

STATE AGENCY ACTION REPORT
ON APPLICATION FOR CERTIFICATE OF NEED

A. PROJECT IDENTIFICATION

1. Applicant/CON Action Number

Premier Living Centers, Inc./CON #10555

P.O. Box 3376

Ridgeland, Mississippi 39158

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

2. Service District/Subdistrict

District 7/Subdistrict 7-4 (Seminole County)

B. PUBLIC HEARING

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

Letters of Support

The Agency received numerous letters of support in which the majority were form letters signed by Seminole County residents. Individually composed letters from local and state government officials conveyed endorsements and a shared sentiment that the proposed project would benefit the growing senior (65+) population of Seminole County.

Letters of support are noted from:

- Scott Plakon, State Representative, House District 29
- Jason Brodeur, former Chairman of Health and Human Service Committee of the Florida House of Representatives
- Jeff Triplett, Mayor, City of Sanford

A number of letters of support were collected at the Senior Center in the City of Sanford in June of 2018 for the applicant's previous CON application (#10531). These support letters were included in the current application and generally have overarching themes, including:

- Residents wish to seek skilled nursing care outside Seminole County
- Need for a state-of-the art facility within the community
- Desire for choice/options as the senior population ages

C. PROJECT SUMMARY

Premier Living Centers, Inc. (CON application #10555) a newly formed for-profit Florida entity, also referenced as PLC, proposes to add 17 community nursing home beds to a previously approved (Exemption #180030) 100-bed skilled nursing facility (SNF) in Subdistrict 7-4, Seminole County, Florida. The applicant is an affiliate of Briar Hill Management, LLC or BHM—a Mississippi-based integrated health care services management company concentrating on the delivery of comprehensive long-term care services. If approved, the proposed project will result in a new 117-bed community nursing home in Subdistrict 7-4.

CON #10516 was issued to Premier Living Centers, Inc., on March 13, 2018, to establish a 61-bed community nursing home in Subdistrict 7-4. CON #10531 was issued to Premier Living Centers, Inc., on September 11, 2018, to add 39 community nursing home beds to that facility. Both CONs were combined by exemption (#180030) on September 26, 2018.

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

The project involves 5,888 gross square feet (GSF) of new construction. The construction cost is \$996,414. Total project cost is \$1,430,649. Project costs includes: land, building, equipment, project development and financing costs.

PLC conditions approval of the project as follows:

All beds to be dually certified for both Medicaid and Medicare, as required by Exemption #180030 issued to the applicant, Premier.

Total GSF and Project Cost					
Applicant	CON app. #	Project	GSF	Costs \$	Cost Per Bed
Premier Living Centers, Inc.	10555	17-Bed Addition	5,888	\$1,430,649	\$84,156

Source: CON application #10555, Schedules 1 and 9

Should the proposed project be approved, the applicant's condition would be reported in the annual condition compliance report, as required by Rule 59C-1.013(3), Florida Administrative Code.

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 17 community nursing home beds was published in the fixed need pool for Subdistrict 7-4 for the July 2021 Planning Horizon.

As of the omissions 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 Seminole County.

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

Seminole, Subdistrict 7-4, Utilization July 2017 - June 2018				
Facility	Beds	Bed Days	Patient Days	Utilization
Consulate Health Care at West Altamonte	116	42,340	40,811	96.39%
Florida Living Nursing Center	202	73,730	71,208	96.58%
Healthcare and Rehab of Sanford	114	41,610	36,662	88.11%
Island Lake Center	120	43,800	41,560	94.89%
Lake Mary Health and Rehabilitation Center	120	43,800	41,782	95.39%
Life Care Center of Altamonte Springs	240	87,600	78,534	89.65%
Longwood Health and Rehabilitation Center	120	43,800	41,316	94.33%
Lutheran Haven Nursing Home	56	20,440	17,527	85.75%
Tuskawilla Nursing and Rehab Center	98	35,770	32,758	91.58%
Village On The Green	60	21,900	18,913	86.36%
Totals	1,246	454,790	421,071	92.59%

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 Seminole 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.

Seminole County Population Change Comparisons						
Area	July 1, 2018 Population			July 1, 2021 Population		
	0-64	65+	Total	0-64	65+	Total
Seminole	387,978	68,404	456,382	395,631	75,506	471,137
District 7	2,322,039	398,053	2,720,092	2,426,074	444,586	2,870,660
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
Seminole	7,653	7,102	14,755	1.97%	10.38%	3.23%
District 7	104,035	46,533	150,568	4.48%	11.69%	5.54%
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 are shown below.

Seminole County Bed to Population Ratio					
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
Seminole	1,246	68,404	18.21	75,506	16.51
District 7	9,118	398,053	22.91	444,586	20.51
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

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

Premier Living Centers, Inc. (CON application #10555) proposes to add 17 community nursing home beds to its 100-bed SNF (approved through Exemption #180030) in ZIP Code 32771 (the northern most portion of Seminole County).

The applicant has conditioned approval of the project on the dual certification of all proposed beds to allow financial accessibility to the residents of the subdistrict. PLC estimates a payer mix of approximately 62 percent Medicare, 22 percent Medicaid and 16 percent private or self-pay by the second full year of operation. The applicant provides tables displaying the payer sources in Seminole County and in Zip Code 32771 which show that currently the dominant payer is Medicare for skilled nursing care for residents over 64 years of age (97+ percent).

PLC produces a number of tables, maps and graphs regarding the population of Seminole County and the community nursing home bed inventory. The applicant illustrated projected growth in the elderly cohorts for residents of Seminole County. The reviewer notes that the applicant utilized CY 2016 as baseline in the two tables comparing beds

per thousand and population projections instead of the more up-to-date and appropriate 2018 baseline. The reviewer has included the applicant's most pertinent tables below.

Population Projections in Seminole County and Zip Code 32771 Age 65+ and 85+ Cohorts CY 2016, 2020 and 2025		
	Zip Code 32771	Seminole County
April 1, 2016 Population (65+)	6,611	64,646
April 1, 2016 Population (85+)	953	8,864
2020 Population Projection (65+)	7,722	75,503
2020 Population Projections (85+)	1,113	10,342
2025 Population Projections (65+)	9,251	90,419
2025 Population Projections (85+)	1,333	12,098

Source: Page 14, CON application #10555

Beds Per Thousand in the State and Seminole County Age 65+ and 85+ Cohorts CY 2016, 2020 and 2025		
	Zip Code 32771 (Beds per 1,000)	Seminole County (Beds per 1,000)
April 1, 2016 Population (65+)	17.2	19.3
April 1, 2016 Population (85+)	119.6	140.6
2020 Population Projection (65+)	29.9	18.5
2020 Population Projections (85+)	207.5	135.17
2025 Population Projections (65+)	25.0	15.5
2025 Population Projections (85+)	173.3	115.6

Source: Page 1, CON application #10555

The applicant maintains that the proposed project is needed to meet the predicted growing demand for skilled nursing care in Seminole County. PLC indicates that due to the design of the proposed project, particularly the all private (single occupancy) rooms, the bed addition will efficiently meet the skilled nursing needs of the residents of Seminole County.

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

The applicant is responding to the Agency's published fixed need pool, so this criterion is not applicable.

2. Agency Rule Preferences

Please indicate how each applicable preference for the type of service proposed is met. Chapter 59C-1.036, Florida Administrative Code.

Chapter 59C-1.036 of the Florida Administrative Code does not contain preferences relative to community nursing home beds nor does the Agency publish specific preferences for these facilities. However, the rule does contain standards the Agency utilizes in assessing an applicant's ability to provide quality care to the residents.

- a. **Geographically Underserved Areas.** In a competitive certificate of need review within the nursing home subdistrict as defined in 59C-2.200, Florida Administrative Code, the Agency shall award a certificate of need if the applicant meets all applicable criteria for a geographically underserved area as specified in subsection 408.032(18), Florida Statutes, and if the applicant meets the applicable statutory certificate of need review criteria specified in section 408.035, Florida Statutes, including bed need according to the relevant bed need formula contained in this rule. If the applicant is awarded a certificate of need based on the provisions of this paragraph, the applicant shall agree that the nursing facility will be located in a county without a nursing facility, or in the center of an area within the subdistrict of a radius of at least 20 miles which meets the definition of a geographically underserved area. The center of the geographically underserved area shall be the proposed nursing home location in the application.

The 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.

The applicant indicates that the proposed facility will be utilized for both short-term and long-term care, with all beds being dually certified for Medicaid and Medicare.

PLC anticipates providing full service comprehensive skilled nursing, restorative care and rehabilitation services for both short and long-term residents. The applicant states that the following services and amenities will be provided at the proposed facility:

- All private, single occupancy rooms
- Electronic medical records
- Kiosks for immediate recording 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)
- 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

PLC 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, as well as 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

PLC includes both admission policy and discharge policy documents in Tab 17 of CON application #10555. The reviewer notes that the applicant's Admission/Readmission UDAs Policy includes sample assessment forms for the following:

- Bowel and bladder assessment
- Fall risk assessment
- Hot liquid assessment
- Resident lift/transfer assessment
- Pain assessment
- Restraint necessity assessment
- Restraint reduction assessment
- Self-administration of medication assessment
- Side rail assessment
- Safe smoking assessment

The applicant's Schedule 6 indicates 104 full-time employees (FTEs) for year one (year ending 2021) and 102 FTEs for year two (year ending 2022). The reviewer notes that the applicant does not anticipate initiation of services until May of 2021, so it is unclear whether the first year ends with the calendar year or the fiscal year. Schedule 6 only illustrates the total staffing pattern for the 117-bed facility and does not illustrate any additional FTEs for the proposed project. The reviewer notes that the difference between CON application #10531 and CON application #10555 is 11 FTEs—all of which appear in the nursing subsection. Below is the applicant's Schedule 6 staffing pattern.

Premier Living Centers, Inc. (CON application #10555)		
Projected Year One and Year Two Staffing		
	Year One FTEs	Year Two FTEs
Administration		
Administrator	1	1
Director of Nursing	1	1
Admissions Director	2	2
Bookkeeper	1	1
Secretary	1	1
Medical Records Clerk	2	2
Other:	3	1
Other: Staff Educator	1	1
MDS-RN	2	2
Physician		
Medical Director	Contract	Contract
Nursing		
RNs	7	7
LPNs	14	14
Nurses' Aides	44	44
Ancillary		
Physical Therapist	Contract	Contract
Speech Therapists	Contract	Contract
Occupational Therapists	Contract	Contract
Dietary		
Dietary Supervisor	1	1
Cooks	3	3
Dietary Aides	7	7
Social Services		
Social Service Director	1	1
Activity Director	1	1
Activities Assistant	1	1
Housekeeping		
Housekeeping Supervision	1	1
Housekeepers	6	6
Laundry		
Laundry Aides	3	3
Plant Maintenance		
Maintenance Supervisor	1	1
Total	104	102

Source: CON application #10555 Schedule 6

The applicant's Schedule 7 indicates that the average length of stay will be 28.98 days for year one and 30.32 days for year two of operation.

- 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 PLC has not had operations in Florida since 2009 and that this criterion does not apply to the applicant. PLC notes that its affiliated facilities (seven SNFs in Arkansas and Mississippi) have not had their licenses denied, revoked or suspended within the 36 months prior to submittal of the application for the proposed project.

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?**

PLC is a newly formed Florida entity along with its affiliates, BHM, do not and have not operated in Florida, and therefore the applicant has no operating history in Florida. PLC notes that its affiliated facilities have not been placed into receivership within the 36 months prior to submittal of the application for the proposed project.

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.**

PLC is a newly formed Florida entity and has no operating history in Florida.

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.**

PLC is a newly formed Florida entity and has no operating history in Florida.

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.

PLC is a newly formed Florida entity and has no operating history in Florida.

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

The applicant states that PLC will provide the required data according to the above and the applicable rules/requirements to the Agency or its designee.

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 73 licensed community nursing homes with a total of 9,171 community nursing home beds in District 7. Subdistrict 7-4 is composed of Seminole County and has 10 licensed community nursing homes with a total of 1,246 community nursing home beds and 135 approved community beds as of August 17, 2018. The subdistrict averaged 92.59 percent total occupancy for the 12-month period ending June 30, 2018.

Premier Living Centers, Inc. (CON application #10555) includes volumes of hospital discharges to SNFs by payer major diagnostic category (MDC) for Seminole County residents aged 65+ for CY 2017. PLC maintains that it will be able to offer services and handle admissions from these DRGs.

The applicant provides several maps of Seminole County:

- Seminole County, proximity to Orlando and Orlando Metropolitan Statistical Area (MSA)
- Seminole County, major cities, roads and physical features (including lakes, etc.)
- Seminole County, major recreational activities (golfing, boating, water recreation, parks and nature areas)
- Seminole County, ZIP Codes
- ZIP Code 32771

The applicant states and the reviewer confirms that through the Agency's FloridaHealthFinder.gov website at

<http://www.floridahealthfinder.gov/facilitylocator/ListFacilities.aspx>, there is one nursing home in ZIP Code 32771 – the 114-bed community nursing home, Healthcare and Rehabilitation of Sanford. The applicant notes that the Healthcare and Rehabilitation of Sanford facility had a total occupancy rate of 88.11 percent with 76.69 percent Medicaid occupancy for the 12 months ending June 30, 2018. The applicant asserts that the proposed project is not anticipated to impact utilization of the existing nursing home.

PLC duplicates the Agency's July 2021 nursing home projections for all of District 7 (including Subdistrict 7-4/Seminole County) to indicate a net need for 17 community nursing home beds. PLC points out and the reviewer confirms that the Agency's need estimate indicates that of all subdistricts in District 7, Seminole County's net need is second in the district, next to Subdistrict 7-2 (Orange County) with a net need of 51.

Stating the utilization of The Florida Legislature, Office of Economic and Demographic Research, Population and Demographic Data, by 2025, the Seminole County population projection (for residents age 65+) is expected to be 90,419 (19.80 percent increase from 2020). The reviewer notes that The Florida Legislature, Office of Economic and Demographic Research website is at <http://edr.state.fl.us/Content/>.

PLC explains that by the time the proposed facility is built, licensed and admitting residents, the Seminole County population age 65+ will have increased by over 10,000 (including an increase of approximately 1,500 persons aged 85+). The applicant indicates that the beds per 1,000 population (for 2018, 2021 and 2025) is lower in Seminole County when compared to the State of Florida beds per 1,000 for the 65+ age cohort and comparable with the State of Florida beds per 1,000 for the 75+ age cohort.

Concerning availability, the applicant states that it accepts that the Agency's calculation of need is a reasonable balance to achieve availability and accessibility without negatively impacting current providers and the future utilization of existing providers.

The applicant discusses conformity with the Health Care Access Criteria (CON application #10555, pages 27 through 29).

- 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.**

Premier Living Centers, Inc. (CON application #10555), a newly formed for-profit Florida entity, as well as its affiliates, BHM, do not and have not operated in Florida and therefore the applicant has no operating history in Florida. BHM operates seven SNFs in Mississippi and Arkansas.

The applicant states that it strives to recognize and meet the needs of the people and families that it serves, as well as those who work with the applicant to achieve PLC's mission, in an atmosphere of kindness, compassion and understanding.

PLC maintains that of the seven (non-Florida) SNFs operated by BHM, four have either a four-star (above average) or a five-star (much above average) quality rating as issued by the Centers for Medicare and Medicaid Services (CMS). The reviewer notes that the applicant does not name the seven non-Florida SNFs operated by BHM.

PLC states that its affiliates operate a Quality Assurance Program (QAP). The reviewer notes that a four-page QAP is included in Tab 16 of the application. The reviewer notes that the QAP is indicated as a policy and that some of the major headings in the QAP include:

- "Procedure"
- "Facility QA and Minutes"
- "CMS Quality Measures"
 - Seven short-term measures (the reviewer notes that these seven measures mirror seven of the nine quality of resident care measures that appear in the CMS Nursing Home Compare website)

- Eight long-term measures (the reviewer notes that these eight measures mirror eight of the 15 quality of resident care measures that appear in the CMS Nursing Home Compare website)

The applicant provides examples that PLC's management will be able to replicate and administer a quality nursing home in Florida as it does with its seven other SNFs with the documents provided in Tab 17 of CON application #10555. The applicant lists these examples:

- Brochures of two nursing homes
- Admissions agreement checklist
- Inservice 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

The reviewer notes that regarding "brochures of two nursing homes", in Tab 17 of the application is a brochure regarding Carrington Nursing and Rehabilitation Center, 307 Reed Road, Starkville, MS 39759 and the River Place Nursing and Rehabilitation Center, 1126 Earl Frye Blvd., Amory, MS 38821.

- 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.

However, in this instance, the applicant is a start-up company with no operations, and \$100,000 in assets consisting of \$50,000 in cash and \$50,000 in capitalized start-up costs, and no liabilities.

Capital Requirements and Funding:

The applicant indicates on Schedule 2 several capital projects totaling \$36,644,747. Included is \$1,409,506 related to CON 10555 (staff notes that the total project costs are stated on Schedule 1 as \$1,430,649, with the \$1,409,506 figure being the amount subject to CON fee—a difference of \$21,143). The applicant is also showing a \$2,417,546 loss in the first year of the projections, which must be funded.

The applicant provided a bank account statement Trustmark dated November 30, 2018 indicating an unreconciled balance of \$50,000. In addition, the applicant also provided a letter of interest from Trustmark bank indicating the project would require loans totaling \$20 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 bank 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 Managements.

- 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	16,143,550	406	1,215	446	348
Total Expenses	14,609,254	367	1,477	454	369
Operating Income	1,534,296	39	42	-11	-223
Operating Margin	9.50%		Comparative Group Values		
	Days	Percent	Highest	Median	Lowest
Occupancy	39,785	93.16%	99.62%	93.14%	19.61%
Medicaid	8,395	21.10%	30.04%	24.25%	0.12%
Medicare	24,455	61.47%	66.59%	35.83%	1.46%

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 2.41 hours per patient day (2.28 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.

- 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:

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

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

The applicant has submitted all information and documentation necessary to demonstrate compliance with the architectural review criteria. The cost estimate for the proposed project provided in Schedule 9, Table A and the project completion forecast provided in Schedule 10 appear to be reasonable. A review of the architectural plans, narratives

and other supporting documents did not reveal any deficiencies that are likely to have a significant impact on either construction costs or the proposed completion schedule.

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

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

The five-year Medicaid occupancy for Seminole County, District 7 and the State of Florida is provided in the following table:

Medicaid Patient Days and Occupancy in Seminole County, District 7 and Florida					
Medicaid Patient Days					
Region	2014	2015	2016	2017	2018
Seminole County	237,482	241,631	241,078	231,992	244,212
District 7	1,776,171	1,774,373	1,814,280	1,806,594	1,786,963
Florida	15,837,261	15,875,092	16,097,612	16,077,665	15,962,594
Medicaid Occupancy					
Region	2014	2015	2016	2017	2018
Seminole County	60.15%	60.66%	58.85%	56.63%	58.00%
District 7	60.70%	59.99%	60.98%	60.92%	60.41%
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

Premier Living Centers, Inc. (CON application #10555) states that it has a long history of participation in Medicaid and providing skilled nursing services to the Medicaid population through its affiliates. PLC indicates having provided care to Medicaid eligible residents in Arkansas Louisiana and Mississippi in the past and currently provides care to Medicaid-eligible residents in its seven SNFs in Arkansas and Mississippi.

PLC states having reviewed Florida's Statewide Medicaid Managed Care (SMMC) long-term care program. PLC indicates an anticipation to contract with providers in District 7: Aetna Better Health, Florida Community Care, Humana Medical Plan, Simply Healthcare, Staywell, Sunshine Health and United Healthcare.

The reviewer compiled CON application #10555 Schedule 7 data, to account for Medicaid/Medicaid HMO/Medicaid SMMC and self-pay for year one and for year two, along with admissions for both years. The reviewer notes that the information provided is for the entire 117-bed facility not the 17-bed addition. The applicant expects 27,935 patient/resident days in year one (964 admits) and 39,785 patient/resident days in year two (1,312 admits). See the table below.

**Forecast Utilization at Proposed Premier Living Centers, Inc.
117 Community Nursing Home Bed Project
First Two Years of Operation**

Payer	Year One	Year Two	Percent of Total Year One	Percent of Total Year Two
Medicare	16,029	24,455	57.38%	61.47%
Medicaid	6,145	8,395	22.00%	21.10%
Self-Pay	5,761	6,935	20.62%	17.43%
Total	27,935	39,785	100.0%	100.0%%
Payer	Year One Admissions	Year Two Admits		
Medicare	892	1,223		
Medicaid	37	48		
Self-Pay	35	41		
Total	964	1,312		

Source: CON application #10555, Schedule 7

The reviewer notes that while the applicant indicates in this section having forecasted for Medicaid and charity care, the applicant's Schedule 7 does not indicate charity care patient/resident days or admissions (though PLC does indicate 35 self-pay patient admissions for year one and 41 for year two). PLC does not state that self-pay is synonymous with charity care.

Based on the applicant's total patient/resident day estimates in Schedule 7, Medicaid and self-pay represent 22.00 percent and 20.62 percent of year one and 21.10 percent and 17.43 percent of year two total annual patient days.

CON application #10555 does not condition any Medicaid total annual patient days or percentage or any charity care total annual patient days or percentage, pursuant to this proposal. The reviewer notes that the application does condition the application on dually certifying all beds under the Medicare and Medicaid program.

F. SUMMARY

Premier Living Centers, Inc. (CON application #10555), a newly formed for-profit Florida entity, proposes to add 17 community nursing home beds to a previously approved (Exemption #180030) 100-bed SNF in Subdistrict 7-4. If approved, the proposed project will result in a new 117-bed community nursing home in Subdistrict 7-4.

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

The project involves 5,888 GSF of new construction. The construction cost is \$996,414. Total project cost is \$1,430,649. Project costs includes: land, building, equipment, project development and financing costs.

The applicant conditions approval of the project as follows:
All beds to be dually certified for both Medicaid and Medicare.

Need

In Volume 44, Number 190 of the Florida Administrative Register dated September 28, 2018, need for 17 community nursing home beds was published in the fixed need pool for Subdistrict 7-4 for the July 2021 Planning Horizon.

Subdistrict 7-4 had an occupancy rate of 92.59 percent for the 12-month period ending on June 30, 2018. There were also 1,246 licensed community nursing home beds within the subdistrict for this period. As of the omissions 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 Seminole County.

Concerning availability, PLC states that it accepts that the Agency’s calculation of need is a reasonable balance to achieve availability and accessibility without negatively impacting current providers and future utilization of existing providers.

PLC explains that by the time the proposed facility is built, licensed and admitting residents, the Seminole County population age 65+ will have increased by over 10,000 (including an increase of approximately 1,500 persons aged 85+). The applicant maintains that the proposed project is needed to meet the predicted growing demand for skilled nursing care in Seminole County.

The applicant indicates that due to the design of the proposed project, particularly the all private (single occupancy) rooms, the bed addition will efficiently meet the skilled nursing needs of the residents of Seminole County.

The applicant's Schedule 7 indicates that the average length of stay will be 28.98 days for year one and 30.32 days for year two of operation.

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

Quality of Care

- The applicant describes the ability to provide quality care
- The applicant provides QAP 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

Financial Feasibility/Availability of Funds

- Funding for this project is not guaranteed and is dependent on obtaining the Trustmark bank loan and possibly amounts from Briar Hill Managements.
- 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 price-based competition to promote quality and cost-effectiveness.

Medicaid/Charity Care

- The applicant does not propose to condition project approval to a percentage of Medicaid/Medicaid managed care or charity care days
- Based on the applicant's total patient/resident day estimates in the applicant's Schedule 7, PLC's Medicaid and self-pay represent 22.00 percent and 20.62 percent, respectively, of year one and 21.10 percent and 17.43 percent of year two, respectively, annual total patient days

Architectural:

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

G. RECOMMENDATION

Approve CON 10555 to add 17 community nursing home beds in District 7, Subdistrict 4, Seminole County. The total project cost is \$1,430,649. The project involves 5,888 GSF of new construction and a construction cost of \$996,414.

CONDITION: All beds will be dually certified for both Medicaid and Medicare, as required by Exemption #180030.

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