

STATE AGENCY ACTION REPORT

ON APPLICATION FOR CERTIFICATE OF NEED

A. PROJECT IDENTIFICATION

1. Applicant/CON Action Number

PruittHealth – Orange County, LLC/CON #10627

1626 Jeurgens Court
Norcross, Georgia 30093

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

2. Service District/Subdistrict

District 7 / Subdistrict 7-2 (Orange County)

B. PUBLIC HEARING

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

Letters of Support

Letters of support include:

- Rick Smith, Property Appraiser, Orange County, Florida
- John Simmons, MSW, NHA Immediate Past President, Florida Health Care Association

C. PROJECT SUMMARY

PruittHealth – Orange County, LLC (CON application #10627) is a developmental-stage, for profit entity that will also be referred to as PHO or the applicant. PHO proposes to establish a 120-bed community nursing home in District 7, Subdistrict 2, Orange County, Florida.

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

administrative and related services to PHO. PruittHealth was established in 1969 in the State of Georgia and 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 approved community SNFs pending licensure in the State of Florida as of November 7, 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 #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 102,079 gross square feet (GSF) of new construction. The construction cost is \$16,332,640. The total project cost is \$26,206,971. The total project cost includes land, building, equipment, project development, financing and start-up costs.

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

PHO conditions approval of the proposal to the following Schedule C conditions (15 total):

1. Location in Orange County, District 7, Subdistrict 2, Orange County, Florida
2. All 120 patient beds will be private patient rooms.
3. All patient bathrooms will be handicap accessible.

¹ PruittHealth - Panama City (77 beds) and PruittHealth - Fleming Island (97 beds) were licensed on 12/14/18 and 4/5/19, respectively. PruittHealth has been the licensee for PruittHealth – Santa Rosa (120 beds), since 1/31/03.

4. Incorporate four bariatric rooms/beds into the facility design.
5. Seek Joint Commission accreditation or accreditation from some other similarly recognized accrediting body.
6. 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.
7. 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.
8. Implement Electronic Medical Records (EMR) at the facility, and include Smart Charting or other similar bedside patient charting tool.
9. Implement Resident Safety Technology including Call Guard and WanderGuard into the facility.
10. Implement Clinical Kiosks in appropriate locations throughout the facility.
11. Assure all staff maintains ongoing training and continuing education credits utilizing Pruitt University and at no cost to the employees.
12. Participate in a company-wide Annual Quality Report to demonstrate transparency in operations and make this Quality Report available to the public.
13. 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.
14. Implement PointRight Technology (or a future similar technology) in the ongoing operations.
15. 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 as needed on an ongoing basis.

**PruittHealth – Orange County LLC
Subdistrict 7-2: Total GSF and Project Cost**

Applicant	CON app. #	Project	GSF	Project Costs	Cost Per Bed
PruittHealth – Orange County, LLC	10627	120-bed SNF	102,079	\$26,206,971	\$218,391

Source: CON application #10627, Schedules 1 and 9

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 applicant’s proposed conditions would be reported in the annual condition compliance report as required by Rule 59C-1.013(3) Florida Administrative Code.

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

D. REVIEW PROCEDURE

The evaluation process is structured by the certificate of need review criteria found in Section 408.035, Florida Statutes, 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, 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 151 community nursing beds was published in the fixed need pool for District 7, Subdistrict 2 for the July 2022 Planning Horizon.

As of December 26, 2019, the application omissions deadline for the October 2019 'Other Beds and Programs' batching cycle, there were no other exemption requests or expedited certificate of need applications submitted for community nursing home projects.

Subdistrict 7-2 presently has 4,201 licensed, and 218 CON approved community nursing home beds.

Subdistrict 7-2 had 34 SNFs with a total of 4,201 licensed community nursing beds and an occupancy rate of 87.67 for the 12-month period ending on June 30, 2019. See the following table.

Subdistrict 7-2, Orange County, Utilization July 2018 – June 2019

Facility	Community SNF Bed	Community SNF Bed days	Patient Days	Total Occupancy
AdventHealth Care Center – Apopka North	120	43,800	34,314	78.34%
AdventHealth Care Center – Orlando East	120	43,800	39,914	91.13%
AdventHealth Care Center – Orlando North	120	43,800	38,400	87.67%
Avante at Orlando, Inc.	118	43,070	33,990	78.92%
Colonial Lakes Health Care	180	65,700	61,398	93.45%
Commons at Orlando Lutheran Towers	93	33,945	33,945	100.00%
Conway Lakes Health and Rehabilitation Center	120	43,800	39,710	90.66%
Courtyards of Orlando Health Center	120	43,800	39,073	89.21%
Delaney Park Health and Rehabilitation Center	89	31,586	20,986	66.44%
Gardens at DePugh, The	40	14,600	13,673	93.65%
Guardian Care Nursing and Rehabilitation Center	120	43,800	41,568	94.90%
Health Central Park	228	83,220	74,282	89.26%
Hunters Creek Nursing and Rehab Center	116	42,340	40,132	94.79%
Life Care Center of Orlando	120	43,800	40,136	91.63%
Mayflower Healthcare Center	24	8,760	7,514	85.78%
Metro West Nursing and Rehab Center	120	43,800	37,708	86.09%
Ocoee Health Care Center	120	43,800	38,449	87.78%
Orlando Health and Rehabilitation Center	391	143,614	126,284	87.93%
Palm Garden of Orlando	132	48,180	44,133	91.60%
Parks Healthcare and Rehabilitation Center	120	4,3800	40,336	92.09%
Parkview Rehabilitation Center at Winter Park, The	138	50,370	29,495	58.56%
Quality Health of Orange County	120	43,800	31,563	72.06%
Regents Park of Winter Park	120	43,800	41,947	95.77%
Rehabilitation Center of Winter Park, The	180	65,700	50,600	77.02%
Rio Pinar Health Care	180	65,700	63,531	96.70%
Rosewood Health and Rehabilitation Center	120	43,800	41,022	93.66%
Savannah Cove	39	14,235	11,424	80.25%
Solaris Healthcare Lake Bennet	120	43,800	42,227	96.41%
Solaris Healthcare Windermere	120	43,800	42,227	96.90%
Terra Vista Rehab and Health Center	115	41,975	38,231	91.08%
Westminster Baldwin Park	40	14,600	11,450	78.42%
Westminster Towers	115	36,143	30,627	84.74%
Westminster Winter Park	80	26,527	24,118	100.00%
Winter Park Care and Rehabilitation Center	103	37,595	32,160	85.54%
Total	4,201	1,524,860	1,336,781	87.67%

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

The current and projected population of Subdistrict 7-2, District 7 and the State of Florida is provided in the tables below.

Orange County, Florida, District 7, Subdistrict 7-2
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
Orange/7-2	97,810	61,047	158,857	109,260	69,466	178,726
District 7	245,924	167,244	413,168	272,760	187,801	460,561
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
Orange/7-2	+11,450	+8,419	+19,869	+11.71%	+13.79%	+12.51%
District 7	+26,836	+20,557	+47,393	+10.91%	+12.29%	+11.47%
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

Subdistrict 7-2’s skilled nursing facility (SNF) beds per 1,000 residents for the age 65+ to 74 cohort are in the following chart.

**Subdistrict 7-2 (Orange County) District 7 & Florida
Community Nursing Home Bed to Population Aged 65-74 Ratio
July 1, 2019 & July 1, 2022**

County/Area	Licensed Community Beds	2019 Pop. Aged 65-74	July 1, 2019 Beds per 1,000	Licensed & Approved Community Beds	July 1, 2022 Pop. Aged 65-74	July 1, 2022 Beds per 1,000
Orange	4,201	97,810	42.95	4,419	109,260	40.44
District 7	9,477	245,924	38.54	9,812	272,760	35.97
State of Florida	81,363	2,379,631	34.19	84,530	2,547,685	33.18

Source: Florida Agency for Health Care Administration Population Estimates, February 2015 and Florida Nursing Home Bed Need Projections by District and Subdistrict, October 4, 2019

As demonstrated in the table above as of July 1, 2019, Subdistrict 7-2’s age 65 to 74 population has 42.95 licensed beds per 1,000 compared to the district’s 38.54 and the State’s 34.19 beds per 1,000. With the licensed and approved beds and the projected population growth for July 1, 2022, these ratios decline to 40.44 for Subdistrict 7-2, 35.97 per 1,000 for District 7 and 33.18 per 1,000 for the State.

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+.

**Subdistrict 7-2 (Orange County) District 7 & Florida
Community Nursing Home Bed to Population Aged 75+ Ratio
July 1, 2019 & July 1, 2022**

County/Area	Licensed Community Beds	2019 Pop. Aged 75+	July 1, 2019 Beds per 1,000	Licensed & Approved Community Beds	July 1, 2022 Pop. Aged 75	July 1, 2022 Beds per 1,000
Orange	4,201	61,047	68.82	4,419	69,466	63.61
District 7	9,477	167,244	56.67	9,812	187,801	52.25
State of Florida	81,363	1,833,175	44.38	84,530	2,026,052	41.72

Source: Florida Agency for Health Care Administration Population Estimates, February 2015 and Florida Nursing Home Bed Need Projections by District and Subdistrict, October 4, 2019

As demonstrated in the table above as of July 1, 2019, Subdistrict 7-2’s age 75+ population has 68.82 licensed beds per 1,000 compared to the district’s 56.67 and the state’s 44.38 beds per 1,000. With the licensed and approved beds and the projected population growth for July 1, 2022, these ratios decline to 63.61 for Subdistrict 7-2, 52.25 per 1,000 for District 7 and 41.72 per 1,000 for the State.

The applicant states that the proposed project is being submitted in response to the Agency’s fixed need pool publication of 151 community nursing home beds dated October 4, 2019.

PruittHealth – Orange County, LLC (CON application #10627) proposes to construct a 120-bed SNF with 120 private rooms, 100 percent of the rooms having handicapped accessible bathrooms.

PHO expects approximately 58.0 percent of its patient days will be Medicaid patients in year one ending June 30, 2022—increasing to 61.4 percent in year two ending June 30, 2023. The reviewer notes that this level of Medicaid support demonstrates a substantial commitment by PruittHealth to provide all-private accommodations to this medically indigent population.

PHO asserts that it will be the first all-private/single occupancy room provider in Subdistrict 7-2. The applicant contends that the proposed project is best suited to meet the predicted growing demand for skilled nursing care in Subdistrict 7-2. PHO indicates that due to the design of the proposed project, particularly the all-private/single occupancy rooms, the new 120-bed SNF will most efficiently meet the skilled nursing care needs of the residents of Subdistrict 7-2 and will result in better health care outcomes.

PHO asserts that many dual or higher occupancy rooms existing in Subdistrict 7-2 cannot be fully utilized due to mixing of genders and potentially highly infectious diseases that may require isolation which all-private/ single occupancy rooms will address and remedy.

PHO will enhance programmatic accessibility for Medicaid Long-term Care (LTC) enrollees. Individuals are not typically enrolled in Medicaid LTC plans until they are in need of such care. Medicare, on the other hand, covers short-term care (STC) stays in SNFs, focused on rehabilitation and skilled care. The applicant maintains that when a patient exhausts their Medicare days in the SNF, they are converted to LTC enrollment provided they financially qualify; 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 LTC. PHO points out that all of these patients will be housed in private rooms.

**PruittHealth Orange County, LLC (CON application #10627)
Subdistrict 7-2 Hospital Discharges to SNFs
12 Months Ending March 31, 2017 through 2019**

Hospital	Discharges to SNF			Percent Discharges by Hospital		
	12 Mos Ending 3/31/2017	12 Mos Ending 3/31/2018	12 Mos Ending 3/31/2019	12 Mos Ending 3/31/2017	12 Mos Ending 3/31/2018	12 Mos Ending 3/31/2019
AdventHealth-Apopka	161	233	388	6.7%	7.7%	7.6%
AdventHealth-East Orlando	1,445	1,228	1,177	9.2%	8.5%	7.8%
AdventHealth-Orlando	4,846	4,746	4,337	8.2%	8.7%	7.9%
AdventHealth-Winter Park	1,590	1,397	1,112	10.3%	9.3%	7.8%
Dr. P. Phillips Hospital	839	823	809	6.2%	5.6%	5.0%
Health Central Hospital	1,245	1,296	1,400	11.1%	10.7%	11.2%
Orlando Regional Medical Center	2,858	3,304	3,662	10.3%	10.4%	10.3%
Select Specialty of Orlando	131	126	142	47.1%	45.8%	42.0%
Select Specialty Orlando South	201	164	206	47.2%	39.8%	36.1%
Subdistrict 7-2	13,316	13,317	13,233	9.1%	9.1%	8.6%

Source: CON application #10627 Tab 2, Page 79, Table 1 from AHCA Inpatient Data Tapes and NHA Analysis
(*) Excludes Children's Hospitals

The applicant states that nine Orange County hospitals discharged between 13,233 and 13,317 patients to SNFs in each of the last three years; discharges to SNF as a percent of total Orange County hospital discharges represent approximately nine percent each year. PHO comments that acute care discharges to SNFs for each of the last three years by hospital is provided above, for Orange County hospitals; this data is of particular importance because PruittHealth – Orange will develop relationships with Orange County hospital discharge planners, social workers and hospital leadership to ensure it becomes an option for patients seeking a SNF bed for post-acute rehabilitation and LTC. The applicant asserts that it will have the advantage of expanding upon existing PruittHealth relationships with health systems in the state of Florida.

**Subdistrict 7-2 Hospitals – All 65+ (CON application #10627)
Discharges to Skilled Nursing by Hospital
12 Months Ending March 31, 2017 through 2019**

Hospital	Discharges to SNF			Percent Discharges by Hospital		
	12 Mos Ending 3/31/2017	12 Mos Ending 3/31/2018	12 Mos Ending 3/31/2019	12 Mos Ending 3/31/2017	12 Mos Ending 3/31/2018	12 Mos Ending 3/31/2019
AdventHealth-Apopka	141	214	306	14.1%	16.4%	14.5%
AdventHealth-East Orlando	1,207	1,037	974	18.4%	16.1%	14.7%
AdventHealth-Orlando	3,813	3,819	3,451	19.5%	19.9%	17.3%
AdventHealth-Winter Park	1,431	1,232	977	24.5%	22.0%	18.3%
Dr. P. Phillips Hospital	674	672	657	12.7%	10.8%	9.8%
Health Central Hospital	1,026	1,063	1,138	23.2%	21.7%	20.2%
Orlando Regional Medical Center	2,125	2,468	2,828	19.9%	19.6%	19.7%
Select Specialty of Orlando	85	85	98	51.5%	49.1%	46.0%
Select Specialty Orlando South	142	112	144	52.8%	46.5%	41.1%
Subdistrict 7-2	10,644	10,702	10,573	19.8%	18.9%	17.3%

Source: CON application #10627, Tab 2, Page 80, Table 1 from AHCA Inpatient Data Tapes and NHA Analysis

The applicant states that there were approximately 13,200 discharges to SNFs originating from Orange County during the 12 months ending March 31, 2019, of which 10,600 were age 65+; hospital discharges to SNFs represents nine percent of total hospital discharges across all ages, and 17 percent of discharges amongst those ages 65 + cohort. A summary of Subdistrict 7-2 hospital discharges to SNFs for the 12 months ending March 31, 2019 is presented below:

**Subdistrict 7-2 Hospitals (CON application #10627)
Hospital Discharges to Skilled Nursing Facilities
12 Months Ending March 31, 2017 through 2019**

Hospital County	Age 65+		All Ages	
	Discharges/ Transfers to Nursing Facilities	Percent of Total to Nursing Facilities	Discharges/ Transfers to Nursing Facilities	Percent of Total to Nursing Facilities
Orange County / 7-2	10,573	17.3%	13,233	8.6%

Source: CON application #10627, Tab 2, Page 80, Table 2 from AHCA Inpatient Data Tapes and NHA Analysis

The following table provides a summary of service area hospital discharges to SNFs by service line for the 12 months ending March 31, 2019; in the service area, 24 percent of all discharges to SNF have orthopedic related diagnoses. Nearly 14 percent have cardiac related diagnoses, eight percent have infectious diseases, more than six to eight percent are neurology, pulmonary general surgery and nephrology cases. PHO comments that all of these conditions and diseases are in the PruittHealth wheelhouse and will be served at PruittHealth - Orange.

**Subdistrict 7-2 (CON application #10627)
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	2,739	25.9	3,222	24.3
Cardiac/Cardiac Surg/Invasive	1,503	14.2	1,832	13.8
Infectious Disease	878	8.3	1,083	8.2
Neurology	810	7.7	1,028	7.8
Pulmonology	712	6.7	936	7.1
General Surgery	535	5.1	838	6.3
Nephrology	699	6.6	8.6	6.1
Gastroenterology	450	4.3	551	4.2
Vascular	286	2.7	405	3.1
Endocrinology	248	2.3	339	2.6
General Medicine	235	2.2	313	2.4
Trauma	252	2.4	292	2.2
Neurosurgery	169	1.6	236	1.8
Subtotal	9,516	90.0	11,881	89.9
All Other	1,057	10.0	1,352	10.1
Total	10,573	100.0	13,233	100.0

Source: CON application #10627, Tab 2, Page 81, Table 1 from AHCA Inpatient Data Tapes and NHA Analysis

PruittHealth - Orange County states that it has already begun to develop its own relationships in the market and will continue to develop new relationships and expand upon relationships that were recently established. The applicant has the benefit of having other affiliate facilities in Florida, including those that are licensed and several that are under development. PruittHealth maintains that it will safely admit patients from the area hospitals to treat SNF and LTC needs. PHO comments that it will constantly seek to reduce hospital readmissions; it will utilize INTERACT or other software used by PruittHealth facilities which seek to actively reduce hospital readmissions.

PHO comments that it is responding to a growing demand for SNFs locally, and in the State of Florida, to offer bariatric rooms and services to accommodate obese patients. The reviewer notes the inclusion of the article *Obesity: Characterization of Adult Obesity in Florida*, in Volume 3, Tab 19 of CON application #10627.

**Subdistrict 7-2 Estimates of Residents with Obesity (CON application #10627)
Ages 65+ for 2019 and 2024**

	2019			2024		
	Population	Incidence	Obesity Estimate	Population	Incidence	Obesity Estimate
Orange County	158,857	42.5%	67,514	189,003	42.5%	80,326

Source: CON application #10627, Vol. 1, Tab 2, pages 71 & 72; 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, and NHA Analysis

The reviewer notes that PHO proposes to provide four bariatric suites as part of its facility (Schedule C – condition #4).

PH Orange 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. PHO maintains that although trends slowed in the last 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. PHO maintains that researchers have projected 65 million more adults with obesity in the United States in 2030 than in 2010; 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.

PruittHealth states that according to the CDC, prevalence of obesity varies from state to state. PHO 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. PHO comments that 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), and Hispanics have a higher prevalence of obesity than Caucasian populations.

The applicant asserts that in Subdistrict 7-2, between 40 and 44.9 percent of the population is reportedly obese. The applicant comments that application of the midpoint of this range (42.5 percent) results in 67,514 senior residents with obesity in Subdistrict 7-2. PHO indicates that by January 2024, the population effected in Subdistrict 7-2 will increase to more than 80,000 obese seniors, an 18.8 percent increase; estimates of senior residents with obesity in the service area are presented below.

PHO 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
- Implementation of accommodations for residents experiencing Alzheimer's-specific needs
- 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 7-2.

The reviewer notes that, based on the projected growth of the senior population, it would be predictable that the proposed project (CON application #10627) will have very little noticeable impact to existing SNF utilization in Orange County, Florida. The reviewer notes there is a published need for 151 additional SNF beds currently in Subdistrict 7-2.

The applicant contends that it should be approved to establish this nursing home as a result of the following demonstrated facts and commitments to the project proposed herein:

- Only all-private/single occupancy room SNF in Subdistrict 7-2
- 100 percent handicap accessible bathrooms
- Four bariatric rooms/suites
- 60 percent of patient days to Medicaid LTC 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 readmissions that have already been successfully introduced in other PruittHealth facilities

2. Agency Rule Preferences

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

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

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

This application was not submitted to remedy a geographically underserved area as defined above. This project is to address the Agency's published need for community nursing home beds in District 7, Subdistrict 2, Orange 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.**

The applicant indicates that the proposed developmental-stage 120-bed facility will be utilized for Medicaid STC and LTC. PHO 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. PHO 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. PruittHealth 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. PHO 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 PruittHealth residents in SNFs. The applicant contends that, 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 (PCP) 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 (OTC) 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

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

PHO indicates its ability to offer and maintain to returning admissions the following basic and essential High Quality Services (HQS):

- 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
- Bariatric programming with specialized training and design features. This includes a commitment to have four specialty bariatric suites to serve this patient population.

The applicant lists services and characteristics that are essential at each PruittHealth skilled nursing and rehabilitation facility, which it contends 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. PHO 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

PHO notes that PerfectPath is a series of clinical pathways designed for caretakers to help patients navigate their complex journey back to health. The applicant points out that PerfectPath is a communication tool to help physicians, patients, hospitals and families work together more effectively. PHO 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 asserts that the following are also included as part of the PerfectPath Program:

- 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

PHO 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 PHO; 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 & 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.

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

INTERACT supports the goals of reducing overall health care cost and improving quality through measures taken to decrease patient re-hospitalizations. The applicant recognizes that the re-hospitalization risk for all patients and PHO understands that those who have had a hospitalization within the previous 30 days of admission are at a higher risk of return to the hospital. Because of the success that has been achieved by PruittHealth in reducing hospital readmissions by using the INTERACT software at some of its sister 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. In doing so, the Director of Health Services (or a designee) will regularly meet with Service Area hospitals and other providers to inform the providers of its capabilities, programs, services and to ensure that both the applicant's facility and providers use the same clinical pathways for patients with primary diagnoses with high risk of re-hospitalization. This condition will be measured by an annual signed declaratory statement by PHO confirming its program and activities.

The applicant states that the CallGuard system will be integrated with a technologically advanced Bed Occupancy Sensor System. The system connects to the nurse call system for visual status at a glance and incorporates selectable alarm delay times tailored to resident needs. CallGuard will notify the staff of the restless sleep of a resident. It will also notify staff when the resident is out of bed. This system offers the following advantages compared to other bed sensors:

- Increased staff efficiency
- Reduced false alarm rates
- Less obtrusive, more comfortable sensing

PHO will also utilize WanderGuard for elopement protection. Residents at risk for elopement will wear a WanderGuard bracelet as indicated by their care plan. When a resident who is at risk of elopement approaches an exit, the door controller locks the door to prevent the resident from leaving; or if the door is open, an alarm sounds. This is particularly important for Alzheimer's dementia patient populations.

The reviewer notes that PHO includes its admission policy 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. The reviewer notes that this is not a comprehensive description, but representative of a quality standard of care.

The applicant comments that according to the American Health Care Association, one in four 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. PHO comments that this has detrimental effects on the patient that are potentially physically devastating, but can also have potential emotional and psychological individual affects. PHO 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 - this 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 - Care Pathways provide clinical pathways of primary diagnosis with high risk of re hospitalization. These are described in greater detail throughout this application.
- SBAR Communication Tool – this a 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 – this is a 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 – this is a check-off sheet of items required in the resident folder for us by the hospital emergency department and hospital discharge planners.
- Quality Improvement Tool – this tool determines, after re-hospitalization, why recidivism occurs and assists in determining opportunities for improvement.

The applicant's Schedule 6 indicates 65.22 full-time employees (FTEs) for year-one ending 2022, and 130.34 FTEs for year-two ending 2023. The reviewer notes that the applicant's Schedule 10 expects issuance of license August 2022 and initiation of services on September 2022. Therefore, the reviewer notes that Schedule 6 and Schedule 10 are inconsistent and not in agreement as found in CON application #10627, Vol. 1, Tab 5.

The applicant provides the following table as PHO's FTE staffing pattern based upon the applicant's shift-FTE numbers reported in the Schedule 6 data found in Volume 1, Tab 5.

**PruittHealth – Orange County, LLC (CON application #10627)
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	0.70	0.70
Other:	1.00	1.00
Physician		
Medical Director	0.20	0.20
Other: Physician Services	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	0.90	2.13
Physical Therapy Assistant	1.00	2.48
Speech Therapists	0.50	1.31
Occupational Therapist	1.00	2.42
Occupational Therapy Assistant	0.40	0.88
Other: Rehab Aide	1.00	1.00
Dietary		
Dietary Supervisor	1.00	1.00
Cooks	2.70	5.10
Dietary Aides	2.60	5.20
Social Services		
Social Service Director	1.00	1.00
Activity Director	1.00	1.00
Housekeeping		
Housekeepers	5.90	9.90
Laundry		
Laundry Aides	1.40	2.80
Plant Maintenance		
Maintenance Supervisor	1.00	1.00
Total	65.22	130.34

Source: CON application #10627, Schedule 6, Vol. 1, Tab 5

The applicant's Schedule 7 data, found in Volume 1, Tab 5, indicates that the average length of stay will be 55.0 days for year one and 56.7 days for year two of operation.

- c. Quality of Care. In assessing the applicant's ability to provide quality of care pursuant to s. 408.035 (1) (c), Florida Statutes, the agency shall evaluate the following facts and circumstances:**
 - 1. Whether the applicant has had a Chapter 400, Florida Statutes, nursing facility license denied, revoked or suspended within the 36 months prior to the current application.**

The applicant is a developmental-stage, for-profit entity formed for the purpose of establishing a SNF in Subdistrict 7-2, 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. PHO 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?**

The applicant is a developmental-stage, for-profit entity formed for the purpose of establishing a community SNF in Subdistrict 7-2, and therefore has not been placed into receivership at any time. PHO 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.**

The applicant indicates that 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.**

The applicant indicates that this criterion is not applicable, as neither the applicant nor its affiliated nursing facilities through UHS have not had a license denied, revoked, suspended or placed into receivership within the past 36 months.

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.**

PHO is a developmental-stage, for-profit Florida entity that has no operating history in Florida. PHC notes 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) 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.**

Within 45 days after the end of each calendar quarter, the applicant 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, there are 75-licensed SNFs with a total of 9,477 community beds in District 7. Subdistrict 7-2 (Orange County) has 34-licensed SNFs with a total of 4,201 community beds. Subdistrict 7-2 averaged 87.67 percent total occupancy for the 12-month period ending June 30, 2019.

PHO asserts that the approval and establishment of the proposed 120-bed, all-private/single occupancy, SNF will be positive for the availability for SNF services to the residents of Orange County, Florida.

PruittHealth – Orange County, LLC (CON application #10627) 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 other PruittHealth-affiliated facilities throughout the southeastern United States. The applicant states that upon licensure and certification, PHO will adhere to any and all State and Federal nursing home regulations statutes and the entire facility will meet Medicare's Conditions of Participation.

PHO duplicates the Agency's July 2022 nursing home projections for all of Subdistrict 7-2 to indicate a net need for 151 community nursing home 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? ss. 408.035 (1) (c) and (j), Florida Statutes.**

PruittHealth – Orange County, LLC (CON application #10627) 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. PHO 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 PHO is a new entity, the reviewer notes that 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 12 substantiated complaints, all at PruittHealth – Santa Rosa, LLC, which are summarized in the table below. A single complaint can encompass multiple complaint categories.

**PruittHealth - Santa Rosa,
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

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

PHO states that it will develop programs, services, protocols and exceed benchmarks in an effort to achieve Gold Seal eligibility. The reviewer notes that there are four existing Gold Seal Award nursing facilities in the Subdistrict 7-2 (Source: FloridaHealthFinder.gov). The applicant will strive to be a deficiency-free facility, in order to become a 5-Star rated facility and meet all Quality Award Requirements.

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

The applicant contends that each the subdistricts where PruittHealth operates are within reasonable proximity to its pharmacy services and medical/nutritional supply centers in Valdosta, Lowndes County, Georgia. PHO 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.

PHO 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

PHO 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 PHO does not state how long the supplemental power generation will function in an uninterrupted capacity without additional fuel being supplied.

PruittHealth – Orlando, 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.

CON #10627 United Health Services, Inc.		
	Jun-19	Jun-18
Current Assets	\$174,311,000	\$146,731,000
Total Assets	\$743,072,000	\$690,363,000
Current Liabilities	\$252,682,000	\$222,241,000
Total Liabilities	\$651,950,000	\$579,032,000
Net Assets	\$91,122,000	\$111,331,000
Total Revenues	\$1,053,680,000	\$1,008,461,000
Excess of Revenues Over Expenses	(\$18,066,000)	(\$21,038,000)
Cash Flow from Operations	\$13,232,000	\$20,233,000
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)	-1.71%	-2.09%
Measure of Available Funding		
Working Capital	(\$78,371,000)	(\$75,510,000)

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 \$26,206,971, which consists of this CON for a 120-bed nursing home.

The applicant states on Schedule 3 that \$5,241,395 will come from operating cash flows and \$20,065,596 coming from non-related company financing.

The applicant attached the audited financial statements from United Health Services, Inc., which substantiates the ability for United Health Services to contribute the \$5,241,391. An attached letter from Randall Loggins, Chief Investment Officer for PruittHealth confirms the commitment by PruittHealth to contribute these funds. Additionally Mr. Loggins stated that United Health Services, Inc. has a \$36 million working capital line of credit, with \$21,500,000 available for draw-down as of November 27, 2019.

Although Synovus has not executed a signed agreement, a letter of commitment from Synovus to PruittHealth – Orange County, LLC. was included with the CON application, with Synovus anticipating loaning PruittHealth up to \$21,200,000, which is 80 percent of the approximate \$26,500,000 cost for this project. A letter of interest from a bank is not a guarantee of funding.

Conclusion:

Funding for this project is contingent on the execution of a loan agreement with Synovus for \$21,200,000.

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	\$16,364,523.00	392.21	506.68	338.01	279.80
Total Expenses	\$14,042,433.00	336.56	697.36	346.21	274.35
Operating Income	\$2,322,090.00	55.65	62.78	0.44	-309.83
Margin	14%				
Occupancy	95%		0.99	0.92	0.24
Medicaid	61%		0.71	0.63	0.51
Medicare	36%		0.37	0.16	0.01

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 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 reviewer notes the five-year Medicaid occupancy for Subdistrict 7-2, District 7 and the State of Florida in the following table:

**Medicaid Patient Days and Occupancy in Orange County, District 7 and State of Florida
12 Month Periods Ending June 30**

Medicaid Patient Days					
Region	2015	2016	2017	2018	2019
Orange County	834,464	850,964	846,616	825,290	862,977
District 7	1,774,373	1,814,280	1,806,594	1,786,963	1,848,437
Florida	15,875,092	16,097,612	16,077,665	15,962,594	16,282,260
Medicaid Occupancy					
Region	2015	2016	2017	2018	2019
Orange County	62.46%	63.66%	62.99%	61.74%	64.56%
District 7	59.99%	60.98%	60.92%	60.41%	62.62%
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

PruittHealth – Orange County, LLC (CON application #10627) is a developmental-stage, for-profit Florida entity and therefore does not have an historical record of Medicaid provisions available to analyze for this application.

The applicant states that its parent company has a long history of participation in Medicaid and providing skilled nursing services to the Medicaid population through its affiliates. Further, this project will enhance programmatic accessibility for Medicaid LTC enrollees. PHO indicates a focus on access to Medicaid LTC for its vulnerable and indigent populations.

CON application #10627’s Schedule 7 shows PHO expects 16,008 patient/resident days in year one (291 admits) and 41,724 patient/resident days in year two (736 admits). Medicaid and self-pay represent 58.0 percent and 4.4 percent and 61.4 percent and 1.8 percent in years one and two total annual patient days. See the table below.

**Forecast Utilization at Proposed PruittHealth – Orange County, LLC
120 Community Nursing Home Bed Project
First Two Years of Operation (2022/23)**

Payer	Year One Patient Days	Year Two Patient Days	Percent of Total Year One	Percent of Total Year Two
Medicare	5,414	14,274	33.8%	34.2%
Medicare HMO	364	732	2.3%	1.8%
Medicaid	9,287	25,620	58.0%	61.4%
Self-Pay	700	732	4.4%	1.8%
Other Payers – VA	243	366	2.0%	1.0%
Total	16,008	41,724	100.0%	100.0%
Payer	Year One Admissions	Year Two Admissions		
Medicare	218	574		
Medicare HMO	18	36		
Medicaid	39	107		
Self-Pay	12	13		
Other Payers – VA	4	6		
Total	291	736		

Source: CON application #10627, Schedule 7, Tab 3, pages 1 & 2

The applicant states that the need for skilled nursing services will increase as the population increases in-line with the growth of the total population of those residents age 65+ in Subdistrict 7-2. PruittHealth contends that access will be increased and enhanced should this application be approved. The applicant does not propose a Medicaid or charity care condition to the CON’s approval.

F. SUMMARY

PruittHealth – Orange County, LLC (CON application #10627) is a newly formed, development stage, for-profit Florida entity that proposes to construct a new 120-bed (100 percent all private rooms, 100 percent handicapped accessible) community nursing home in Subdistrict 7-2.

Other than locating in Orange County, the applicant offers no more precise or approximate project location. However, the planned proposal is indicated to be similar in function, style and technology to the affiliate SNFs - PruittHealth - Panama City and PruittHealth - Fleming Island.

The total project cost is \$26,206,971. The project includes 102,079 GSF of new construction. The total construction cost is \$16,332,640. The project cost includes land, building, equipment, project development, financing and start-up costs.

The applicant proposes 15 Schedule C Conditions.

Need

In Volume 45, Number 149 of the Florida Administrative Register, dated October 4, 2019, need for 151 community nursing home beds was published in the fixed pool for Subdistrict 7-2 for the July 2022 Planning Horizon.

Subdistrict 7-2 has 4,201 licensed and 218 approved community nursing home beds. During the 12-month period ending June 30, 2019 Subdistrict 7-2 experienced 87.67 percent utilization at 34 existing community nursing homes.

PruittHealth – Orange County, LLC (CON application #10627) states the following factors supporting the proposed project:

- 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:
 - Bariatric – six-bed unit
- Limited access to nursing home beds for Medicaid long-term care population (particularly in private rooms)
- The growing age 65+ cohort who are the most likely users of nursing home services
- Amenities:
 - Beauty/barber services
 - Counseling services
 - Recreational activities programming
 - Religious services
 - Volunteer 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 rooms and the first all-private SNF in Oranges County
- 100 percent handicap accessible rooms
- 60 percent of patient days to Medicaid LTC enrollees in the second year
- State of the art rehab suite

- PruittHealth Premier specially designed plan for PruittHealth residents in SNFs that enables residents to receive more benefits than what is typically covered by FFS plans
- 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 #10627 satisfies the criteria. The Agency notes that the unique needs of the Orlando area and Orange County, as demonstrated by CON application #10627, illustrate the need for a SNF within the area as proposed. The Agency has determined that CON application #10627 has 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

PruittHealth – Orange County, LLC (CON application #10627) is a newly-formed/development-stage 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 notes 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.

Regarding hurricane preparedness, the applicant has recent and successful SNF resident and SNF staff evacuation and relocation experience in the Panhandle, Bay County, Florida (due to the October 10, 2018 landfall of Hurricane Michael). The applicant also has on-hand tools, supplies, equipment and resources (including generators) available to the proposed project.

PruittHealth maintains that its organizational experience and expertise in providing quality SNFs is evidenced by its number of successful programs and its quality assurance practices. 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

- Availability of funding is subject to loan approval by Synovus
- This project does appear 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

Forecasts for the entire proposed 120-bed project:

- Medicaid and self-pay will account for 58.0 percent and 4.4 percent, respectively, total annual patient days in year-one
- Medicaid and self-pay will account for 61.4 percent and 1.8 percent, respectively, total annual patient days in year-two

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
- A 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 #10627 to establish a 120-bed community nursing home in District 7, Subdistrict 2, Orange County, Florida. The total project cost is \$26,206,971. The project involves 102,079 GSF of new construction and a construction cost of \$16,332,640.

CONDITIONS:

1. Location in Orange County, District 7, Subdistrict 7-2, Orange County, Florida
2. All 120 patient beds will be private/single occupancy patient rooms.
3. All patient bathrooms will be handicap accessible (ADA compliant).

4. Incorporate four bariatric rooms/beds into the facility design.
5. Seek Joint Commission accreditation or accreditation from some other similarly recognized accrediting body.
6. 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.
7. Participate in an organization-wide Quality Assurance / Performance Improvement initiative that entails quarterly visits concerning clinical, operational, pharmaceutical and reimbursement areas by corporate consultants to ensure compliance with all local, state and federal laws.
8. Implement Electronic Medical Records (EMR) at the facility, and include Smart Charting or other similar bedside patient charting tool.
9. Implement Resident Safety Technology including Call Guard and WanderGuard into the facility.
10. Implement Clinical Kiosks in appropriate locations throughout the facility.
11. Assure all staff maintains ongoing training and continuing education credits utilizing Pruitt University and at no cost to the employees.
12. Participate in a company-wide Annual Quality Report to demonstrate transparency in operations and make this Quality Report available to the public.
13. 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.
14. Implement PointRight Technology (or a future similar technology) in the ongoing operations.
15. 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: _____

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