

STATE AGENCY ACTION REPORT
ON APPLICATION FOR CERTIFICATE OF NEED

A. PROJECT IDENTIFICATION

1. Applicant/CON Action Number

Okeechobee Healthcare Facility, LLC d/b/a Okeechobee Health Care Facility/CON #10635

P. O. Box 759
Okeechobee, Florida 34973

Authorized Representative: Ms. Faye A. Haverlock
Manager
(863) 357-2442

2. Service District/Subdistrict

District 9/Subdistrict 9-3 (Okeechobee County)

B. PUBLIC HEARING

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

Letters of Support

There were no letters of support for the proposed project.

C. PROJECT SUMMARY

Okeechobee Healthcare Facility, LLC d/b/a Okeechobee Health Care Facility (CON application #10635), also referenced as OHF or the applicant, a for-profit skilled nursing facility (SNF), proposes to add five community nursing home beds to the existing 180 community nursing home bed facility in Subdistrict 9-3 (Okeechobee County). The facility has the following bed additions pending licensure:

- Exemption #E180036 – to add 20 community nursing home beds
 - Deemed to be “under construction” as of May 20, 2020, pursuant to ss. 408.032(4), Florida Statutes and Rule 59C-1.018(2), Florida Administrative Code
- CON #10556 – to add five community nursing home beds
 - Not yet deemed to be “under construction”, with CON #10556 having a termination date of September 10, 2020

The proposed five-bed addition (CON application #10635, if approved), the 20-bed addition (#E180036) and the five-bed addition (CON #10556) would result in a 210-bed SNF.

The applicant’s Schedule 10 indicates that the proposed five-bed addition (CON application #10635) is projected to be licensed in June 2021 and to be in service in July 2021.

The project involves 1,784 gross square feet (GSF) of renovation with a renovation cost of \$32,000. The total project cost is \$103,380. The project cost includes building, equipment and project development costs.

The applicant does not propose any Schedule C conditions, pursuant to this project.

Total GSF and Project Costs of CON application #10635					
Applicant	CON #	Project	GSF	Costs \$	Cost Per Bed
Okeechobee Health Care Facility, LLC	10635	Five-Bed Addition	1,784	\$103,380	\$20,676

Source; CON application 10635, Schedules 1 and 9

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

D. REVIEW PROCEDURE

The evaluation process is structured by the certificate of need review criteria found in Section 408.035, Florida Statutes; and applicable rules of the State of Florida, Chapters 59C-1 and 59C-2, Florida Administrative Code. These criteria form the basis for the goals of the review process. The goals represent desirable outcomes to be attained by successful applicants who demonstrate an overall compliance with the criteria. Analysis of an applicant's capability to undertake the proposed project successfully is conducted by evaluating the responses and data provided in the application, and independent information gathered by the reviewer.

Applications are analyzed to identify strengths and weaknesses in each proposal. If more than one application is submitted for the same type of project in the same district, applications are comparatively reviewed to determine which applicant 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, Steve Love, analyzed the application with consultation from the financial analyst, Derron Hillman, 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, a fixed need pool of five community nursing home beds was published for Subdistrict 9-3 for the January 2023 planning horizon.

Subdistrict 9-3 had 180 licensed and 25 approved community nursing home beds, as of the omission deadline (June 24, 2020) for the April 2020 Nursing Home and ICF/DD Batching Cycle. The 25 approved community beds in the subdistrict were described in item C of this report. During CY 2019, Subdistrict 9-3 experienced 98.00 percent utilization at the sole existing community nursing home in the subdistrict (Okeechobee Health Care Facility).

The current and projected population change comparisons of Okeechobee County/Subdistrict 9-3, District 9 and Florida, for ages 65-74, 75+ and age 65+ are shown in the table below.

**Subdistrict 9-3/Okeechobee County, District 9 and Florida
Population Change Comparisons by Age Cohorts
January 2020 and January 2023**

County/Area	January 1, 2020 Population			January 1, 2023 Population		
	65-74	75+	Pop. 65+	65-74	75+	Pop. 65+
Subdistrict 9-3	4,216	3,586	7,802	4,484	3,823	8,307
District 9	267,035	258,024	525,063	289,865	283,090	572,955
Florida	2,393,043	1,972,195	4,365,238	2,604,366	2,221,619	4,825,985
County/Area	2020-2023 Increase			2020-2023 Growth Rate		
	65-74	75+	Pop. 65+	65-74	75+	Pop. 65+
Subdistrict 9-3	268	237	505	6.36%	6.61%	6.47%
District 9	22,830	25,062	47,892	8.55%	9.71%	9.12%
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 nursing home beds per 1,000 residents for the age cohort 65 to 74 in Okeechobee County/Subdistrict 9-3, the district and the state are shown below.

**Beds per 1,000 Residents Age Cohort 65 to 74
Population Ratio**

County/Area	Licensed and Approved Community Beds	2020 Population Age 65 to 74	2020 Beds per 1,000	2023 Population Age 65 to 74	2023 Beds per 1,000
Subdistrict 9-3	205	4,216	48.6	4,484	45.7
District 9	8,715	267,035	32.6	289,865	30.1
Florida	85,304	2,393,043	35.6	2,604,366	32.8

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 gives greater weight to the population aged 75 years and older, the estimated bed rate per 1,000 residents ages 75+ is shown in the table below.

**Subdistrict 9-3, District 9 and Florida
Beds per 1,000 Age Cohort 75+
Population Ratio**

County/Area	Licensed and Approved Community Beds	2020 Population Age 75+	2020 Beds per 1,000	2023 Population Age 75+	2023 Beds per 1,000
Subdistrict 9-3	205	3,586	57.2	3,823	53.6
District 9	8,715	258,028	33.8	283,090	30.8
Florida	85,304	1,972,195	43.3	2,221,619	38.4

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

OHF states that CON application #10635 is submitted in response to the Agency’s fixed need pool publication dated April 3, 2020.

OHF indicates that in rural communities, such as Okeechobee County, fewer health care resources exist—there is only one SNF, one hospital, one assisted living facility (ALF) and one home health agency in Okeechobee County. The applicant maintains that because of limited health resources, including home and community-based services, and limited senior housing options, choice is limited and higher demand is placed on providers, such as OHF. The applicant explains that Okeechobee County outpaces all other District 9 nursing home subdistricts in the use rate of nursing home patient days per 1,000 elderly. OHF states to that it will convert five rooms presently planned to be respite care into five private rooms.

OHF notes that it serves all of Okeechobee County and that there are no other SNFs within a 30-mile radius of its facility. Further, OHF is adjacent to the sole hospital in the county, Raulerson Hospital, which forms a health care hub for the county (page 1-7 of the application). The reviewer confirmed that OHF’s contention is correct – there are no SNFs within a 30-mile radius of the existing facility (the nearest being Abbiejean Russell Care Center, LLC which is a distance of 31.79 miles) and the sole hospital in the county is Raulerson Hospital, which is immediately adjacent to OHF (at 0.1 miles distant).¹

OHF maintains that the proposed five-bed addition offers the following benefits (page 1-9 of the application):

- Beds are placed into service by July 1, 2021², in advance of the January 2023 planning horizon
- Construction costs are minimal, as the current 20-bed addition under development can easily accommodate five additional beds
- The project is economically feasible, as administrative and overhead costs are spread over a greater number of beds
- Location places beds into service where demand for skilled nursing care is high and options are limited
- Location improves access to a growing elderly population

Below (and in item E.3.g of this report, for convenience) is the forecasted utilization for the 210 community bed aggregated complement at OHF, pursuant to:

- Proposed CON application #10635 (five beds)
- Previously approved CON #10556 (five beds)
- Previously approved #E180036 (20 beds) Existing/Licensed 180 beds

**Payer Mix by Resident Days and Admissions for the 210-Bed Facility
Years One and Two of Operations**

Payer	Admissions		Patient Days		Pt. Day Percentage	
	Year One	Year Two	Year One	Year Two	Year One	Year Two
Medicare	283	228	10,744	11,140	15.2%	15.4%
Medicare HMO	151	151	2,933	3,052	4.1%	4.2%
Medicaid Managed Care	38	26	54,569	55,646	77.0%	76.7%
Self-Pay	1	1	2,621	2,573	3.7%	3.7%
Other	25	25	27	28	0.0%	0.0%
Total	498	431	70,894	72,539	100.0%	100.0%

Source: CON application #10635, page –v, PS-2 and page 9-2, Table 9-1

¹ Source: <https://www.floridahealthfinder.gov/>

² This is consistent with CON application #10635, Schedule 10.

Below (and in item E.2.b of this report, for convenience) is the forecasted utilization (admissions, resident days, average length of stay or ALOS, average daily census or ADC and occupancy) for the five-bed addition, as proposed in CON application #10635, with the 210-bed complement included:

**OHF Projected Utilization
Years One and Two of Operations**

	Five-Bed Addition		210-Bed Facility	
	Year One	Year Two	Year One	Year Two
Admissions	76	90	498	431
Resident Days	1,473	1,729	70,894	72,539
ALOS (days)	19	19	142	168
ADC	4	5	194	199
Occupancy	80.7%	94.7%	92.5%	94.6%

Source: CON application #10635, page 1-17, Table 1-10 and page 2-9, Table 2-2

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

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

2. Agency Rule Preferences

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

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

- a. **Geographically Underserved Areas.** In a competitive certificate of need review within the nursing home subdistrict as defined in 59C-2.200, Florida Administrative Code, the Agency shall award a certificate of need if the applicant meets all applicable criteria for a geographically underserved area as specified in subsection 408.032(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.

The applicant does not submit CON application #10635 to remedy a geographically underserved area, as defined above.

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

OHF indicates that in order to determine the level of need for specific services to be offered, it analyzed hospital discharges to nursing homes for Okeechobee County residents age 65+, by Major Diagnostic Categories (MDCs) to determine the types of conditions and disorders that would be admitted to a SNF. The applicant's analysis is stated to be for the 12 months ending June 30, 2019. Based on their analysis, the applicant identified 20 MDCs discharged from hospital settings to SNFs for Okeechobee County residents age 65+. The applicant states the source of its data is the AHCA Hospital Patient Discharge Data from the 3rd quarter 2018 through 2nd quarter 2019. See the table below.

**Acute Care Hospital Discharges to SNFs by MDC
Okeechobee County Residents Age 65+
12 Months Ending June 30, 2019**

MDC	Cases	Percent
08-Diseases and Disorders of the Musculoskeletal System and Conn Tissue	123	24.1%
05-Diseases and Disorders of the Circulatory System	86	16.9%
04-Diseases and Disorders of the Respiratory System	56	11.0%
18-Infectious and Parasitic Diseases, Systemic or Unspecified Sites	49	9.6%
01-Diseases and Disorders of the Nervous System	40	7.8%
11-Diseases and Disorders of the Kidney and Urinary Tract	39	7.6%
06-Diseases and Disorders of the Digestive System	35	6.9%
09-Diseases and Disorders of the Skin, Subcutaneous Tissue and Breast	19	3.7%
10-Endocrine, Nutritional and Metabolic Diseases and Disorders	14	2.7%
23-Factors Influencing Health Stat and Other Contracts with Health Services	11	2.2%
21-Injuries, Poisonings and Toxic Effects of Drugs	8	1.6%
07-Diseases and Disorders of the Hepatobiliary System and Pancreas	4	0.8%
16-Diseases and Disorders of Blood, Blood Forming Organs, Immunologic Disorders	4	0.8%
19 Mental Diseases and Disorders	4	0.8%
24-Multiple Significant Trauma	4	0.8%
03-Diseases and Disorders of the Ear, Nose, Mouth and Throat	3	0.6%
17-Myeloproliferative Diseases and Disorders, Poorly Differentiated Neoplasm	2	0.4%
13-Diseases and Disorders of the Female Reproductive System	1	0.2%
20 Alcohol/Drug Use and Alcohol/Drug Induced Organic Mental Disorders	1	0.2%
22 Burns	1	0.2%
00-Pre MDC	6	1.2%
Grand Total	510	100.0%

Source: CON application #10635, page 2-3, Table 2-1

The applicant indicates that its location (adjacent to Okeechobee County’s only hospital) places continued demand for short-term rehabilitation. OHF maintains that the proposed five-bed addition along with the approved five-bed (CON #10556) and 25-bed (#E180036) - a total of 30 approved beds - will allow the facility to accept a greater number of residents rehabilitating from an acute injury/illness while still meeting the long-term needs of the community. OHF explains that the new wing includes five private respite rooms that will convert to five private resident rooms with implementation of the project and that additionally, the five private rooms will accommodate elders with an infectious disease.

OHF states that the existing facility is certified for both Medicare and Medicaid. The applicant notes services that are provided at the existing facility include but are not limited to the following (pages 2-4 and 2-5 of the application):

- Physical, occupational and speech therapies
- Orthopedic rehabilitation
- Neurological rehabilitation
- Pulmonary rehabilitation
- Medical management

- Palliative care
- Hospice care
- Wound care

The applicant indicates that a recommendation from a physician is required to gain admission to the existing facility. OHF maintains that upon admission, each resident is provided an orientation of the facility as well as an initial assessment. Upon admission, the applicant states that each resident receives an Admission Packet detailing the agreement between the facility and the resident. OHF asserts that each resident receives a comprehensive assessment utilizing the CMS assessment tool incorporating the “Minimum Data Set” elements as well as those elements specific to Florida. The applicant states that the resident must participate in the assessment and completion of a Pre-Admission Screen and Resident Review (PASRR). OHF indicates that the PASRR identifies serious mental illness and intellectual disabilities that may preclude a specific type of SNF placement. The applicant states that residents are reassessed as their condition changes and if there is no demonstrable change, staff completes a portion of the assessment quarterly with the full assessment completed annually.

Regarding a care plan, OHF indicates that when admitted, the facility develops a baseline care plan within 48 hours of admission. The applicant notes that resident-centered comprehensive care plans require completion within seven days and that an interdisciplinary team prepares the care plan, with participation of the attending physician, registered nurse, nurse aide, as well as food and nutrition staff. OHF points out that the resident should participate in the care plan development process and that if it is not practical to include the resident, the medical record documents why the resident did not participate.

OHF contends that an individualized care plan must include measurable objectives and timetables that meet the resident’s medical, nursing, mental and psychosocial needs. According to the applicant, a care plan builds on the resident’s strengths and discharge goals, while incorporating identified problems and risk factors. OHF indicates that a member from social services notifies the resident’s family or representative of care plan meetings.

Regarding resident rights, OHF provides a five-page ‘Residents Rights Policy and Information’, implemented 11/23/16 and reviewed 02/09/20 in CON application #10635, Exhibit 2-1. This exhibit includes additional narratives that describe the complaint

and grievance process, choice of attending physician, respect and dignity, self-determination, privacy/confidentiality and a safe environment.

Regarding discharge, a resident-specific discharge plan begins when the resident is admitted to the facility and this plan incorporates the resident’s goals for care, treatment preferences and needs associated with reducing preventable readmissions. OHF maintains that the plan includes an assessment of caregiver needs along with whether the resident has access to a caregiver or support capable of providing the type of care needed. The post-discharge plan of care indicates where the resident will reside, the arrangements already made for follow-up care, and medical/non-medical services needed. OHF notes that staff follow-up with agencies to which a resident was referred to ensure the resident is receiving necessary services after discharge. A sample of the Discharge Planning Forms and Post-Discharge Plan of Care is provided in CON application #10635, Exhibit 2-2.

OHF notes that the proposed five-bed addition will account for 1,473 and 1,729 resident days, respectively, for the first two years of operation. The table below shows OHF’s forecasted utilization (admissions, resident days, average length of stay or ALOS, average daily census or ADC and occupancy) for the five-bed addition and total 210-bed facility, as proposed in CON application #10635):

**Okeechobee Healthcare Facility, LLC
Projected Utilization
Years One and Two of Operations**

	Five-Bed Addition		210-Bed Facility	
	Year One	Year Two	Year One	Year Two
Admissions	76	90	498	431
Resident Days	1,473	1,729	70,894	72,539
ALOS (days)	19	19	142	168
ADC	4	5	194	199
Occupancy	80.7%	94.7%	92.5%	94.6%

Source: CON application #10635, page 1-17, Table 1-10 and page 2-9, Table 2-2

CON application #10635, Schedule 6A provides the OHF proposed staffing model for year one ending June 30, 2022 and year two, ending June 30, 2023, FTEs total 3.0 during both years. The reviewer notes that the applicant’s year one and year two dates are consistent with its Schedule 10.

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

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

The applicant states that it has not ever had a SNF license denied, revoked or suspended. OHF notes that it currently operates as a Governor's Gold Seal facility, which was confirmed by the reviewer.³

- 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?**

OHF attests that neither it nor its managers have ever had a SNF placed into receivership.

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

This item does not apply.

- 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 item does not apply.

³ OHF is a Gold Seal Award recipient effective January 1, 2020 – December 31, 2020, per the Agency's FloridaHealthFinder.gov website.

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.**

This item does not apply.

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

The applicant indicates that it will continue to report required data to the Health Council of Southeast Florida and to the Agency. OHF attests that this data includes the above-cited utilization reports as well as required licensure and financial requirements attendant to operating a licensed SNF.

3. Statutory Review Criteria

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

As of February 21, 2020, as noted in the Agency's Florida Nursing Home Bed Need Projections by District and Subdistrict publication dated April 3, 2020, there are 74 licensed community nursing homes with a total of 8,531 community nursing home beds and a total of 184 approved community nursing home beds, in District 9. Subdistrict 9-3 is composed solely of Okeechobee County and Okeechobee Health Care Facility is the subdistrict's only licensed community nursing home. OHF has a total of 180 licensed community nursing home beds and 25 approved community nursing home beds. The subdistrict averaged 98.00 percent total occupancy for CY 2019.

OHF presents the following rationales to support need for the project with respect to the availability, quality of care, accessibility, and extent of utilization of existing health care facilities and health services within the service area.

The applicant states that availability is defined as how much of a resource exists. With respect to availability, OHF describes the availability of one SNF and 180 community nursing home beds within Okeechobee County—with an occupancy rate for the 12 months ending December 31, 2019 of 98.00 percent. The applicant indicates that it often has a waiting list due to constant high occupancy—leaving residents of Okeechobee County no other choice but to seek care outside of the service area.

Regarding quality of care, OHF maintains that it benefits from a local owner-operator and founder, Mrs. Faye Haverlock. The applicant notes being a holder of the Governor's Gold Seal Award. OHF indicates that it has both a five-star rating from the Agency and CMS based on recent licensing surveys for quality measures. Documentation is provided in the applicant's Okeechobee Health Care Facility Gold Seal Designation/AHCA and CMS Five-Star Ratings - CON application #10635, Exhibit 4-1 -) to verify the following licensure/recognition(s) for OHF:

- Agency licensure (effective 01/01/2020 – expiration 03/31/2021, with Gold Seal embossment (effective 01/01/2020 – 12/31/2022)
- Agency Nursing Home Guide Inspection Ratings (time period October 2017 – March 2020) last updated May 2020, with an overall inspection rating of five-of-five stars (the highest rating achievable)
- CMS Medicare Nursing Home Profile (as of 5/14/2020), with an overall rating of five-of-five stars (Much Above Average and the highest rating achievable)

Quality was previously discussed in item E.2.c.1 of this report and is further discussed in item E.3.b of this report.

In evaluation of accessibility within the service area, the applicant defines accessibility as how readily the population to be served can get to a proposed facility. OHF contextualizes the following components with respect to accessibility: geographic impediments, distance, time to travel and eligibility criteria for qualifying for the service and considerations such as financial cost and methods of reimbursement from third parties. The applicant identifies utilization as an overlapping accessibility component, since a full bed is not accessible if a person must be placed.

With regards to geographic access, OHF again states that it is the sole resource for SNF care within Okeechobee County, is located adjacent to the sole hospital for the county, Raulerson Hospital and is therefore located central to the medical community of the service area and is accessible by several major roads and highways connecting it to the surrounding area.

In consideration of financial access, the applicant states that financial access addresses whether or not there are any economic barriers to obtaining care. OHF asserts that it participates in both Medicare and Medicaid programs and accepts commercial insurance and other payers. The applicant states that OHF makes every effort to eliminate financial barriers that could impede access to SNF care, working closely with hospital discharge planners and those who may make direct admissions.

OHF maintains that currently the greatest need is for short-term rehabilitative care and further maintains that the proposed project will help to relieve access issues for subdistrict residents requiring short-term rehabilitation following an acute injury/illness. The applicant indicates that residents in Okeechobee County requiring short-term rehabilitation primarily benefit from programs such as orthopedic rehabilitation, cardiac rehabilitation and respiratory care—all of which are offered at OHF. OHF notes that it utilizes telemedicine, particularly for geriatric specialists in psychiatry and psychology, and that OHF's current service arrangements "bring" services to the resident through technology for specialists in short supply—particularly geriatric specialists in psychiatry and psychology.

In evaluation of the extent of utilization within the service area, OHF comments that its facility is positioned away from the coast, serving not only the residents of Okeechobee County, but also those in nearby rural counties within the adjacent area – including the counties of Martin, St. Lucie, Highlands and Glades. The reviewer notes that according to the Florida Department of Health website⁴, as of the 2010 Census, the counties of Highlands, Glades and Okeechobee are designated as rural (100 persons or less per square mile) but that the counties of Martin and St. Lucie are designated as urban. OHF maintains that its high occupancy and the current situation of being the only provider of SNF care in the county, drive need for the proposed project. The applicant contends that without the proposed addition, residents will travel over 30 miles to the next nearest facility. The reviewer previously verified that the nearest SNF to OHF is over 30 miles (see item E.1.a. of this report).

⁴ Source: <http://www.floridahealth.gov/provider-and-partner-resources/community-health-workers/health-professional-shortage-designations/Rural%20Counties%20Map%202016.pdf>

OHF provided responses to the proposed project's conformity to the Health Care Access Criteria on pages 3-8 through 3-11 of CON application #10635.

- 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.**

OHF reiterates that besides being both an Agency and CMS five-star rated facility, OHF also has been distinguished by the Agency as a Gold Seal facility effective January 1, 2020 – December 31, 2022 (see item E.2.c.1 of this report). The applicant also notes that it achieved the American Health Care Association and National Center for Assisted Living's 2017 Silver Achievement in Quality award which is based on a SNF developing and demonstrating effective approaches to improve performance and health care outcomes.

The applicant provides its mission and vision (page 4-2 of the application) and indicates that it utilizes several methods to monitor and improve quality—including examining satisfaction surveys, seeking a 90 percent satisfaction rate in all areas of facility operation and services.

OHF provides a narrative description of the Five Stages of Quality Assurance and Performance Improvement or QAPI (pages 4-2 through 4-4 of the application). Major features include:

- Stage 1 – Design and Scope
 - Addressing clinical care, quality of life, resident choice and care transitions
- Stage 2 – Governance and Leadership
 - OHF's administration develops and leads the QAPI program, balancing a culture of safety and a culture of resident-centered rights and choice
- Stage 3 – Feedback Data Systems and Monitoring
 - Performance indicators monitor a wide range of care processes and outcomes and reviews finding against benchmarks/targets. Other features of this stage include:
 - ✓ Tracking, investigating and monitoring adverse events
 - ✓ Root cause analysis (RCA)
 - ✓ Action plans to prevent recurrences
- Stage 4 – Performance Improvement Projects (PIPS)
 - Areas to improve care or services are identified and PIP teams follow the plan-do-study-act (PDSA) approach to the project

- Stage 5 – Systematic Analysis and Systematic Action
 - Before implementing facility-wide changes, the facility pilot tests modifications on a smaller scale to ensure they provide the required change. Tools applied to achieve this goal are:
 - ✓ RCA (see Stage 3)
 - ✓ “Five Whys”

CON application #10635, Exhibit 4-1 was previously described in item E.3.a. of this report. Additionally, the applicant provides the Okeechobee Health Care Facility Quality Assurance and Performance Improvement Policy (CON application #10635, Exhibit 4-2). The reviewer notes that this latter exhibit includes:

- The OHF QAPI Plan-2020
- The QAPI Policy (implemented 08/07/2018 and reviewed 09/18/2019), including a Potentially Preventable Events Policy

Okeechobee Health Care Facility’s Activities Calendar (CON application #10635, Exhibit 4-3) includes a single-page March 2020 calendar with activities listed by the hour of the day for each day.

OHF points out having written emergency management and hurricane preparedness plans. OHF further points out that the proposed project is constructed and equipped with generators to ensure residents have a safe, comfortable environment during times of power outages. OHF maintains that its emergency management and hurricane preparedness plan addresses the following types of emergencies:

- Fire
- Weather emergencies such as tornadoes and hurricanes
- Security incidences such as bomb threats, terrorism and active shooters
- Elopement
- Drowning
- Water loss

OHF states that in the case of evacuation, procedures are in place to ensure the safety of residents.

OHF notes that it has a Resident Council that works to protect and improve the quality of life for residents and provide families with a voice in decisions affecting their loved ones. The applicant notes that residents’ rights encompass a resident’s role within the SNF as it pertains to choice, safety and quality of life. OHF cites 27 specific resident rights.

The applicant states that it offers a variety of activities for its residents for all levels of cognition and physical abilities. OHF indicates that the Activities Director plans the range of activities based on the individual care plans and resident requests. The applicant notes that family members are encouraged to participate in activities and events. The applicant bullets 12 specific activities offered.

Agency records indicate that Okeechobee Health Care Facility had no substantiated complaints during the three-year period ending June 24, 2020.

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.

Okeechobee Healthcare Facility		
	Dec-19	Dec-18
Current Assets	\$2,836,034	\$2,891,884
Total Assets	\$10,228,262	\$11,053,833
Current Liabilities	\$2,233,005	\$2,252,977
Total Liabilities	\$2,233,005	\$2,252,977
Net Assets	\$7,995,257	\$8,800,856
Total Revenues	\$20,268,053	\$20,326,578
Excess of Revenues Over Expenses	(\$885,599)	(\$972,421)
Cash Flow from Operations	(\$125,779)	(\$351,384)
Short-Term Analysis		
Current Ratio (CA/CL)	1.3	1.3
Cash Flow to Current Liabilities (CFO/CL)	-5.63%	-15.60%
Long-Term Analysis		
Long-Term Debt to Net Assets (TL-CL/NA)	0.0%	0.0%
Total Margin (ER/TR)	-4.37%	-4.78%
Measure of Available Funding		
Working Capital	\$603,029	\$638,907

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 \$4,337,343. These projects consist of this CON (\$103,380), CON #10556 for five beds (\$108,933), and 20 beds through exemption #E180036.

The applicant indicated on Schedule 3 that the project will be funded through cash on hand. However, the notes to schedule 3 states that the project will be funded through non-related company financing. CON #10556 will be funded through cash on hand. The remainder of the capital projects will be funded through non-related company financing. In support of its intention to finance the additional 20 beds, the applicant provided a letter of interest from KeyBank for funding of the project. Cash on hand as of December 31, 2019 is \$188,030.

A letter of interest is not a commitment to lend and if the applicant were not approved for the loan, it would have to seek financing elsewhere to fund the project.

Conclusion:

Funding for this project is assured if \$24,283 has already been spent on CON #10556. However, funding for the entire capital budget is not guaranteed and is dependent on obtaining the KeyBank loan or other debt funding.

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 (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 GROUP VALUES PPD		
	Total	PPD	Highest	Median	Lowest
Net Revenues	24,770,700	341	423	324	226
Total Expenses	22,565,700	311	441	322	212
Operating Income	2,205,000	30	71	3	-123
Operating Margin	8.90%		Comparative Group Values		
	Days	Percent	Highest	Median	Lowest
Occupancy	72,539	94.64%	97.90%	89.16%	44.64%
Medicaid	55,646	76.71%	73.81%	63.98%	54.57%
Medicare	14,192	19.56%	26.20%	13.50%	0.50%

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 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.

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? 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.**

A five-year history of Medicaid patient days and occupancy for the subdistrict, district and state is provided in the table below.

Medicaid Patient Days and Medicaid Occupancy Subdistrict 9-3, District 9 and Florida Five Years Ending December 31, 2019					
Medicaid Patient Days					
Area	2015	2016	2017	2018	2019
Subdistrict 9-3	48,705	49,491	46,979	50,176	50,731
District 9	1,616,563	1,622,851	1,660,816	1,663,114	1,733,600
Florida	15,959,939	16,144,618	15,990,448	15,937,814	16,680,575
Medicaid Occupancy					
Area	2015	2016	2017	2018	2019
Subdistrict 9-3	75.96%	76.69%	74.30%	78.45%	78.79%
District 9	60.66%	61.64%	61.96%	63.68%	65.74%
Florida	62.18%	63.13%	63.18%	63.92%	65.43%

Source: Florida Nursing Home Bed Need Projections by District and Subdistrict, April 2016 - April 2020
Batching Cycles

As previously indicated in this report, Okeechobee Health Care Facility is the sole SNF in Subdistrict 9-3 (Okeechobee County). As shown in the table above, for each of the five-year periods (CYs 2015 - 2019), the facility reported Medicaid occupancy percentages greater than District 9 and greater than Florida overall.

OHF maintains that it has a history of serving low income residents and Medicaid recipients. OHF notes that, when compared to District 9 and Florida, it consistently serves a larger percentage of Medicaid eligible residents.

The applicant notes that while the proposed bed addition is needed to meet the demand for short-term rehabilitation, with Medicare as the principle payer, the total 210-bed facility patient days for year one are forecasted at 70,894 and for year two, 72,539. See the table below.

**Payer Mix by Resident Days and Admissions for the 210-Bed Facility
Years One and Two of Operations**

Payer	Admissions		Patient Days		Pt. Day Percentage	
	Year One	Year Two	Year One	Year Two	Year One	Year Two
Medicare	283	228	10,744	11,140	15.2%	15.4%
Medicare HMO	151	151	2,933	3,052	4.1%	4.2%
Medicaid Managed Care	38	26	54,569	55,646	77.0%	76.7%
Self-Pay	1	1	2,621	2,573	3.7%	3.7%
Other	25	25	27	28	0.0%	0.0%
Total	498	431	70,894	72,539	100.0%	100.0%

Source: CON application #10635, page -v, PS-2 and page 9-2, Table 9-1

OHF indicates that all beds will be both Medicare and Medicaid certified to maintain access, regardless of payer source. The applicant notes that future projections are dependent in large part upon the Medicaid Managed Care Organizations and the plans offered under the Medicaid Long-Term Care Managed Care Program.

The applicant’s Schedule 7 indicates that for the five-bed addition, will not serve Medicaid/Medicaid HMO and self-pay residents in year one (ending June 30, 2022) and year two (ending June 30, 2023). For the total 210-bed facility, Medicaid/Medicaid HMO represents 77.0 and 76.7 percent of year one and two total patient days and self-pay is projected to be 3.7 percent in both years.

F. SUMMARY

Okeechobee Healthcare Facility, LLC d/b/a Okeechobee Health Care Facility (CON application #10635), a for-profit SNF, proposes to add five community nursing home beds to the existing 180 community nursing home bed facility in Subdistrict 9-3 (Okeechobee County). OHF

currently has Exemption #E180036 to add 20 community beds and CON #10556 to add five community beds. CON application #10635, if approved, would result in a 210-bed SNF (in aggregate).

The project involves 1,784 GSF of renovation with a renovation cost of \$32,000. Total project cost is \$103,380. Project cost includes building, equipment and project development costs.

The applicant does not propose any Schedule C conditions, pursuant to this project.

Need:

In Volume 46, Number 66 of the Florida Administrative Register dated April 3, 2020, a fixed need pool of five community nursing home beds was published for Subdistrict 9-3 for the January 2023 planning horizon.

Subdistrict 9-3 (Okeechobee Health Care Facility) has 180 licensed and 25 approved community nursing home beds. Okeechobee Health Care Facility reported 98.00 percent utilization in CY 2019.

OHF indicates that in rural communities, such as Okeechobee County, fewer health care resources exist—there is only one SNF, one hospital, one assisted living facility and one home health agency in Okeechobee County. The applicant maintains that limited health resources place higher demand on the existing facilities, such as OHF. OHF notes that Okeechobee County outpaces all other District 9 nursing home subdistricts in the use rate of nursing home patient days per 1,000 elderly.

OHF maintains that the proposed five-bed addition offers the following benefits (page 1-9 of the application):

- Beds will be in service by July 1, 2021, in advance of the January 2023 planning horizon
- Construction costs are minimal, as the current 20-bed addition under development can easily accommodate five additional beds
- The project is economically feasible, as administrative and overhead costs are spread over a greater number of beds
- Location places beds into service where demand for skilled nursing care is high and options are limited
- Location improves access to a growing elderly population

The applicant indicates that the five beds ALOS will be 19 days for years one and year two of operation. The ALOS for the entire 210-bed facility will be 142 days in year one and 168 days in year two of operation.

Quality of Care:

OHF described in detail its ability to provide quality care.

Okeechobee Health Care Facility is currently:

- Licensed by the Agency as a 180-bed SNF
- A Gold Seal Award recipient as a SNF
- Holder of a five-of-five Nursing Home Guide Inspection Rating (the highest rating achievable)
- Holder of a five-of-five CMS Medicare Nursing Home Profile of “Much Above Average” (the highest rating achievable)

Okeechobee Health Care Facility had no substantiated complaints during the three-year period ending June 24, 2020.

Financial Feasibility/Availability of Funds:

- Funding for this project is assured if \$24,283 has already been spent on CON #10556. However, funding for the entire capital budget is not guaranteed and is dependent on obtaining the KeyBank loan or other debt funding
- This project appears to be financially feasible based on the projections provided by the applicant
- OHF meets the staffing requirements in s. 400.23(3)(a)(1) Florida Statutes, in years one and two
- This project is not likely to have a material impact on priced-based competition to promote quality and cost effectiveness

Medicaid/Charity Care:

- OHF reported higher Medicaid occupancy than District 9 and Florida nursing homes overall during CYs 2015 – 2019
- This project is not projected to serve Medicaid or self-pay residents
- The applicant projects the 210-bed facility will provide 77.0 and 76.7 percent of year one and year two total annual patient days to Medicaid and self-pay will account for 3.7 percent of total annual patient days in years one and two.

Architectural:

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

G. RECOMMENDATION

Approve CON #10635 to add five community nursing home beds in District 9, Subdistrict 3, Okeechobee County. The total project cost is \$103,380. The project involves 1,784 GSF of renovation and a renovation cost of \$32,000.

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