

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

**A. PROJECT IDENTIFICATION**

1. Applicant/CON Action Number

**PruittHealth – Brevard County, LLC/CON #10626**

1626 Jeurgens Court  
Norcross, Georgia 30093

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

2. Service District/Subdistrict

District 7/Subdistrict 1 (Brevard County)

**B. PUBLIC HEARING**

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

**Letters of Support**

The applicant includes letters of support in the application. These letters of support include state and locally elected officials, health care providers and health care practitioners. The Agency notes letters of support from the following Florida legislators and local elected officials:

- Senator Debbie Mayfield, 17<sup>th</sup> District, The Florida Senate
- Representative Thad Altman, District 52, The Florida House of Representatives
- Representative Randy Fine, District 53, The Florida House of Representatives
- Kristine Isnardi, MSN, APRN, FNP-C, Brevard County Commissioner, District 5
- Curt Smith, Brevard County Commissioner, District 4
- Kathleen H. Meehan, Mayor, City of Melbourne

The applicant also includes a letter from Timothy V. Timmermann, Jr., Executive Director of the Brevard Alzheimer’s Foundation. Mr. Timmermann indicates PruittHealth’s inclusion of the 16-bed secure Alzheimer’s unit “is a much needed resource in our County to treat persons in the later stages of this disease process”.

Several letters from local health care providers/practitioners make special note of the need for a secure Alzheimer’s unit and bariatric suites, as proposed in the application.

**C. PROJECT SUMMARY**

**PruittHealth – Brevard County, LLC (CON application #10626)** is a developmental-stage, for profit entity that will also be referred to as PHB or the applicant. PHB proposes to establish a 98-bed community nursing home in District 7, Subdistrict 1, Brevard County, Florida. The 98-bed SNF will have 98 private rooms—100 percent handicap accessible patient bathrooms.

The ultimate parent company is United Health Services, Inc. (UHS) which is the parent to more than 100 SNFs, assisted living facilities (ALF), hospices, home health agencies (HHA), 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 PHB. 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)<sup>1</sup>

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

<sup>1</sup> 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.

- 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 #10616) for a new, 77-bed facility in Subdistrict 4-3
- 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 proposed project includes 91,876 gross square feet (GSF) of new construction. The construction cost is \$14,700,160. The total project cost is \$24,976,295. The total project cost includes land, building, equipment, project development, financing and start-up costs.

The applicant anticipates issuance of license during August 2022 and initiation of services in September 2022.

Pursuant to project approval, PHB conditions approval of the proposal to the following Schedule C conditions:

1. Brevard County, Subdistrict 7-1, Florida
2. All 98 patient beds will be in private patient rooms
3. All patient bathrooms will be handicap accessible
4. Facility will feature a 16-bed Alzheimer's disease secure unit
5. Incorporate six bariatric rooms/beds into the facility design
6. Seek Joint Commission accreditation or accreditation from some other similarly recognized accrediting body
7. 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
8. 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
9. Provide the It's Never 2 Late ® (iN2L) computer system to residents of the Alzheimer's unit as a tool to empower and engage seniors, specifically those with dementia. Each resident can have his or her individual page on the system, which displays their favorite personal options: music, games, photos and videos, even websites, at their fingertips

10. Have at least one Certified Dementia Practitioner on staff on the Alzheimer's unit per shift
11. Implement Electronic Medical Records (EMR) at the facility, and include Smart Charting or other similar bedside patient charting tool
12. Implement Resident Safety Technology including Call Guard and WanderGuard into the facility
13. Implement Clinical Kiosks in appropriate locations throughout the facility
14. Assure all staff maintains ongoing training and continuing education credits utilizing Pruitt University and at no cost to the employees
15. Participate in a company-wide Annual Quality Report to demonstrate transparency in operations and make this Quality Report available to the public
16. 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
17. Implement PointRight Technology (or a future similar technology) in the ongoing operations
18. In addition to complying with Florida Emergency Management Plans and Operations Center as required by the State of Florida, the applicant will adopt PruittHealth's policies related to natural disasters and hurricanes will implement the PruittHealth Hurricane Response Plan and be an active participant in PruittHealth's Central Command Center when severe weather events arise

All of these conditions will be measured by furnishing the Agency with certificates, declaratory statements and other information on an ongoing basis.

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

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

**CON Application # 10626  
Subdistrict 7-1: Total GSF and Project Cost**

<b>Applicant</b>	<b>CON #</b>	<b>Project</b>	<b>GSF</b>	<b>Cost (\$)</b>	<b>Cost Per Bed (\$)</b>
PruittHealth – Brevard County, LLC	10626	98-bed SNF	91,876	\$24,976,295	\$254,860

Source: CON application #10626, Schedules 1 and 9

**D. REVIEW PROCEDURE**

The evaluation process is structured by the certificate of need review criteria found in Section 408.035, Florida Statutes, 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, Steve Love, 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, 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 98 community nursing home beds was published in the fixed need pool for District 7, Subdistrict 1 for the July 2022 Planning Horizon. As of August 16, 2019, Subdistrict 7-1 had 2,810 licensed and no CON approved community nursing home beds.

As of December 26, 2019, the application omissions deadline for the “Other Beds and Programs” 2<sup>nd</sup> batching cycle 2019, there were no exemption requests or expedited certificate of need applications submitted to add community nursing home beds or establish new community nursing home facilities in Subdistrict 7-1.

Below is a table illustrating District 7, Subdistrict 1, Brevard County Population for July 2019 through July 2022.

Brevard County, Population Change Comparisons								
County/Area	July 1, 2019 Population				July 1, 2022 Population			
	0-64	(65+) - (74+)	75+	Total	0-64	(65+) - (74+)	75+	Total
Subdistrict 7-1, Brevard County	447,761	76,124	60,930	584,817	451,325	84,280	66,223	602,128
District 7	2,358,549	245,924	167,244	2,771,717	2,456,808	272,760	187,801	2,917,369
State of Florida	16,730,181	4,212,806	1,833,175	20,942,987	17,175,507	4,573,737	2,026,052	21,749,244
County/Area	2019-2022 Increase				2019-2022 Growth Rate			
	0-64	(65+) - (75+)	75+	Total	0-64	(65+) - (74+)	75+	Total
Subdistrict 7-1, Brevard County	3,564	8,156	5,291	17,311	7.96%	10.71%	8.68%	2.96%
District 7	98,259	26,836	20,557	145,652	4.17%	10.91%	12.29%	5.25%
State of Florida	445,326	360,931	192,877	806,257	2.66%	8.57%	10.52%	3.85%

Source: Florida Population Estimates and Projections by AHCA District, published February 2015

As shown in the above table, Brevard County’s projected population growth from July 1, 2019 to July 1, 2022, is 10.71 percent for age 65+ to 74 individuals and 8.68 percent for age 75+ individuals. Brevard County community nursing home bed occupancy for the July 2018 - June 2019 reporting period is shown in the table below.

Subdistrict 7-1, Brevard County, Utilization July 2018 - July 2019				
Facility	Beds	Bed Days	Patient Days	Utilization
Anchor Care and Rehabilitation Center	120	43,800	33,118	76.61%
Atlantic Shores Nursing and Rehab Center	120	43,800	35,477	81.00%
Avante at Melbourne, UNC.	110	40,150	32,929	82.01%
Consulate Health Care of Melbourne	167	60,955	51,304	84.17%
Courtenay Springs Village	96	35,040	27,633	78.86%
Huntington Place	100	36,500	32,241	88.33%
Indian River Center	179	65,335	62,812	96.14%
Island Health and Rehabilitation Center	120	43,800	39,266	89.65%
Life Care of Melbourne	120	43,800	38,534	87.98%
Life Care of Palm Bay	141	51,465	46,453	90.26%
Melbourne Terrace Rehabilitation Center	170	62,050	51,245	82.59%
Palms Rehabilitation And Health Care Center, The	120	43,800	41,716	95.24%
Rockledge Health and Rehabilitation Center	107	39,055	35,558	91.05%
Royal Oaks Nursing and Rehab Center	120	43,800	40,920	93.42%
Solaris Healthcare Merritt Island	180	65,700	62,396	94.97%
Titusville Rehabilitation and Nursing Center	157	57,305	39,188	68.38%
Viera Del Mar Health and Rehabilitation Center	131	10,873	376	3.46%
Viera Health and Rehabilitation Center	114	41,610	35,991	86.50%
Vista Manor	120	43,800	36,652	83.68%
Wave Crest Health and Rehabilitation Center	138	50,370	36,546	72.56%
West Melbourne Health and Rehabilitation Center	180	65,700	55,457	84.41%
<b>Total - Subdistrict 1</b>	<b>2,810</b>	<b>988,708</b>	<b>835,812</b>	<b>84.54%</b>
<b>Total - District 7</b>	<b>9,593</b>	<b>3,367,358</b>	<b>2,951,644</b>	<b>87.65%</b>
<b>Total - State of Florida</b>	<b>84,530</b>	<b>29,507,650</b>	<b>25,088,910</b>	<b>85.03%</b>

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

As shown in the table above, during the 12-month period ending on June 30, 2019, Subdistrict 7-1 had 21 licensed SNF’s with 2,810 licensed community nursing home beds that realized an 84.54 percent average occupancy rate, compared to a District 7 average occupancy rate of 87.65 percent, compared to a statewide average occupancy rate of 85.03 percent.

The community nursing home beds per 1,000 residents, for the period from July 1, 2019 and July 1, 2022, for ages 65+ to 74 and 75+ cohorts in Subdistrict 7-1 (Brevard County), District 7 and the state are shown below.

<b>Subdistrict 7-1 Bed: Population Ratio</b>					
<b>65+</b>					
<b>County/Area</b>	<b>Community Beds</b>	<b>2019 Pop Age 65+ - 74</b>	<b>2019 Beds per 1,000</b>	<b>2022 Pop Age 65+ - 74</b>	<b>2022 Beds per 1,000</b>
Subdistrict 7-1, Brevard County	2,810	76,124	36.91	84,280	33.34
District 7	9,593	245,924	39.01	272,760	35.17
State of Florida	84,530	4,212,806	20.07	4,573,737	18.48

Source: Florida Population Estimates and Projections by AHCA District, published February 2015, and Florida Nursing Home Bed Need Projections by District and Subdistrict, October 4, 2019

As the Agency’s fixed need formula places emphasis on the estimated bed rate for community nursing home beds utilized by the population age 75+ in a district, the reviewer provides the following beds per 1,000 residents age 75+, in Subdistrict 7-1. See the table below.

<b>Subdistrict 7-1 Bed: Population Ratio</b>					
<b>75+</b>					
<b>County/Area</b>	<b>Community Beds</b>	<b>2019 Pop Age 75+</b>	<b>2019 Beds per 1,000</b>	<b>2022 Pop Age 75+</b>	<b>2022 Beds per 1,000</b>
Subdistrict 7-1, Brevard County	2,810	60,932	46.12	66,223	42.43
District 7	9,593	167,244	57.36	187,801	51.08
State of Florida	84,530	1,833,175	46.11	2,026,052	41.72

Source: Florida Population Estimates and Projections by AHCA District, published February 2015, and Florida Nursing Home Bed Need Projections by District and Subdistrict, October 4, 2019

As demonstrated in the preceding tables, as of July 1, 2019, Subdistrict 7-1’s age 65 to 74 population has 36.91 licensed beds per 1,000 compared to the District amount of 39.01 and the state’s 20.07 beds per 1,000. With the licensed and approved beds and the projected population growth for July 1, 2022, these ratios decline to 33.34 for Subdistrict 7-1, 35.17 per 1,000 for District 7 and 18.48 per 1,000 for the state.

As demonstrated in the preceding tables, as of July 1, 2019, Subdistrict 7-1’s age 75+ population has 46.12 licensed beds per 1,000 compared to the District amount of 57.36 and the State’s 46.11 beds per 1,000. With



the licensed and approved beds and the projected population growth for July 1, 2022, these ratios decline to 42.43 for Subdistrict 7-1, 51.08 per 1,000 for District 7 and 41.72 per 1,000 for the State.

**PruittHealth – Brevard County, LLC (CON application #10626)** is submitted in response to the publication of the Agency’s fixed need pool for 98 beds. PruittHealth proposes to construct a 98-bed SNF, with all private patient rooms and all handicap accessible patient bathrooms.

PHB states it carried out detailed market research to determine how it can be of biggest benefit and add greatest value to the residents of the Subdistrict 7-1 service area. Based on an evaluation of services provided at the licensed SNFs in Subdistrict 7-1, from their respective websites and [FloridaHealthFinder.gov](https://www.floridahealthfinder.gov), it is confirmed that none of the 21 community SNFs in Subdistrict 7-1 offer all private accommodations and that additionally, only three have secure Alzheimer’s units. PHB states that its 98-bed facility will increase Brevard County’s private SNF bed inventory by 26.6 percent.

PHB produced a large number of tables, maps and graphs regarding the population of Brevard County and the current availability of specific types of community SNF beds: private vs. dual (or higher occupancy) and hospitals.

PHB comments that Alzheimer's disease is a degenerative brain disease thought to begin 20 years or more before symptoms are actually visible in the patient, beginning with small changes in the brain that are unnoticeable to the person affected. After years of brain changes, the applicant comments that individuals experience noticeable symptoms, such as memory loss and language problems, individuals typically live with Alzheimer's symptoms for years. PHB maintains that over time, symptoms increase and start interfering with the person's ability to perform everyday activities. At this point in the disease, the applicant contends that the individual is said to have dementia due to Alzheimer's disease, referred to as Alzheimer's dementia, individuals in the final stages of Alzheimer's disease are bed-bound and require around the clock care.

The applicant cites a study that estimated 5.8 million Americans of all ages are living with Alzheimer's dementia in 2019. The study continues by saying that, of those, 5.6 million are 65+ years, and of the 5.8 million people with Alzheimer's dementia, 81 percent are 75+ years.

PHB cites another study using data from the Established Populations for Epidemiologic Study of the Elderly (EPESE), which claims that approximately 487,000 people age 65 and older will develop Alzheimer's dementia in the United States in 2019.

The applicant also notes further studies that have much higher incidences of the disease. PHB states that, according to the Chicago Health and Aging Project (CHAP), a population based study of chronic health conditions of older people, approximately 910,000 people 65+ developed Alzheimer's dementia in 2011, for those ages 65 to 74, four of every 1,000 people in a single year will develop Alzheimer's dementia within a year, and for those ages 75 to 84, 32 of every 1,000 people will develop Alzheimer's dementia within a year, and for those 85 and older, 76 of every 1,000 will develop the disease. PHB asserts that because of the increasing number of people in the 65+ cohort in the United States, particularly the oldest cohorts, the annual number of new cases of Alzheimer's and other dementias is projected to double by 2050.

PHB contends that of the total population in the United States:

- One in 10 people aged 65+ have Alzheimer's dementia.
- The occurrence of Alzheimer's dementia increases with age:
  - Three percent of people aged 65 to 74
  - 17 percent of people aged 75 to 84
  - 32 percent of people aged 85+

PHB notes that, according to the Alzheimer's Association, it is estimated that there are 560,000 residents age 65+ in Florida in 2019 who have Alzheimer's disease or some other form of dementia, by 2025 that number will increase by 28.6 percent to 720,000 seniors. The applicant indicates that Alzheimer's disease is now the sixth leading cause of death in Florida, and it is estimated that one in three seniors dies with Alzheimer's disease or some other dementia. The applicant notes that comparison of national prevalence rates by age cohort to population estimates and projections reveals that there are currently 16,388 persons afflicted with Alzheimer's disease in Subdistrict 7-1. PHB maintains that this statistic is projected to increase by 12.2 percent, to 18,383 people, by the year 2024.

Tab 3 in Volume II of CON application #10626 includes the 2019 Alzheimer's Disease Facts and Figures prepared by the Alzheimer's Association, which includes data in support of PHB's Alzheimer need argument. See the table below.

**Estimates of Persons Afflicted with Alzheimer’s Dementia  
Subdistrict 7-1: Brevard County  
2019 and 2024**

Age Cohort	2019			2024		
	Population	Incidence	Alzheimer’s Estimate	Population	Incidence	Alzheimer’s Estimate
Age 65-74	82,470	3%	2,474	101,105	3%	3,033
Age 75-84	45,676	17%	7,765	49,635	17%	8,438
Age 85+	19,214	32%	6,148	21,599	32%	6,912
Total	147,360		16,388	172,339		18,383

Source: CON application #10626 Page 76 from Claritas/Environics, 2019 Alzheimer’s Disease Facts and Figures, Alzheimer’s Association & NHA Analysis

As shown above, PHB estimates that in 2019 there are 16,388 persons with Alzheimer’s dementia which is expected to increase to 18,383 by 2024 or by 12.2 percent.

The reviewer notes PHB’s Schedule C-Condition #4. PHB’s Schedule C Conditions also stipulate that at least one Certified Dementia Practitioner would be on staff on the Alzheimer's unit every shift. PHB will also implement the *It's Never 2 Late*® (iN2L) computer system to residents of the Alzheimer's unit as a tool to empower and engage seniors, specifically those with dementia.

PHB also states it is responding to a growing demand for bariatric rooms and services to accommodate obese patients (see Schedule C- Condition #5 –maintenance of six full bariatric rooms/suites).

PruittHealth cites an October 2017 study published by the Centers for Disease Control and Prevention (CDC) that found the prevalence of obesity among adults in the United States increased rapidly between the years 1980 and 2000. PHB maintains that although trends slowed in the most recent two decades, the overall age-adjusted obesity rate remains at 39.4 percent in adults. The prevalence among adults ages 40-59 is 42.8 percent, and amongst those 60+ it is 41 percent.

The applicant states that obesity is a risk factor for numerous diseases and conditions, including Type 2 diabetes, cardiovascular disease and many cancers. PHB maintains that researchers have projected 65 million more adults with obesity in the United States in 2030 than in 2010. The applicant notes that despite the recent trends reflecting a reduction in the rate of increase of obesity, there are still projected to be six million additional cases of Type 2 diabetes, five million cases of cardiovascular disease and 400,000 cases of cancer by 2030, all of which can be attributed to obesity rates.

PHB states that according to the CDC, prevalence of obesity varies from state to state. PHB cites a more recent May 2018 study from the University of Florida, Florida Hospital, and the Obesity Action Coalition, in which researchers reviewed health data of nine million Floridians. These researchers found that 37.1 percent of Floridians are considered obese. Women had higher obesity rates compared with men. Obesity rates varied within racial/ethnic groups, with the highest rate among African Americans (45.7 percent). Hispanics also have a higher prevalence of obesity than Caucasian populations.

Tab 19 in Volume III of CON application #10626 includes an article entitled ‘Characterization of adult obesity in Florida using the OneFlorida clinical research consortium’ in support of PHB’s need for bariatric beds.

The applicant provides the chart below in support of the need for bariatric beds.

**Estimates of Residents with Obesity,  
Ages 65+, Subdistrict 7-1, Brevard County, 2019 & 2024**

	2019			2024		
	Population	Incidence	Obesity Estimate	Population	Incidence	Obesity Estimate
<b>Brevard</b>	137,056	37.5%	51,398	152,865	37.5%	59,163

Source: CON application #10626, Page 80 from Obesity Science & Practice published by John Wiley & Sons Ltd., World Obesity and The Obese Society, Volume 4, Issue 4: Pages 308-317, first published May 9, 2018, Environics/Claritas, & NHA Analysis

The reviewer notes that while incidence (percentage rate) remains constant, obesity estimates continue to rise in Brevard County as population increases.

The applicant provides the following table, analyzing the Service Line MS-DRG data for Brevard county hospitals.

**Subdistrict 7-1 (CON application #10626)  
Hospital Discharges to Skilled Nursing Facilities by Service Line  
12 Months Ending March 31, 2019**

Service Line (MS-DRG)	Age 65+		Total	
	Cases	Percent of Total	Cases	Percent of Total
Orthopedics	1,522	20.8%	1,746	20.5%
Pulmonary	765	10.5%	878	10.3%
Cardiology/Invasive/Card Surg	93	1.3%	1,053	12.4%
Infectious Disease	652	8.9%	777	9.1%
Neurology	620	8.5%	729	8.6%
Nephrology	632	8.7%	705	8.3%
General Surgery	364	5.0%	467	5.5%
Gastroenterology	356	4.9%	402	4.7%
Endocrinology	204	2.8%	241	2.8%
All Others	2,098	28.7%	1,514	17.8%
<b>Total</b>	<b>7,306</b>	<b>100.0%</b>	<b>8,512</b>	<b>100.0%</b>

Source: CON application #10626, Page 91 from AHCA Inpatient Data Tapes and NHA Analysis

The applicant provides a narrative of specialized services, initiatives and amenities on pages 92-98 of CON application #10626. PHB describes these to include: facility and program to service disabling effects of Alzheimer's dementia, all private rooms, facility and program serving bariatric patients, programs to reduce hospital readmissions, resident safety through technologies and electronic medical records and extensive rehabilitation services. Specialized rehabilitation equipment includes but is not limited to:

- Nautilus leg press
- Nautilus triceps press
- Nautilus compound row
- Nautilus low back
- Nautilus four-way neck
- Nautilus leg extension
- Biodex balance system
- Biodex gait trainer
- Biodex un-weighing system
- Biodex Biostep
- Accelerated care plus modalities
- Ultrasound
- Shortwave diathermy<sup>2</sup>
- Electrical stimulation

PruittHealth – Brevard County, LLC expects to admit a total of 239 admissions (with total patient days of 13,289 and an average daily census (ADC) of 36.4 in its first year, increasing to a total of 597 admissions (with total patient days of 33,672 and an ADC of 92.3) in its second year. PHB estimates a total occupancy of 37.2 percent (in year one) and 94.0 percent (in year two). The applicant indicates that the configuration of the facility will be a mix of short-term and long-term residents. See the table below.

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

**PruittHealth – Brevard, LLC (CON application #10626)  
Forecasted Utilization  
98-Bed Facility  
Years One and Two**

	<b>Year One Ending 9/30/2023</b>	<b>Year Two Ending 9/30/2024</b>
<b>Medicare/Medicare HMO, Skilled Patients</b>		
Admissions	191	492
Patient Days	4,661	12,078
Average Daily Census	12.8	33.1
<b>Medicaid Long-term Care Patients</b>		
Admissions	32	85
Patient Days	7,685	20,496
Average Daily Census	21.1	56.2
<b>All Other Payors</b>		
Admissions	16	19
Patient Days	943	1,098
Average Daily Census	2.6	3.0
<b>Total</b>		
Admissions	239	597
Patient Days	13,289	33,672
Occupancy Rate	37.2%	94.0%
Average Daily Census	36.4	92.3

Source: CON application #10626, page 99

The applicant maintains that the proposed project will have no adverse impact on existing SNFs in the service area given the obvious demand for skilled nursing services into the planning horizon.

PHB cites the published need but maintains that there are other factors supporting need for its project which include:

- Historical occupancy rates of existing providers
- Less access to disease-specific programming including accommodations for Alzheimer’s dementia
- Limited accommodations for patients with obesity
- Limited access to nursing home beds for Medicaid long-term care population particularly in private rooms
- Historical hospital discharges to nursing homes by service line
- The growing elderly population who are the most frequent users of nursing home services
- The changing dynamics within payors and the payor system

PHB indicates that it will apply its knowledge of this market, and expand upon existing PruittHealth-affiliated relationships throughout Florida to respond effectively to unique needs of Subdistrict 7-1.

The applicant contends that its project should be approved based on the following proposed services and commitments:

- 100 percent private rooms and 1<sup>st</sup> all private nursing facility in Brevard County
- 100 percent handicap accessible bathrooms
- 16-bed Alzheimer's dementia unit
- Six bariatric rooms/suites
- 60+ percent of patient days to Medicaid long-term care enrollees in Year Two
- State-of-the art rehab suite, extensively equipped to include activities of daily living, putting greens (indoor and outdoor) and a Hydroworx therapy pool
- Programs to reduce hospital admissions that have already been successfully introduced in other PruittHealth facilities
- A commitment to technology, including PointRight, Smart Charting, Wandergard, Careguard, and electronic medical records.

PruittHealth – Brevard County, LLC also restates its proposed conditions (see Item C Project Summary of this report).

## **2. Agency Rule Criteria and Preferences**

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 is not submitted to remedy a geographically underserved area as defined above. The proposal is submitted to address the Agency's published 98-bed need for community nursing home beds in District 7, Subdistrict 1, Brevard County.

- 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.**

PHB states that it will offer:

- 24-hour nursing services
- PT
- OT
- Speech therapy
- IV therapy
- Tube feeding and total parental nutrition
- Wound care management
- Pain management
- Central lines
- Oxygen therapy
- Alzheimer's/dementia programming
- Bariatric programming (specialized training and design features)

Additional services to be readily available will include:

- 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, which 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

The applicant asserts that technology designed to meet the needs of its patients is critical in the recovery and strengthening process, and in avoiding re-hospitalization. PHB 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-weighing System
- Biodex Biostep
- Accelerated Care Plus Modalities
- Ultrasound
- Shortwave Diathermy
- Electrical Stimulation

PHB 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. PHB 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. The applicant indicates the benefits of PerfectPath for the patient are as follows:

- 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 applicant cites the following PerfectPath Program tools:

- 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

PHB asserts that it develops a PerfectPath specialty care program with each of its residents. The applicant states that each of the PerfectPath Specialty Care programs will be implemented at PHB; an explanation of each program follows:

- 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 and 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.

Below is the applicant’s Schedule 6 staffing pattern.

**PruittHealth – Brevard County, LLC  
CON application #10626  
Projected Year-One and Year-Two FTE Staffing Pattern**

	<b>Total FTEs Year-One</b>	<b>Total FTEs Year-Two</b>
<b>Administration</b>		
Administrator	1	1
Director of Nursing	1	1
Admissions Director	1	1
Secretary	1.4	1.4
Medical Records Clerk (CNA)	0.7	0.7
Other: Financial Counselor	1	1
<b>Medical Director (Contracted)</b>		
Medical Director (Contracted)	0.2	0.2
<b>Other: Physician Services (Cont.)</b>		
Other: Physician Services (Cont.)	0.02	0.02
<b>RNs</b>		
RNs	7.2	12.4
<b>LPNs</b>		
LPNs	6.1	12.6
<b>Nurses’ Aides</b>		
Nurses’ Aides	18.0	43.4
<b>Other: RN MDS Nurse</b>		
Other: RN MDS Nurse	0.7	1
<b>Ancillary</b>		
<b>Physical Therapist (Contracted)</b>		
Physical Therapist (Contracted)	0.7	1.71
<b>Physical Therapy Assistant (Cont.)</b>		
Physical Therapy Assistant (Cont.)	0.8	1.99
<b>Speech Therapists (Cont.)</b>		
Speech Therapists (Cont.)	0.4	1.06
<b>Occupational Therapist (Cont.)</b>		
Occupational Therapist (Cont.)	0.8	1.97
<b>Occupational Therapy Asst. (Cont)</b>		
Occupational Therapy Asst. (Cont)	0.1	0.72
<b>Other: Rehab Aide</b>		
Other: Rehab Aide	1	1
<b>Dietary Supervisor</b>		
Dietary Supervisor	1	4.6
<b>Cooks</b>		
Cooks	2.4	4.6
<b>Dietary Aides</b>		
Dietary Aides	2.4	10.2
<b>1</b>		
<b>Social Service Director</b>		
Social Service Director	1	1
<b>Activity Director</b>		
Activity Director	1	1
<b>Housekeepers</b>		
Housekeepers	5.2	8.4
<b>Laundry Aides</b>		
Laundry Aides	1.4	2.8
<b>Maintenance Supervisor</b>		
Maintenance Supervisor	1	1
<b>Total</b>	<b>57.7</b>	<b>108.5</b>

Source: CON application #10626, Schedule 6

**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.**

PHB is a developmental-stage, for-profit entity formed for the purpose of establishing a community SNF in Subdistrict 7-1, and therefore has no operational history, and has not had a SNF license denied, revoked or suspended within the 36 months prior to the current application. PHB 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?**

PHB is a developmental-stage, for-profit entity formed for the purpose of establishing a community SNF in Subdistrict 7-1, and therefore has not been placed into receivership at any time. PHB 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.**

PHB indicates that this criterion is not applicable.

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

PHB indicates that this criterion is not applicable.

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

PHB indicates that this criterion is not applicable.

- 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.**

PHB indicates that within 45 days after the end of each calendar quarter, PHB will report its 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 applicant's service area? ss. 408.035 (1)(b) and (e), Florida Statutes.**

As of August 16, 2019, Subdistrict 7-1 (Brevard County) and had 21 licensed community SNFs with a total of 2,810 community beds. Brevard County has no CON approved community nursing home beds. Subdistrict 7-1 averaged 84.54 percent total occupancy for the 12-month period ending June 30, 2019.

The applicant 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 quality assurance program based on its other PruittHealth-affiliated facilities throughout the southeastern United States. The applicant states that upon licensure and certification, PHB will adhere to any and all State and Federal nursing home regulations statutes and the entire facility will meet Medicare's Conditions of Participation.

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? ss. 408.035 (1) (c) and (j), Florida Statutes.**

PruittHealth - Brevard states that 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. PHB expresses a commitment to adhere to any and all State and Federal SNF regulations and statutes in addition to Medicare’s Conditions of Participation. While a new entity, the applicant is affiliated with PruittHealth, the parent company of 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 – Brevard, LLC**  
**PruittHealth, Three-Year Substantiated Complaint History**

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

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

PHB states that it will develop programs, services, protocols and exceed benchmarks in an effort to achieve the Agency’s Gold Seal eligibility. The reviewer notes that there is one Agency Gold Seal Award nursing facility – Royal Oaks Nursing and Rehab Center in Titusville in the Subdistrict 7-1 (Source: [FloridaHealthFinder.gov](http://FloridaHealthFinder.gov)). 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.

PHB 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.

The applicant 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. PHB maintains that 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 comments 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. PHB contends that PruittHealth's vision, *Committed to Caring*, defines not only what it does, but also the culture in which it works.

The applicant states that the subdistricts where PruittHealth will operate are within reasonable proximity to its pharmacy services and medical/nutritional supply centers in Valdosta, Lowndes County, Georgia. PHB indicates that this promotes accessibility, and provides a logistical advantage to PruittHealth facilities as its pharmaceuticals, medical supplies and other similar products are available 24/7 (including weekends) through either the operations centers or their back up facilities, thus assuring timely availability and quality for residents/patients of these facilities. 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. PruittHealth asserts that this continuum of services



recognizes new challenges presented to all providers in health care services allowing for a seamless transition across multiple care settings. The applicant also points out the PruittHealth *Model of Care* is designed to significantly reduce hospital recidivism rates and improve the overall outcomes for patients.

PHB 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

PHB states PruittHealth maintains and continually updates a Comprehensive Plan of Action for Natural Disasters 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.

PruittHealth – Brevard County, 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? ss. 408.035 (1)(d), Florida Statutes.**

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.

<b>10626 United Health Services, Inc. (in thousands)</b>		
	<b>Jun-19</b>	<b>Jun-18</b>
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
<b>Short-Term Analysis</b>		
Current Ratio (CA/CL)	0.7	0.7
Cash Flow to Current Liabilities (CFO/CL)	5.24%	9.10%
<b>Long-Term Analysis</b>		
Long-Term Debt to Net Assets (TL-CL/NA)	438.2%	320.5%
Total Margin (ER/TR)	-1.70%	-1.99%
<b>Measure of Available Funding</b>		
Working Capital	(\$78,371)	(\$75,510)

<b>Position</b>	<b>Strong</b>	<b>Good</b>	<b>Adequate</b>	<b>Moderately Weak</b>	<b>Weak</b>
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 this CON application #10626 as the only capital project, totaling \$24,976,295. The applicant states that \$4,995,259 will come from operating cash flows from the parent company, United Health Services, Inc., and the remaining \$19,981,036 will be financed.

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 submitted a letter from Synovus, expressing their interest in financing this project up to \$20,000,000, which is 80 percent of the projected \$25,000,000 cost. The applicant also submitted a letter from PruittHealth, Inc., stating that they have line of credit with Capital One for \$36 million. As of November 27, 2019, \$21.5 is available for use.

**Conclusion:**

Funding for this project is based on an executed financing agreement with Synovus.

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

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	\$ 13,443,882.00	\$ 399.26	\$ 848.59	\$ 351.13	\$ 260.45
Total Expenses	\$ 11,981,955.00	\$ 355.84	\$ 792.59	\$ 352.95	\$ 281.14
Operating Income Margin	\$ 1,461,927.00	\$ 43.42	\$ 84.66	\$ 1.62	\$ (65.67)
	11%				
Occupancy	94%		100%	89%	60%
Medicaid	61%		71%	63%	51%
Medicare	36%		37%	17%	5%

**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.

The projected NRPD, CPD, and profit fall within the group range and are considered reasonable. In addition, the total cost appears to include at least the minimum staffing required. Therefore, the overall profitability appears achievable.

**Conclusion:**

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

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

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? 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 Brevard County, District 7, Subdistrict 1, District 7 overall and Florida overall is provided in the following table:

Medicaid Patient Days and Occupancy in Brevard County, District 7 and Florida					
Medicaid Patient Days					
Region	FY 14/15	FY 15/16	FY 16/17	FY 17/18	FY 18/19
Brevard County	467,774	479,749	489,258	479,090	492,114
District 7	1,774,373	1,814,280	1,806,594	1,786,963	1,848,437
State of Florida	25,654,808	25,661,894	25,381,784	25,243,574	25,088,910
Medicaid Occupancy					
Region	FY 14/15	FY 15/16	FY 16/17	FY 17/18	FY 18/19
Brevard County	54.76%	55.90%	58.11%	57.37%	58.88%
District 7	59.99%	60.98%	60.92%	61.41%	62.62%
State of Florida	61.88%	62.73%	63.34%	63.23%	64.90%

Source: Florida Nursing Home Bed Need Projections by District and Subdistrict, October 2015 - 2019  
Batching Cycles

PHB’s Schedule 7 projects 13,289 total annual patient days for the 98-bed project in year one, with 7,685 or 57.8 percent being Medicaid patient days in year one. The applicant projects 33,672 total annual patient days in year two, with 20,496 or 60.9 percent being Medicaid patient days in year two.

The applicant’s Schedule C does not condition for any Medicaid or charity care patient days or patient day percentages for year one and does not condition for any Medicaid or charity care patient days or patient day percentages for year two.

**F. SUMMARY**

**PruittHealth – Brevard County, LLC (CON application #10626)** is a newly formed, development stage, for-profit Florida entity that proposes to construct a new 98-bed (100 percent all private patient rooms, 100 percent handicapped accessible patient bathrooms) community nursing home in Subdistrict 7-1 (Brevard County).

The ultimate parent is UHS, which is the parent to more than 100 long-term SNFs and ALFs. PruittHealth will provide all administrative related services to PHB. PruittHealth was formed in 1969, in the State of Georgia, and currently operates SNFs in the following states: Florida, Georgia, North Carolina and South Carolina. Specific to Florida, PruittHealth currently operates three Florida SNFs.

The total project cost is \$24,976,295. The project includes 91,876 GSF of new construction. The total construction cost is \$14,700,160. The project cost includes land, building, equipment, project development, financing and start-up costs.

Pursuant to project approval, on CON application #10626, PHB commits to 18 Schedule C Conditions.

**Need**

In Volume 45, Number 149 of the Florida Administrative Register, dated October 4, 2019, the need for 98 community nursing home beds was published for Subdistrict 7-1 for the July 2022 Planning Horizon.

As of August 16, 2019, the subdistrict had 2,810 licensed and no CON approved community nursing home beds.

As of December 26, 2019, the application omissions deadline for the Other Beds and Programs: 2<sup>nd</sup> Batching Cycle-2019, there were no exemption requests and no expedited certificate of need applications submitted to add community nursing home beds in Subdistrict 7-1.

PruittHealth states that the following factors support the proposal:

- Historical occupancy rates of existing providers
- Historical hospital discharges to nursing homes by service line
- High incidence of Alzheimer’s and obesity requiring specialized programming and accommodations:
  - Alzheimer’s/dementia – 16-bed secure unit
  - Bariatric – six-bed unit
- The growing 65+ cohort who are the most likely users of nursing home services
- Changes in payors and the payor system
- Commitment to the use of technology for patient care, including PointRight, Smart Charting, Wanderguard, Careguard, medical kiosks, *INTERACT 3.0* and electronic medical records
- The applicant will apply its knowledge of this market and expand upon existing PruittHealth relationships to effectively respond to the unique needs of the market
- Letters of support in favor of the proposal

Other need justification factors that PruittHealth presents as reasons to approve the project include:

- 100 percent private patient rooms and the first all-private nursing facility in Brevard County
- 100 percent handicap accessible patient bathrooms
- 61 percent of patient days to Medicaid long-term care enrollees in the second year
- State-of-the art rehab suite
- Programs to reduce hospital readmissions that have already been successfully introduced in other PruittHealth facilities



- Quality initiatives that have proven to have a demonstrable effect on the level of care provided from both a startup and a long-term perspective

*The Agency has determined that within the context of the criteria specified in Section 408.035 (1), Florida Statutes, and Rule 59C-1.036, Florida Administrative Code, CON application #10626 satisfies the criteria. Further, the Agency has determined that CON application #10626 demonstrated the ability to increase access and availability and enhance health care to the residents of the subdistrict with a quality operator of SNFs.*

**Quality of Care**

- The applicant documented the ability to provide quality care
- The parent operated three SNFs in Florida and during the three-year period ending November 20, 2019 had a total of 10 substantiated complaints – all at PruittHealth – Santa Rosa, LLC

**Financial Feasibility/Availability of Funds**

- Funding for this project is based on an executed financing agreement with Synovus
- Based on the information provided in Schedule 6, the applicant’s projected staffing meets the licensed nursing staffing requirement
- This project appears to be financially feasible based on the projections provided by the applicant
- This project is not likely to have a material impact on competition to promote quality and cost effectiveness.

**Medicaid/Charity Care**

- Schedule 7 of the application indicates that 57.8 percent of year one and 60.9 percent of year two total annual patient days, will be provided to Medicaid residents.

**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.

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 #10626 to establish a 98-bed community nursing home in District 7, Subdistrict 1, Brevard County. The total project cost is \$24,976,295. The project involves 91,876 GSF of new construction and a total construction cost of \$14,700,160.

**CONDITIONS:**

1. Brevard County, Subdistrict 7-1, Florida
2. All 98 patient beds will be in private patient rooms
3. All patient bathrooms will be handicap accessible
4. Facility will feature a 16-bed Alzheimer's disease secure unit
5. Incorporate six bariatric rooms/beds into the facility design
6. Seek Joint Commission accreditation or accreditation from some other similarly recognized accrediting body
7. 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
8. 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
9. Provide the It's Never 2 Late ® (iN2L) computer system to residents of the Alzheimer's unit as a tool to empower and engage seniors, specifically those with dementia. Each resident can have his or her individual page on the system, which displays their favorite personal options: music, games, photos and videos, even websites, at their fingertips
10. Have at least one Certified Dementia Practitioner on staff on the Alzheimer's unit per shift
11. Implement Electronic Medical Records (EMR) at the facility, and include Smart Charting or other similar bedside patient charting tool
12. Implement Resident Safety Technology including Call Guard and WanderGuard into the facility

13. Implement Clinical Kiosks in appropriate locations throughout the facility
14. Assure all staff maintains ongoing training and continuing education credits utilizing Pruitt University and at no cost to the employees
15. Participate in a company-wide Annual Quality Report to demonstrate transparency in operations and make this Quality Report available to the public
16. 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
17. Implement PointRight Technology (or a future similar technology) in the ongoing operations
18. In addition to complying with Florida Emergency Management Plans and Operations Center as required by the State of Florida, the applicant will adopt PruittHealth's policies related to natural disasters and hurricanes will implement the PruittHealth Hurricane Response Plan and be an active participant in PruittHealth's Central Command Center when severe weather events arise

**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: \_\_\_\_\_

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