

STATE AGENCY ACTION REPORT
ON APPLICATION FOR CERTIFICATE OF NEED

A. PROJECT IDENTIFICATION

1. Applicant/CON Action Number

Presbyterian Retirement Communities, Inc. d/b/a Westminster Point Pleasant/CON #10554

80 West Lucerne Circle
Orlando, Florida 32801

Authorized Representative: Henry Keith, CFO
(407) 839-0707

2. Service District/Subdistrict

District 6/Subdistrict 6-2 (Manatee County)

B. PUBLIC HEARING

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

Letters of Support

Presbyterian Retirement Communities, Inc. d/b/a Westminster Point Pleasant (CON application #10554) submitted one letter of praise for the current facility in Tab 10 of CON application #10554 and the Agency received no letters of support independently to the proposal.

C. PROJECT SUMMARY

Presbyterian Retirement Communities, Inc. d/b/a Westminster Point Pleasant (CON application #10554) a Florida non-profit entity, also referenced as WPP, an affiliate of The Obligated Group (the parent), proposes to add 36 community nursing home beds at WPP through conversion of 36 sheltered nursing home beds in Subdistrict 6-2 (Manatee County). WPP is located at 1533 Fourth Avenue West,

Bradenton, Florida 34205, and is currently a 120-bed SNF with 55 community beds and 65 sheltered beds. If approved, the proposed project would result in WPP being a 120-bed SNF with 91 community beds and 29 sheltered beds.

WPP is one of several CCRCs operated by Presbyterian Retirement Communities, Inc. Facilities include:

- Westminster Towers (Orlando)
- Westminster Winter Park (Winter Park)
- Westminster Oaks (Tallahassee)
- Westminster Shores (St. Petersburg)
- Westminster Woods on Julington Creek (Jacksonville)
- Westminster Palms (St. Petersburg)
- Westminster Manor (Bradenton)
- Westminster Pines (St. Augustine)

The proposed project is a conversion of existing licensed beds and will involve no construction or renovation. The applicant states that the total project costs are project development costs associated with the CON process, a total of \$42,988.

The applicant anticipates issuance of the license in March 2019 and initiation of service in April 2019.

The applicant proposes to condition the proposed project as shown below:

Presbyterian Retirement Communities, Inc. d/b/a Westminster Point Pleasant conditions the award of CON application #10554 on making a nursing home bed available at its nursing home facility to any Lifecare contract holder residing on the Westminster Point Pleasant campus who requires nursing home care.

Total GSF and Project Costs					
Applicant	CON app.#	Project	GSF	Costs \$	Cost Per Bed
Westminster Point Pleasant	10554	Add 36 beds through conversion of 36 sheltered beds	NA	\$42,988	\$1,194

Source: CON application #10554 Schedules 1 and 9

Should the proposed project be approved, the applicant's conditions would be reported in the annual condition compliance report, as required by Rule 59C-1.013(3), Florida Administrative Code. The Agency will not impose conditions on already mandated reporting requirements.

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.

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, Marisol Fitch analyzed the application, with consultation from the financial analyst, Everett "Butch" Broussard, of the Bureau of Central Services, who evaluated the financial data and Scott Waltz of the Office of Plans and Construction, who reviewed the application for conformance with the architectural criteria.

E. CONFORMITY OF PROJECT WITH REVIEW CRITERIA

The following indicate the level of conformity of the proposed project with the criteria and application content requirements found in Florida Statutes, sections 408.035 and 408.037; applicable rules of the State of Florida, Chapter 59C-1 and 59C-2, 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 36 community nursing home beds was published in the fixed need pool for Subdistrict 6-2 for the July 2021 Planning Horizon.

As of the omission deadline for the October 2018 “Other Beds and Programs” batching cycle, December 26, 2018, there were no exemptions or expedited CON applications submitted to add beds to Manatee County.

The utilization for facilities with licensed community nursing home beds in Manatee County from July 2017 – June 2018 is provided below:

Manatee County (Subdistrict 6-2) Utilization July 2017 - June 2018				
Facility	Beds	Bed Days	Patient Days	Utilization
Bay Vue Nursing and Rehabilitation Center	110	40,150	35,504	88.43%
Braden River Rehabilitation Center, LLC	208	75,920	57,901	76.27%
Bradenton Health Care	105	38,325	33,777	88.13%
Casa Mora Rehabilitation and Extended Care	240	87,600	74,147	84.64%
Greenbriar Rehabilitation and Nursing Center	79	28,835	25,562	88.65%
Heritage Park Care and Rehabilitation Center	120	43,800	33,939	77.49%
Life Care Center of Sarasota	120	43,800	35,438	80.91%
Manatee Springs Rehabilitation and Nursing Center	120	43,800	41,412	94.55%
Riviera Palms Rehabilitation Center	120	43,800	36,696	83.78%
Surrey Place Healthcare and Rehabilitation	74	27,010	22,946	84.95%
Westminster Manor of Bradenton	42	15,330	12,972	84.62%
Westminster Point Pleasant	55	20,075	20,075	100.00%
Totals	1,393	508,445	430,369	84.64%

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

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

Manatee County Population Change Comparison						
County/Area	July 1, 2018 Population			July 1, 2021 Population		
	0-64	65+	Total	0-64	65+	Total
Manatee	271,205	93,754	364,959	280,755	102,691	383,446
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
Manatee	9,550	8,937	18,487	3.52%	9.53%	5.07%
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 ratios per 1,000 residents for the age 65+ cohort in the subdistrict (county) are shown below.

Manatee County Bed to 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
Manatee	1,393	93,754	14.86	102,691	13.56
District 6	8,592	462,039	18.60	507,159	16.94
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

Presbyterian Retirement Communities, Inc. d/b/a Westminster Point Pleasant (CON application #10554) asserts that the proposed project increases access to community nursing home beds to the subdistrict while affording WPP the flexibility to serve life care contract holders. The applicant maintains that the proposed project promotes an aging-in-place process as individuals can step down to assisted living after discharge from the SNF.

WPP maintains that from a health planning perspective, the proposed project makes the best use of limited health care resources and directly addresses improvements in access while offering a financially viable project that can be implemented with minimal costs.

The applicant indicates that it is located within a four-mile radius of two acute care hospitals representing 3,684 hospital discharges of the 65+ population to SNF in CY 2017. WPP contends that its location is ideal for receiving these hospital discharges. The applicant notes that its high occupancy rate and CMS rating make WPP a preferred placement for elderly persons requiring skilled nursing care. The reviewer notes the

applicant provides no documentation to confirm that this proximity has influenced hospital discharges to the applicant in the past.

WPP asserts that population growth and facility utilization within the subdistrict support the proposed project. The applicant notes that a total of 54,541 Manatee residents aged 65+ are projected to reside within the five-mile radius contour of WPP by 2023.

The applicant concludes by stating that the proposed project promotes flexibility in admissions and therefore will improve access for residents of the subdistrict to a CMS five-star rated SNF. WPP maintains that the proposed bed conversion is expected to have a positive impact on WPP while being financially feasible and easily implemented with no construction costs.

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 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.**

The proposed application was not submitted to remedy a geographically underserved area as defined above.

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

Presbyterian Retirement Communities, Inc. d/b/a Westminster Point Pleasant (CON application #10554) contends that in 2017, 22,522 Manatee County residents aged 65 and older experienced a hospital stay. The applicant notes that of the 22,522 discharges, 23 percent required transfer to a SNF upon discharge.

WPP points out that from the same source (AHCA hospital discharge data CY 2017), 25.6 percent of all elderly Manatee County residents discharged from a hospital to a SNF were for a musculoskeletal and connective tissue diagnosis (MDC 8). The applicant indicates that MDC 8 includes the DRGs of joint replacement, hip and femur procedures, back problems, fractures, spinal fusion and other related types of diagnoses. The applicant maintains that with these types of diagnoses, residents require restorative and rehabilitation services. According to the applicant, WPP currently has these therapies in place for residents with these diagnoses.

The applicant notes that conditions associated with MDC 5 (Circulatory System) constituted the second most common type of hospital discharges to a SNF for Manatee County residents aged 65+ during 2017. WPP offers other MDCs representing a large number of discharges from hospitals to SNFs for the 65+ population in Manatee County, including MDC 11 (Kidney and Urinary Tract) and MDC 4 (Respiratory System). According to WPP, the MDC 18 (Infectious and Parasitic Diseases and Disorders)/DRG 871 (Septicemia or Severe Sepsis) diagnosis (210 cases in 2016 and the second highest number of cases of any single MDC/DRG in 2017) requires WPP to provide medical management of the condition, including IV care, as well as ensure a hygienic environment that minimizes risk of re-infection or the spread of infection throughout the facility.

WPP indicates that it is both Medicaid and Medicare-certified, offering semi-private rooms for long and short-term stays as well as 12 private rooms. The applicant indicates that licensed nursing staff is available 24 hours a day.

The applicant lists the provision of the following therapy, rehabilitation and care plans (CON application #10554, page 2-5):

- Physical therapy
- Occupational therapy
- Speech therapy
- Orthopedic rehabilitation
- Neurological rehabilitation
- Pulmonary rehabilitation
- Medical management
- Palliative care
- Hospice care
- Wound care

The applicant maintains that as an existing facility, it has trained staff in place to provide services residents require for their care plan goals. Regarding admissions, WPP indicates that residents gain admission based on the recommendation of a physician and that social services staff review the facility's information and policies with each admitted resident.

WPP notes that a comprehensive resident assessment is begun upon admission. The applicant maintains that the assessment instrument used is that required by CMS (incorporating the Minimum Data Set (MDS) elements) as well as those elements specific for Florida. The applicant asserts that the resident must participate in the assessment and WPP ensures completion of a Pre-Admission Screen and Resident Review (PASRR). The applicant states that the PASRR identifies serious mental illness and intellectual disabilities that may preclude a specific type of SNF placement. WPP indicates that residents are reassessed as their condition changes and if there is no demonstrable change, staff completes a portion of the assessment quarterly with the full assessment completed annually.

Regarding a care plan, WPP indicates that when admitted, the facility develops a baseline care plan within 48 hours of admission. The applicant notes that resident-centered comprehensive care plans require completion within seven days and that an interdisciplinary team prepares the care plan, with participation of

the attending physician, registered nurse, nurse aide, as well as food and nutrition staff. WPP points out that the resident should participate in the care plan development process and that if it is not practical to include the resident, the medical record documents why the resident did not participate.

WPP contends that an individualized care plan must include measurable objectives and timetables that meet the resident's medical, nursing, mental and psychological needs. According to the applicant, a care plan builds on the resident's strengths and discharge goals, while incorporating identified problems and risk factors. WPP indicates that a member from Social Services notifies the resident's family or representative of care plan meetings.

The applicant cites that an electronic medical health record is utilized for resident records. WPP indicates that the software, called ECS, has the MDS data elements within the software and information can be entered electronically (and transmitted) as well as used to create the resident's care plan, based on the assessment.

Regarding discharge, a resident-specific discharge plan begins when the resident is admitted to the facility, per WPP, and this plan incorporates not only the resident's goals for care, treatment preferences and needs associated with reducing preventable readmissions. The applicant maintains that the plan includes an assessment of caregiver needs along with whether the resident has access to a caregiver or support capable of providing the type of care needed. WPP points out that the post-discharge plan of care indicates where the resident will reside, the arrangements already made for follow-up care, and medical/non-medical services needed. The applicant notes that staff follow-up with agencies to which a resident was referred to ensure the resident is receiving necessary services after discharge.

Schedule 6A shows that for the proposed project, no FTEs will be added. Notes to Schedules 6 and 6A indicate that the facility has the resources, including health manpower, for project accomplishment and operation as required. The applicant also maintains that Schedules 6 and 6A have nursing staff ratios that exceed the standards required by the Agency.

The applicant's Schedule 7 indicates that the ALOS will be 61.66 days for year one and 61.49 for year two of operation for the proposed bed conversion.

- c. **Quality of Care. In assessing the applicant's ability to provide quality of care pursuant to s. 408.035 (1) (c), Florida Statutes, the agency shall evaluate the following facts and circumstances:**

1. **Whether the applicant has had a Chapter 400, Florida Statutes, nursing facility license denied, revoked or suspended within the 36 months prior to the current application.**

The applicant states that it has not had a SNF license denied, revoked or suspended.

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

WPP attests that it has not had a SNF placed into receivership.

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

The applicant states that because there have been no violations, this provision does not apply.

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.**

WPP maintains that because there have been no violations, this provision does not apply.

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

The applicant indicates that it will continue to report required data to the Health Council of West Central Florida, Inc., and to the Agency. WPP attests that this data includes the above-cited utilization reports as well as required licensure and financial requirements attendant to operating a licensed SNF.

3. Statutory Review Criteria

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

As of August 17, 2018, and as noted in the *Florida Nursing Home Bed Need Projections by District and Subdistrict* publication, there were 72 licensed community nursing homes with a total of 8,805 licensed community nursing home beds in District 6. Subdistrict 6-2 is composed of Manatee County and has 12 licensed community nursing homes with a total of 1,393 licensed community nursing home beds and no approved community beds as of August 17, 2018. The subdistrict averaged 84.64 percent total occupancy for the 12-month period ending June 30, 2018.

Presbyterian Retirement Communities, Inc. d/b/a Westminster Point Pleasant (CON application #10554) notes that, in addition to the 12 community nursing homes in Subdistrict 6-2, there are three CCRCs in Manatee County, including the applicant and a sister facility, which add a total of 202 sheltered beds to the inventory. The applicant notes that WPP had 100 percent occupancy in the 12 months ending June 30, 2018, for their community beds and the facility has a five-star rating from CMS.

WPP states that Zip Code 34205 (location of the existing facility) has 7,119 elderly persons (65+) in 2018 which is expected to grow to 8,170 elderly by 2023. The applicant notes that within a five-mile radius of the existing facility, the senior population is expected to be 54,541 by 2023. WPP indicates that two acute care hospitals, Blake Medical Center and Manatee Memorial Hospital, are also within a five-mile radius of the existing facility.

WPP maintains that the existing facility serves Medicare, Medicaid and life care contract holders which promotes financial accessibility. WPP contends that the proposed project is designed to increase the access and availability of beds to members of the general public and ensure the facility has the flexibility of serving contract holders as well as

community members. The applicant asserts that the ability for community members to receive nursing care at WPP promotes an aging-in-place process, as individuals may find they cannot return home but instead require assisted living available on-site.

The applicant provides an aerial photograph, pointing out that WPP is located in a mixed-use area, with both commercial and residential development. WPP indicates that the proposed project achieves benefits without delay while saving time and resources.

The applicant states that in 2017, the two hospitals proximate to WPP discharged 3,684 (71 percent) of all elderly (age 65+) Manatee County residents discharged to SNFs.

Using Claritas data for the 2018 and 2023 age 65+ population within Manatee County, the applicant expects a population increase of 19,523 age 65+ residents by 2023 (CAGR of 3.5 percent). The reviewer collapses the 18 distinct Zip Codes in the applicant's table into the totals provided. See the table below.

**Manatee County Population Estimates by
Zip Code for the Elderly Aged 65 Years and Older**

ZIP Codes	2018 Total 65+	2023 Total 65+	Five-Year Change	CAGR
Total	104,688	124,211	19,523	3.5%

Source: CON application #10554, page 1-7, table 1-1

According to the applicant, 11 licensed SNFs within a five-mile radius of WPP had an overall annualized occupancy rate of 85.3 percent in FY 2018. The source for this data is the Agency's Florida Nursing Home Bed Need Projections by District and Subdistrict October 2018 Batching Cycle. The reviewer collapses the 11 named SNFs in the applicant's table into the totals provided. See the table below.

**Community Nursing Home Beds Located within a Five-Mile Radius of
Westminster Point Pleasant with FY 2018 Days and Occupancy Rate**

Name	Comm Beds	Bed Days	Resident Days	Occupancy
Five-Mile Radius Total	1,273	464,645	396,430	85.30%

Source: CON application #10554, page 1-9, table 1-2

The applicant utilizes the Florida Nursing Home Bed Need Projections by District and Subdistrict, October 2018 Batching Cycle to indicate 430,369 nursing home patient/resident days for Manatee County for the 12 months ending June 30, 2018 and utilizes the Agency's 2018 Manatee County age 65+ population estimates to reach a nursing home

use rate for the subdistrict (per 1,000 population age 65+) to reach 4,673 days per 1,000 persons. See the table summarizing the applicant's analysis below.

**Forecasted Nursing Home Resident Days for the Subdistrict and
Proposed 36 New Community Beds
FY 2020**

Resident Days July 1, 2017 to June 30, 2018	430,369
<i>Average Daily Census, FY 2018</i>	1,179
Manatee County Population 65+, Jan 1, 2018	92,101
Days per 1,000 Persons, 65+ FY 2018	4,673
Manatee County Population 65+, 2020	98,669
<i>Resident Days Forecasted for 2020</i>	461,060
<i>Average Daily Census, FY 2020</i>	1,260
Proposed Westminster Point Pleasant Days	12,483
Deduct Westminster Point Pleasant Days	448,577
<i>Average Daily Census, FY 2020, Remaining Days</i>	1,226

Source: CON application #10554, page 1-10, table 1-3

Below is the applicant's estimated payer mix and admissions, for years one and two, for the 36-bed proposed project. The applicant expects a total of 12,483 resident days in year one and two. See the table below.

**Forecast Utilization at Westminster Point Pleasant
36 Community Nursing Home Beds Forecast – This Project Only
First Two Years of Operation for the Bed Conversion**

Payer	Year One Resident Days	Year Two Resident Days	Percent of Total
Medicare	1,287	1,287	10.3%
Medicare HMO	3,385	3,385	27.1%
Self-Pay	7,811	7,811	62.6%
Total	12,483	12,483	100.0%

Source: CON application #10554, page 1-11, table 1-4

The applicant anticipates that the proposed project will not negatively impact existing SNFs.

WPP discusses conformity with the Health Care Access Criteria (CON application #10554, page 3-5 through 3-18).

- 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.**

Presbyterian Retirement Communities, Inc. d/b/a Westminster Point Pleasant (CON application #10554) provides current Agency licensure that indicates that the licensee, Presbyterian Retirement Communities, Inc., is authorized to operate the 120-bed Westminster Point Pleasant SNF (page 1-13, exhibit 1-1 of the application).

WPP discusses and provides a copy of its Medicare.gov: Nursing Home Compare/Nursing home profile (page 4-3, figure 4-1 of CON application #10554). According to the Medicare.gov website, CMS has awarded WPP a five-star (much above average) overall rating (of a possible five stars). This same website also verifies that the 120-bed facility participates in Medicare and Medicaid and is within a CCRC. From this same website, WPP provides the quality measures used to calculate the star rating (pages 4-4 and 4-5, figures 4-2 and 4-3 of CON application #10554).

The applicant indicates that its QA program ensures the provision of consistent, high-quality care to all residents. The applicant asserts that the program requires continuous monitoring and assessing resident care practices, identifying and investigating potential problems or concerns and implementing appropriate actions to reduce or eliminate problems. WPP discusses the QA Committee's composition and function on page 4-7 of CON application #10554.

WPP states adherence to a continuous quality improvement (CQI) policy statement, monitoring/evaluation system, CQI Committee, CQI plan and process. The applicant notes that the CQI manual documents the process. WPP provides a CQI "Project Flow Chart" (page 4-8, figure 4-4 of CON application #10554).

The applicant discusses resident rights (pages 4-9 and 4-10 of the application) and activities (pages 4-10 through 4-12 of the application). The November 2018 WPP Calendar is included (page 4-14, exhibit 4-2 of the application).

According to the Agency's FloridaHealthFinder.gov website, WPP is not a Gold Seal Program nor is it on the Nursing Home Watch List. The most recent Agency inspection, for the rating time period April 2016 to September 2018, last updated November 2018, indicates that WPP received an overall three-star rating out of a possible five stars. According to the Agency's FloridaHealthFinder.gov website, a three-star rating means that for this measure this facility ranked better than 41 percent to 60 percent of the facilities in its region.

During the three-year period ending December 26, 2018, WPP had four substantiated complaints in complaint categories quality of care/treatment (three) and resident/patient/client rights.

Agency complaint records indicate that the affiliated SNFs (including WPP) associated with the parent company, for the three-year period ending December 26, 2018, had eleven substantiated complaints at its facilities in the complaint categories of quality of care/treatment (eight), resident/patient/client rights (two), unqualified personnel and administration/personnel. A single complaint can encompass multiple categories.

- 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.

CON 10554 Presbyterian Retirement Communities, Inc., and others, Collectively "The Obligated Group"		
	Mar-18	Mar-17
Current Assets	\$54,593,853	\$45,417,725
Total Assets	\$781,230,509	\$761,994,754
Current Liabilities	\$41,850,402	\$46,767,268
Total Liabilities	\$645,480,218	\$627,673,452
Net Assets	\$135,750,291	\$134,321,302
Total Revenues	\$181,676,874	\$172,344,068
Excess of Revenues Over Expenses	(\$15,370,939)	(\$6,751,871)
Cash Flow from Operations	\$59,398,071	\$39,759,927
Short-Term Analysis		
Current Ratio (CA/CL)	1.3	1.0
Cash Flow to Current Liabilities (CFO/CL)	141.93%	85.02%
Long-Term Analysis		
Long-Term Debt to Net Assets (TL-CL/NA)	444.7%	432.5%
Total Margin (ER/TR)	-8.46%	-3.92%
Measure of Available Funding		
Working Capital	\$12,743,451	(\$1,349,543)

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

Capital Requirements and Funding:

The applicant indicates a number of routine and other capital projects on Schedule 2, for the project subject to this review (\$42,988) totaling \$75,469,088.

The applicant indicated on Schedule 3 that the project will be funded from cash on hand. The applicant provided a copy of its audited financial statements for the period ending March 31, 2018, which indicated total current assets of \$54,593,853, which includes

\$29,203,958 in cash & cash equivalents, and \$59,398,071 in cash flow from operations, while working capital for 2018 is reported at \$12,743,451 compared to negative \$1,349,543 in 2017.

Staff notes that while the project costs of \$42,988 are relatively low and is likely to be profitable, the financial statements tend to indicate the need to acquire more debt to fund the total of the project costs and other projects of the Group reported on Schedule 2 of \$75,469,088. Acquiring more debt may be problematic due the Group's already heavy debt load as evidenced by a debt to equity ratio of 444.7 percent in 2018 and 432.5 percent in 2017.

Conclusion:

Funding for this project is assured with internal funds. However, funding for all of the capital projects is questionable and may dependent on obtaining alternate financing.

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

Analysis:

The immediate and long-term financial feasibility of the project is tied to expected profitability. The purpose of our analysis for this section is to evaluate the reasonableness of the applicant's profitability projections and, ultimately, whether profitability is achievable for this project. Our analysis includes an evaluation of net revenue per patient day (NRPD), cost per patient day (CPD), nurse staffing ratios and profitability. We compared the NRPD, CPD, and profitability to actual operating results from 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 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.

	PROJECTIONS PER APPLICANT		COMPARATIVE GROUP VALUES PPD		
	Total	PPD	Highest	Median	Lowest
Net Revenues	15,044,360	362	1,261	398	254
Total Expenses	12,919,675	310	1,266	393	312
Operating Income	2,124,685	51	67	7	-138
Operating Margin	14.12%		Comparative Group Values		
	Days	Percent	Highest	Median	Lowest
Occupancy	41,610	95.00%	99.60%	92.20%	75.46%
Medicaid	18,095	43.49%	49.60%	41.68%	30.04%
Medicare	10,395	24.98%	50.20%	32.58%	2.27%

The projected NRPD and profit fall within the group range and are considered reasonable. The projected CPD is slightly lower than the lowest in the control group. Expenses may be understated. 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.

Conclusion:

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

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

Analysis:

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

Conclusion:

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

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

Presbyterian Retirement Communities, Inc. d/b/a Westminster Point Pleasant (CON application #10554): The Office of Plans and Construction notes that the codes and standards regulating the design and construction of SNFs are the same for beds licensed as sheltered beds and community beds.

It is the position of the Office of Plans and Construction that a review of the architectural submissions for this project is unnecessary since the existing nursing beds have already been reviewed and approved by the Agency for use as skilled nursing beds in accordance with Florida Statutes 400.232 and Florida Administrative Code 59C-4.133.

The reviewer notes that any modifications or alterations of the physical plant due to a conversion would need to be reviewed by the Office of Plans and Construction.

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

The five-year Medicaid occupancy for Manatee County, District 6 and the State of Florida for the fiscal year (July 1 through June 30) is provided in the following table:

Medicaid Patient Days and Occupancy in Manatee County, District 6 and Florida					
Medicaid Patient Days					
Region	FY 13/14	FY 14/15	FY 15/16	FY 16/17	FY 17/18
Manatee County	250,275	246,650	257,191	267,394	274,301
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 13/14	FY 14/15	FY 15/16	FY 16/17	FY 17/18
Manatee County	59.83%	59.88%	61.42%	61.42%	63.74%
District 6	59.52%	59.63%	60.33%	62.96%	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

Presbyterian Retirement Communities, Inc. d/b/a Westminster Point Pleasant (CON application #10554) states that, as a CCRC, WPP offers skilled nursing to residents as well as the community.

WPP indicates that it retains dual certification for both Medicare and Medicaid. The applicant maintains offering access to and services to those in the community with Medicaid as a payer. The applicant indicates the use of the Agency's Florida Nursing Home Utilization by District and Subdistrict, July 1 through June 30, fiscal years 2016 to 2018 to reflect a highest Medicaid occupancy rate averaging 52.5 percent. See the table below.

**Westminster Point Pleasant
FY 2016 – 2018 Community Bed Occupancy
and Medicaid Patient Days**

	FY 2016		FY 2017		FY 2018	
Patient Days	Days	Percent	Days	Percent	Days	Percent
Total	20,075	99.7%	20,995	100.0%	20,075	100.0%
Medicaid	10,536	52.5%	10,536	52.4%	10,536	52.5%

Source: CON application #10554, page 9-1, table 9-1

The reviewer confirms that the data shown in the applicant's table above is consistent with the referenced Agency records.

Previously shown in item E.3.a of this report, but replicated below for convenience, is the applicant's estimated payer mix by patient day, for years one and two, for the 36-bed proposed project. The applicant expects a total of 12,483 patient days in year one and year two. See the table below.

**Forecast Utilization at Westminster Point Pleasant
36 Community Nursing Home Beds Forecast – This Project Only
First Two Years of Operation for the Bed Conversion**

Payer	Year One Resident Days	Year Two Resident Days	Percent of Total
Medicare	1,287	1,287	10.3%
Medicare HMO	3,385	3,385	27.1%
Self-Pay	7,811	7,811	62.6%
Total	12,483	12,483	100.0%

Source: CON application #10554, page 1-11, table 1-4

The applicant's Schedule 7 indicates that for the 36-bed conversion, as proposed, Medicaid/Medicaid HMO represents 0.0 percent and self-pay represents 62.6 percent in year one (ending March 31, 2020) and in year two (ending March 31, 2021), total annual patient days. In the same schedule, Medicaid/Medicaid HMO represents 43.49 percent and self-pay represents 29.10 percent in year one and year two for the entire 120-bed SNF.

CON application #10554 does not condition any Medicaid/Medicaid HMO or charity care total annual patient days or percentage, pursuant to this proposal.

F. SUMMARY

Presbyterian Retirement Communities, Inc. d/b/a Westminster Point Pleasant (CON application #10554) a Florida non-profit entity and affiliate of The Obligated Group (the parent), proposes to add 36 community nursing home beds at WPP through conversion of 36 sheltered nursing home beds in Subdistrict 6-2. WPP is located at 1533 Fourth Avenue West, Bradenton, Florida 34205, if approved, the proposed project would result in WPP being a 120-bed SNF with 91 community beds and 29 sheltered beds.

The applicant anticipates issuance of the license in March 2019 and initiation of service in April 2019.

The proposed project is a conversion of existing licensed beds and will involve no construction or renovation. The applicant states that the total project costs are project development costs associated with the CON process, a total of \$42,988.

The applicant proposes one condition for the proposed project.

Need

In Volume 44, Number 190 of the Florida Administrative Register dated September 28, 2018, need for 36 community nursing home beds was published in the fixed need pool for Subdistrict 6-2 for the July 2021 Planning Horizon.

Subdistrict 6-2 had an occupancy of 84.64 percent for the 12-month period ending on June 30, 2018. There were 1,393 licensed community nursing home beds within the subdistrict for this period. As of the omission deadline for the October 2018 “Other Beds and Programs” batching cycle, December 26, 2018, there were no exemptions or expedited CON applications submitted to add community nursing home beds to Manatee County.

The applicant indicates that it is located within a four-mile radius of two acute care hospitals representing 3,684 hospital discharges of the 65+ population to SNF in CY 2017. WPP contends that its location is ideal for receiving these hospital discharges. The applicant maintains that the proposed project promotes an aging-in-place process as individuals can step down to assisted living after discharge from the SNF.

WPP asserts that the proposed project promotes flexibility in admissions and therefore will improve access for residents of the subdistrict to a CMS five-star rated SNF. The applicant maintains that the proposed bed conversion is expected to have a positive impact on WPP while being financially feasible and easily implemented with no construction costs.

The applicant’s Schedule 7 indicates that the ALOS will be 61.66 days for year one and 61.49 for year two of operation for the proposed bed conversion.

The Agency finds that, on balance, the applicant demonstrated the applicable statutory and rule criteria to merit approval of the proposed bed conversion.

Quality of Care

The applicant described its ability to provide quality care.

The applicant indicates that its QA program ensures the provision of consistent, high-quality care to all residents. WPP states adherence to a continuous quality improvement (CQI) policy statement, monitoring/evaluation system, CQI Committee, CQI plan and process.

According to the Agency's FloridaHealthFinder.gov website, WPP is not a Gold Seal Program nor is it on the Nursing Home Watch List. The most recent Agency inspection, for the rating time period April 2016 to September 2018, last updated November 2018, indicates that WPP received an overall three-star rating out of a possible five stars.

WPP had four substantiated complaint during the three-year period ending December 26, 2018. Affiliated SNFs (including WPP) associated with Presbyterian Retirement Communities, Inc., had 11 substantiated complaints for the same time period.

Financial Feasibility/Availability of Funds

Funding for this project is assured with internal funds. However, funding for all of the capital projects is questionable and may dependent on obtaining alternate financing. This project appears to be financially feasible based on the projections provided by the applicant.

Strictly from a financial prospective, this project is not likely to have a material impact on priced-based competition to promote quality and cost-effectiveness.

Medicaid/Charity Care

The applicant's Schedule 7 indicates that for the 36-bed conversion, as proposed, Medicaid/Medicaid HMO represents 0.0 percent and self-pay represents 62.6 percent in year one (ending March 31, 2020) and in year two (ending March 31, 2021), total annual patient days. In the same schedule, Medicaid/Medicaid HMO represents 43.49 percent and self-pay represents 29.10 percent in year one and year two for the entire 120-bed SNF.

CON application #10554 does not condition any Medicaid/Medicaid HMO or charity care total annual patient days or percentage, pursuant to this proposal.

Architectural

The Office of Plans and Construction notes that the codes and standards regulating the design and construction of SNFs are the same for beds licensed as sheltered beds and community beds.

It is the position of the Office of Plans and Construction that a review of the architectural submissions for this project is unnecessary since the existing nursing beds have already been reviewed and approved by the Agency for use as skilled nursing beds in accordance with Florida Statutes 400.232 and Florida Administrative Code 59C-4.133.

G. RECOMMENDATION

Approve CON #10554 to add 36 community nursing home beds through the conversion of 36 sheltered nursing home beds in District 6, Subdistrict 2, Manatee County. The total project cost is \$42,988. The project involves no construction or renovation.

CONDITION: The applicant will make a nursing home bed available at its nursing home facility to any Lifecare contract holder residing on the Westminster Point Pleasant campus who requires nursing home care.

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