

STATE AGENCY ACTION REPORT
ON APPLICATION FOR CERTIFICATE OF NEED

A. PROJECT IDENTIFICATION:

1. Applicant/CON Action No.

PruittHealth – Escambia County, LLC/CON application #10613

1626 Jeurgens Court
Norcross, Georgia 30093

Authorized Representative: Neil L. Pruitt, Jr.
Chief Executive Officer (CEO)
(678) 533-6699

2. Service District/Subdistrict

District 1, Subdistrict 1 (Escambia County)

B. PUBLIC HEARING:

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

Letter of Support

In Tab 4 of the application, PruittHealth – Escambia County, LLC includes one signed letter of support, dated October 24, 2019 from John Simmons, MSW, NHA, Immediate Past President, Florida Health Care Association. In his general letter of support, Mr. Simmons is complimentary of PruittHealth and endorses the proposed project.

C. PROJECT SUMMARY

PruittHealth – Escambia County, LLC (CON application #10613) is a developmental-stage, for profit entity that will also be referenced as PHE or the applicant. PHE proposes an award of 11 SNF beds to the previously awarded Exemption #E180033, dated October 15, 2019, which combined CON #s 10505 (75 beds) and 10527 (45 beds) to establish a 120-bed facility.

PruittHealth states it is “seeking to add 11 community nursing home beds to its previously awarded 120-bed skilled nursing facility in Escambia County, Subdistrict 1-1, District 1, Florida and eliminate the transfer of 11 beds from PruittHealth – Santa Rosa, in adjoining Santa Rosa County” (CON application #10613, Tab 2, pages 2 and 3.). Further, the purpose of this CON is to accomplish several positive health planning factors:

- 11 beds that were previously being relocated from Santa Rosa County to Escambia County will remain in Santa Rosa County and be available for that local population;
- Award 11 beds to PruittHealth – Escambia so that it may maintain its 120-bed approval, an economically efficient sized nursing home.

The applicant has conditioned approval of CON #10613 on the provision it will:

- 1) Submit a formal request to modify #E180033 to eliminate transferring 11 beds from PruittHealth – Santa Rosa to PruittHealth – Escambia thereby becoming a CON to develop a 109-bed nursing home.
- 2) After approval of the #E180033 modification, request an exemption with AHCA to combine PruittHealth – Escambia CON #10613 and #E180033 to a single surviving CON application #10613 for 120 community nursing home beds.
- 3) Implement all other physical plant and operational conditions associated with CON #10505 and CON #10527.”

The ultimate parent company is United Health Services, Inc. (UHS) which is the parent to more than 100 SNFs, assisted living facilities, hospices, home health agencies, pharmacies and an independent living facility, as well as several other health care-related facilities and services.

PruittHealth, Inc. (PruittHealth) will provide all administrative and related services to PHE. PruittHealth was established in 1969 in the State of Georgia, and it currently operates SNFs in the following states: Florida, Georgia, North Carolina and South Carolina.

PruittHealth currently operates the following Florida SNFs:

- PruittHealth – Santa Rosa, LLC, Santa Rosa County, (Subdistrict 1-1)
- PruittHealth – Panama City, LLC, Bay County (Subdistrict 2-2)
- PruittHealth – Fleming Island, LLC, Clay County (Subdistrict 4-2)¹

PruittHealth has the following CON projects pending licensure as of November 20, 2019:

- PruittHealth – Escambia, LLC, (Exemption #E180033) combining (CON #10505) 75-beds and (CON #10527) 45-beds, for a 120-bed facility in Subdistrict 1-1
- PruittHealth – Santa Rosa, LLC, has (Exemption #E170020) to delicense 11-beds as part of the 75-beds approved for (CON#10505), see (Exemption #E180033) above in Subdistrict 1-1
- PruittHealth – Panama City, LLC, (CON #10528) to add 24-beds to its facility in Subdistrict 2-2
- PruittHealth – Southwood, LLC, (CON #10529) for a 101-bed facility in Leon County in Subdistrict 2-4
- PruittHealth – St. Johns, LLC, (CON #10613) for a new, 77-bed facility in Subdistrict 1-1
- PruittHealth – Hillsborough County, LLC, (CON #10509P) for an 84-bed community nursing home in Subdistrict 6-1
- PruittHealth – 6-1, LLC, (CON #10585) for a 119-bed community nursing home in Subdistrict 6-1.

The applicant expects issuance of license in August 2022 and initiation of service in September 2022.

The applicant's 120-bed project includes 14,243 gross square feet (GSF) of new construction. The construction cost is \$2,350,755. The total project cost is \$3,926,958. The total project cost includes land, building, equipment, project development, financing and start-up costs.

This project involves no construction. Project cost is \$40,450, which includes the health care consultant fee (\$30,000) and the CON fee (\$10,450).

The applicant includes the first two conditions with this project to the previous and completes the third with the specific physical plant and operational conditions associated with CON #10505 and CON #10527.

¹ PruittHealth – Panama City, LLC (77-beds) and PruittHealth – Fleming Island, LLC (97 beds) were licensed on 12/14/2018 and 04/05/2019, respectively. PruittHealth has been the licensee for PruittHealth – Santa Rosa, LLC (120 beds), since 01/31/2003.

Pursuant to project approval, PHE offers the following Schedule C conditions:

- 1) Submit a formal request to modify #E180033 to eliminate the transfer of 11 beds from PruittHealth – Santa Rosa to PruittHealth – Escambia.
- 2) After approval of the above noted modification, request an exemption with AHCA to combine PruittHealth – Escambia #E180033 with this CON #10613 to a single surviving CON #10613.
- 3) Locate PruittHealth – Escambia within Escambia County, Subdistrict 1–1, Florida.
- 4) Seek Joint Commission accreditation or accreditation from some other similarly recognized accrediting body
- 5) Implement a program designed to reduce hospital re–admissions; the current program utilized by PruittHealth affiliated facilities is INTERACT 3.0. The program to be implemented will be this program or other similarly designed program based on the most recent quality driven program PruittHealth determines to be available at the time of implementation.
- 6) Participate in an organization–wide Quality Assurance/ Performance Improvement initiative that entails quarterly visits in regard to clinical, operational, pharmaceutical and reimbursement areas by corporate consultants to ensure compliance with all local, state and federal laws.
- 7) Implement Electronic Medical Records (EMR) at the facility, and include Smart Charting or other similar bedside patient charting tool.
- 8) Implement Resident Safety Technology including Call Guard and WanderGuard into the facility.
- 9) Implement Clinical Kiosks in appropriate locations throughout the facility.
- 10) Assure all staff maintains ongoing training and continuing education credits utilizing Pruitt University and at no cost to the employees.
- 11) Participate in a company–wide Annual Quality Report to demonstrate transparency in operations and make this Quality Report available to the public.
- 12) Adopt the PruittHealth patient model of care including the applicable PerfectPath Programs appropriate for this facility and described in the CON application and Supporting Documents.
- 13) Implement PointRight Technology (or a future similar technology) in the ongoing operations.

The applicant concludes its proposed conditions stating – All of these conditions will be measured by furnishing (the Agency) with certificates, declaratory statements and other information as needed on an ongoing basis.

**CON Application #10613
Subdistrict 1-1, Total GSF and Project Costs**

Applicant	CON #	Project	GSF	Total Cost	Cost Per Bed
PruittHealth – Escambia, LLC	10613	11-bed SNF addition	14,234	\$3,926,958	\$140,249

Source: Schedules 1 and 9 of CON application #10613 for the total 120-bed facility.

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.

Note: Section 408.043(3), Florida Statutes, prohibits accreditation by any private organization as a requirement for the issuance or maintenance of a certificate of need, so Joint Commission accreditation will not be cited as a condition to approval.

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, rules of the State of Florida, and 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 provided in the application and independent information gathered by the reviewer.

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

Section 59C-1.010(3)(b), Florida Administrative Code, prohibits any amendments once an application has been deemed complete. The burden of proof to entitlement of a certificate rests with the applicant. As such, the applicant is responsible for the representations in the application. This is attested to as part of the application in the certification of the applicant.

As part of the fact-finding, the consultant, William J. Tripp, analyzed the application in its entirety with consultation from financial analyst Kimberly Noble of the Bureau of Central Services, who evaluated the financial data, and Scott Waltz of the Office of Plans and Construction, who reviewed the application for conformance with the architectural criteria.

E. CONFORMITY OF PROJECT WITH REVIEW CRITERIA

The following indicate the level of conformity of the proposed project with the review criteria and application content requirements found in Sections 408.035 and 408.037, Florida Statutes and applicable rules of the State of Florida, Chapters 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 45, Number 194, of the Florida Administrative Register dated October 4, 2019, need for 62 community nursing home beds was published in the fixed need pool for District 1, Subdistrict 1 for the July 2022 Planning Horizon.

Subdistrict 1-1 has 2,168 licensed and 170 CON approved community nursing home beds. The approved beds are PruittHealth – Escambia 120 beds (Exemption #E180033) and 90 beds for NF Nine Mile, LLC (CON #10485); however, PruittHealth – Santa Rosa is to delicense 11 beds and Rosewood Healthcare and Rehabilitation Center is to delicense 29 beds as part of the NF Nine Mile, LLC (CON #10485).

As of December 26, 2019, the application omissions deadline for the October 2019 Other Beds and Programs batching cycle, there were no additional exemptions or expedited CON applications submitted to add community nursing home beds.

During the 12-month period ending on June 30, 2019, Subdistrict 1-1's 18 community nursing homes averaged 91.51 percent total and 65.85 percent Medicaid utilization, respectively. See the table below.

**Escambia County (Subdistrict 1-1)
Community Nursing Home Utilization
July 2018 – July 2019**

Facility – Subdivided by County	Comm. Beds	Bed Days	Patient Days	Total Occupancy	Medicaid Occupancy
Escambia County					
Arcadia Health & Rehabilitation Center	150	54,750	50,875	92.92%	64.74%
Bayside Health and Rehabilitation Center	120	43,800	40,345	92.11%	74.16%
Century Health and Rehabilitation Center	88	32,120	30,786	95.85%	77.11%
Consulate Health Care of Pensacola	120	42,800	42,013	95.92%	72.40%
Have of our Lady of Peace	120	43,800	41,460	94.66%	44.56%
Life Care of Pensacola	120	43,800	40,570	92.63%	57.51%
Olive Branch Health & Rehab Center	90	32,850	22,830	69.50%	1.47%
Rehabilitation Center at Park Place	118	43,070	41,058	95.33%	74.20%
Rosewood Healthcare and Rehabilitation Center	155	56,575	52,193	92.25%	71.06%
Solaris Healthcare Pensacola	180	65,700	63,577	96.77%	62.24%
Southern Oaks Care Center	210	76,650	68,899	89.89%	82.17%
Specialty Health and Rehabilitation Center	120	43,800	41,089	93.81%	68.16%
University Hill Health and Rehabilitation	120	43,800	42,147	96.23%	80.76%
Willowbrooke Court at Azalea Tree	47	17,155	9,935	57.91%	7.52%
Santa Rosa County					
Bay Breeze Senior Living and Rehabilitation center	120	43,800	39,785	90.83%	63.27%
PruittHealth – Santa Rosa	120	43,800	40,609	92.71%	61.87%
Sandy Ridge Health and Rehabilitation	60	21,900	19,940	91.05%	67.33%
Santa Rosa Health & Rehabilitation Center	110	40,150	36,047	89.78%	76.15%
Total – Subdistrict 1-1	2,168	791,320	724,158	91.51%	65.85%

Source: Florida Nursing Home Bed Need Projections by District and Subdistrict published October 4, 2019

The reviewer notes the current and projected population of the individual counties in Subdistrict 1-1, District 1 and the State for the current planning horizon. Please see the table below; separate tables are generated for Escambia and Santa Rosa Counties, respectively.

**Escambia County, Florida, District 1, Subdistrict 1-1
Population Estimates July 1, 2019 through July 1, 2022**

Area/Subdistrict	July 1, 2019 Population			July 1, 2022 Population		
	65+ – 74	75+	65+ Total	65+ – 74	75+	65+ Total
Escambia/1-1	31,884	22,703	54,587	33,942	24,871	58,813
District 1	76,293	51,798	128,091	82,736	57,582	140,318
State of Florida	2,379,631	1,833,175	4,212,806	2,547,685	2,026,052	4,573,737
Area/Subdistrict	July 2019 – July 2022 Increase			July 2019 – July 2022 Growth Rate		
	65+ – 74	75+	65+ Total	65+ – 74	75+	65+ Total
Escambia/1-1	+2,058	+2,168	+4,226	+6.45%	+9.55%	+7.74%
District 1	+6,443	+5,784	+12,227	+8.45%	+11.17%	+9.55%
State of Florida	+168,054	+192,877	+360,931	+7.06%	+10.52%	+8.57%

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

**Santa Rosa County, Florida, District 1, Subdistrict 1-1
Population Estimates July 1, 2019 through July 1, 2022**

Area/Subdistrict	July 1, 2019 Population			July 1, 2022 Population		
	65+ - 74	75+	65+ Total	65+ - 74	75+	65+ Total
Santa Rosa/1-1	17,162	10,477	27,639	19,027	11,998	31,025
District 1	76,293	51,798	128,091	82,736	57,582	140,318
State of Florida	2,379,631	1,833,175	4,212,806	2,547,685	2,026,052	4,573,737
Area/Subdistrict	July 2019 - July 2022 Increase			July 2019 - July 2022 Growth Rate		
	65+ - 74	75+	65+ Total	65+ - 74	75+	65+ Total
Santa Rosa/1-1	+1,865	+1,521	+3,386	+10.87%	+14.52	+12.26
District 1	+6,443	+5,784	+12,227	+8.45%	+11.17%	+9.55%
State of Florida	+168,054	+192,877	+360,931	+7.06%	+10.52%	+8.57%

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

The reviewer notes that the projected population growth, from July 1, 2019 to July 1, 2022, in Escambia and Santa Rosa Counties by the 65+ to 74 cohorts are to increase by 6.45 percent and 10.87 percent, respectively. The district age 65+ to 74 population it is to increase by 8.45 percent and the State of Florida age 65+ to 74 by 7.06 percent.

The reviewer notes that the projected population growth, from July 1, 2019 to July 1, 2022, Escambia and Santa Rosa Counties age 75 and over population is projected to increase by 9.55 percent and 14.52 percent. The district's age 75 and over population is projected to increase by 11.17 percent, compared to the States' 10.52 percent.

The community nursing home beds per 1,000 residents for the period from July 1, 2019 and July 1, 2029, for the 65+ to 74 cohort and the 75+ cohort, in Subdistrict 1-1, District 1 and the State are shown below.

**Subdistrict 1-1 (Escambia & Santa Rosa Counties) District 1 & Florida
Community Nursing Home Bed to Population Aged 65-74 Ratio
July 1, 2019 & July 1, 2022**

Area/County	Community Beds	2019 Pop Age 65+ to 74	2019 Beds per 1,000	2022 Pop Age 65+ to 74	2022 Beds per 1,000
Subdistrict 1-1, Escambia & Santa Rosa Counties	2,168	49,046	44.20	52,969	40.93
District 1	3,344	76,293	43.83	82,736	40.42
State of Florida	81,510	2,379,631	34.25	2,547,685	31.99

Source: Florida Population Estimates and Projections by AHCA District, published February 2015, and Florida Nursing Home Bed Need Projections by District and Subdistrict, October 2019 Batching Cycle

As demonstrated in the preceding table, as of July 1, 2019, Subdistrict 1-1's age 65+ to 74 cohort has 44.20 licensed beds per 1,000 compared to the district's 43.83 and the State's 34.25 beds per 1,000 age 65 to 74 population. With the licensed and approved beds and the projected population growth for July 1, 2022, these ratios decline to 40.93 for Subdistrict 1-1, 40.42 for District 1 and 31.99 per 1,000 for the State of Florida.

As the Agency's fixed need formula places emphasis on the estimated bed rate for community SNF beds utilized by the population age 75+ in a subdistrict/district, the reviewer provides the following table for beds per 1,000 residents age 75+. See the table below.

**Subdistrict 1-1 (Escambia & Santa Rosa Counties) District 41& Florida
Community Nursing Home Bed to Population Aged 75+ Ratio
July 1, 2019 & July 1, 2022**

Area/County	Community Beds	2019 Pop Age 75+	2019 Beds per 1,000	2022 Pop Age 75+	2022 Beds per 1,000
Subdistrict 1-1, Escambia & Santa Rosa Counties	2,168	33,180	65.34	36,869	58.80
District 1	3,344	51,798	65.56	57,582	58.07
State of Florida	81,510	1,833,175	44.46	2,026,052	40.23

Source: Florida Population Estimates and Projections by AHCA District, published February 2015, and Florida Nursing Home Bed Need Projections by District and Subdistrict, October 2019 Batching Cycle

As demonstrated in the preceding table, as of July 1, 2019, Subdistrict 1-1’s age 75+ cohort has 65.34 licensed beds per 1,000 compared to the District’s 65.56 and the State’s 44.46 beds per 1,000 age 75 and over. With the licensed and approved beds and the projected population growth for July 1, 2022, these ratios decline to 58.80 for Subdistrict 1-1, 58.07 for the District 1 and 40.23 per 1,000 population age 75+ for the State of Florida.

PruittHealth – Escambia County, LLC (CON application #10613)

states that the proposed project is being submitted in response to the Agency’s fixed need pool publication of 62 community nursing home beds dated October 4, 2019. The applicant proposes to add 11 SNF beds to its facility in Escambia County (CON #10527). The proposal is for 11 additional private SNF rooms; 100 percent of the rooms having handicapped accessible bathrooms.

PHE expects approximately 51.6 percent Medicare, 45.1 percent Medicaid and 1.8 percent private or self-pay by the second full year of operation. PHE indicates that 25,620 Medicaid patient days will be provided in the second year.

The reviewer notes that PHE produced a large number of tables, maps and graphs (Volume 1, Tab 2, Schedule B) analyzing the population of Subdistrict 1-1, specific Zip Codes, the current availability of specific types of community SNF beds, hospital proximity and private vs. dual (or higher occupancy) patient rooms. The applicant points out that the projected growth in the elderly cohorts for residents of Subdistrict 1-1, in relation to District 1 as a whole, are higher than that of other subdistricts.

PHE asserts that many dual or higher occupancy rooms existing in Subdistrict 1-1 cannot be fully utilized due to the limits of not mixing genders and exposure to potentially highly infectious and resistant diseases that may require isolation; all-private/single occupancy rooms will address and remedy this constraint. The applicant contends that the proposed project is best suited to meet the predicted growing demand for SNFs in Subdistrict 1-1. PHE indicates that due to the design of the

proposed project, particularly the all-private/single occupancy rooms, the new SNF will most efficiently meet the SNF needs of the residents of Subdistrict 1-1, and will also result in higher quality health care outcomes.

PHE will enhance programmatic accessibility for Medicaid Long-term Care (LTC) enrollees, individuals are not typically enrolled in Medicaid long-term care plans until they are in need of such care. The applicant points out that Medicare, on the other hand, covers short-term care (STC) stays in nursing facilities, focused on rehabilitation and skilled care. The applicant maintains that when a patient exhausts their Medicare days in the community SNF, they are converted to LTC enrollment provided they financially qualify. Additionally, PHE comments that those who are disabled, low-income, under Medicare ages, who are enrolled in Medicaid managed care plans and FFS, will immediately meet the income qualifiers to be enrolled in Medicaid LTC; all of these patients will be housed in private rooms.

PHE maintains that it will address the historically high occupancy rates and reduced offering of services by existing providers by offering/addressing the following:

- Greater access to disease-specific programming
- Greater accommodations for patients with obesity
- Increased access to nursing home beds for Medicaid LTC population (particularly in private rooms)
- Historical hospital discharges to SNFs by service line
- Growing elderly population who are the most frequent users of SNF services
- The changing dynamics within payees and the Payor system

The applicant indicates that it will apply its knowledge of this market, and expand upon existing PruittHealth-affiliated relationships throughout the State of Florida, and the southeastern US, to respond effectively to the unique needs of Subdistrict 1-1.

PHE's projected utilization for the 120-bed facility is shown below.

**PruittHealth – Escambia, LLC Forecasted Patient Days
(CON application #10613)
120-Bed facility - Years One and Two**

	Year one	Year two
Medicare/Medicare HMO. Skilled Patients		
Admissions	224	592
Patient Days	5,480	14/640
Average Daily Census	15.0	40.1
Medicaid Long Term Care Patients		
Admissions	40	107
Patient Days	9,642	25,620
Average Daily Census	26.4	70.2
All Other Payors		
Admissions	18	26
Patient Days	1,066	1,464
Average Daily Census	2.9	4.0
Total		
Admissions	282	724
Patient Days	16,188	41,724
Average Daily Census	37%	95%

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2. Agency Rule Criteria and 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 Chapter 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. The application was submitted to address the Agency published 62-bed need for community SNF beds in District 1, Subdistrict 1, Escambia County, Florida.

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

PruittHealth – Escambia County, LLC (CON application #10613)

indicates that the proposed 11-bed SNF addition will be utilized for Medicaid Short-Term Care (STC) and Long-Term Care (LTC). PHE states it will enhance programmatic accessibility for Medicaid LTC enrollees. The applicant notes that individuals are not typically enrolled in Medicaid LTC plans until they are in need of such care. PHE notes that Medicare does cover STC stays in SNFs, focused on rehabilitation and skilled care. The applicant contends that when a patient exhausts their Medicare STC days in a community SNF, they are converted to Medicaid LTC enrollment provided they financially qualify. The applicant states that those who are disabled, low-income, under Medicare ages, who are enrolled in Medicaid managed care plans and FFS, immediately meet the income qualifiers to be enrolled in Medicaid long-term care. PHE points out that all of these patients would be housed in private rooms.

The applicant states that PruittHealth Premier is a specially designed plan for PHE residents in SNFs. Further, for those that qualify, this plan enables residents to receive more benefits than what is typically covered by FFS plans. Services include:

- \$0 copay for access to a primary care physician visits, and the PCP delivers services within the facility
- Eye care – routine vision and glaucoma testing, with \$225 per year for prescription eyewear
- Hearing – routine hearing exam and hearing aid fitting, with \$1,250 every two years as needed for new/replacement hearing aids
- Foot care – six routine foot care visits per year
- Transportation – 24 one-way trips per year for health care-related needs
- Over-the-Counter items – \$20 per month for certain OTC items
- \$0 coinsurance for days 1–100 of a SNF stay and no prior hospital stay required before a skilled nursing facility stay

PruittHealth states it will strive to open its doors as a deficiency-free facility much like its recent predecessors, PruittHealth – Panama City, LLC & PruittHealth – Fleming Island, LLC, and to become a 5-Star rated facility and meet all Agency Quality Award Requirements. The applicant cites its commitment to implementation of technology such as PointRight, Smart Charting, Wanderguard, Careguard, medical kiosks, *INTERACT 3.0* and electronic medical records as evidence.

PHE indicates its ability to offer and maintain to returning admissions the following basic and essential High Quality Services:

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

Additional and Ancillary HQS also readily available:

- Dietetic programming and nourishment care
- Recreational activities programming
- Counseling services
- Religious services
- Laundry services
- Beauty/barber services
- Pharmacy services
- Volunteer services
- Medication management
- Chronic disease management

The applicant lists these unique services and characteristics that are essential at each PruittHealth skilled nursing and rehabilitation facility that set it apart from other SNF providers. These include but are not limited to the following:

- PerfectPath Specialty Care Programs
- Clinic Oversight Teams
- Mandatory Daily Interdisciplinary Team Meetings
- Electronic Medical Records

- Medication Monitoring
- Dedicated Quality Staff
- Clinical and General Kiosks

PruittHealth asserts that technology designed to meet the needs of its patients is critical in the recovery and strengthening process, and in avoiding re-hospitalization. PHE points out the following equipment, based on the community needs and based upon skilled discharges from area hospitals, will include but not be limited to the following:

- Nautilus Leg Press
- Nautilus Triceps Press
- Nautilus Compound Row
- Nautilus Low Back
- Nautilus 4-Way Neck
- Nautilus Leg Extension
- Biodex Balance System
- Biodex Gait Trainer
- Biodex Un-weighting System
- Biodex Biostep
- Accelerated Care Plus Modalities
- Ultrasound
- Shortwave Diathermy
- Electrical Stimulation

PHE notes that PerfectPath is a series of clinical pathways designed for caretakers to help patients navigate their complex journey back to health. Further, PerfectPath is a communication tool to help physicians, patients, hospitals and families work together more effectively. PHE contends that it is a state-of-the-art care delivery tool used to ensure that the patient receives the highest care possible and thrives on their journey back to health. PHE indicates the benefits of PerfectPath for the patient include:

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

The PerfectPath Program includes:

- Clinical Pathways – Interdisciplinary plan of care that outlines optimal sequencing and timing of interventions for patients with a particular diagnosis
- Patient Workbook – Workbook designed to help patients and their families understand the plan of care and track their own progress
- Patient Education Guide – Detailed guide for the patients and their family that outlines their role in their journey back to health
- Discharge Folder – Personal discharge folder that contains checklist utilized for transfers, recapitulation of resident’s stay, final summary of the resident’s status, medication reconciliation and post discharge plan of care

PHE asserts that it develops a PerfectPath specialty Care program with each of its residents and that the PerfectPath Specialty Care programs to be implemented include:

- UniStep (Joint Replacement & Surgical Procedure Program) – This program provides physical and occupational therapy, supported by state-of-the-art equipment, to residents that have had joint replacements or other musculoskeletal conditions including but not limited to total knee replacements, total hip replacements, back surgeries and others. It teaches the patient Activities of Daily Living and focuses on strength, balance, gait and cardiovascular training via the use of Nautilus and Biodex equipment.
- UniPulse (Heart Failure Program) – This program is targeted for patients who have chronic cardiac conditions that influence their overall well-being. It is designed to meet the needs of residents who experience exacerbations of congestive heart failure. UniPulse will be implemented in conjunction with other PerfectPath programs in an effort to support the patient’s co-morbid cardiac condition while they recover from an acute episode, such as a total knee replacement or hip fractures.
- UniVive (Stroke Program) – This program focuses on rehabilitation for residents who have experienced a stroke or have other neurological conditions. Stroke rehab is a very important part of recovery for many who have had a stroke. This program builds strength, coordination, endurance and confidence. It re-teaches the patient how to move and learn to talk, think and care for oneself.
- UniRes (Respiratory Program) – This program focuses on residents who have chronic obstructive pulmonary disease (COPD) or other respiratory conditions. The program continues to expand with the

development of care paths that address residents with other respiratory conditions such as asthma or who utilize CPAP, BPAP, jet nebulizers, and other respiratory equipment, and medications.

- UniFit (Falls Prevention & Balance Program) – Falls are usually caused by lack of physical activity resulting in poor muscle tone, decreased strength, bone mass, and flexibility, gait and balance disorders. UniFit is utilized in conjunction with the UniStep program with an emphasis on improving the resident’s balance. The ultimate goal of the program is to decrease the risk of falls and injury through progressive strengthening exercises and balance training utilizing Biodex and other equipment.
- UniQuest (Aqua Therapy Program) – Provided in PruittHealth skilled nursing & rehabilitation facilities with indoor therapeutic pools. This aquatics therapy program focuses on restoring strength while reducing pain, ultimately improving the patient’s overall function.
- UniCure (Pain Management Program) – This program is built on UHS–PruittHealth’s “Stop–Pain” policies that promote aggressive pain assessment and therapy. Through an extensive Pain Certification program, clinicians focus on the resident as a whole, while providing pharmacological and non-pharmacological interventions. Therapists add value to resident treatment by providing ultrasound, electrical stimulation and diathermy as treatment modalities to reduce pain.
- UniLife (Quality of Life Program) – This program focuses on the resident’s overall quality of life. The program takes a holistic approach to the resident’s well-being. The program incorporates restorative programming within the resident’s day-to-day care and cognitive and social activities. The program provides an overall life enrichment plan designed to meet the needs and choices of individual residents.
- UniShield (Skin Integrity Program) – This program is a skin integrity program that focuses on wound prevention and healing. It is coordinated by a certified wound care consultant who works closely with PruittHealth’s contracting department to ensure that facilities have the most up-to-date wound-care product formulary and wound education for all of its clinicians in the field. Therapists are also incorporated in the program by providing treatment options and opportunities that promote wound healing.

A significant benefit of this program is it crosses all service lines, as wounds are an unfortunate result of many disease conditions or circumstances regardless of the primary reason for hospitalization per nursing home admission.

The reviewer notes the table entitled, *Escambia and Santa Rosa County Hospitals Discharges to Skilled Nursing Homes by Hospital 12 Months Ending March 31, 2017 through 2019* on page 60, Volume 1, Tab 2 of CON application #10613. The reviewer notes this table lists discharges by number and percentage of cases, with emphasis on the 65+ cohort.

PHE states that 19,921 seniors were discharged to regional SNFs during the 12 months ending March 31, 2019. Of those in the 65+ cohort, approximately 85 percent were discharged from hospitals to SNFs.

The applicant's table entitled, *Subdistrict 1-1 Hospital Discharges to Skilled Nursing Facilities by Service Line 12 Months Ending March 31, 2019* on page 63, Volume 1, Tab 2 of CON application #10613, lists discharges by number and percentage of cases, with emphasis on the age 65 and over cohort.

PruittHealth – Escambia states it will tailor its clinical services to meet the needs of local health care providers' patients. The highly specialized programs and services planned for this facility in response to the local hospital discharges to skilled nursing are identified throughout this CON Application.

PHE asserts that reducing hospital recidivism is a top priority. Therefore, a major emphasis will be placed on safely reducing hospital readmissions at PHE. To address the industry-wide issue of hospital readmissions, PHE has adopted *INTERACT 3.0*, (Condition #5) a comprehensive program with tools specifically designed to decrease patient re-hospitalizations.

PHE asserts that *INTERACT* supports the goals of reducing overall health care costs and improving quality through measures taken to decrease patient re-hospitalizations. The applicant recognizes that the re-hospitalization risk for all patients is high. PHE understands that those who have had a hospitalization, within the previous 30 days of admission, are at an even higher risk of re-hospitalization. Because of the success that has been achieved by PruittHealth in reducing hospital readmissions by using the *INTERACT* software at some of its affiliated facilities, the applicant has conditioned approval of this application on the provision that it will implement the most up-to-date version of *INTERACT* at its campus upon opening.

The applicant states that the CallGuard system (Condition #8) will be integrated with a technologically advanced Bed Occupancy Sensor System and that it utilizes WanderGuard (Condition #8) for elopement protection. PHE includes in Volume 1 Tab 2, its admission and discharge policy documents, an explanation of Due Process procedures implemented to resolve conflicts, procedures for observing patient rights and confidentiality, as well as how to identify symptoms of elder abuse, self-reporting responsibilities and sources of support available to patients and their families who are subject to this type of abuse.

PHE comments that according to the American Health Care Association, 25 percent of persons admitted to an SNF from a hospital are a result of recidivism to a hospital within 30 days of their release from a SNF. The reviewer notes Condition #5 aimed at reducing recidivism to hospitals. PHE comments that this has detrimental effects on the patient that are potentially physically devastating, but can also have potential emotional and psychological individual affects. PHE indicates that it will place weighted concern on recidivism rates by using specific interventions to reduce instances of hospital readmissions; these interventions will include:

- Stop and Watch Tool – is an early warning tool used by staff, residents and visitors to alert staff to a sign or symptom. It is used as documentation in the resident medical record.
- Change in Condition File Cards – this is a list of signs and symptoms and what to request from the physician when notifying a change.
- Care Pathways – provide clinical pathways of primary diagnosis with high risk of re-hospitalization.
- SBAR Communication Tool – nursing assessment tool used in conjunction with the Stop and Watch, Change in Condition File Card and Care Paths to cue assessment and request orders.
- Transfer Checklist – form with all required documentation that follows the resident from the PruittHealth-affiliated facility to the hospital. It enables the hospital to obtain a better history and physical on the resident's current condition and treatments already attempted.
- Acute Care Transfer Form – check-off sheet of items required in the resident folder for us by the hospital emergency department and hospital discharge planners.
- Quality Improvement Tool – a tool that determines, after re-hospitalization, why recidivism occurs and assists in determining opportunities for improvement.

PruittHealth – Escambia’s full-time employee (FTE) staffing pattern is shown in the table below.

**PruittHealth – Escambia County, LLC
(CON application #10613)
Projected Year one and Year two
FTE Staffing Units**

	Total FTEs Year one ending 2022	Total FTEs Year two ending 2023
Administration		
Administrator	1.00	1.00
Director of Nursing	1.00	1.00
Admissions Director	1.00	1.00
Secretary	1.40	1.40
Medical Records Clerk (CNA)	0.70	0.70
Other: Financial Counselor	1.00	1.00
Physician		
Medical Director (contracted)	0.20	0.20
Other: Physician Services (contracted)	0.02	0.02
Nursing		
RNs	8.20	16.20
LPNs	7.00	15.00
Nurses’ Aides	21.60	54.60
Other: RN MDS Nurse	0.70	1.00
Ancillary		
Physical Therapist (contracted)	0.80	2.06
Physical Therapy Assistant (contracted)	0.90	2.40
Speech Therapists (contracted)	0.50	1.26
Occupational Therapist (contracted)	0.90	2.34
Occupational Therapy Assistant (contracted)	0.30	0.85
Other: Rehab Aide	1.00	1.00
Dietary		
Dietary Supervisor	1.00	1.00
Cooks	2.70	5.10
Dietary Aides	2.70	5.10
Social Services		
Social Service Director	1.00	1.00
Activity Director	1.00	1.00
Housekeeping		
Housekeepers	5.80	9.80
Laundry		
Laundry Aides	1.40	2.80
Plant Maintenance		
Maintenance Supervisor	1.00	1.00
Total	64.9	129.8

Source: CON application #10613, Volume 1, Tab 3, Schedule 6

The applicant indicates 54.9 FTE’s for year one, and 129.8 for year two.

- c. **Quality of Care. In assessing the applicant’s ability to provide quality of care pursuant to Section 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.**

PruittHealth – Escambia County, LLC (CON application #10613) has no operational history, and has not had a SNF license denied, revoked or suspended within the 36 months prior to the current application. PHE comments that its ultimate parent corporation, UHS, also has not had a SNF license denied, revoked or suspended within the 36 months prior to the current application.

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?**

PruittHealth – Escambia County, LLC is a developmental-stage entity that has not begun operations. PHE comments that its ultimate parent corporation, UHS, also has not been placed into receivership within the past 36 months.

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

This criterion is not applicable, as the applicant, nor their affiliated nursing facilities with UHS, have had a license denied, revoked, suspended or placed into receivership within the past 36 months.

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.**

This criterion is not applicable.

5. **Rule 59C-1.036(4)(f), Florida Administrative Code 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.**

PruittHealth – Escambia County, LLC (CON application #10613) is a developmental-stage, for-profit Florida entity that has no operating history in Florida. PHE contends that its affiliated facilities through UHS, have not had reported claims of Harmful Conditions within the past 36 months prior to the submission of the application for this proposed project.

- d. Rule 59C–1.036(5), Florida Administrative Code, 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 within 45 days after the end of each calendar quarter, the applicant will report their total number of patient days, which occurred in each month of the quarter, and the number of such days, which were Medicaid patient days.

3. Statutory Review Criteria

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

As of August 16, 2019, Subdistrict 1–1 is composed of Escambia and Santa Rosa Counties, and has 18 community nursing homes with 2,168 licensed community beds and 170 CON approved community nursing home beds. Subdistrict 1-1’s facilities averaged 91.51 percent total and 65.85 percent Medicaid utilization during the 12-month period ending June 30, 2019.

PruittHealth – Escambia County, LLC (CON application #10613) states that it does not have a documented history of providing quality of care because it is a newly formed entity for purposes of filing this CON application. However, concurrent with licensure and certification, the applicant will develop all policies and procedures as well as the QAP based on its PruittHealth–affiliated facilities throughout the southeastern United States. The applicant states that upon licensure and certification, PHE will adhere to any and all State and Federal nursing home regulations statutes and the entire facility will meet Medicare’s Conditions of Participation.

PHE duplicates the Agency’s July 2022 nursing home projections for all of Subdistrict 1–1 (including District 1) to indicate a net need for 62 community SNF beds.

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 affecting current providers and the future utilization of existing providers.

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? Section 408.035(1)(c) & (j), Florida Statutes

PruittHealth – Escambia County, LLC (CON application #10613) is a developmental-stage, for-profit Florida entity, and therefore does not have an historical record available to document in this CON proposal. The applicant states that implementation of this proposal will involve the development of all quality policies and procedures based on its other affiliated facilities. PHE expresses a commitment to adhere to any and all State and Federal SNF regulations and statutes in addition to Medicare’s Conditions of Participation.

PruittHealth, the applicant’s parent company has three licensed SNF’s with 294–beds. For the three–year period, November 20, 2016 to November 20, 2019, PruittHealth had 10 substantiated complaints, all at PruittHealth – Santa Rosa, LLC, which are summarized in the table below. A single complaint can encompass multiple complaint categories.

**PruittHealth
Three-Year Substantiated Complaint History**

Complaint Category	Number Substantiated
Quality of Care/Treatment	6
Resident/Patient/Client Rights	3
Admission, Transfer & Discharge Rights	2
Billing/Refunds	1
Total Number of Substantiated Complaints	12

Source: Agency Complaint Records, November 20, 2016 – November 20, 2019

PHE states that it will develop programs, services, protocols and exceed benchmarks in an effort to achieve AHCA Gold Seal eligibility. The applicant will strive to be a deficiency-free facility, in order to become a 5–Star rated facility and meet all Agency for Health Care Administration Quality Award Requirements.

PHE points out that annually, PruittHealth honors its outstanding employees in order to foster a sense of invested ownership in the success and continually improving quality care of their associated PruittHealth facilities. PruittHealth also sponsors annual retreats, workshops and continuing education programs where employees meet in structured forums to encourage open and honest communication that provides a foundation for conducting and improving daily operations of health-related, support and administrative tasks in an ethical and legal manner that will better anticipate and fulfill residents' evolving health and quality of life needs.

PHE comments that the *Administrative Fellowship Program* is designed to mold young professionals into health care industry leaders by sponsoring paid instruction and training for these employees to complete MBA and MHA graduate degrees, while still performing their daily duties within PruittHealth facilities. Further, this fosters continual innovation and improvement of quality health care in a practical, facility-centered way with continued daily contact with residents that ensure current and practical connections between training and actual patient health needs and concerns.

PruittHealth contends that it has built an industry-leading holistic model of health care, known as the continuum of care, to meet a spectrum of long-term and ancillary care needs in the communities its affiliates serve. PruittHealth is known throughout the southeast for having affiliated providers that provide high quality care through proactive performance improvement programs, including on-site visits and in-service education. PHE contends that PruittHealth's vision, *Committed to Caring*, defines not only what it does, but also the culture in which it works.

PHE notes that each of the Subdistricts where PruittHealth will operate is within reasonable proximity to its pharmacy services and medical/nutritional supply centers in Valdosta, Lowndes County, Georgia. PruittHealth is now considering opening a new distribution center in Florida designed to improve the efficiency of service to its facilities' needs progressing into the future.

PruittHealth contends that it developed an innovative *Model of Care* to provide comprehensive, streamlined solutions for its patients and customers, which recognizes new challenges presented to all providers in health care services and allows a seamless transition across multiple care settings. PHE also points out the PruittHealth *Model of Care* is designed to significantly reduce hospital recidivism rates and improve the overall outcomes for patients.

PHE states that, as a part of *PruittHealth Therapy Services*, it offers the *PerfectPath Road to Recovery* (a PruittHealth–developed and branded program) which is composed of four steps that help lead patients from admission to re–integration into the community; these steps include the following:

- Acute Step
- Fundamental Step
- Transitional Step
- Progressive Step

PHE maintains, and continually updates, a Comprehensive Plan of Action for Natural Disasters as to ensure a proactive approach to timely and uninterrupted maintenance of high quality patient health care in the advent of natural disaster that include the following policies/actions:

- Electronic medical records are accessible from all PruittHealth facilities so each patient’s medical records, medication forms, and all clinical information easily follow the patient to an evacuation facility.
- Policies and procedures are uniform across facilities so the interactions, customer service and patient follow–up will be consistent.
- The patient will be able to continue with their therapy treatment in a complete gym that is designed and similarly equipped in all PruittHealth facilities.
- Each facility has a generator sufficient to operate the entire facility, so that power outages will not negatively affect the patient.
- The physical plant, design and finishes are similar which will serve to minimize resident disorientation relative to the temporary relocation.

The reviewer notes that PHE does not state how long the supplemental power generation will function in an uninterrupted capacity without additional fuel being supplied.

PruittHealth – Escambia, LLC’s responses demonstrate the capability to implement a program of quality assurance with elements that lead to continuous improvement, and a commitment to achieve exemplary ratings in both the Federal and State rating systems.

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

PruittHealth – Escambia County, LLC (CON application #10613):

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

Historically we have compared all applicant financial ratios regardless of type to bench marks established from financial ratios collected from Florida acute care hospitals. While not always a perfect match to a particular CON project it is a reasonable proxy for health care related entities. The Applicant provided audited financial statements, where the short-term and long-term measures fall on the scale (highlighted in gray) for the most recent year. All numbers except ratios are in thousands.

10613 United Health Services, Inc. (in thousands)		
	Jul-05	Jul-05
Current Assets	\$174,311	\$146,731
Total Assets	\$743,072	\$690,363
Current Liabilities	\$252,682	\$222,241
Total Liabilities	\$651,950	\$579,032
Net Assets	\$91,122	\$111,331
Total Revenues	\$1,053,680	\$1,008,461
Excess of Revenues Over Expenses	(\$17,916)	(\$20,103)
Cash Flow from Operations	\$13,232	\$20,233
Short-Term Analysis		
Current Ratio (CA/CL)	0.7	0.7
Cash Flow to Current Liabilities (CFO/CL)	5.24%	9.10%
Long-Term Analysis		
Long-Term Debt to Net Assets (TL-CL/NA)	438.2%	320.5%
Total Margin (ER/TR)	-1.70%	-1.99%
Measure of Available Funding		
Working Capital	(\$78,371)	(\$75,510)

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 on Schedule 2 capital projects totaling \$25,983,869, which consists of CON #10505, which is constructing a 92-bed nursing home, and CON #10527, which is adding 28 beds to CON \$10505. The applicant also lists this CON #10613, which is currently under review, to substitute 11 beds from the Fixed Need Pool in lieu of transferring 11 beds from PruittHealth-Santa Rosa. The cost for this CON is \$40,450, which would come from operating cash flows from the parent company, United Health Services, Inc.

As the financial representative of United Health Services, Inc. a letter of commitment was submitted by Mr. Randall Loggins to provide all funds necessary for the development and operation of this project. The applicant also submitted a letter from PruittHealth, Inc., stating that they have a line of credit with Capital One for \$36 million. As of November 27, 2019, \$21.5 is available for use. The applicant submitted a letter of interest from Synovus, expressing interest in executing a loan to PruittHealth-Escambia County for 80% of \$26,000,000, or up to \$20,800,000.

Conclusion:

Funding for this project is guaranteed from the operating cash flows of United Health Services Inc.

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

PruittHealth – Escambia County, LLC (CON application #10613):

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

We compared the NRPD, CPD, and profitability to actual operating results from skilled nursing facilities as reported on Medicaid cost reports (2016, 2017, and 2018 cost report years). For our comparison group, we selected skilled nursing facilities with similar Medicaid utilizations to the utilization projected by the applicant on a per patient day basis (PPD). Comparison group data was adjusted for inflation to match the second year projection (inflation factor was based on the New CMS Market Basket Price Index as published in the 2nd Quarter 2019, 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 Facilities		
	Total	PPD	Highest	Median	Lowest
Net Revenues	\$15,907,555.00	\$381.26	\$481.02	\$320.90	\$265.63
Total Expenses	\$14,450,189.00	\$346.33	\$662.05	\$328.68	\$260.46
Operating Income	\$1,457,366.00	\$34.93	\$59.60	\$0.42	\$(294.14)
Margin	9%				
Occupancy	95%		99%	92%	24%
Medicaid	61%		71%	63%	51%
Medicare	35%		37%	16%	1%

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’s projected staffing meets the licensed nursing staffing requirement.

Conclusion:

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

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

Strictly from a financial perspective, the type of competition that would result in increased efficiencies, service, and quality is limited in health care. Cost-effectiveness through competition is typically achieved via a combination of competitive pricing that forces more efficient cost to remain profitable and offering higher quality and additional services to attract patients from competitors. Since Medicare and Medicaid are the primary payers in the nursing home industry, price based competition is limited. With a large portion of the revenue stream essentially fixed on a per patient basis, the available margin to increase quality and offer additional services is limited. In addition, competitive forces truly do not begin to take shape until existing business’ market share is threatened.

The publication of need in this area suggests that there is an unmet and untapped customer base for a new entrant to absorb. Since nursing home services are limited to available beds and the need formula suggest excess capacity in the market to fill those beds, the impact on market share would be limited. The combination of the existing health care system’s barrier to price-based competition via fixed price payers and the existence of unmet need in the district limits any significant gains in cost-effectiveness and quality that would be generated from competition.

Conclusion:

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

f. Are the proposed costs and methods of construction reasonable? Do they comply with statutory and rule requirements? Section 408.035(1)(h), Florida Statutes; Chapter 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? Section 408.035(1)(i), Florida Statutes

The applicant's Schedule 7 indicates that the projected patient days in year one are 700 self-pay days, 5,414 days Medicare, 364 days Medicare HMO, 9,287 days Medicaid and 243 Other Payers-VA for a total of 16,008 days. Schedule 7 indicates the following percentages - 4.4 percent for self-pay, 33.8 percent for Medicare, 2.3 percent for Medicare HMO, 58.0 percent Medicaid and 2.0 percent Other Payers-VA. Total occupancy is projected to be 37.0 percent.

PHE's projected year two patient days are 732 days for self-pay, 14,274 days for Medicare, 732 days for Medicare HMO, 25,620 days for Medicaid and 366 for Other Payers-VA for a total of 41,724 days. The percentages

are 1.8 percent for self-pay, 34.2 percent for Medicare, 1.8 percent for Medicare HMO, 61.4 percent Medicaid and 1.0 percent Other Payers-VA. The expected occupancy is 95.0 percent.

F. SUMMARY

PruittHealth – Escambia County, LLC (CON application #10613) proposes to add 11 beds (CON application #10613) to its 120-bed (Exemption #E180033) community nursing home approved in Subdistrict 1-1, Escambia County, Florida. The applicant intends to eliminate the transfer of 11 beds from PruittHealth-Santa Rosa via this project. The resulting facility proposed will continue to be the 120-bed facility approved via Exemption #E180033 which combined CON #10505 and CON #10527.

The applicant expects issuance of license in August 2022 and initiation of service in September 2022.

The 120-bed project includes 14,243 GSF of new construction. The construction cost is \$2,350,755. The total project cost is \$3,926,958. The total project cost includes land, building, equipment, project development, financing and start-up costs.

Total project cost for this project is \$40,450. No construction is involved.

Pursuant to project approval, PHE offers 13 Schedule C conditions.

Need

In Volume 45, Number 149 of the Florida Administrative Register, dated October 4, 2019, need for 62 community nursing home beds was published in the fixed pool for Subdistrict 1-1 for the July 2022 Planning Horizon.

Subdistrict 1-1 has a total of 18 SNFs with 2,168 licensed community beds and 170 CON approved beds. During the 12-month period ending on June 30, 2019, Subdistrict 1-1's total occupancy was 91.51 percent and Medicaid occupancy was 65.85 percent.

The applicant contends that its 11-bed project will enhance the availability, accessibility and quality of nursing home services provided to residents of the Subdistrict 1-1. PruittHealth expects its proposal to improve access long-term Medicaid patients, short-term rehab, Medicare services and access to private rooms, especially for Medicaid payers.

PHE states either project provides a modern design that supports independence and choice, state-of-the-art rehabilitation programming; and will have extensive clinical programming focused on reducing hospital readmissions.

The applicant cites the following reasons for project approval:

- 100 percent private rooms
- 100 percent handicap accessible rooms
- 60 percent of patient days to Medicaid Long-Term Care enrollees
- State of the art rehab suite, extensively equipped to include a Hydroworx therapy pool
- Programs to reduce readmissions that have already been successfully introduced in other PruittHealth facilities
- A commitment to technology, including PointRight, Smart Charting, Wanderguard, Careguard and electronic medical records
- Proven quality initiatives that have a demonstrable effect on the level of care provided from both a start-up to a long-term care perspective.

Quality of Care

PruittHealth – Escambia County, LLC is a newly-formed entity and therefore does not have a historical record available to document. However, of the applicant’s mission, vision and core values are consistent with demonstrating the applicant’s commitment to the stated core value of collaboration.

The applicant cites PruittHealth’s quality of care and contends that quality assurance will be provided at the proposed facility through a QAPI, PIPs, PDSA projects and a CQI process. The applicant will use MatrixCare® for its electronic health record system.

PruittHealth operates three facilities in Florida and during the three-year period ended on November 20, 2019 had ten substantiated complaints, all at PruittHealth – Santa Rosa, LLC.

Financial Feasibility/Availability of Funds

- Funding for this project is guaranteed from the operating cash flows of United Health Services, Inc.
- This project appears to be financially feasible based on the projections provided by the applicant
- Based on the information in Schedule 6, the applicant’s projected staffing does meet requirements
- This project is not likely to have a material impact on competition to promote quality and cost-effectiveness

Medicaid/Charity Care

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

Subdistrict 1-1's 18 community nursing homes with 2,168 beds averaged 65.85 percent Medicaid utilization during the 12-month period ending June 30, 2019.

PruittHealth – Escambia County, LLC projects Medicaid will account for 59.6 percent of patient days in year one and 61.4 percent of patient days in year two for the 120-bed project.

Architectural

- The applicant submitted all information and documentation necessary to demonstrate compliance with the architectural review criteria.
- The project completion forecast for the proposed project provided in Schedule 10 appears to be reasonable.
- Review of the architectural plans, narratives and other supporting documents does not revealed a serious deficiency that will require modifications to the plans which are likely to have a significant impact on construction costs.

G. RECOMMENDATION

Approve CON #10613 to add 11 community nursing home beds in District 1, Subdistrict 1, Escambia County. The total project cost is \$40,050.

CONDITIONS:

- 1) Submit a formal request to modify #E180033 to eliminate the transfer of 11 beds from PruittHealth – Santa Rosa to PruittHealth – Escambia.
- 2) After approval of the above noted modification, request an exemption with AHCA to combine PruittHealth – Escambia #E180033 with this CON #10613 to a single surviving CON #10613.
- 3) Locate PruittHealth – Escambia within Escambia County, Subdistrict 1-1, Florida.
- 4) Seek Joint Commission accreditation or accreditation from some other similarly recognized accrediting body
- 5) Implement a program designed to reduce hospital re-admissions; the current program utilized by PruittHealth affiliated facilities is INTERACT 3.0. The program to be implemented will be this program or other similarly designed program based on the most recent quality driven program PruittHealth determines to be available at the time of implementation.
- 6) Participate in an organization-wide Quality Assurance/ Performance Improvement initiative that entails quarterly visits in regard to clinical, operational, pharmaceutical and reimbursement areas by corporate consultants to ensure compliance with all local, state and federal laws.
- 7) Implement Electronic Medical Records (EMR) at the facility, and include Smart Charting or other similar bedside patient charting tool.
- 8) Implement Resident Safety Technology including Call Guard and WanderGuard into the facility.
- 9) Implement Clinical Kiosks in appropriate locations throughout the facility.
- 10) Assure all staff maintains ongoing training and continuing education credits utilizing Pruitt University and at no cost to the employees.
- 11) Participate in a company-wide Annual Quality Report to demonstrate transparency in operations and make this Quality Report available to the public.
- 12) Adopt the PruittHealth patient model of care including the applicable PerfectPath Programs appropriate for this facility and described in the CON application and Supporting Documents.
- 13) Implement PointRight Technology (or a future similar technology) in the ongoing operations.

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: _____

James B. McLemore
Operations & Management Consultant Manager
Certificate of Need