

STATE AGENCY ACTION REPORT
ON APPLICATION FOR CERTIFICATE OF NEED

A. PROJECT IDENTIFICATION

1. Applicant/CON Action Number

Avante Group, Inc./CON application #10634

5900 Lake Ellenor Drive
Orlando, Florida 32809

Authorized Representative: Tricia Robinson
Chief Executive Officer
(407) 216-0101

2. Service District/Subdistrict

District 7/Subdistrict 7-2 (Orange County, Florida)

B. PUBLIC HEARING

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

Letters of Support

The applicant included two letters of support in CON application #10634, Volume 1, Tab 4. These were from the Lowell F. Clark, MD, Corporate Medical Director, Avante Group and Robin A. Bleier, President, RB Health Partners, Inc.

C. PROJECT SUMMARY

Avante Group, Inc. (CON application #10634) proposes to establish a 120-bed community nursing home in Winter Garden, District 7, Subdistrict 7-2 (Orange County, Florida), designed to primarily serve western Orange County (but it will serve all of Subdistrict 7-2). Avante Group, Inc. will also be referred to as Avante or the applicant.

Avante states that it has over 20 years of experience managing health care facilities and is the operator/manager of 11 affiliated Florida community skilled nursing facilities and two Broward County Florida

assisted living facilities. Avante-affiliated community nursing facilities include:

- Avante at Ocala, Inc. – 133 beds, Subdistrict 3-4
- Avante at Inverness, Inc. – 104 beds, Subdistrict 3-5
- Avante at Leesburg, Inc. – 116 beds, Subdistrict 3-7
- Avante at Mt. Dora, Inc. – 116 beds, Subdistrict 3-7
- Avante Villa at Jacksonville Beach, Inc. – 165 beds, Subdistrict 4-3
- Avante at Ormond Beach, Inc. – 133 beds, Subdistrict 4-4
- Avante at Melbourne, Inc. – 110 beds, Subdistrict 7-1
- Avante at Orlando, Inc. – 118 beds, Subdistrict 7-2
- Avante at St. Cloud, Inc. – 131 beds, Subdistrict 7-3
- Avante at Boca Raton, Inc. – 144 beds, Subdistrict 9-4
- Avante at Lake Worth, Inc. – 138 beds, Subdistrict 9-4

Avante also states that it is the operator/manager of the 150-bed Miami Care Center, scheduled to open July 1, 2020. The applicant states that it is unique because it has a temporary community nursing home license, with an indefinite expiration date, with the sole purpose of treating COVID-19 patients.¹

Avante states that its managed nursing facilities are owned by AG Holdings, Inc. (AGH); while AGH has direct ownership of these nursing homes, Avante has been delegated day-to-day operational and management responsibility by AGH via a management agreement. The applicant comments that the shareholders of Avante are the same shareholders of AGH, which owns the Avante nursing homes, so they are under common control.²

The proposed project includes 84,282 gross square feet (GSF) of new construction. The construction cost is \$18,967,500. The total project cost is \$32,161,750. The total project cost includes land, building, equipment, project development, financing and start-up costs.

According to the applicant's Schedule 10, Avante expects issuance of license on March 31, 2023 and initiation of service on April 1, 2023.

Avante conditions approval of the proposal to the following Schedule C conditions found in Volume 1, Tab 4 of CON application #10634:

1. The applicant facility will be located in Orange County, Subdistrict 7-2, Florida.

¹ The reviewer notes that the nursing home "Miami Care Center" has a current license #130471079, effective 5/28/20 and expires 6/25/22, according to www.floridahealthfinder.gov/. These facilities do not require a certificate of need.

² Source: www.floridahealthfinder.gov/ and CON application #10634, Volume 1, Tab 2, page 3.

2. The applicant will seek Joint Commission accreditation during year-two of operation.
3. The applicant will implement the SAIVA system to reduce hospital admissions and re-admissions, or another hospital re-admission reduction program with similar intent that Avante Group, Inc. determines to be the best available at the time of implementation.
4. The applicant will maintain a COVID-19 specific infectious disease policy and procedure.
5. The applicant will regularly train all employees on how to handle a pandemic situation as it relates to infection control protocols and procedures, and minimizing the risk of transmission.

Avante states that all of the conditions from the Applicant’s Schedule C will be measured by furnishing AHCA with certificates, declaratory statements and other information as needed on an ongoing basis.

Total GSF and Project Costs of CON application #10634

Applicant	CON app. #	Project	GSF	Project Costs	Cost Per Bed
Avante Group, Inc.	10634	120-bed SNF	84,282	\$32,161,750	\$268,015

Source: CON application #10634, Vol. 1, Schedule 1, Tab 3 and Vol. 1, Schedule 9, Tab 4

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

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

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

D. REVIEW PROCEDURE

The evaluation process is structured by the certificate of need review criteria found in Section 408.035, Florida Statutes; and applicable rules of the State of Florida, Chapters 59C-1 and 59C-2, Florida Administrative Code. These criteria form the basis for the goals of the

review process. The goals represent desirable outcomes to be attained by successful applicants who demonstrate an overall compliance with the criteria. Analysis of an applicant's capability to undertake the proposed project successfully is conducted by evaluating the responses and data provided in the application, and independent information gathered by the reviewer.

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

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

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

E. CONFORMITY OF PROJECT WITH REVIEW CRITERIA

The following indicate the level of conformity of the proposed project with the criteria and application content requirements found in Florida Statutes, sections 408.035 and 408.037; applicable rules of the State of Florida, Chapter 59C-1 and 59C-2, Florida Administrative Code.

1. Fixed Need Pool

- a. Does the project proposed respond to need as published by a fixed need pool? Or does the project proposed seek beds or services in excess of the fixed need pool? Rule 59C-1.008(2), Florida Administrative Code.**

In Volume 46, Number 66, of the Florida Administrative Register dated April 3, 2020, need for 165 community skilled nursing facility beds was published in the fixed need pool for District 7, Subdistrict 7-2 for the January 2023 Planning Horizon. The applicant states that the 120-bed project proposed in CON application #10634 is in response to the Agency's published fixed need pool.

After publication of this fixed need pool, no existing Subdistrict 7-2 facilities filed exemption requests or filed expedited CON reviews to increase or add community nursing home beds. However, Life Care Center of Orlando licensed 12 community nursing home beds effective March 23, 2020, pursuant to Exemption #E180021.

As of February 21, 2020, Subdistrict 7-2 had 35 facilities with 4,201 licensed and 338 approved community nursing home beds. Subdistrict 7-2 community nursing homes reported 89.41 percent occupancy during CY 2019. Subdistrict 7-2 community nursing home occupancy during CY 2019 is shown in the table below.

**Subdistrict 7-2, Orange County
Community Nursing Home
Utilization CY 2019**

Facility	Community NH Beds	Community NH Bed Days	Patient Days	Total Occupancy
AdventHealth Care Center – Apopka North	120	43,800	38,127	87.05%
AdventHealth Care Center – Orlando East	120	43,800	41,473	94.69%
AdventHealth Care Center – Orlando North	120	43,800	40,758	93.05%
Avante at Orlando, Inc.	118	43,070	35,956	83.48%
Colonial Lakes Health Care	180	65,700	61,509	93.62%
Commons at Orlando Lutheran Towers	93	33,945	33,945	100.00%
Conway Lakes Health & Rehabilitation Center	120	43,800	40,622	92.74%
Courtyards of Orlando Care Center	120	43,800	38,674	88.30%
Delaney Park Health and Rehabilitation Center	89	32,485	29,282	90.14%
Gardens at DePugh Nursing, The	40	14,600	13,784	94.41%
Guardian Care Nursing & Rehabilitation Center	120	43,800	41,139	93.92%
Health Central Park*	218	82,040	71,079	86.64%
Hunters Creek Nursing and Rehab Center	116	42,340	40,222	95.00%
Life Care Center of Orlando	120	43,800	40,806	93.16%
Mayflower Healthcare Center	24	8,760	7,567	86.38%
Metro West Nursing and Rehab Center	120	43,800	37,808	86.32%
Ocoee Health Care Center	120	43,800	39,884	91.06%
Orlando Health and Rehabilitation Center	391	142,715	131,306	92.01%
Orlando Health Center for Rehabilitation*	10	1,170	0	0.00%
Palm Garden of Orlando	132	48,180	45,452	94.34%
Parks Healthcare and Rehabilitation Center	120	43,800	40,721	92.97%
Parkview Rehabilitation Center at Winter Park, The	138	50,370	35,029	69.54%
Quality Health of Orange County	120	43,800	31,876	72.78%
Regents Park of Winter Park	120	43,800	41,792	95.42%
Rehabilitation Center of Winter Park, The	180	65,700	50,480	76.83%
Rio Pinar Health Care	180	65,700	63,372	96.46%
Rosewood Health and Rehabilitation Center	120	43,800	41,088	93.81%
Savannah Cove	39	14,235	11,320	79.52%
Solaris Healthcare Lake Bennet	120	43,800	42,433	96.88%
Solaris Healthcare Windermere	120	43,800	42,541	97.13%
Terra Vista Rehab and Health Center	115	41,975	38,067	90.69%
Westminster Baldwin Park	40	14,600	12,341	84.53%
Westminster Towers	115	40,559	31,484	77.63%
Westminster Winter Park	80	28,551	24,770	100.00%
Winter Park Care & Rehabilitation Center	103	37,595	31,047	82.58%
Total	4,201*	1,532,470	1,370,206	89.41%

Source: Florida Nursing Home Bed Need Projections by District and Subdistrict, April 2020 Batching Cycle
 Note: *Health Central Park delicensed 10 beds to establish Orlando Health Center for Rehabilitation effective 9/5/19 and the licensed bed count was adjusted to reflect this.

The table below shows the current and projected population change comparisons for Subdistrict 7-2, District 7 and the State of Florida age 65+ to 74, 75+ and 65+ cohorts.

**Subdistrict 7-2 (Orange County) District 7 and Florida
Population Estimates
January 1, 2020 and January 1, 2023**

Area/Subdistrict	January 1, 2020 Population			January 1, 2023 Population		
	65+ to 74	75+	65+	65+ to 74	75+	65+
Orange/7-2	104,136	68,242	172,378	118,243	80,461	198,704
District 7	254,872	186,974	441,846	287,653	216,201	503,854
State of Florida	2,393,043	1,972,195	4,365,238	2,604,366	2,221,619	4,825,985
Area/Subdistrict	Jan 2020 – Jan 2023 Increase			Jan 2020 – Jan 2023 Growth Rate		
	65+ to 74	75+	65+	65+ to 74	75+	65+
Orange/7-2	14,107	12,219	26,326	13.55%	17.91%	15.27%
District 7	32,781	29,227	62,008	12.86%	15.63%	14.03%
State of Florida	211,323	249,424	460,747	8.83%	12.65%	10.55%

Source: Florida Agency for Health Care Administration Population Estimates, March 2020

The community bed ratios per 1,000 residents for the age 65+ to 74 age cohort in Subdistrict 7-2, District 7 and the State of Florida follow:

**Subdistrict 7-2 (Orange County) District 7 and Florida
Community Nursing Home Bed to Population Ratio Aged 65+ to 74
January 1, 2020 and January 1, 2023**

County/Area	Licensed & Approved Community Beds	January 1, 2020 Pop. Aged 65-74	January 1, 2020 Beds per 1,000	Licensed & Approved Community Beds	January 1, 2023 Pop. Aged 65-74	January 1, 2023 Beds per 1,000
Orange/7-2	4,539	104,136	43.59	4,539	118,243	38.39
District 7	10,084	254,872	39.56	10,084	287,653	35.06
State of Florida	85,304	2,393,043	35.65	85,304	2,604,366	32.75

Source: Florida Agency for Health Care Administration Population Estimates, March 2020 and Florida Nursing Home Bed Need Projections by District and Subdistrict, April 2020 Batching Cycle

As the Agency’s fixed need formula places emphasis on the estimated bed rate for utilization by the age 75+ cohort in a subdistrict/district, the reviewer provides the ratios of beds per 1,000 residents for the 75+ age cohort in Subdistrict 7-2, District 7 and the State of Florida in the following table:

**Subdistrict 7-2 (Orange County) District 7 and Florida
Community Nursing Home Bed to Population Ratio Aged 75+
January 1, 2020 and January 1, 2023**

County/Area	Licensed & Approved Community Beds	January 1, 2020 Pop. Aged 75+	January 1, 2020 Beds per 1,000	Licensed & Approved Community Beds	January 1, 2023 Pop. Aged 75+	January 1, 2023 Beds per 1,000
Orange/7-2	4,539	68,242	66.51	4,539	80,461	56.41
District 7	10,084	186,974	53.93	10,084	216,201	46.64
State of Florida	85,304	1,972,195	43.25	85,304	2,221,619	38.40

Source: Florida Agency for Health Care Administration Population Estimates, March 2020 and Florida Nursing Home Bed Need Projections by District and Subdistrict, April 2020 Batching Cycle

Avante Group, Inc. (CON application #10634) states that it will develop a 120-bed community nursing facility with 60 private rooms, located in Winter Garden in western Orange County, proximate to AdventHealth Winter Garden, a hospital currently under construction. Avante asserts that while the service area is Subdistrict 7-2, the proposed facility will predominantly serve residents of western Orange County, due to its proximity to this population. Western Orange County communities include Winter Garden, Windermere, Dr. Phillips, Gotha, Horizon West, Lake Avalon, MetroWest, Oakland, Ocoee, Orlo Vista and Pine Hills.

The applicant notes that of the 1,406,783 residents in Subdistrict 7-2, 12.3 percent are seniors ages 65+, and of 172,378 seniors in Subdistrict 7-2, 68,242 are age 75+. Avante indicates that the senior age cohorts are projected to increase from 172,378 in 2020 to 207,422 by January 2024, and further, to 216,087 by January 2025. The 75+ cohort is expected to increase from more than 68,000 in 2020 to 84,647 in 2024 and 88,835 by 2025. The applicant asserts that the senior cohorts will represent 13.8 percent of all Orange County residents in 2025, an increase from 12.3 percent of all residents in 2020.

The applicant's map in Schedule B of CON application #10634, Volume 1, Tab 2, page 35 illustrates the relative geographic locations of the 35 Orange County skilled nursing facilities and their location relative to the Service Area's hospitals. It also includes "LP of Orlando" (a 180-bed SNF approved via CON #10315) that is under construction in Apopka, Florida.

Avante asserts that its response to the demonstrated need address the following gaps in service that persist in Orange County, Florida:

1. Need for an isolation unit featuring all private rooms
2. Available and accessible beds for Medicaid long-term care enrollees
3. Need for additional private beds in Subdistrict 7-2
4. Available and accessible beds for discharges from area hospitals

Avante asserts that to address pandemic conditions, there is need for an isolation unit, featuring all private rooms, with one designated wing of the building that will contain a separate smoke compartment with negative pressure. Further, in the case of a surge in an infectious or highly contagious virus or disease, the isolation unit will be an individual isolated section of the facility to accommodate infectious and highly contagious viruses and diseases such as COVID-19. The reviewer notes Conditions #4 and #5. CON application #10634, Volume 3, Tab 10 contains Avante's COVID-19 Preparedness Plan 2020, and Tab 11 contains COVID-19 Specific Policies and Procedures.

The applicant states that there are two categories of patients in SNFs: rehabilitation and long-term care and that individuals are not typically enrolled in Medicaid long-term care plans until they are in need of such care. Avante indicates that Medicare covers short-term stays in nursing facilities, focused on rehabilitation and skilled care; when a patient exhausts their Medicare days in the SNF, they are converted to Medicaid long-term care enrollment provided they financially qualify. The applicant points out that those who are disabled, low-income, under Medicare age that are enrolled in Medicaid managed care plans and Medicaid fee for service, immediately meet the income qualifiers to be enrolled in Medicaid long-term care.

Avante asserts that it will make a concerted effort to admit Medicaid Long-Term Care enrollees; this will include assisting persons in enrolling in Medicaid Long Term Care that require services, facilitating Medicaid MMA and FFS persons in enrolling in community-based services and working with hospitals, physicians and other referral sources to assure Medicaid patients access is enhanced.

The applicant states that between 70 and 72 percent of all patient days at Avante will be provided to long-term care residents; 64.6 percent or 26,718 of the total patient days in year two are projected to be Medicaid days. The applicant maintains that Avante's proposed Winter Garden facility will enhance accessibility and availability of long-term care services for this patient population.

Avante states that of the Orange County nursing facilities that provided 65 percent or greater of their total CY 2019 patient days to Medicaid, only six percent of these SNFs' beds were in private rooms; on a facility by facility basis, private rooms ranged from between zero to 30 beds, and represented at maximum 25.4 percent of the facility's total licensed beds.

The applicant cites 'AHCA Inpatient Data Tapes and HNA Analysis' indicate that Subdistrict 7-2 hospitals discharged between 13,061 and 13,362 patients to nursing facilities in each of the last three years (12 month periods ending September 2017-2019); annual discharges to SNFs represent between 9.4 and 10.2 percent of the total Subdistrict 7-2 acute care hospital discharges. Avante states that in the 65+ age cohort, 17.2 percent are discharged to SNFs. The reviewer notes that the applicant cites the acute care discharges to SNFs of the 65+ age cohort, as well as all other age groups, for each of the last three years by hospital in Schedule B of CON application #10634, Volume 1, Tab 2, pages 47 and 48. During the 12 months ending September 2019, Subdistrict 7-2 hospitals discharged 10,734 patients age 65 and over to skilled nursing facilities and these patients were 17.2 percent of the subdistrict's total acute care hospital discharges.

Avante points out that the preceding data is of particular importance because of Avante's other facilities in this market—Avante at Orlando, (Orange County) and Avante at St. Cloud (Osceola County) have well-established and highly-collaborative working relationships with Orange County hospital discharge planners, social workers and hospital leadership. Avante anticipates utilizing its established relationships to provide west Orange County residents with an additional discharge destination with similar quality initiatives, top-rated nursing staff, comprehensive rehabilitation services and dedication to treating each resident with individualized care plans that aim to reduce re-hospitalizations.

The applicant notes that orthopedic discharges account for nearly one fourth of senior discharges to SNFs and cites its comprehensive medical rehabilitation services. Further, approximately eight percent of discharges to SNFs have an infectious disease diagnoses which will increase as the most recent data is collected, given the spread of COVID-19. The applicant notes that the proposed facility could admit respiratory/infectious disease patients to its isolation/COVID-19 unit. Avante notes that more than 13 percent of discharges are cardiac related, 10 percent are neurological and seven percent are pulmonary cases; cites its long history of treating these conditions and diseases and states they will be treated at Avante Group at Winter Garden.

The applicant states that Avante's Winter Garden SNF will provide a high level of comprehensive rehabilitation with experienced and highly credentialed therapeutic staff; rehabilitation teams will provide highly focused one-on-one treatment with the patient and ensure coordinated care with the patient's primary care physician. Avante indicates that treatment will be provided in a state-of-the-art therapy suite, with a large gym, private physical therapy, speech therapy rooms and an Activities for Daily Living suite for evaluating a patient's safe transition to home. The therapy suite will be located separately from the patient care areas. It and will support rehabilitation services and include direct access to an interior courtyard containing therapy stations. Comprehensive physical, occupational and speech therapy will be available seven days a week.

Avante projects that it will admit 290 patients in its first year, increasing to 727 patients in year two and states that the configuration of the facility will be a mix of short-term and long-term care. The applicant has forecasted admissions, and the average daily census, for the projected first two years of operations, presented in the following table:

Avante Group Forecasted Utilization 120-bed Facility Years One and Two		
	Year One: 2023	Year Two: 2024
Medicare/Medicare HMO, Skilled Patients		
Admissions	225	571
Patient Days	4,597	11,712
Average Daily Census	12.6	32.1
Medicaid Long Term Care Patients		
Admissions	35	107
Patient Days	8,774	26,718
Average Daily Census	24.0	73.2
All Other Payors		
Admissions	30	50
Patient Days	1,760	2,928
Average Daily Census	4.8	8.0
Total		
Admissions	290	727
Patient Days	15,131	41,358
Occupancy Rate	35%	94%
Average Daily Census	41.5	113.3

Source: CON application #10634, Vol. 1, Tab 2, page 51

Avante states that based on the 120-bed configuration discussed above, and patient days by program, the following table provides patient days by payor for each of the two forecast years.

Avante Group Forecasted Patient Days 120-bed Facility Years One and Two		
	Year One: 2023	Year Two: 2024
Medicare	4,144	10,614
Medicare HMO	453	1,098
Medicaid	8,774	26,718
Private Pay/Other	1,760	2,923
Total	15,131	41,358

Source: CON application #10634, Vol. 1, Tab 2, page 52

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

The applicant is responding to the Agency’s published fixed need pool, as stated in E.1.a. of this report, and therefore this criterion is not applicable.

2. Agency Rule Preferences

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

Chapter 59C-1.036, 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 Rule 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(13), 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 previously defined.

- 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.**

Avante states that the proposed 120-bed facility will consist of 120 Medicare certified beds, in a mix of private and semi-private accommodations; of the 120 beds, 60 will feature private accommodations, the remaining 60 semi-private beds (30 rooms) are designed to maximize privacy with an "L" shaped configuration which features acoustical and visual barriers and distinct living spaces for the two residents. Avante maintains that the proposed facility will have the capability to operate an isolation wing should the need arise.

The applicant asserts that the Winter Garden facility will exude the Avante commitment to improving the quality of life for all residents by exceeding expectations and embracing each individual, providing not just

physical but emotional support throughout the residents' stay. Avante further asserts that the facility will be a state-of-the-art skilled nursing facility that expands access to skilled nursing services in Orange County, Florida. Further, the proposed facility is designed to be responsive to market dynamics and current needs, as seen by COVID-19 and the integrated negative-pressure rooms within the facility design. The building will feature:

- An open design around each nurse station on each wing that includes a lounge
- Beauty salon providing spa style services
- Large main dining room with separate dining areas off the main dining room for restorative dining, as well as a family dining room. Additionally, there will be a snack bar/pantry at each nursing unit with readily accessible nourishing food selections
- Multiple and varied social and recreational spaces are available in each wing for resident and staff interaction
- Private admissions, administration and meeting areas on the main floor for privacy (a sample Admissions Assessment is in Tab 1, Volume 2, of CON application #10634.)
- Sophisticated amenities for residents to rest, recuperate and recover
- Welcoming porte-cochere leading to a warm and well-appointed lobby

Avante notes that the proposed facility will offer an array of quality services to residents; essential services will include, but not be limited to, the following:

- 24-hour nursing services
- Alzheimer/dementia programming
- Assistance in community resources and discharge planning
- Central lines
- Chronic disease management
- In-house dental, podiatric, psychiatric and vision services
- Interdisciplinary team conferences with residents and families
- Isolation unit (Condition #4 and #5)
- IV therapy
- Laundry services
- Medication management
- Occupational therapy
- On-site social workers and activities therapists
- Oxygen therapy
- Pain management
- Pharmacy services
- Physical therapy
- Recreational activities programming
- Religious services

- Special outings and events
- Speech therapy
- Tube Feeding and Total Parental Nutrition
- Wound care management

Avante states the proposed Winter Garden SNF facility will include, but not be limited to the following: caring environment, experienced staff, high-tech medical capabilities, individualized care, integrated rehabilitation programs, enhanced nutritional care, unique recreation programs, superior social services and commitment to community service. Detailed descriptions of these features are included in CON application #10634, Volume 1, Tab 2, pages 62-66.

The applicant notes services that are generally provided at Avante's 11 operated skilled nursing facilities include, but are not limited to the following:

- Air Fluidized Bed Therapy
- Apnea Monitoring
- Burn Care
- Case Management
- Coma Management
- Decubitus Care
- Dental Services
- Dermatology Services
- Dialysis
- Enterostomal Care
- Hemodialysis Supportive Care
- Hospice Care
- IV therapy
- Neurological Rehabilitation
- Oncology Care
- Orthopedic Rehabilitation
- Ostomy Care
- Oxygen Therapy
- Pain Management
- Peritoneal Dialysis
- Podiatry Services
- Psychological Services
- Respiratory Therapy
- Restorative Nursing
- Total Parenteral Nutrition
- Tube Feeding

- Urinary Catheterization
- Ventilator/Trach Support and Management
- Ventilator/Trach Weaning
- Vision Services
- Wound Care

The reviewer notes that the applicant describes several specialty services in CON application #10634, Volume 1, Tab 2, pages 64 and 65:

- Respiratory care
 - Communication intervention including use of the Passy Muir speaking valve
 - Consulting Pulmonologists on regular rounds
 - CPAP/BIPAP therapy for patients with sleep breathing disorders
 - Dysphagia management
 - Education, exercise and relaxation training, and psychosocial support
 - Highly successful trach weaning programs with speech language pathologists and respiratory therapists
 - Individual comprehensive respiratory evaluations
 - Pulse oximetry and arterial blood gas monitoring
 - Superior assessment and treatment selection protocols
- Comprehensive rehabilitation
 - Electrical stimulation, therapeutic ultrasound and short wave diathermy
 - Neuro-muscle re-education
 - Orthopedic rehabilitation
 - Outpatient therapy services
 - Specialized clinical programs such as stroke rehab, high intensity orthopedic rehab and pain management
 - Strive to attain excellent clinical outcomes
 - Two of Avante's centers offer Accelerated Rehabilitation Program, in which eligible residents participate in an intensive three hour-per-day regimen of rehabilitative services
- Centers of excellence in wound care
 - Anaerobic and aerobic cultures
 - Appropriate orthotics, compression devices, wheelchair and bed surfaces used
 - Biopsies done on site
 - Education relating to wound management and prevention provided
 - Electronic medical tracking of weekly assessments and wound measurements
 - Non-invasive testing with Laser Doppler
 - Nutritional and diabetic consultations
 - Ongoing collaboration and communication with referring and attending physicians

- Physician-led, multidisciplinary treatment plans formulated
- Use of advanced wound dressings
- Respite care

Avante states that it partnered with PointClickCare³, the leading electronic health record (EHR) technology provider in the United States in the long-term, post-acute care and senior care industry; a comprehensive cloud-based EHR for each resident is established, maintained and preserved in accordance with licensure rules. The applicant asserts that with ever-changing trends and regulations in skilled care, having a holistic view of each resident's record and the facility's entire census in one platform is critical. Avante maintains that this allows for interdisciplinary team members to have instant insight into a change in a resident's condition or their care plan, a change in insurance and much more; PointClickCare provides a cloud-based EHR which has enabled Avante to seamlessly and electronically share EHR insight with SAIVA⁴, a machine learning system that aims to reduce hospital admissions for Avante's residents. A sample Admissions Assessment is in Tab 1, Volume 2 of CON application #10634. The applicant points out that information captured in the resident's Minimum Data Set (MDS) include:

- Activity pursuit
- Cognitive patterns
- Communication
- Continence
- Customary routine
- Dental and nutritional status
- Discharge planning
- Disease diagnosis and health conditions
- Documentation of participation in assessment. The assessment process must include direct observation and communication with the resident, as well as communication with licensed and non-licensed direct care staff members on all shifts
- Documentation of summary information regarding the additional assessment performed on the care areas triggered by the completion of the MDS
- Identification and demographic information
- Medications
- Mood and behavior patterns
- Physical functioning and structural problems
- Psychological well-being
- Skin Conditions

³ The proposal to Avante from PointClickCare is included in Volume 2, Tab 7 of CON application #10634.

⁴ CON application #10634, Volume 3, Tab 20 contains an example of a SAIVA Daily Risk Report and Proactive Care

- Special treatments and procedures
- Vision

The applicant maintains that the EHR records are used with the SAIVA rehospitalizations reduction program; SAIVA strives to improve patient outcomes across the post-acute care continuum by using machine learning (artificial intelligence) to identify patients most at risk for near-term decline, and to improve patient outcomes and unnecessary hospitalizations.⁵ Avante asserts that SAIVA optimizes artificial intelligence to identify and rank patients who are most at risk for hospitalization or decline within 72 hours; SAIVA leverages machine learning to:

- Better prioritize resources for patients most at risk for near-term decline
- Improve quality of care and patient satisfaction
- Increase census by identifying at-risk patients early and treat in place
- Reduce rehospitalizations with focused interventions
- Strengthen preferred provider status with managed care and accountable care organizations

The applicant indicates that there is a five-step process that helps improve clinical outcomes, identify areas of risk, strengthen regulatory compliance, and increase revenue; the five steps for using the Daily Risk Report include the following steps; the reviewer notes the example provided in Volume 3, Tab 20 of CON application #10634:

1. PRINT –
 - Print the Daily Risk Report which arrives via email at Sam Eastern each morning
2. REVIEW –
 - Before the daily clinical team meeting, review the Daily Risk Report's two tabs: Summary and Patient Detail.
 - The summary tab quickly identifies new patients who are now at risk and provides an update on patients who have increased in risk from the previous day. The patient detail tab is for the patients identified as at risk, this allows the nurse to review their detailed profile to understand the risk indicators that resulted in the patient's risk ranking. These include, but are not limited to: active diagnoses and conditions, vitals, key labs and alerts.
3. TEAM INPUT –
 - The nurse brings the Daily Risk Report to the interdisciplinary clinical meeting for team input.

⁵ A description of SAIVA is found at www.saivahc.com/skilled-nursing-facilities/.

4. TRIAGE –
 - Triage patients to determine a plan of action. Review nurse's notes in the EHR and any new labs, alerts and other testing. Conduct an in-person assessment of the at-risk patients.
5. ACT –
 - Act on any findings and document interventions.

The applicant asserts that in March of 2020, the first month that 100 percent of Avante’s 11 SNFs had SAIVA operational, there were 59 skilled nursing patients admitted to the hospital; only two months after implementation, there was already a significant reduction in admissions, only 28 skilled patients were admitted.

Avante Post-Acute Residents Admitted to Hospital March Through May 2020			
Facility	Mar-20	Apr-20	May-20
Avante at Boca Raton	5	5	3
Avante at Inverness	3	4	1
Avante at Jacksonville Beach	3	1	1
Avante at Lake Worth	5	3	3
Avante at Leesburg	4	1	3
Avante at Melbourne	8	3	3
Avante at Mt. Dora	4	0	1
Avante at Ocala	10	6	4
Avante at Orlando	6	1	2
Avante at Ormond Beach	8	12	4
Avante at St. Cloud	3	3	3
Total	59	39	28

Source: SAIVA and Avante Group
 Source: CON application #10634, Volume 1, Tab 2, page 70

Avante’s full-time equivalent (FTE) staffing pattern based are shown in the table below.

**Avante Group, Inc. (CON application #10634)
Projected Year-One and Year-Two FTE Staffing Units**

	Total FTEs Year-One ending 2023	Total FTEs Year-Two ending 2024
Administration		
Administrator	1.00	1.00
Director of Nursing	1.00	1.00
Admissions Director	2.00	2.00
Bookkeeper	1.00	1.00
Secretary	1.40	1.40
Medical Records Clerk (CNA)	0.60	1.00
Other: HR/Assist Admin/Central Supply	3.42	4.00
Physician		
Medical Director (Contracted)	0.20	0.20
Nursing		
RNs	8.90	20.20
LPNs	6.00	12.60
Nurses' Aides	19.60	51.19
Other: RN MDS Nurse	1.30	3.00
Ancillary		
Physical Therapist	1.40	2.00
Physical Therapy Assistant	0.90	2.80
Speech Therapist	0.70	1.00
Occupational Therapist	0.70	1.00
Occupational Therapy Assistant	0.60	1.80
Dietary		
Dietary Supervisor	1.00	1.00
Cooks	2.70	4.30
Dietary Aides	2.00	5.30
Social Services		
Social Service Director	1.00	1.00
Activity Director	1.00	1.00
Activities Assistant	0.70	1.88
Other: SS Assistant	0.39	0.94
Housekeeping		
Housekeeping Supervision	1.00	1.00
Housekeepers	3.90	8.80
Laundry		
Laundry Aides	1.50	2.63
Plant Maintenance		
Maintenance Supervisor	1.00	1.00
Maintenance Assistance	0.33	1.00
Total	67.00	137.00

Source: CON application #10634, Schedule 6, Volume 1, Tab 3

The applicant's Schedule 7 indicates that the average length of stay will be 52.3 days for year-one and 56.9 days for year-two of operation.

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

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

The applicant states that none of the 11 Avante-affiliated nursing facilities in the State of Florida have ever had its license denied, revoked or suspended.

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

None of the 11 Avante-affiliated nursing facilities have been placed into receivership during 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 neither the applicant nor its affiliated nursing facilities have ever had a license denied, revoked, or suspended or placed into receivership during the past 36 months.

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

This criterion is not applicable as none of the applicant's nursing facilities have had a license denied, revoked, or suspended or placed into receivership within the past 36 months.

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

This criterion is not applicable as the applicant's nursing facilities have not had a license denied, revoked, or suspended or placed into receivership within the past 36 months.

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

The applicant states that 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. However, the applicant's Avante at Leesburg facility's last reported occupancy was for the second quarter of CY 2019.

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? Section 408.035 (1)(b) and (e), Florida Statutes.**

As of February 21, 2020, there were 9,477 licensed community beds and 607 approved beds in District 7. Subdistrict 7-2 (Orange County) has 35 licensed community SNFs with a total of 4,201 community beds and 338 approved beds. District 7 averaged 87.94 percent total occupancy, and Subdistrict 7-2 averaged 89.41 percent total occupancy for CY 2019.

The reviewer notes that Subdistrict 7-2 had approximately 44.33 percent of District 7's total licensed beds in CY 2019. Avante asserts that the approval and establishment of the proposed new 120-bed SNF will be positive for the availability for services to the residents of Subdistrict 7-2.

Avante Group, Inc. (CON application #10634) states that it has a documented history of providing quality of care, concurrent with licensure and certification and it will implement all policies and procedures as well as the QAPI based on Avante Group, Inc./AGH affiliated facilities throughout Florida. The applicant states that upon licensure and certification, Avante will adhere to any and all State and Federal nursing home regulations statutes and the entire facility will meet Medicare's Conditions of Participation.

Avante duplicates the Agency's January 2023 nursing home projections for all of Subdistrict 7-2 (including District 7) to indicate a net need for 165 community SNF beds. Concerning availability, the applicant states that it accepts that the Agency's calculation of need is a reasonable balance to achieve availability and accessibility without negatively affecting current providers and the future utilization of existing providers.

- b. Does the applicant have a history of providing quality of care? Has the applicant demonstrated the ability to provide quality of care? Is the applicant a Gold Seal Program nursing facility that is proposing to add beds to an existing nursing home? Section 408.035(1)(c) and (j), Florida Statutes.**

Avante Group, Inc. (CON application #10634) is an existing, for-profit Florida entity, and therefore has an historical record available to document in this CON proposal. The applicant affirms affiliations with 11 licensed SNFs and two licensed ALFs in the State of Florida. Concurrent with licensure and certification, Avante states that it will develop all policies and procedures as well as the quality assurance program based on its Avante-affiliated Florida facilities. The applicant indicates that it will adhere to any and all State and Federal nursing home regulations and statutes and the entire facility will meet Medicare's Conditions of Participation.

The applicant states that the 120-bed facility in Winter Garden will be managed by Avante Group, Inc., bringing experience and knowledge that enables the applicant to achieve consistent quality of care.

The reviewer notes that none of the Avante Group, Inc. /AGH-affiliated facilities have Gold Seal designation, and the three facilities below are on the Agency's Nursing Home Watch List:⁶

- Avante at Boca Raton, Inc.
- Avante at Lake Worth, Inc.
- Avante at Ormond Beach, Inc.

Avante asserts that it has received Joint Commission accreditation for nine of its 11 SNFs; stating that the two remaining are pending accreditation due to COVID-19 related procedural delays.

Avante states that it has facilities in three of the four District 7 counties: Orange, Brevard and Osceola. The applicant indicates that, per Centers for Medicare and Medicaid Services (CMS's) Five-Star Quality Rating System (via www.medicare.gov), these three facilities have a quality

⁶ Source – FloridaHealthFinder.gov

measures rating of either 4 or 5, out of a maximum of 5 possible stars. Avante points out that it also operates a SNF in Mt. Dora, (Lake County - Subdistrict 3-7), that has achieved a quality measures rating of 5 out of 5 possible stars.

The reviewer notes that the Agency documents the most current Nursing Home Guide Inspection Ratings issuance (a one to five star rating system, out of a possible maximum of five starts) for each of Avante Group, Inc.'s 11 Florida SNFs, indicating a rating time period of October 2017-March 2020, last updated May 2020. Below is an explanation of the star ratings:

- ★★★★★ Means that for this measure this facility ranked better than 81 percent to 100 percent of the facilities in its region. That is, five stars means that the facility ranked in the top 20 percent of facilities in its region
- ★★★★ Means that for this measure this facility ranked better than 61 percent to 80 percent of the facilities in its region
- ★★★ Means that for this measure this facility ranked better than 41percent to 60 percent of the facilities in its region
- ★★ Means that for this measure this facility ranked better than 21 percent to 40 percent of the facilities in its region
- ★ Means that for this measure this facility ranked better than 0 percent to 20 percent of the facilities in its region. That is, a single star means that the facility ranked in the bottom 20 percent of facilities in its region

The reviewer generates the following table to reflect the overall inspection star rating for each of Avante's 11 Florida SNFs. The reviewer notes that for the referenced period, Avante's Florida SNFs' overall inspection ratings ranged from a one-star (★) rating to a three-star (★★★) rating.

Most Current Nursing Home Guide Inspection Rating October 2017-March 2020 Last Updated May 2020	
Avante Group, Inc., SNF	Overall Star Rating
Avante at Boca Raton, Inc.	★
Avante at Inverness, Inc.	★★★
Avante at Lake Worth, Inc.	★
Avante at Leesburg, Inc.	★
Avante at Melbourne, Inc.	★
Avante at Mt. Dora, Inc.	★★★
Avante at Ocala, Inc.	★★
Avante at Orlando, Inc.	★★★
Avante at Ormond Beach, Inc.	★
Avante at St. Cloud, Inc.	★★
Avante Villa at Jacksonville Beach, Inc.	★★

Source: <https://www.floridahealthfinder.gov/facilitylocator/ListFacilities.aspx>

The applicant comments that staff training is important to the delivery of quality care; all personnel, from top management to front-line personnel, actively participate in the staff training programs. Avante asserts that a combination of in-service units, selected outside seminars and continuous onsite supervision, evaluation and skills reinforcement provides staff members of its facilities with state-of-the-art resident care and management skills.

Avante maintains that it utilizes Healthcare Academy for web-based training and education of its staff; the material provided by Healthcare Academy is authored by some of the most experienced professionals in the post-acute care field. The applicant comments that E-Learning courses provide high-quality education for all the skills, procedures and practices required to provide the highest standard of care for residents. The reviewer notes that Volume 2's Tabs 8 and 9 of the application include in-service calendars for CY 2019 and CY 2020 and competency checklists and assessment tools.

Avante states that it maintains policies to provide care and services related to Resident Assessment/Instrument and Process in accordance to State and Federal regulation; the applicant will adhere to the following procedures related to the proper documentation and utilization of a resident's MDS to ensure a comprehensive and accurate assessment of residents will be completed in the format and in accordance with time frames stipulated by the Department of Health and Human Services Center for Medicare and Medicaid Services.

Avante states that its assessment system provides a comprehensive, accurate, standardized and reproducible assessment of each resident's functional capacities and assists staff in identifying health problems for care plan development. Information captured in the resident's MDS includes, but is not limited to the following:

- Activity pursuit
- Cognitive patterns
- Communication
- Continence
- Customary routine
- Dental and nutritional status
- Discharge planning
- Disease diagnosis and health conditions
- Documentation of participation in assessment. The assessment process must include direct observation and communication with the resident, as well as communication with licensed and non-licensed direct care staff members on all shifts.

- Documentation of summary information regarding the additional assessment performed on the care areas triggered by the completion of the MDS
- Identification and demographic information
- Medications
- Mood and behavior patterns
- Physical functioning and structural problems
- Psychological well-being
- Skin Conditions
- Special treatments and procedures
- Vision

The reviewer notes the applicant's intent to use SAIVA to reduce rehospitalizations as described in item E.2.b of CON application #10636, pages 98 through 102, Vol. 1, Tab 2.

Avante states that quality of care is a fundamental principle that applies to all treatment and care provided to Avante residents; based on the comprehensive assessment of a resident, the facility must ensure that residents receive treatment and care in accordance with professional standards of practice, the comprehensive person-centered care plan and the residents' choices. The applicant points out that each Avante center maintains a host of quality of care policy and procedures, as part of the comprehensive facility wide policies and procedures manual and lists these on CON application #10634, Volume 1, Tab 2, pages 102 and 103. Volume 3, Tab 19 of CON application #10634 includes the Avante Policies and Procedures manual, Federal regulations and excerpts.

Avante Group, Inc./AG Holdings, Inc.'s 11 Florida licensed SNF's have a total of 1,408 beds. For the three-year period, June 24, 2017 to June 24, 2020, Avante Group, Inc./AGH had 26 substantiated complaints, which are summarized in the table below. A single complaint can encompass multiple complaint categories.

Avante Group, Inc./AGH, Three Year Substantiated Complaint History June 24, 2017 – June 24, 2020	
Complaint Category	Number Substantiated
Quality of Care/Treatment	12
Administration/Personnel	4
Resident/Patient/Client Abuse	3
Elopement	2
Infection Control	2
Physical Environment	2
Admission, Transfer & Discharge Rights	1
Billing/Refunds	1
Resident/Patient/Client Neglect	1
Resident/Patient/Client Rights	1
Total	29

Source: Agency Complaint Records

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

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.

Avante Group, Inc.	
	Dec-18
Current Assets	\$14,706,153
Total Assets	\$19,820,932
Current Liabilities	\$48,441,973
Total Liabilities	\$122,885,614
Net Assets	(\$103,064,682)
Total Revenues	\$290,658,163
Excess of Revenues Over Expenses	(\$53,684,294)
Cash Flow from Operations	(\$26,009,038)
Short-Term Analysis	
Current Ratio (CA/CL)	0.3
Cash Flow to Current Liabilities (CFO/CL)	-53.69%
Long-Term Analysis	
Long-Term Debt to Net Assets (TL-CL/NA)	-72.2%
Total Margin (ER/TR)	-18.47%
Measure of Available Funding	
Working Capital	(\$33,735,820)

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:

Schedule 2 indicates capital projects totaling \$32,161,750. These projects consist of this CON only.

The applicant indicated on Schedule 3 that the project will be funded through cash on hand (\$100,000), non-related company financing (\$28,302,340), and other (\$3,759,410). The applicant provided audited financial statements for fiscal years 2017 and 2018. They also stated the financial statements for 2019 were not yet available. The financial statements for 2018 included a going concern paragraph which indicates that there is concern that AG Holdings may not be able to continue as an ongoing entity. The audited financial statements show \$2,322,857 in cash. The applicant provided a letter of commitment from CBRE, subject to approval by the United States Department of Housing and Urban

Development for \$29,000,000, and over \$10,000,000 from other investors.

Conclusion:

Funding for this project and the entire capital budget is dependent upon approval by HUD and that AG Holdings is able to continue as a going concern.

d. What is the immediate and long-term financial feasibility of the proposal? Section 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 (2017, 2018, and 2019 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 GROUP VALUES PPD		
	Total	PPD	Highest	Median	Lowest
Net Revenues	14,765,980	357	531	348	286
Total Expenses	13,390,534	324	730	358	287
Operating Income	1,375,446	33	38	0	-267
Operating Margin	9.31%		Comparative Group Values		
	Days	Percent	Highest	Median	Lowest
Occupancy	41,358	94.42%	99.45%	91.85%	24.08%
Medicaid	26,718	64.60%	74.54%	65.35%	54.83%
Medicare	11,712	28.32%	37.33%	15.25%	1.46%

The projected NRPD, CPD, and profit fall within the group range and are considered reasonable. The overall profitability appears achievable.

Staffing:

Section 400.23(3)(a)(1), Florida Statutes, specifies a minimum certified nursing assistant staffing of 2.5 hours of direct care per resident per day and a minimum licensed nursing staffing of 1.0 hour of direct resident care per resident day. Based on the information provided in Schedule 6, the applicant meets this requirement in both years.

Conclusion:

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

e. Will the proposed project foster competition to promote quality and cost-effectiveness? Section 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.

Conclusion:

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

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

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

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

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

The 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	831,704	858,869	827,679	841,539	883,114
District 7	1,783,434	1,810,144	1,798,682	1,805,969	1,883,242
Florida	15,959,939	16,144,618	15,990,448	15,937,814	16,680,575
Medicaid Occupancy					
Region	2015	2016	2017	2018	2019
Orange County	62.64%	63.68%	62.08%	63.06%	64.45%
District 7	60.28%	60.71%	60.86%	61.44%	62.53%
Florida	62.18%	63.13%	63.18%	63.92%	65.43%

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

Avante Group, Inc. (CON application #10634) states that its facilities have a documented history and commitment to the Medicaid population. Avante provides a chart of its CYs 2017- 2019 Medicaid patient days and percent of the total patient days for its 11 Florida facilities. Avante facilities provided 270,659 patient days or 67.5 percent of their total patient days to Medicaid residents during CY 2019. During the three-year period shown, Avante provided nearly 800,000 patient days and between 66 and 69 percent of the annual total patient days to Medicaid residents.

The applicant’s Schedule 7 shows Avante expects 15,131 patient days in year one (290 admits) and 41,358 patient days in year two (727 admits). See the following table.

Projected Admissions and Patient Days, First Two Years of Operation, 120-bed Facility					
Payer	Year One		Year Two		Year Two Percent of Revenue
	Admits	Days	Admits	Days	
Self-pay	12	700	13	732	1.4%
Medicaid	35	8,774	107	26,718	46.0%
Medicare	198	4,144	506	10,614	45.9%
Medicare HMO	27	453	65	1,098	3.0%
Other Payers	18	1,060	37	2,196	4.0%
Total	290	15,131	727	41,358	100.0%†

Source: CON application #10636, Schedule 7, Volume 1, Tab 3

† The Reviewer notes that this total is arithmetically incorrect, possibly due to rounding.

The applicant projects 35.0 percent in year one and 94.0 percent total occupancy in year two of the project. Avante projects that Medicaid and self-pay will represent 58.0 percent and 4.6 percent of year-one and 64.6 percent and 1.8 percent of year two total annual patient days ending March 31, 2024 and March 31, 2025, respectively.

Avante contends this project will enhance programmatic accessibility for Medicaid LTC enrollees and medically indigent populations.

F. SUMMARY

Avante Group, Inc. (CON application #10634) proposes to establish a 120-bed community nursing home in Winter Garden, District 7, Subdistrict 7-2 (Orange County, Florida). AG Holdings, Inc. is the owner/controlling interest for all Avante facilities.

The project involves 84,282 GSF of new construction/renovation space with a construction cost of \$18,967,500. Total project cost is \$32,161,750. Project cost includes land, building, equipment, project development, financing and start-up costs.

The applicant proposes five conditions on Schedule C of CON application #10634.

Need

In Volume 46, Number 66 of the Florida Administrative Register dated April 3, 2020, a fixed need pool of 165 community nursing home beds was published for Subdistrict 7-2 for the January 2023 planning horizon. The proposed 120-bed project is in response to the published fixed need pool.

As of February 21, 2020, Subdistrict 7-2 had 4,201 licensed and 338 approved community nursing home beds. An additional 12 beds were licensed March 23, 2020 via an exemption. During CY 2019, Subdistrict 7-2 experienced 89.41 percent utilization in its 35 existing community nursing homes.

Avante Group, Inc. (CON application #10634) states the following factors supporting the proposed project:

- Commitment to the use of technology for patient care, including EMR and SAIVA artificial intelligence rehospitalization prevention program
- Historical hospital discharges to nursing homes by service line
- Historical occupancy rates of existing providers
- Avante will apply its knowledge of this market and expand upon existing SNF/ALF relationships to effectively respond to the unique needs of the market
- 50 percent private rooms and increased patient privacy within semiprivate rooms
- Available and accessible beds for discharges from area hospitals
- Available and accessible beds for Medicaid long-term care enrollees
- Need for an isolation unit featuring all private rooms, as demonstrated by COVID-19 outbreak
- 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
- State of the art rehabilitation suite

Quality of Care

- The applicant provided a detailed description of its ability to provide quality care.
- Avante's affiliated SNFs had a combined total of 29 substantiated complaints for the three-year period ending June 24, 2020.
- Avante's affiliated SNFs ranged from one-of-five stars, to three-of-five stars in the Agency's most recent nursing home guide inspection rating.

Financial Feasibility/Availability of Funds

- Funding for this project and the entire capital budget is dependent upon approval by HUD and that AG Holdings is able to continue as a going concern
- This project appears to be financially feasible based on the projections provided by the applicant
- Based on the information provided in Schedule 6, the applicant meets this staffing standards in s. 400.23(3)(a)(1) Florida Statutes in both years
- This project is not likely to have a material impact on priced-based competition to promote quality and cost-effectiveness

Medicaid/Charity Care

- Avante Group, Inc. affiliated facilities provided nearly 800,000 patient days and between 66 and 69 percent of their annual total patient days to Medicaid residents during CYs 2017-2019.
- Avante projects that Medicaid and self-pay will represent 58.0 percent and 4.6 percent of year-one and 64.6 percent and 1.8 percent of year two total annual patient days ending March 31, 2024 and March 31, 2025, respectively.

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 #10634 to establish a 120-bed community nursing home in District 7, Subdistrict 2, Orange County. The total project cost is \$32,161,750. The project involves 84,282 GSF of new construction and a construction cost of \$18,967,500.

CONDITIONS:

1. The applicant facility will be located in Orange County, Subdistrict 7-2, Florida.
2. The applicant will implement the SAIVA system to reduce hospital admissions and re-admissions, or another hospital re-admission reduction program with similar intent that Avante Group, Inc. determines to be the best available at the time of implementation.
3. The applicant will maintain a COVID-19 specific infectious disease policy and procedure.
4. The applicant will regularly train all employees on how to handle a pandemic situation as it relates to infection control protocols and procedures, and minimizing the risk of transmission.

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 and Management Consultant Manager
Certificate of Need