proposed project is being submitted in response to the Agency's fixed need pool publication dated September 28, 2018.

Hillsborough County Nursing and Rehab Center, LLC (CON application #10552) states that the proposal is submitted in response to the fixed need pool published with need for 73 additional community nursing home beds in Subdistrict 6-1. HCNR states that the proposal will consist of 73 all private rooms. The applicant expresses the intent to have all 73 beds certified for both Medicaid and Medicare to best respond to the growing need for skilled nursing care for the growing senior population within the subdistrict. HCNR summarizes its payer mix forecast for the proposal: approximately 62.0 percent Medicare, 22 percent Medicaid and 16 percent private or self-pay by the second full year of operation.

The applicant states that the targeted location of the proposal is in the Riverview area, consisting of Zip Codes 33534, 33569, 33578 and 33579. HCNR states that the Riverview area is located in the south central portion of Hillsborough County. HCNR expects to primarily serve residents of Riverview and will have beds available to all residents in Hillsborough County who need skilled nursing care at the proposed facility. The applicant states that the all-private configuration of the

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facility will be in the best position to meet the skilled nursing needs of Hillsborough County residents. HCNR identifies Hillsborough County as part of the Tampa-St. Petersburg-Clearwater Metropolitan Statistical Area, which also includes Hillsborough, Pinellas, Hernando and Pasco Counties and the cities of Tampa, St. Petersburg and Clearwater.

The applicant provides two tables summarizing the payer source for Hillsborough County residents aged 65+ who were discharged from a hospital to a SNF and the payer mix of residents 65+ with Riverview Zip Codes discharged to a SNF which are reproduced below:

| Payer Source for Hillsborough County Residents Aged 65+ discharged to a nursing home | | |
|---|---------------|----------------|
| Payer | Volume | Percent |
| Commercial Health Insurance | 173 | 1.4% |
| Commercial Liability Coverage | 26 | 0.2% |
| Medicaid | 8 | 0.1% |
| Medicaid Managed Care | 61 | 0.5% |
| Medicare | 7,740 | 63.4% |
| Medicare Managed Care | 3,998 | 32.8% |
| Other | 30 | 0.2% |
| Other State/Local Gov't. | 45 | 0.4% |
| Self-Pay | 5 | 0.0% |
| TriCare/Federal Gov't/CHAMPUS | 33 | 0.3% |
| VA | 83 | 0.7% |
| Workers Compensation | 2 | 0.0% |
| Grand Total | 12,204 | 100.0% |

Source: CON application #10552, page 3

| Payer Source for Riverview Zip Codes Aged 65+ discharged to a nursing home | | |
|---|---------------|----------------|
| Payer | Volume | Percent |
| Commercial Health Insurance | 9 | 1.5% |
| Commercial Liability Coverage | 0 | 0.0% |
| Medicaid | 0 | 0.0% |
| Medicaid Managed Care | 4 | 0.7% |
| Medicare | 368 | 60.5% |
| Medicare Managed Care | 211 | 34.7% |
| Other | 2 | 0.3% |
| Other State/Local Gov't. | 4 | 0.7% |
| Self-Pay | 0 | 0.0% |
| TriCare/Federal Gov't/CHAMPUS | 3 | 0.5% |
| VA | 7 | 1.2% |
| Workers Compensation | 0 | 0.0% |
| Grand Total | 608 | 100.0% |

Source: CON application #10552, page 4

Overall, the applicant finds that Medicare and Medicare managed care account for over 96.0 percent of hospital discharges to SNFs and over 95.0 percent of discharges when examining Riverview Zip Codes.

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Maps of Hillsborough County, the Riverview area and the major roads, communities and other physical features within Hillsborough County are provided on pages 5 – 12 of CON application #10552. The applicant notes that there are approximately 12,000 residents aged 65+ and no SNFs within Riverview, so the proposed project is not expected to negatively impact the utilization of existing SNFs within the area. HCNR expects for the proposed SNF to address unmet need within the Riverview community and to improve health and enhance healthy outcomes for the senior population of the area. By 2020, the applicant forecasts that the senior population within the area is expected to increase by over one-third. The applicant states that by 2025, the 65+ population is expected to increase by over one-hundred percent from July 1, 2017. For the 85+ population, the applicant finds that this population is expected to increase by over 75.0 percent from July 1, 2017 to 2025. The applicant notes that the 85+ population in Hillsborough County is only expected to increase by over 25.0 percent for this same time period.

In analysis of the fixed need pool, the applicant finds that Hillsborough County contains the highest bed need within District 6. In consideration of the average occupancy and projected population growth within the 65+ population, the applicant concludes that need for additional nursing home beds within Subdistrict 6-1 is justified.

HCNR states that the proposed project will be accessible to Hillsborough County Medicare and Medicaid participants needing skilled nursing care. The applicant notes that Hillsborough County has a lower Medicaid occupancy rate than District 6 overall. The applicant expects its proposed facility to result in better care and outcomes for the residents of Hillsborough County.

The applicant provides a table comparing the number of beds per 1,000 within the 65+ and 75+ population within Hillsborough County from 2018 to 2025 which is provided below:

| Beds per 1,000 Population: 2018, 2021, and 2025 | | |
|--|--|---|
| | State of Florida Beds Per 1,000 | Hillsborough County Beds per 1,000 |
| July 1, 2018 Population 65+ | 19.8 | 19.6 |
| July 1, 2018 Population 75+ | 45.2 | 48.6 |
| 2021 Population Projection 65+ | 18.9 | 18.5 |
| 2021 Population Projection 75+ | 43.1 | 45.6 |
| 2025 Population Projection 65+ | 17.0 | 16.3 |
| 2025 Population Projection 75+ | 37.5 | 38.6 |

Source: CON application #10552, page 15

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HCNR presents a table summarizing forecasted population increases for the 65+ and 85+ populations in Riverview and Hillsborough County using U.S. Census Bureau data and finds that growth is projected in both areas and age groups from April 1, 2017, 2020 and 2025.

| Beds per 1,000 Population: 2017, 2020, and 2025 | | |
|---|-------------------------------|------------------------------------|
| | Riverview Area Beds Per 1,000 | Hillsborough County Beds per 1,000 |
| April 1, 2017 Population 65+ | 0 | 20.4 |
| April 1, 2017 Population 85+ | 0 | 163.4 |
| 2020 Population Projection 65+ | 4.9 | 18.9 |
| 2020 Population Projection 85+ | 74 | 157.1 |
| 2025 Population Projection 65+ | 3.1 | 15.8 |
| 2025 Population Projection 85+ | 52.3 | 136.8 |

Source: CON application #10552, page 16

From these analyses, the applicant determines that the current need in Riverview for nursing home beds will continue to grow based on the growth of the senior population in both Riverview and Hillsborough County as a whole. HCNR predicts that even with the proposal, the beds per 1,000 ratio in Riverview will be less than the beds per 1,000 ratio in Hillsborough by 2025.

In conclusion the applicant determines that the proposal will be an all private facility located in Riverview (Zip Codes 33534, 33569, 33578 and 33679). HCNR intends to serve all residents of Hillsborough County in need of skilled nursing care, including but not limited to, Medicare and Medicaid recipients. The applicant states that the proposed project will meet the predicted growing demand for skilled nursing care by years 2020 and 2025.

PruittHealth-Hillsborough County, LLC (CON application #10553)

states that the proposed project is an addition to the previously awarded CON #10509 (86 beds) for the creation of a 120-bed facility in Hillsborough County. PHH indicates that in response to the demand in the Hillsborough County area, the applicant will make a concerted effort to serve the needs of the Medicaid long-term care clients in a state-of-the-art facility with all private accommodations. The applicant notes that Medicaid currently accounts for 59.2 percent of patient days in Hillsborough County in comparison to 61.0 percent in District 6 and 63.2 percent in the state overall.

The applicant states that its emphasis to serve Medicaid patients is distinguishable from other providers. PHH notes its commitment to provide 61 to 62 percent of its patient days to Medicaid in the proposed 120-bed facility which is greater than the subdistrict, district and state

averages overall. The reviewer notes that the state proportion of Medicaid days was 63.2 percent for the 12 months ending June 30, 2018.

Population

The applicant describes demographic characteristics of the 65+ population within Hillsborough County and notes that the 65+ population accounts for 13.7 percent of the total population in Hillsborough County and is forecasted to increase to 219,521 by July 2022 and will exceed 226,000 by July 2023. According to the applicant's projections, the 65+ population is forecasted to increase by 17.8 percent from July 2018 – July 2023. PHH provides maps depicting the geographic distribution of existing SNFs per cluster of individuals aged 65+ on page 45 of CON application #10553.

The applicant underscores the proportion of seniors aged 75+ which is anticipated to increase by 21 percent between 2018 and 2023. The growth of the senior population is expected to support the need for additional skilled nursing beds to accommodate incremental demand for such services. PHH maintains that the location of the proposal is expected to penetrate the Medicaid long-term care population.

PHH asserts that all of the beds in the proposed facility will be licensed as skilled nursing beds in order to meet Medicare's Conditions of Participation. The applicant indicates that the proposed facility will have a targeted focus on treating long-term care patients in private settings, which is a rare room configuration within the subdistrict.

Existing Nursing Home Landscape and Utilization

Based on the licensed community nursing home inventory within the subdistrict, PHH determines that Hillsborough County has a 19.6 per 1,000 65+ community bed to population ratio. The applicant lists trends in the community occupancy rate of Hillsborough County SNFs from July 2017 – June 2018. Trends in the services noted among SNFs in Hillsborough County include the following:

- All 29 facilities provide subacute care
- 27 of the 29 facilities provide respite care
- 26 of the 29 provide hospice on site
- All 29 provide physical, occupational and speech therapy

PHH states that while most providers offer some level of long-term care, hospice and respite care—not all providers offer private accommodations with a commitment to treat a high percentage of Medicaid patients.

The applicant intends for the proposal to foster competition in the subdistrict through implementation of state-of-the-art facilities, top notch amenities and quality programs and services. The applicant states that as all beds will be private, this 100 percent private initiative exceeds the subdistrict's average of just 11.1 percent. A map of the existing hospital and SNF distribution is provided on page 51 of CON application #10553.

Available and Accessible Beds for Medicaid Long-Term Facilities

PHH states that there are typically two categories of patients in SNFs—skilled (i.e. rehabilitation) and long-term care. The applicant notes that skilled patients are commonly Medicare and long-term care patients are typically enrolled in Medicaid. PHH notes that those who are disabled, low-income, under Medicare age and who are enrolled in Medicaid managed care plans and Medicaid Fee-For-Service, immediately meet the income qualifiers to be enrolled in Medicaid Long Term Care (MLTC) plans.

The applicant describes how the MLTC enrollment in Hillsborough County has increased nearly 31.0 percent over the past three years and has increased at a rate that exceeds other populous urban counties in the State of Florida. Despite this trend, PHH notes that Medicaid patient days are a lower proportion of total patient days than in District 6 and the State of Florida, which is determined to be a disparity. PHH notes that Medicaid accounted for 59.2 percent of patient days in Hillsborough County. The applicant maintains that resources will be dedicated to serving patients in need of MLTC through the employment of a community liaison that will enhance outreach to the Medicaid population. Tables depicting the MLTC enrollment from August 1, 2015 and August 1, 2018 across the State of Florida are included on pages 54, 56 and 57 of CON application #10553.

PHH identifies a need to provide a quality of life environment and achieve quality measures as outlined within the “Working Group Recommendations: Florida Nursing Home Prospective Payment Report” dated November 30, 2017. In addition to these parameters, the applicant expresses the intent to develop quality measures as defined by the Donabedian Model of Quality.

Private Room Accommodations for All Patients and Payers

The applicant maintains that MLTC residents have less access to private accommodations than Medicare and other payers. PHH states that the proposal will include all private rooms and exceed the overall average of beds located within private rooms in Hillsborough County (currently 11.1

percent). The applicant concludes that among SNFs in Subdistrict 6-1 that treat “larger” percentages of Medicaid residents, only 5.0 percent of the bed inventory is private.

PHH asserts that private rooms often have a significant impact on a host of considerations important to residents, including quality, affordability and access. PHH maintains that higher ratios of private to semi-private configurations within SNFs are linked to higher quality of care and greater satisfaction. The reviewer notes, that if true, data is not provided to support these conclusions. PHH indicates that private rooms are more commonly reserved for Medicare or commercially insured patients in the skilled setting as opposed to MLTC patients. The applicant maintains that it will seek to differentiate itself in this market by providing MLTC patients with equal access to private rooms. PHH notes that the projected provision of Medicaid at the proposed facility for year two is 61.7 percent of patient days.

The applicant states that overall, the proposed addition and subsequent 120-bed project will increase the private bed inventory in Hillsborough County by 29.0 percent.

In consideration of stabilized occupancy rates within the market, PHH maintains that nursing home beds are not available to meet incremental demands, with most available beds in semi-private accommodations. The applicant states that the lack of availability of private beds contributes to issues such as the co-mingling of genders or co-morbid conditions. PHH expects for its commitment to serve Medicaid enrollees and provide an all-private facility to positively impact Hillsborough County residents.

PHH states that short-term rehabilitation will be incorporated into the proposed facility and specific care tracks will be developed as part of “PruittHealth PerfectPath Specialty Care” programs, which serve to treat a resident’s primary diagnosis while continuing to monitor and care for a resident’s overall well-being. The applicant asserts that PerfectPath is intended to benefit patients as a result of the following:

- 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
- Increased coordination with patients and their primary caregivers to return them home quickly, while minimizing the risk of re-hospitalization
- Improved interdisciplinary communication

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The applicant provides a summary of components of the PerfectPath Program on pages 66 – 68 of CON application #10553.

Hospital Discharges to SNFs

The applicant presents the following table to demonstrate a 20.0 percent growth rate in hospital discharges to SNFs from the 12 months ending March 31, 2016 to March 31, 2018.

| Hillsborough County Hospitals Discharges to Skilled Nursing by Hospital 12 Months Ending March 31, 2016 through March 31, 2018 | | | | | | |
|---|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|
| Hospital | Discharges to SNF | | | % Discharges by Hospital | | |
| | 12 Mos Ending 3/31/16 | 12 Mos Ending 3/31/17 | 12 Mos Ending 3/31/18 | 12 Mos Ending 3/31/16 | 12 Mos Ending 3/31/17 | 12 Mos Ending 3/31/18 |
| St. Joseph's Hospital | 1,454 | 2,831 | 2,681 | 10.9% | 17.7% | 16.9% |
| Tampa General Hospital | 2,614 | 2,549 | 2,541 | 19.6% | 15.9% | 16.0% |
| Florida Hospital - Tampa | 2,522 | 2,343 | 2,451 | 18.9% | 14.7% | 15.4% |
| Brandon Regional Hospital | 1,961 | 1,980 | 2,052 | 14.7% | 12.4% | 12.9% |
| South Bay Hospital | 1,462 | 1,430 | 1,403 | 11.0% | 8.9% | 8.8% |
| St. Joseph's Hospital North | 564 | 1,179 | 1,248 | 4.2% | 7.4% | 7.9% |
| South Florida Baptist Hospital | 435 | 866 | 830 | 3.3% | 5.4% | 5.2% |
| St. Joseph's Hospital South | 269 | 714 | 736 | 2.0% | 4.5% | 4.6% |
| Florida Hospital - Carrollwood | 498 | 513 | 466 | 3.7% | 3.2% | 2.9% |
| Kindred Hospital Central Tampa | 420 | 431 | 370 | 3.1% | 2.7% | 2.3% |
| Tampa Community Hospital | 380 | 361 | 302 | 2.8% | 2.3% | 1.9% |
| Memorial Hospital of Tampa | 361 | 319 | 402 | 2.7% | 2.0% | 2.5% |
| Kindred Hospital Bay Area Tampa | 185 | 262 | 211 | 1.4% | 1.6% | 1.3% |
| H. Lee Moffitt Cancer Center | 213 | 213 | 200 | 1.6% | 1.3% | 1.3% |
| Subdistrict 6-1 Hospitals | 13,338 | 15,991 | 15,893 | 100.0% | 100.0% | 100.0% |
| Adventist Health System | 3,020 | 2,856 | 2,917 | 22.6% | 22.6% | 17.9% |
| Baycare Health System | 2,722 | 5,590 | 5,495 | 22.8% | 20.4% | 35.0% |
| HCA | 4,164 | 4,090 | 4,159 | 29.0% | 28.4% | 23.3% |
| Kindred | 605 | 693 | 581 | 3.9% | 4.5% | 4.3% |
| All Others | 2,827 | 2,762 | 2,741 | 22.7% | 24.0% | 19.5% |

Source: CON application #10553, page 69

PHH intends to develop relationships with hospital discharge planners, social workers and hospital leadership to ensure it becomes a referral option for patients seeking a SNF for post-acute rehabilitation and long-term care. As evidence of these relationships, the applicant has included and references letters of support from area providers previously noted in CON application #10509.

PHH to Provide Specialized Services and Initiatives

The applicant provides a summary of specialized services which includes: programs to reduce hospital readmissions, all private rooms, resident safety technologies and electronic medical records with smart charting. Narrative descriptions of these services is included on pages 71 – 76 of CON application #10553. Services to be included are summarized in the following list:

- Programs to reduce hospital readmissions (INTERACT 3.0)
- All private rooms
- Resident safety technologies
- Electronic medical records
- Physical, occupational and speech therapies
- Specialized equipment
 - Nautilus leg press
 - Nautilus triceps press
 - Nautilus compound row
 - Nautilus low back
 - Nautilus four-way neck
 - Nautilus leg extension
 - Biodex balance system
 - Biodex gait trainer
 - Biodex un-weighing system
 - Biodex Biostep
 - Accelerated care plus modalities
 - Ultrasound
 - Shortwave diathermy²
 - Electrical stimulation

Forecasted Utilization

PHH provides the following forecast utilization for the proposal:

² A medical/surgical technique involving the production of heat in a part of the body by high-frequency electric currents, to stimulate the circulation, relieve pain, destroy unhealthy tissue or cause bleeding vessels to clot.

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| PruittHealth – Hillsborough County, LLC Forecasted Utilization 120-bed | | |
|---|---|---|
| | Year One: Ending December 31, 2022 | Year Two: Ending December 31, 2023 |
| Medicare/Medicare HMO, Skilled Patients | | |
| Admissions | 229 | 608 |
| Patient Days | 5,600 | 14,965 |
| Average Daily Census | 15.3 | 41.0 |
| Medicaid, Long-Term Patients | | |
| Admissions | 43 | 107 |
| Patient Days | 10,255 | 25,915 |
| Average Daily Census | 28.1 | 71.0 |
| All Other Payers | | |
| Admissions | 16 | 19 |
| Patient Days | 944 | 1,095 |
| Average Daily Census | 2.6 | 3.0 |
| Total | | |
| Admissions | 288 | 735 |
| Patient Days | 16,779 | 41,975 |
| Occupancy Rate | 38.0% | 96% |
| Average Daily Census | 46.0 | 115.0 |

Source: CON application #10553, Page 85

Impact on Existing Providers

PHH does not expect for the proposal to have an adverse impact on existing SNFs as a result of published need. The applicant indicates that recruiting efforts will not adversely impact staffing at existing SNFs in the area. PHH anticipates that the total 120-bed facility will have a positive impact on the local health care infrastructure as it will serve as an additional post-acute discharge destination for hospitals and physicians. The applicant notes that the proposal will focus on meeting the working group recommendations in the “Florida Prospective Payment Nursing Home Report” which it expects will foster competition that will result in quality improvements.

The applicant states that the proposal is needed as evidenced by historical occupancy rates of existing providers, less access to SNFs for the MLTC population, historical population discharges to SNFs by service line, the growing elderly population and the changing dynamics in the payer system. PHH maintains that it will use its knowledge of the market and grow burgeoning relationships with local healthcare providers to effectively respond to the unique needs of the market.

The applicant maintains that PHH should be approved as a result of the following demonstrated facts and commitments to the project proposed herein:

- 100 percent private rooms

- Two bariatric rooms/suites
- 61.7 percent of patient days to MLTC enrollees
- State-of-the-art rehab suite
- Programs to reduce hospital readmissions that have already been successfully introduced in other PruittHealth facilities
- A commitment to technology, including PointRight, Smart Charting, Wanderguard, Careguard and electronic medical records

PHH concludes that the proposal will provide service area residents with a full range of post-acute SNF services to meet the needs of the community as a whole. The applicant maintains that its proposal is expected to enhance the availability, accessibility and quality of SNF services provided to residents of Subdistrict 6-1 while reducing readmissions to area hospitals.

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.**

None of the co-batched applications were submitted to remedy a geographically underserved area as defined above.

- b. Proposed Services. Applicants proposing the establishment of Medicare-certified nursing facility beds to be licensed under Chapter 400, Florida Statutes, shall provide a detailed description of the services to be provided, staffing pattern, patient characteristics, expected average length of stay, ancillary services, patient assessment tools, admission policies and discharge policies.**

Hillsborough County Nursing and Rehab Center, LLC (CON application #10552): The applicant indicates that the proposed facility will be used for short-term and long-term care and all beds will be dually certified for Medicaid and Medicare.

HCNR anticipates offering full service comprehensive skilled nursing, restorative care and rehabilitation services for both short and long-term care residents. The applicant states that the following services and amenities will be provided at the proposed facility (CON application #10552 pages 19 – 20):

- All private, single occupancy rooms
- Electronic medical records
- Kiosks for immediate recordation of patient treatment/activities
- Amputee training
- Handicapped accessible bathrooms
- Transitional rehabilitation suite
- Dedicated rehabilitation and therapy rooms with the latest equipment
- Wound care program
- Hospice care
- Respite care
- Stroke rehabilitation
- Physical, speech, occupational and respiratory therapy
- Complex medical and pain management
- Orthopedic rehabilitation and services
- Alzheimer and dementia care
- Surgical recovery
- Pharmacy and laboratory services
- Medical transportation assistance
- 24-hour visitation
- Beauty and barber shop
- Therapeutic pool (hot tub)

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- Spa room with walk-in tub
- Full dining with specialized dietary needs of residents
- Landscaped courtyards and other outside spaces for residents, employees and visitors
- Full day of calendar activities
- Laundry services
- RN coverage for all shifts (24/7/365)
- In room and common area WiFi for residents and visitors
- Flat screen televisions in every resident room
- Satellite or cable TV with numerous channel selections and programming

HCNR notes that all seven (non-Florida) SNFs operated by its affiliates provide a comprehensive team approach in an encouraging atmosphere. The applicant indicates that the care of residents is guided by the medical director, primary care physicians and nurses, physical, occupational and speech therapists, psychologists, dietary and geriatric specialists.

The applicant maintains that its experienced team of therapists will develop an individual plan of care for each resident that may include:

- Physical therapy to increase strength, ambulation, balance as well as gait training and transfer techniques
- Occupational therapy to target activities of daily living (dressing, grooming, hygiene, etc.), community reintegration skills, training in fine motor skills, splinting and positioning
- Speech therapy to enhance communication, cognitive and swallowing skills
- In-home assessment prior to discharge to ensure resident success once returning to home

HCNR provides admission and discharge policy documents in Tab 17 of CON application #10552.

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The proposed staffing for the proposal is included below:

| Hillsborough County Nursing and Rehabilitation Center, LLC Proposed Staffing | |
|---|--------------------------|
| Position | Year 1 And 2 FTEs |
| Administration | 1 |
| Director of Nursing | 1 |
| Admissions Director | 2 |
| Bookkeeper | 1 |
| Secretary | 1 |
| Medical Records Clerk | 2 |
| Other | 2 |
| Medical Director | Contracted |
| RNs | 6 |
| LPNs | 8 |
| Nurses' Aides | 26 |
| Physical Therapist | Contracted |
| Speech Therapists | Contracted |
| Occupational Therapists | Contracted |
| Dietary Supervisor | 1 |
| Cooks | 2 |
| Dietary Aides | 5 |
| Social Services Director | 1 |
| Activity Director | 1 |
| Activity Assistant | 1 |
| Housekeeping Supervision | 1 |
| Housekeepers | 4 |
| Laundry Aides | 2 |
| Maintenance Supervisor | 1 |
| Total | 69 |

Source: CON application #10552, Schedule 6

Based on the applicant's Schedule 7, the average length of stay (ALOS) in year one would be 43.22 days and 42.21 in year two.

PruittHealth-Hillsborough County, LLC (CON application #10553) provides the following list of identified essential services:

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

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Additional services intended to be offered at the facility are:

- Dietetic programming and nourishment care
- Recreational activities programming
- Counseling services
- Religious services
- Laundry services
- Beauty/barber services
- Pharmacy services
- Volunteer services
- Medication management
- Chronic disease management
- Bariatric programming (specialized training and design features), including a commitment to have two specialty rooms in the initial 84-bed approval and two additional specialty rooms in this 36-bed addition

PHH provides a summary of deluxe amenities, programs, measures to reduce hospital admissions, other technologies and resources to be implemented in the proposal on pages 34 – 39 of CON application #10553 along with descriptions of equipment and service offerings on pages 64 – 66, 71 – 77 and 94 - 122. The applicant provides PruittHealth's 2017 Quality Report in the Supporting Documents section of the application including copies of PruittHealth's policies and procedures on admission, admission assessments and discharge planning.

Proposed staffing for the applicant's previously approved 84 bed partial project and the current proposal are included in the following table:

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| PruittHealth – Hillsborough County, LLC: Proposed Staffing 84-beds | | |
|---|--------------------------|--------------------------|
| Position | Year One FTEs | Year Two FTEs |
| Administration | | |
| Administrator | 1.0 | 1.0 |
| Director of Nursing | 1.0 | 1.0 |
| Admissions Director | 1.0 | 1.0 |
| Marketing Representative | 1.0 | 1.0 |
| Secretary | 1.4 | 1.4 |
| Medical Records Clerk | 0.7 | 1.0 |
| Other: Financial Counselor | 1.0 | 1.0 |
| Physicians | | |
| Medical Director (Contracted Svc) | 0.2 | 0.2 |
| Other: Physician Svcs (Contracted Svc) | 0.02 | 0.02 |
| Nursing | | |
| RN | 4.6 | 7.2 |
| LPN | 5.4 | 11.20 |
| Nurses' Aides | 15.4 | 42.0 |
| Other: RN MDS Nurse | 0.7 | 2.0 |
| Ancillary | | |
| Physical Therapist (Contracted Svc) | 1.35 | 3.37 |
| Physical Therapist Assistant (Contracted Svc) | 0.42 | 1.05 |
| Speech Therapist (Contracted Svc) | 0.48 | 1.25 |
| Occupational Therapist (Contracted Svc) | 1.61 | 4.07 |
| Occupational Therapy Assistant (Contracted Svc) | 0.08 | 0.2 |
| Other: Rehab Aide | 1.0 | 0.0 |
| Dietary | | |
| Dietary Supervisor | 1.0 | 1.0 |
| Cooks | 1.4 | 2.4 |
| Dietary Aides | 2.5 | 5.0 |
| Social Services | | |
| Social Service Director | 1.0 | 1.0 |
| Activity Director | 1.0 | 1.0 |
| Housekeeping | | |
| Housekeepers | 4.7 | 8.4 |
| Laundry | | |
| Laundry Aides | 1.4 | 2.8 |
| Plant Maintenance | | |
| Maintenance Supervisor | 1.0 | 1.0 |
| Total | 52.33 | 102.56 |

Source: CON application #10553, Schedule 6.

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| PruittHealth – Hillsborough County, LLC Proposed Staffing for 120-Bed Facility | | |
|---|----------------------|----------------------|
| Position | Year One FTEs | Year Two FTEs |
| Administrator | 1.0 | 1.0 |
| Director of Nursing | 1.0 | 1.0 |
| Admissions Director | 1.0 | 1.0 |
| Marketing Representative | 1.0 | 1.0 |
| Secretary | 1.4 | 1.4 |
| Medical Records Clerk | 0.7 | 1.0 |
| Other: Financial Counselor | 1.0 | 1.0 |
| Medical Director (Contracted Svc) | 0.2 | 0.2 |
| Other: Physician Svcs (Contracted Svc) | 0.02 | 0.02 |
| RN | 7.6 | 15 |
| LPN | 7.9 | 15.3 |
| Nurses' Aides | 20.4 | 51.2 |
| Other: RN MDS Nurse | 0.8 | 2 |
| Physical Therapist (Contracted Svc) | 1.92 | 4.98 |
| Physical Therapist Assistant (Contracted Svc) | 0.6 | 1.56 |
| Speech Therapist (Contracted Svc) | 0.7 | 1.85 |
| Occupational Therapist (Contracted Svc) | 2.32 | 6.03 |
| Occupational Therapy Assistant (Contracted Svc) | 0.11 | 0.29 |
| Other: Rehab Aide | 1.0 | 1.0 |
| Dietary Supervisor | 1.0 | 1.0 |
| Cooks | 2.0 | 5.0 |
| Dietary Aides | 3.1 | 7.2 |
| Social Services Director | 1.0 | 1.0 |
| Activity Director | 1.0 | 1.0 |
| Housekeeping Supervision | 1.0 | 1.0 |
| Housekeepers | 4.7 | 12.2 |
| Laundry Aides | 1.7 | 3.8 |
| Maintenance Supervisor | 1.0 | 1.0 |
| Total | 67.17 | 140.03 |

Source: CON application #10553, Schedule 6

The applicant's Schedule 7 indicates that the average length of stay ALOS will be 58.33 in year one and 57.11 in year two for the 120-bed project. For the Schedule 7 labelled "36-bed", addition the ALOS is 57.39 in year one and 53.72 in year two.

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.**

Hillsborough County Nursing and Rehab Center, LLC (CON application #10552): This criteria is not applicable as the applicant does not operate any facilities within the State of Florida.

PruittHealth-Hillsborough County, LLC (CON application #10553) states that none of the facilities operated by its parent company have ever had licenses denied, revoked or suspended within the past 36 months.

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?**

Hillsborough County Nursing and Rehab Center, LLC (CON application #10552): This criteria is not applicable as the applicant does not operate any facilities within the State of Florida.

PruittHealth-Hillsborough County, LLC (CON application #10553) states that none of the facilities operated by its parent company have had a license placed into receivership 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.**

Hillsborough County Nursing and Rehab Center, LLC (CON application #10552): This criteria is not applicable as the applicant does not operate any facilities within the State of Florida.

PruittHealth-Hillsborough County, LLC (CON application #10553) 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.**

Hillsborough County Nursing and Rehab Center, LLC

(CON application #10552): This criteria is not applicable as the applicant does not operate any facilities within the State of Florida.

PruittHealth-Hillsborough County, LLC (CON application #10553) 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.

Hillsborough County Nursing and Rehab Center, LLC

(CON application #10552): This criteria is not applicable as the applicant does not operate any facilities within the State of Florida.

PruittHealth-Hillsborough County, LLC (CON application #10553) 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.

Hillsborough County Nursing and Rehab Center, LLC (CON

application #10552) states that it will provide the required data in compliance with this criterion.

PruittHealth-Hillsborough County, LLC (CON application

#10553) states that it will provide the required data in compliance with this criterion.

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.**

Hillsborough County Nursing and Rehab Center, LLC (CON application #10552) describes the existing distribution of 29 licensed community nursing homes in Hillsborough County, 28 of which participate in Medicaid. The applicant notes that the overall occupancy in District 6 was 86.14 percent with 60.21 percent Medicaid for the 12 months ending June 30, 2018. The applicant notes that overall in District 6 there are 72 nursing homes, 8,805 licensed beds and Subdistrict 6-1 has approximately 42.8 percent of the total beds in District 6. HCNr states that the proposal is for a 73-bed all-private room facility certified for Medicare and Medicaid admissions. The applicant expects for the proposal to be positive for the availability of skilled nursing services to the residents of Hillsborough County. The applicant states that HCNr is an affiliate of Briar Hill Management (BHM), LLC whose current seven SNFs are committed to quality care for its residents that need skilled nursing services. HCNr states that four of the seven (non-Florida) SNFs operated by BHM have a four-star (above average) or five-star (much above average) quality rating as issued by the Centers for Medicare and Medicaid Services (CMS).

The applicant states that BHM's model of more personal and focused service delivery has translated into better resident care and satisfaction. HCNr anticipates that its delivery of quality of care will be excellent based on its own operations and experiences.

The applicant expects the proposal to improve accessibility through a whole range of skilled care services as outlined and listed in Schedule B of CON application #10552 for residents of Hillsborough County. HCNr does not expect the proposal to adversely impact the existing utilization of SNFs within Subdistrict 6-1. Based on the high overall occupancy of SNFs in the Sun City Center area and Brandon area, which neighbor Riverview, the applicant does not expect the proposal to impact existing providers. The applicant does expect the proposal to address unmet need of the Riverview community and improve health and outcomes for the senior population within those Zip Codes.

The applicant reiterates that Riverview does not currently contain a SNF and there are nearly 12,000 persons aged 65+ residing in the area. HCNr states that by 2025 the 65+ population is expected to increase by

over one-hundred percent from July 1, 2017. For the 85+ population, the applicant finds that this population is expected to increase to increase by over 75.0 percent from July 1, 2017 to 2025. The applicant notes that the 85+ population in Hillsborough County is only expected to increase by over 25.0 percent for this same time period.

HCNR's responses to Health Care Access Criteria are provided on pages 29 – 31 of CON application #10552.

PruittHealth-Hillsborough County, LLC (CON application #10553) describes the demographic features of Hillsborough County and specifically notes that 192,307 of 1.4 million residents are 65+--frequent utilizers of SNFs. PHH notes that the service area has a bed to population ratio of 19.6 beds per 1,000 adults aged 65+ and in comparison, the State of Florida has a bed to population ratio of 20.6 beds per 1,000 adults aged 65+. The applicant also provides a historical overview of the occupancy in Hillsborough County from July 2017 – June 2018 (87.2 percent).

PHH states that there are typically two categories of patients in nursing facilities skilled (i.e. rehabilitation) and long-term care. The applicant presents a table depicting the MLTC enrollment from August 1, 2015 and August 1, 2018 across the State of Florida is included on pages 129, 131 and 132 of CON application #10553. When examining the change in enrollment numbers from this period by county, the applicant notes that Hillsborough County had the third highest change in enrollment after Broward and Miami-Dade counties, which are both more populated than Hillsborough County. PHH indicates that Medicaid accounted for 59.2 percent of patient days in Hillsborough County, less than the district and state averages. Summaries of District 6 occupancy and Medicaid proportions by District are included on pages 134 – 135 of CON application #10553.

The applicant includes the following table and identifies a disparity between the volume of Medicaid patient days provided within District 6 and Hillsborough County in comparison other geographic areas.

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| Florida Skilled Nursing Facility Medicaid Patient Days by District 12 Months Ending June 30, 2018 | | |
|--|----------------------|---------------------------------------|
| District | Medicaid Days | Medicaid Percent of Total Days |
| Subdistrict 6-1 | 699,011 | 59.2% |
| District 8 | 1,203,547 | 59.9% |
| District 6 | 1,668,948 | 60.2% |
| District 7 | 1,786,963 | 60.4% |
| District 10 | 780,906 | 60.4% |
| District 4 | 404,744 | 61.4% |
| District 9 | 1,637,868 | 61.5% |
| District 3 | 222,673 | 63.4% |
| District 5 | 1,984,159 | 64.6% |
| District 1 | 684,179 | 65.1% |
| District 2 | 181,178 | 65.6% |
| District 11 | 1,957,703 | 70.2% |

Source: CON application #10553, page 135

The applicant maintains that MLTC patients have less access to private accommodations than Medicare and other payers. PHH provides a table documenting the existing room configurations within Hillsborough County, overall 11.1 percent of beds in Hillsborough County are within private rooms. The applicant indicates that private rooms often have a significant impact on a host of considerations important to patients, including quality, affordability and access. The applicant asserts that it will seek to differentiate itself in the market by providing MLTC patients with equal opportunity to private rooms. The licensed inventory and bed configuration of existing Subdistrict 6-1 facilities are provided on page 137 of CON application #10553. PHH provides a table which depicts the private bed ratio to provision of Medicaid. See table below:

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| Subdistrict 6-1 Nursing Facilities with Greater than 60.0 Percent of Patient Days Being Medicaid 12 Months Ending June 30, 2018 | | | |
|--|---------------------|---------------------|-------------------------------|
| Facility | Medicaid (%) | Private Beds | Private Bed Percentage |
| Carrollwood Care Center | 61.1% | 4 | 3.3% |
| Central Park Healthcare and Rehabilitation Center | 61.5% | 12 | 10.0% |
| Community Convalescent Center | 68.7% | 0 | 0.0% |
| Fairway Oaks Center | 83.1% | 0 | 0.0% |
| Fletcher Health and Rehabilitation Center | 73.5% | 4 | 3.3% |
| Habana Health Care Center | 75.3% | 6 | 4.0% |
| Home Association, The | 68.3% | 78 | 81.3% |
| Rehabilitation and Healthcare Center of Tampa | 75.7% | 18 | 10.3% |
| Solaris Healthcare Plant City | 68.1% | 30 | 16.7% |
| Gandy Crossing Care Center | 72.8% | 12 | 7.5% |
| Whispering Oaks | 83.4% | 0 | 0.0% |
| Woodbridge Rehabilitation and Health Center | 73.2% | 2 | 1.7% |
| Ybor City Healthcare and Rehabilitation Center | 81.6% | 2 | 2.5% |
| Subdistrict 6-1 Total | 73.3% | 182 | 5.1% |

Source: CON application #10553, Page 139. Florida Nursing Home Bed Need Projections by District and Subdistrict, September 28, 2018, www.floridahealthfinder.gov and NHA analysis

PHH discusses the projected provision of Medicaid at the proposed 120-bed facility, specifically stating that in year two it forecasts 61.7 percent of patient days will be apportioned to Medicaid patients. The applicant predicts a 29.0 percent increase in the private bed inventory census upon approval of the project.

In consideration of stabilized occupancy rates within the market, PHH maintains that nursing home beds are not available to meet incremental demands. The applicant states that the lack of availability of private beds contributes to issues such as co-mingling genders or co-morbid conditions. PHH expects for its commitment to serve Medicaid enrollees and provide an all-private facility to positively impact Hillsborough County residents.

The applicant expresses the intent to develop programs, services, protocols and exceed benchmarks in an effort to ultimately achieve AHCA Gold Seal eligibility. PHH describes the historical performance of PruittHealth SNFs and rehabilitation centers in comparison to non-profit companies in the CMS Five Star Quality Rating System. Of particular importance, the applicant stresses that 11.0 percent of PruittHealth SNFs had deficiency free surveys in comparison to 6.9 percent of SNFs nationally.

PHH states that implementation of this project will involve the development of all quality policies and procedures and a quality assurance program based on its other PruittHealth affiliated facilities

nationally. The applicant expresses a commitment to adhere to any and all State and Federal SNF 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.

- 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.**

Hillsborough County Nursing and Rehab Center, LLC (CON application #10552) is a newly-formed entity without an affiliation to any existing Florida providers, therefore the applicant does not have a quality record to discuss for this proposal. The applicant is affiliated with BHM which operates seven nursing homes in Mississippi and Arkansas.

HCNR states that it strives to recognize and meet the needs of the people and families that it serves and those who work with its organization in order to achieve its mission, in an atmosphere of kindness, compassion and understanding.

The applicant maintains that four of the seven (non-Florida) SNFs operated by BHM have a four-star (above average) or five-star (much above average) quality rating as issued by the CMS.

HCNR states that its affiliates operate a Quality Assurance Program (QAP). A sample of the QAP is included in Tab 16 of the application. The QAP includes the following areas:

- "Procedure"
- "Facility QA and A Minutes"
- "CMS Quality Measures"

The applicant provides examples that HCNR's management will be able to replicate and administer a quality nursing home in Florida as it does with its seven other nursing homes. Documents are provided in Tab 17 of CON application #10552. The applicant lists these examples:

- Brochures of two nursing homes
- Admissions agreement checklist
- In-service topic for a complete calendar year
- Vulnerable adults forms and reporting in Mississippi
- Vulnerable adults reporting and investigation procedures

- Ethics Committee policy
- Privacy and confidentiality policy
- Posting of direct care daily staffing numbers policy
- Accidents and incidents investigating and reporting procedure
- Abuse program
- Discharge plan/summary policy and procedures
- Discharge and transfer policies involuntary
- Pre-admission policy
- Admission/readmission orders policy
- Admission policy
- Interdisciplinary care plan meeting policy
- Care plans policy
- Admission agreement
- Initial care plan
- Admission/readmission UDAs policy

PruittHealth-Hillsborough County, LLC (CON application #10553)

is a newly-formed entity and lacks a historical quality record to review. PHH does note that CON #10509P was previously awarded to establish an 84-bed SNF on February 16, 2018. 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. PHH 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.

PHH describes its historical provision of administrative services to more than 100 skilled nursing and rehabilitation centers in Georgia, North Carolina and Florida. The applicant expresses a commitment to provide the appropriate level of comprehensive, high-quality, safe and cost-effective nursing care facility services to persons in need of such care. PHH maintains that its organizational experience and expertise in providing quality skilled nursing services is evidenced by the number of successful programs and quality assurance practices. The applicant describes how the proposed quality program will consist of assigned patient care managers, a care transition program, corporate standards, leadership and training, external benchmarking and 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 and its programmatic distinctions on pages 141 – 149 of CON application #10553.

Specific to pertinent areas of its quality initiatives, PHH discusses how PruittHealth's affiliated facilities and agencies participate in multiple external benchmarking studies in order to keep abreast of contemporary quality care practices. The applicant describes the use of 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. PHH maintains that internal reports (e.g. Monthly Quality Indicator Reports) are used 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 stresses that PruittHealth Consulting Services and PruittHealth Pharmacy are parts of its quality initiative plans and services (CON application #10553, page 150).

The applicant states that LTC TrendTracker is used as a data collection/benchmarking tool across PruittHealth facilities to compare staffing levels, resident characteristics, survey findings, revenue/cost, Medicare patient days and quality measures with its peers. LTC TrendTracker collects data from CMS, CASPER and the NH Quality Measure Report. PHH notes use of CMS' Quality Improvement Organization, satisfaction surveys and Care Transitions and Clinical Pathways.

PHH maintains that reducing hospital admissions is the top priority of hospitals throughout the nation and Subdistrict 6-1. For this reason, the applicant states that a major emphasis of the proposed project will be placed on safely reducing hospital readmissions. In order to address hospital readmissions, the applicant states that PruittHealth has adopted INTERACT 3.0, a comprehensive program with tools specifically designed to decrease 30-day patient re-hospitalizations. PruittHealth describes INTERACT (Interventions to Reduce Hospital Readmissions) as a program integrated between different levels of care to reduce hospital admissions by addressing clinical symptoms before they escalate to need of a transfer of a resident to the hospital. PHH 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.

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Descriptions of tools used in the INTERACT program are included on pages 153-154 of CON application #10553, Supporting Documents to the application also include samples of forms and tools used.

The applicant discusses its existing Performance Improvement Process (PIP) which demonstrates a 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. PHH states that the process is coordinated by the facility administrator and designed to initiative positive improvements through a strategic change process. The applicant stresses that the PIP is derived from company policies and procedures, standards for licensure and certification, identify standards and quality benchmarks. PHH notes 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. Summaries of the techniques and resources used in the PIP are provided on pages 154 – 162 of CON application #10553. PHH also describes its “Customer Service and Transparency” program on pages 163 – 165 of the application.

Lastly, the supporting documents included with CON application #10553 provides supplements for quality resources, references, and guides used by the applicant’s parent-company, PruittHealth.

PruittHealth, the parent-company of the applicant, currently operates PruittHealth – Santa Rosa in Santa Rosa County (Subdistrict 1-1) and PruittHealth-Panama City in Bay County (Subdistrict 2-2).³

For the three-year period ended on December 26, 2018, the provider had four substantiated complaints which are summarized in the table below. A single complaint can encompass multiple complaint categories.

| PruittHealth - Santa Rosa, Substantiated Complaint History | |
|---|-----------------------------|
| Complaint Category | Number Substantiated |
| Billing/Refunds | 1 |
| Quality of Care/Treatment | 2 |
| Resident/Patient/Client Rights | 1 |
| Total | 4 |

Source: Agency Complaint Records, December 26, 2015 – December 26, 2018

³ Licensed 12/14/2018

- 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.

Hillsborough County Nursing and Rehab Center, LLC (CON application #10552): In this instance, the applicant is a start-up company with minimal assets and liabilities.

Capital Requirements and Funding:

The applicant indicates on Schedule 2 capital projects totaling \$36,644,747 which consists of an exemption issued on 9/26/2018, CON #10555, and the project currently under review (\$17,805,591). The applicant is also showing a \$1,053,326 loss in the first year of the projections, which must be funded.

The applicant provided a checking/savings deposit slip dated 12/19/2018 of \$50,000. In addition, the applicant also provided a letter of interest from Trustmark bank indicating the project would require loans totaling \$16 million. Staff notes that while the applicant and others refer to the above letter as a loan “commitment”, the letter in fact states it is a letter of interest. A letter of interest is not a commitment to lend and if the applicant were not approved for the loan it would have to seek financing elsewhere to fund the project.

Last, the applicant provided a letter from Curtis L. King, Jr., CFO of Briar Hill Management who states that Briar Hill has an unused line of credit with Trustmark National Bank to draw \$3,750,000. Mr. King states this money would be available to the applicant if necessary, but

does not anticipate that it will be. Staff further notes that Mr. King/Briar Hill Management did not provide any substantive evidence from Trustmark to substantiate the claim of the line of credit or its available balance.

Conclusion:

Funding for this project is not guaranteed and is dependent on obtaining the Trustmark bank loan and possibly amounts from Briar Hill Management.

PruittHealth-Hillsborough County, LLC (CON application #10553):

In this instance, the applicant is a start-up company with no assets and liabilities.

Capital Requirements and Funding:

The applicant indicates on Schedule 2 capital projects totaling \$26,724,130 which consists of an approved 84-bed SNF for CON 10505 and the project currently under review. The applicant is also showing a \$2,282,281 loss in the first year of the projections, which must be funded.

Schedule 3 indicates that the project will be funded by operating cash flows and non-related company financing. The applicant provided a letter of interest from Synovus for part of the funding. A letter of commitment from United Health Services, Inc. was provided, but no documentation to show the financial strength of the parent was provided.

Conclusion:

Funding for this project is in question.

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

Hillsborough County Nursing and Rehab Center, LLC (CON application #10552)

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

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from skilled nursing facilities as reported on Medicaid cost reports (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 2018, 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. The applicant states they are applying for a 73-bed facility, but lists 100 beds on Schedule 7. The Agency analyzed the projections on both a 73 and 100-bed facility and chose the projections that most closely aligned with what was stated in the Schedule 7 assumptions.

| | PROJECTIONS PER APPLICANT | | COMPARATIVE GROUP VALUES PPD | | |
|------------------|---------------------------|---------|------------------------------|--------|--------|
| | Total | PPD | Highest | Median | Lowest |
| Net Revenues | 10,406,214 | 419 | 1,951 | 488 | 277 |
| Total Expenses | 10,058,456 | 405 | 1,880 | 498 | 336 |
| Operating Income | 347,758 | 14 | 187 | -10 | -492 |
| Operating Margin | 3.34% | | Comparative Group Values | | |
| | Days | Percent | Highest | Median | Lowest |
| Occupancy | 24,820 | 93.15% | 96.94% | 84.58% | 37.49% |
| Medicaid | 5,475 | 22.06% | 29.84% | 18.13% | 0.00% |
| Medicare | 15,330 | 61.76% | 99.59% | 29.06% | 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 in both years. In projected year two, the minimum nurses' aid requirement are 2.5 hours per patient day, while the applicant projects providing 2.36 hours per patient day (2.23 hours per patient day when considering normal vacation days).

Conclusion:

This project appears to be financially feasible based on the projections provided by the applicant. However, profitability may be less than projected due to the insufficient number of nursing assistants in year two.

PruittHealth-Hillsborough County, LLC (CON application #10553)

Analysis:

The immediate and long-term financial feasibility of the project is tied to expected profitability. The purpose of our analysis for this section is to evaluate the reasonableness of the applicant's profitability projections and, ultimately, whether profitability is achievable for this project. Our analysis includes an evaluation of net revenue per patient day (NRPD), cost per patient day (CPD), nurse staffing ratios and profitability. We compared the NRPD, CPD and profitability to actual operating results from SNFs as reported on Medicaid cost reports (2016 and 2017 cost report years). For our comparison group, we selected SNFs with similar Medicaid utilizations to the utilization projected by the applicant on a per patient day basis (PPD). Comparison group data was adjusted for inflation to match the second year projection (inflation factor was based on the CMS Market Basket Price Index as published in the 3rd Quarter 2018, 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. The applicant is applying for 36 beds, but did not provide pro forma data in the event that only some of the requested addition is approved.

| | PROJECTIONS PER APPLICANT | | COMPARATIVE GROUP VALUES PPD | | |
|------------------|---------------------------|---------|------------------------------|--------|--------|
| | Total | PPD | Highest | Median | Lowest |
| Net Revenues | 16,179,137 | 385 | 452 | 358 | 298 |
| Total Expenses | 15,433,884 | 368 | 742 | 362 | 265 |
| Operating Income | 745,253 | 18 | 56 | 5 | -267 |
| Operating Margin | 4.61% | | Comparative Group Values | | |
| | Days | Percent | Highest | Median | Lowest |
| Occupancy | 41,975 | 95.83% | 98.25% | 91.77% | 24.08% |
| Medicaid | 25,915 | 61.74% | 70.02% | 60.89% | 50.27% |
| Medicare | 14,965 | 35.65% | 38.72% | 17.29% | 4.16% |

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 in both years. The applicant meets the direct care per resident requirement if vacation days are not granted, or if licensed nurse personnel are used to make up the difference if vacation days are granted.

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:

These co-batched applicants are 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 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.

Hillsborough County Nursing and Rehab Center, LLC (CON application #10552): 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.

PruittHealth-Hillsborough County, LLC (CON application #10553): 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.

- 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.**

The five-year Medicaid occupancy for Hillsborough County, District 6 and the State of Florida is provided in the following table:

| Medicaid Patient Days and Occupancy in Hillsborough County, District 6 and Florida | | | | | |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|
| Medicaid Patient Days | | | | | |
| Region | FY 14/15 | FY 15/16 | FY 16/17 | FY 16/17 | FY 17/18 |
| Hillsborough County | 712,407 | 694,243 | 700,487 | 702,563 | 699,011 |
| District 6 | 1,668,849 | 1,659,397 | 1,667,627 | 1,668,200 | 1,668,948 |
| Florida | 15,837,261 | 15,875,092 | 16,097,612 | 16,077,665 | 15,962,594 |
| Medicaid Occupancy | | | | | |
| Region | FY 14/15 | FY 15/16 | FY 16/17 | FY 16/17 | FY 17/18 |
| Hillsborough County | 59.52% | 58.76% | 59.78% | 59.59% | 59.17% |
| District 6 | 59.52% | 59.63% | 60.33% | 60.38% | 60.19% |
| Florida | 62.05% | 61.88% | 62.73% | 63.34% | 63.23% |

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

Hillsborough County Nursing and Rehab Center, LLC (CON application #10552) is not an existing provider and does not have a historical Medicaid record to discuss for this application. HCNR describes its affiliation with BHM and its seven affiliated SNFs. The applicant describes a long history of participation in Medicaid and providing skilled nursing services to the Medicaid population through its affiliate facilities in Arkansas, Louisiana, and Mississippi.

HCNR discusses reviewing Florida's Statewide Medicaid Managed Care (SMMC) long-term care program. PLC anticipates contracting with the following providers in District 7: Aetna Better Health, Florida Community Care, Humana Medical Plan, Simply Healthcare, Staywell, Sunshine Health and United Healthcare. The applicant proposes to establish a 73-bed community nursing home in Subdistrict 6/1 Hillsborough County, in the area that encompasses the Riverview area, Zip Codes: 33534, 33569, 33578, and 33579. HCNR states that the proposal will include 73 private, single-occupancy rooms which will result in maximum utilization and usefulness to all types of residents regardless of Medicare or Medicaid including SMMC.

HCNR's proposed payer mix for the project is provided below:

| Hillsborough County Nursing and Rehabilitation Center, Projected Payer Mix | | | | |
|---|-----------------|-----------------|-----------------|--------------|
| | Self-Pay | Medicaid | Medicare | Total |
| Year One | 3,667 | 4,216 | 10,358 | 18,241 |
| Year Two | 4,015 | 5,475 | 15,330 | 24,820 |
| % Year One | 20.10% | 23.11% | 56.78% | 100.0% |
| % Year Two | 16.18% | 22.06% | 61.76% | 100.0% |

Source: CON application #10552, Schedule 7. Years 1 and 2 correspond with the years ending 2021 and 2022, respectively

The applicant forecasts that self-pay will account for 20.10 percent of patient days in year one and 16.18 percent of patient days in year two. The applicant forecasts that Medicaid will account for 23.11 percent of patient days in year one and 22.06 percent of patient days in year two.

The applicant does not condition approval of the proposal to a minimum provision of Medicaid/Medicaid HMO or charity care.

PruittHealth-Hillsborough County, LLC (CON application #10553) is a newly-formed entity and therefore does not have a historical Medicaid record to discuss for this application. The historical Medicaid provision of an affiliate facility operated by the applicant's parent-company is included below:

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| PruittHealth-Santa Rosa Five-Year Medicaid Occupancy | | | | | |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|
| | FY 14/15 | FY 15/16 | FY 16/17 | FY 16/17 | FY 17/18 |
| Medicaid Patient Days | 27,529 | 27,495 | 29,074 | 28,172 | 27,091 |
| Medicaid Percent of Patient Days | 67.62% | 67.76% | 69.24% | 67.82% | 65.71% |

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

The applicant states that it will enhance access for the defined population and provide quality for low income persons, disadvantaged persons and the elderly. PHH provides a table of PruittHealth's affiliated facilities historical provision of Medicaid care as a percentage of total patient days for CY 2014 through June 30, 2018. The table is reproduced below:

| PruittHealth Affiliated Facilities Historical Commitment to Medicaid Patients (Medicaid Percent of Total Patient Days) | | | | | |
|---|----------------|----------------|----------------|----------------|----------------|
| | CY 2014 | CY 2015 | CY 2016 | CY 2017 | CY 2018 |
| Patient Days | 2,143,023 | 2,180,936 | 2,240,549 | 2,237,583 | 2,266,458 |
| % Patient Days | 64.8% | 64.1% | 64.8% | 62.8% | 63.3% |

Source: CON application #10553, page 179

The following payer mix forecasts are provided in the applicant's Schedule 7:

| PruittHealth – Hillsborough County, LLC Projected Payer Mix Forecast Patient Days (36 beds) | | | | |
|--|-----------------|-----------------|------------------------|--------------|
| | Medicaid | Medicare | Commercial Ins. | Total |
| Year One | 3,276 | 1,774 | 16 | 5,050 |
| Year Two | 7,665 | 4,745 | 0 | 12,410 |
| Year One % | 64.9% | 35.1% | 0.3% | 100.0% |
| Year Two % | 61.8% | 38.2% | 0.0% | 100.0% |

Source: CON application #10553, Schedule 7. Bolded values are incorrect.

Years one and two correspond with the years ending 12/31/22 and 12/31/23

| PruittHealth – Hillsborough County, LLC Projected Payer Mix Forecast Patient Days (120 beds) | | | | | | |
|---|-----------------|-----------------|-----------------|-------------------------|------------------------------|--------------|
| | Self-Pay | Medicaid | Medicare | Medicare HMO | Other Payers - VA | Total |
| Year One | 699 | 10,255 | 5,233 | 367 | 245 | 16,799 |
| Year Two | 730 | 25,915 | 14,235 | 730 | 365 | 41,975 |
| Year One % | 4.2% | 61.0% | 31.2% | 2.2% | 1.5% | 100.0% |
| Year Two % | 1.7% | 61.7% | 33.9% | 1.7% | 0.9% | 100.0% |

Source: CON application #10553, Schedule 7

Years one and two correspond with the years ending 12/31/22 and 12/31/23

PHH states that financial projections included in the CON application demonstrate that the applicant is committed to serving the Medicaid population upon licensure. The applicant references the PruittHealth admission policy which mandates that the facility will not discriminate against anyone on the basis of race, sex, religion, national origin, physical handicap, diagnosis, payment source and/or any other

circumstance or physical condition which classifies an individual as underserved. For this reason, the applicant states that its commitment is demonstrated to serve the medically indigent population of the service area.

For the 36-bed addition, the applicant forecasts Medicaid will account for 64.9 percent of patient days in year one and 61.8 percent of patient days in year two. For the total 120-bed project, the applicant forecasts, the applicant forecasts that self-pay will account for 4.2 percent in year one and 1.7 percent in year two and Medicaid will account for 61.0 percent in year one and 61.7 percent in year two.

Approval of the proposal is conditioned to the provision of a minimum of 60-percent Medicaid patient days for the 36-bed addition. CON #10509P was not conditioned to the minimum provision of any level of Medicaid/Medicaid HMO, self-pay, or charity care.

F. SUMMARY

Hillsborough County Nursing and Rehab Center, LLC (CON application #10552) states that the proposal will be a 73-bed community nursing home consisting of all private rooms located in the Riverview area (ZIP Codes 33534, 33569, 33578 and 33579). The applicant intends to serve all residents of Hillsborough County in need of skilled nursing care, including but not limited to Medicare and Medicaid recipients. HCNR states that this project will meet the predicted growing demand for skilled nursing care by year 2020 and 2025. The applicant determines that approval is merited for the proposal as HCNR is the only applicant proposing to have this project developed and licensed in the Riverview area of Hillsborough County.

The project subject to fee for the proposal is \$16,396,085 (Schedule 1, Line 51). The proposal includes land, building, equipment, project development, financing and start-up costs. The project includes 61,084 GSF of new construction.

The applicant anticipates issuance of license on April 12, 2021 and initiation of service on May 11, 2021.

The applicant does not condition approval of the CON proposal to any conditions.

PruittHealth-Hillsborough County, LLC (CON application #10553)

is a newly-formed entity, proposes to add 36 beds to CON #10509P, to establish a community nursing home of 84 beds in Hillsborough County. The proposed addition would result in a 120-bed SNF in Hillsborough County. The applicant's parent-company currently operates PruittHealth- Santa Rosa in Santa Rosa County (Subdistrict 1-1) and PruittHealth – Panama City in Bay County (Subdistrict 2-2). PHH states the addition to the previously approved proposal will result in a facility sized that is more optimal, economically feasible and functionally viable.

The applicant states that need for the proposed project is supported by its credentials and proven track record and the programs and services that will be instituted in the proposed facility that are presented throughout this CON application and the previously approved beds. PHH states that collectively these factors fulfill the need for the proposed additional 36 new beds in the community. The applicant maintains that need for these additional beds is further justified by general health planning principals related to Subdistrict 6-1, including issues relating to the access for Medicaid clients, bariatric rooms, improved quality environment (private rooms), and other programmatic features.

The applicant lists the project cost subject to fee as \$5,519,512 (Schedule 1, Line 51). The total project cost includes land, building, equipment, project development, financing and start-up costs. For the 36-bed addition, the proposed project includes 19,547 GSF of construction. The construction cost is \$3,225,255.

The applicant expects issuance of licensure in November 2021 and initiation of service in January 2022.

PHH conditions approval of the proposal to fourteen Schedule C conditions.

Need

In Volume 44, Number 190 of the Florida Administrative Register dated September 28, 2018, need for 73 community nursing home beds was published in the fixed need pool for Subdistrict 6-1 for the July 2021 Planning Horizon.

As of the application deadline for the October 2018 "Other Beds and Programs" batching cycle, November 21, 2018, there were no exemptions or expedited CONs submitted to add additional community nursing home beds within Subdistrict 6-1. Hillsborough County had an occupancy of 86.14 percent for the 12-month period ending on June 30, 2018. There

were 3,776 licensed community nursing home beds within the subdistrict for this period.

Hillsborough County Nursing and Rehab Center, LLC (CON application #10552) states that the proposal is submitted in response to the fixed need pool published with need for 73 additional community nursing home beds within Hillsborough County, Florida. HCNR states that the proposal will consist of 73 private rooms which will be certified for both Medicaid and Medicare to best respond to the growing need for skilled nursing care for the growing senior or elderly population within Subdistrict 6-1.

The applicant states that the targeted location of the proposal is in the Riverview area. HCNR states that the Riverview area is located in the south central portion of Hillsborough County. Moreover, HCNR expects to primarily serve residents of Riverview with beds available to all residents in Hillsborough County who need skilled nursing care. The applicant states that the all-private configuration of the facility will be in the best position to meet the skilled nursing needs of Hillsborough County residents.

HCNR states that this project will meet the predicted growing demand for skilled nursing care by years 2020 and 2025. The applicant determines that approval is merited for the proposal as HCNR is the only applicant proposing to have this project developed and licensed in the Riverview area of Hillsborough County primarily to meet the growing needs for skilled care services by residents of the Riverview area of Hillsborough County.

PruittHealth-Hillsborough County, LLC (CON application #10553) states that the proposal is needed as evidenced by historical occupancy rates of existing providers, less access to SNF services for the MLTC population, historical population discharges to SNFs by service line, the growing elderly population and the changing dynamics in payers/payer system. The applicant maintains that PruittHealth will use its knowledge of the market and grow burgeoning relationships with local healthcare providers to effectively respond to the unique needs of the market. PHH expects for the proposed program to enhance the availability, accessibility and quality of nursing home services provided to residents of the service area while reducing admissions to the area hospitals.

PruittHealth expects for the proposal to result in the following outcomes

- Improve access for persons in need of long-term care
- Improve access [to] Medicaid services
- Improve access for bariatric patients

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- Improve access for persons in need of short-term rehab
- Improve access of Medicare services
- Improve access to private rooms, especially for Medicaid payers
- Provide a modern design that supports independence and choice
- Provide state-of-the-art rehabilitation programming; and
- Provide extensive clinical programming focused on reducing hospital readmissions

The applicant also anticipates that the proposal should be approved for the following reasons:

- 100 percent private rooms
- Two bariatric rooms/suites
- 64 percent of patient days to MLTC enrollees
- State of the art rehab suite, extensively equipped to include a Hydroworx therapy pool
- Programs to reduce readmissions that have already been successfully introduced in other PruittHealth facilities
- A commitment to technology, including PoiontRight, Smart Charting, Wanderguard, Careguard and electronic medical records

The Agency has determined that within the context of the criteria specified in Section 408.035 (1), Florida Statutes, and Rule 59C-1.036, Florida Administrative Code, CON #10522 (HCNR) best satisfies the criteria. The Agency notes that while both applicants are proposing all private rooms, CON #10552 is proposing to establish a new facility in an identified area of Hillsborough without access to a high density of community nursing home beds—utilizing the entire bed need complement published by the Agency. CON #10523 did not identify an area within Hillsborough County to locate the proposed addition to its existing CON within Hillsborough County, nor will the proposal add a new facility, nor will it utilize the full complement of need published by the Agency.

Quality of Care

Both applicants demonstrated their ability to provide quality of care.

Hillsborough County Nursing and Rehab Center, LLC (CON application #10552) is a newly-formed entity without an affiliation to any existing providers, therefore the applicant does not have a quality record to discuss for this proposal. The applicant is affiliated with BHM which operates seven SNFs in Mississippi and Arkansas.

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HCNR states that it strives to recognize and meet the needs of the people and families that it serves and those who work with its organization in order to achieve HCNR's mission, in an atmosphere of kindness, compassion and understanding.

HCNR maintains that four of the seven (non-Florida) SNFs operated by BHM have a four-star (above average) or five-star (much above average) quality rating as issued by the CMS. The applicant provides QAPI guidelines and indicates that its management is able to replicate and administer a quality SNF in Florida as it does with its other seven affiliated SNFs

PruittHealth-Hillsborough County, LLC (CON application #10553) is a newly-formed entity and therefore does not have a historical record available to document. 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. PHH 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.

PruittHealth maintains that its organizational experience and expertise in providing quality skilled nursing services is evidenced by the number of successful programs and quality assurance practices. The applicant describes how the quality program at PHH will consist of assigned patient care managers, a care transition program, corporate standards, leadership and training, external benchmarking and awards, continuous process improvement, customer service and transparency. PHH discusses the use of external benchmarking, the ABAQIS quality indicator program, internal reports, internal benchmarking tools like LTC TrendTracker and a PIP as a part of its quality assurance process that will be among several measures implemented as a part of the proposal.

PruittHealth currently operates PruittHealth – Santa Rosa in Santa Rosa County (Subdistrict 1-1) and PruittHealth – Panama City in Bay County (Subdistrict 2-2). For the three-year period ending on December 26, 2018, the provider had four substantiated complaints.

Financial Feasibility/Availability of Funds

Hillsborough County Nursing and Rehab Center, LLC (CON application #10552): Funding for this project is not guaranteed and is dependent on obtaining the Trustmark bank loan and possibly amounts from Briar Hill Management. This project appears to be financially

feasible based on the projections provided by the applicant. However, profitability may be less than projected due to the insufficient number of nursing assistants in year two.

Strictly from a 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.

PruittHealth-Hillsborough County, LLC (CON application #10553):

Funding for this project is in question. Based on the information provided in Schedule 6, the applicant meets direct care staffing requirement in both years, only if vacation days are not granted, or if licensed nurse personnel are used to make up the difference if vacation days are granted. This project appears to be financially feasible based on the projections provided by the applicant.

Strictly from a 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/Charity Care

Hillsborough County Nursing and Rehab Center, LLC (CON application #10552): The applicant forecasts that self-pay will account for 20.10 percent of patient days in year one and 16.18 percent of patient days in year one. The applicant forecasts that Medicaid will account for 23.11 percent of patient days in year one and 22.06 percent of patient days in year two.

The applicant does not condition approval of the proposal to the minimum provision of Medicaid/Medicaid HMO or charity care.

PruittHealth-Hillsborough County, LLC (CON application #10553)

For the 36-bed addition, the applicant forecasts Medicaid will account for 64.9 percent of patient days in year one and 61.8 percent of patient days in year two.

For the total 120-bed project, the applicant forecasts, the applicant forecasts that self-pay will account for 4.2 percent in year one and 1.7 percent in year two and Medicaid will account for 61.0 percent in year one and 61.7 percent in year two.

The applicant conditions approval of the proposal to the provision of a minimum of 60 percent Medicaid patient days for the 36-bed addition. CON #10509P was not conditioned to the minimum provision of any level of Medicaid/Medicaid HMO, self-pay, or charity care.

Architectural

Hillsborough County Nursing and Rehab Center, LLC (CON application #10552): 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.

PruittHealth-Hillsborough County, LLC (CON application #10553): The cost estimate for the proposed project provided in Schedule 9, Table A and the project completion forecast provided in Schedule 10 appear to be reasonable. A review of the architectural plans, narratives and other supporting documents did not reveal any deficiencies that are likely to have significant impact on either construction costs or the proposed completion schedule.

G. RECOMMENDATION

Approve CON #10552 to establish a 73-bed community nursing home in District 6, Subdistrict 1, Hillsborough County. The total project cost is \$16,396,085. The project includes 61,084 GSF of new construction.

Deny CON 10553.

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