

STATE AGENCY ACTION REPORT
ON APPLICATION FOR CERTIFICATE OF NEED

A. PROJECT IDENTIFICATION

1. Applicant/CON Action Number

Palm Beach SNF Operations, LLC/CON application #10636

1000 Gates Avenue
Brooklyn, New York 11221

Authorized Representative: Mr. Leopold Friedman
(718) 852-7000, Ext. 1

2. Service District/Subdistrict

District 9/Subdistrict 9-4 (Palm Beach County, Florida)

B. PUBLIC HEARING

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

Letters of Support

The applicant includes three letters citing care provided by Citadel Care Centers (the applicant's parent) and support for the proposed project. These were from Lincoln S. Mendez, MHSA, President & CEO, Boca Raton Regional Hospital | Baptist Health South Florida, Rabbi Dovid Vigler, Chabad Palm Beach Gardens and Oghenevwogaga Ophori MD, FAAPMR, Southeast Regional Medical Director of National Health Rehabilitation.

C. PROJECT SUMMARY

Palm Beach SNF Operations, LLC (CON application #10636) also referenced as Palm Beach SNF or the applicant, a newly-formed, private for-profit entity proposes to establish a new 150-bed community skilled nursing facility in Subdistrict 9-4 (Palm Beach County) through the delicensure of 150 of the existing 310 community nursing home beds at The Joseph L. Morse Health Center, Inc., also located in Subdistrict 9-4 (Palm Beach County).

Palm Beach SNF provides a notarized letter, dated May 11, 2020 from Keith A Myers, President and CEO of MorseLife Health System and the administrator of The Joseph L. Morse Health Center, Inc., in which he agrees to voluntarily submit a licensure application to reduce the number of licensed community nursing home beds at Joseph Morse Health Center by 150 beds, no later than the date that the applicant submits its licensure application to license the new facility (Exhibit 1-1 of CON application #10636, Tab 1, page 1-15).

The applicant's parent company is Citadel Care Centers, which operates seven community nursing homes in Florida. These include the following:

- Aventura Rehab and Nursing Center
- Fouraker Hills Rehab and Nursing Center
- Kensington Gardens Rehab and Nursing Center
- Oak Haven Rehab and Nursing Center
- Sandgate Gardens Rehab and Nursing Center
- Sands at South Beach Care Center, The
- Sea Breeze Rehab and Nursing Center

The proposed project includes 121,052 gross square feet (GSF) of new construction. The construction cost is \$27,236,700. Total project cost is \$38,888,735. The total project cost includes land, building, equipment, project development, financing and start-up costs.

According to Schedule 10, the applicant expects issuance of license on January 1, 2023 and initiation of service on January 3, 2023.

Palm Beach SNF proposes the following Schedule C conditions (two total):

1. Construct all private rooms, each with a complete bathroom meeting handicapped assessable standards
2. Provide Medicaid managed care at 39 percent of total resident days of care

The applicant indicates that the two conditions asserted in Schedule C, will be measured by furnishing AHCA with certificates, declaratory statements and other information as needed on an ongoing basis that address the provisions of Rule 59C-1.013, *Monitoring Procedures*, Florida Administrative Code. *Should the proposed project be approved, the applicant's conditions would normally be reported in the annual condition compliance report, as required by Rule 59C-1.013(3), Florida Administrative Code. However, the construction condition will be confirmed at licensure and the Agency will not require the applicant to separately report Medicaid patient days as the facility will report these days to the local health council.*

Total GSF and Project Costs of CON application #10636

Applicant	CON app. #	Project	GSF	Project Costs	Cost Per Bed
Palm Beach SNF Operations, LLC	10636	150-bed SNF	121,052	\$38,888,735	\$259,258

Source: CON application #10636, Schedule 1, Tab 5, and Schedule 9 Tab 8

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 zero community skilled nursing home beds was published in the fixed need pool for District 9, Subdistrict 9-4 (Palm Beach County, Florida) for the January 2023 Planning Horizon. As previously stated in Item C of this report, the proposed project would not change the net number of community skilled nursing facility beds in Subdistrict 9-4, District 9, or the State of Florida, due to its condition of delicensure of 150 beds from MorseLife (Palm Beach County, Florida) that would be transferred and licensed to Palm Beach SNF conditional to the approval of CON application #10636 by the Agency. After publication of this fixed need pool, no existing Subdistrict 9-4 (Palm Beach County, Florida) facilities filed exemption requests or filed expedited CON reviews to increase or add community nursing home beds.

As of February 21, 2020, Subdistrict 9-4 has 52 facilities with 5,952 licensed and 159 approved community nursing home beds. Subdistrict 9-4 community nursing homes reported 83.33 percent occupancy during CY 2019. The following table illustrates the subdistrict's CY 2019 community nursing home occupancy.

Subdistrict 9-4, Palm Beach County, Utilization CY 2019

Facility	Community SNF Beds	Community SNF Bed days	Patient Days	Total Occupancy
Abbey Delray	100	36,500	29,038	79.56%
Abbey Delray South	60	21,900	19,234	87.83%
Addington Place at Wellington Green	120	43,800	38,972	88.98%
Avante at Boca Raton, Inc.	144	52560	35036	66.66
Avante at Lake Worth, Inc.	138	50370	34818	69.12
Barrington Terrace of Boynton Beach	29	10585	7750	73.22
Boca Raton Rehabilitation Center	120	43800	24231	55.32
Boulevard Rehabilitation Center	167	60955	49688	81.52
Boynton Beach Rehabilitation Center	168	61320	55810	91.01
Boynton Health Care Center	99	36,135	31,232	86.43%
Chatsworth at PGA National, LLC	40	14,600	8,500	58.22%
Consulate Health Care of West Palm Beach	120	43,800	39,331	89.80%
Coral Bay Healthcare and Rehabilitation	120	43,800	40,885	93.34%
Crossings, The	60	21,900	19,163	87.50%
Darcy Hall of Life Care	220	80,300	64,503	80.33%
Edward J. Healey Rehabilitation and Nursing Center	120	43,800	43,375	99.03%
Encore at Boca Raton Rehab. & Nursing Ctr., LLC, The	154	56,210	51,416	91.47%
Finnish-American Village	45	16,425	15,252	92.86%
Gardens Court, The	120	43,800	37,970	86.69%
Glades Health Care Center	120	43,800	30,105	68.73%
Hamlin Place of Boynton Beach	120	43,800	35,618	81.32%
Harbour's Edge	4	1,460	1,274	87.26%
Heartland Health Care & Rehab. Ctr. of Boca Raton	120	43,800	29,800	68.04%
Heartland Health Care Center – Boynton Beach	120	43,800	42,893	97.93%
Heartland Health Care Center – Prosperity Oaks	120	43,800	39,333	89.80%
Joseph L. Morse Health Center, Inc., The	310	113,150	109,662	96.92%
Jupiter Medical Center Pavilion, Inc.	90	41,040	21,378	52.09%
Jupiter Rehabilitation and Healthcare Center	120	43,800	22,892	52.26%
Lake View Care Center at Delray	120	43,800	39,415	89.99%
Lakeside Health Center	107	39,055	37,681	96.48%
Lourdes-Noreen McKeen Residence for Geriatric Care	132	48,180	29,765	61.78%
ManorCare Health Services (Boca Raton)	180	65,700	61,064	92.94%
ManorCare Health Services – Boynton Beach	180	65,700	56,947	86.68%
ManorCare Health Services (Delray Beach)	120	43,800	39,948	91.21%
ManorCare Health Services West Palm Beach	120	43,800	39,008	89.06%
Medicana Nursing and Rehab Center	117	42,705	31,408	73.55%
Menorah House	120	43,800	38,123	87.04%
North Lake Care Center	85	31,025	26,864	86.59%
Oasis Health and Rehabilitation Center	120	43,800	38,319	87.49%
Palm Garden of West Palm Beach	176	64,240	56,894	88.56%
Regents Park Nursing & Rehabilitation Center	180	65,700	60,676	92.35%
Rehabilitation Center of the Palm Beaches, The	109	36,915	33,236	90.03%
Renaissance Health and Rehabilitation	120	43,800	38,592	88.11%
Royal Palm Beach Health and Rehabilitation Center	120	43,800	40,333	92.08%
Savannah Cove of the Palm Beaches	30	10,950	8,496	77.59%
Signature Healthcare of Palm Beach	120	43,800	37,004	84.48%
Stratford Court of Boca Raton	60	21,900	15,238	69.58%
Terraces of Lake Worth Care Center	99	36,135	32,497	89.93%
Waterford, The	60	21,900	21,063	96.18%
Willowbrooke Court at St. Andrews Estates	49	17,885	14,460	80.85%
Willowbrooke Court Skilled Care Center – (EBP)	40	14,600	3,645	24.97%
Wood Lake Health and Rehabilitation Center	120	43,800	36,548	83.44%
Total	5,952	2,177,800	1,814,792	83.33%

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

In the table below the reviewer notes the current and projected population change comparisons within Subdistrict 9-4, District 9 and the State of Florida for 65+ to 74, 75+ and 65+ age cohorts for the current planning horizon.

**Palm Beach County, Florida, District 9, Subdistrict 9-4
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+
Palm Beach/9-4	176,059	175,645	351,704	190,574	192,370	382,944
District 9	267,035	258,028	525,063	289,865	283,090	572,955
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+
Palm Beach/9-4	14,515	16,725	31,240	8.24%	9.52%	8.88%
District 9	22,830	25,062	47,892	8.55%	9.71%	9.12%
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 9-4, District 9 and the State of Florida follow:

**Subdistrict 9-4 (Palm Beach County) District 9 & Florida
Community Nursing Home Bed to Population Aged 65+ to 74 Ratio
January 1, 2020 and January 1, 2023**

County/Area	Licensed & Approved Community Beds	January 1, 2020 Pop. Aged 65+ to 74	January 1, 2020 Beds per 1,000	Licensed & Approved Community Beds	January 1, 2023 Pop. Aged 65+ to 74	January 1, 2023 Beds per 1,000
Palm Beach/9-4	5,952	176,059	33.81	5,952	190,574	31.23
District 9	8,531	267,035	31.95	8,531	289,865	29.43
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 9-4, District 9 and the State of Florida in the following table:

**Subdistrict 9-4 (Palm Beach County) District 9 & Florida
Community Nursing Home Bed to Population Aged 75+ Ratio
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
Palm Beach/9-4	5,952	175,645	33.89	5,952	192,370	30.94
District 9	8,531	258,028	33.06	8,531	283,090	30.14
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

CON application #10636 proposes to create a new 150-bed SNF through delicensure of 150 existing beds located in Subdistrict 9-4 - delicensure affirmed by MorseLife via signed and notarized statement; thus maintaining the net number of nursing home beds in Subdistrict 9-4.

Palm Beach SNF Operations, LLC (CON application #10636) that the benefit of this project produces two objectives:

1. Disperses 150 community nursing home beds from MorseLife into the broader Palm Beach County (Boca Raton, Zip Code 33487¹) community creating additional access points and availability of care
2. Frees space on the MorseLife campus to create additional ALF units to house the at-risk Programs of All-Inclusive Care of the Elderly (PACE) clients who require heightened supervision, greater numbers of home-based services, and access to a higher level of care, if needed, from MorseLife.

The applicant asserts that population growth rate impacts demand for care forecasting the community days to the year 2025, and holding the days per 1,000 elderly residents constant, occupancies in Subdistrict 9-4, District 9 and the State of Florida rise above 95 percent.

Palm Beach SNF contends that at the present time, one option exists for the relocation of the 150 community nursing home beds in Zip Code 33487, the area of Boca Raton, Florida. The reviewer notes that the applicant does not condition approval of the CON on the proposed location being in Zip Code 33487. The applicant points out that economic factors for the Boca Raton area surpass those of the United States. Further, the most recent information shows variations in the pattern of utilization for the nine nursing homes that fall within the circumference with a radius of five miles from the planned zip code location; overall occupancy is 80.5 percent. The reviewer notes that five of the nine facilities exceed an occupancy rate of 87 percent, and the four remaining facilities report occupancy rates below 81 percent. However, some of these facilities underreported their patient days during CY 2019.

The applicant contends that a calculation of the resident days within the target area per 1,000 elderly residents produces 4,011 days; multiplying the days by the net increase in persons over the five-year period generates 35,317 potential nursing home resident days, or an average daily census of 97 persons. Palm Beach SNF points out that by using this simple metric, and dividing the average daily census by the 150 beds will generate an occupancy rate of 65 percent. The applicant asserts that

¹ Zip Code 33487 is assigned to Boca Raton and also includes Highland Beach, Florida per the USPS website.

this result indicates a positive sign for the target area having a carrying capacity that will support the new nursing home proposed in CON application #10636.

The applicant points out, in the following table, that the key economic factors from Zip Code 33487 (Boca Raton centroid) have economic indicators that reflect greater wealth, surpassing the United States, on several selected economic factors. Palm Beach SNF provides an economic table comparing Boca Raton to the United States. A description of the existing SNFs utilization, location and population estimates for the nine zip code area its facility is projected to serve.

Palm Beach SNF maintains that the dispersion of the beds enhances the supply within the nine Zip Code target area, increasing the bed supply for 15 beds per 1,000 elderly residents aged 65 years and older, to 16 beds per 1,000 elderly residents. Further, the target area's current bed supply is lower by one bed per 1,000 elderly resident when compared to the total Subdistrict 9-4. The applicant points out that in the year 2025, with no new beds, the growth in the Palm Beach County elderly population cohort will reduce the bed supply. Palm Beach SNF asserts that the proposed project increases availability and access to these elderly residents in the target area without a net bed increase in Subdistrict 9-4).

The applicant provides *Figure 1-1, Overview map of Palm Beach County, Nursing Home Subdistrict 9-4*, showing existing nursing homes and the elderly population 65 years of age and older for the year 2020 in Tab1, page 1-4 of CON application #10636. The applicant's Table 1-1 includes Claritas Palm Beach County population estimates by the age 65+, age 85+ cohorts and total population for the years 2020 and 2025.

The applicant cites the most recent data from the Agency's *Florida Community Nursing Home Bed Need Projections by District and Subdistrict*, for the January 2023 Planning Horizon on page 1-7, Table 1-4, of CON application #10636 which illustrates that the 150 beds that currently exist are part of the continuum of care with which Subdistrict 9-4 currently attains an occupancy of 95.6 percent by the year 2025. The applicant indicates that this shows that no relocation of the beds results in an occupancy rate of 98.1 percent in the year 2025.

The applicant provides the following targeted occupancy rates for years one and two, respectively of 52.5 percent and 92.3 percent, reflects the Subdistrict 9-4's experience with no new beds. Palm Beach SNF provides the following forecast table for the new facility:

Forecast of Resident Days by Payer and Corresponding Average Daily Census for the First Two Years of Operation (N = 150 Beds), CY 2023 & 2024

Payer	Percent	Year One Days	Year Two Days
Medicare	28.0%	8,050	14,194
Medicare Managed Care	23.0%	3,313	11,660
Medicaid Managed Care	39.0%	11,213	19,771
Private Pay/Others	10.0%	2,875	5,069
Total	100.0%	28,751	50,694
	ADC	79	139
	Occupancy	52.5%	92.3%

Source: CON application #10636 – Tab 1/Table 1-5/page 1-8, Tab 3/Table 3-5/page 3-9 & Tab 9/Table 9-1/page 9-1

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 defined above. This project proposes the use of

existing community nursing home beds made available through delicensure from MorseLife in District 9, Subdistrict 9-4 (Palm Beach County, Florida).

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

Per the applicant's proposal, special features of the facility include those that follow:

- Rapid Recovery Unit with specialized orthopedic, cardiac and stroke rehab programs
- Comprehensive PT, OT and SLP treatment available seven days a week
- RN/LPN licensed staff 24 hours a day, 365 days a year
- Advanced bedside diagnostics and laboratory services
- Pharmacy services
- IV therapy, TPN and tracheotomy care including sepsis care
- Peritoneal dialysis
- Advanced wound care programs
- Pain management programs
- Fall reduction programs
- Registered dietitian services
- Bed side dental, podiatry and eye care services
- Cardiac Care
- Pulmonary Rehabilitation
- Stroke Rehabilitation
- Certified Wound Care
- Telemedicine
- Structured recreational activities seven days a week
- Patient transportation
- Patient and Caregiver Education and Training
- Nutritional counseling and supervision

The applicant comments that with the development of the 150-bed community nursing home, the following luxury amenities create residential appointments with leisure comforts. The applicant indicates the list the following features below:

- Constructs a community nursing home with all private rooms and each with a complete bathroom

- Meets codes for Americans with Disabilities Act and that of the Florida act
- A welcoming porte-cochere leading to a warm and well-appointed lobby which introduces the resort to the guests
- Private admissions, administration and meeting areas on the main floor for privacy
- Sophisticated amenities for residents to rest, recuperate and recover
- Flat screen TVs
- Beside telephones
- Wi-Fi throughout the facility
- Custom-designed furnishings
- Push button and audio nurse call system
- A beauty salon providing spa style services
- Laundry Services
- Restaurant-style dining on each floor with chef created menus and the opportunity to enjoy meals in a variety of settings, including dining areas with balconies. In-room dining is also available; there will also be a snack bar/pantry at each nursing unit with readily accessible nourishing food selections.
- Multiple and varied social and recreational spaces will be available on each floor for resident and staff interaction. In addition, there would be a movie theater with state-of-the-art video and audio equipment on the main level.
- Medical Transportation Assistance
- Activities available seven days a week
- 24-Hour Visitation
- 24-Hour RN Coverage
- State of the Art Therapy Gym and Equipment

Palm Beach NSF notes the additional benefit in the integration of an ALF with 50 beds that would mesh seamlessly on each of the three floors of the facility, allowing for transitions between levels of care, as well as planned group activities. The applicant comments that another benefit of this proposal would be a dialysis center integrated within the ALF wing, providing the ability to provide onsite dialysis services that would meet needs of a subgroup of the elderly, eliminating frequent and difficult travel away from home.

Palm Beach SNF states that the clinical protocols follow specific standards of care treating various diagnoses and resolving problems. The applicant contends that procedures focus on avoiding hospital readmissions so that proactive interventions characterize how care planning specifics appear in the plans of care. The applicant points out that the focus on short-term rehabilitation includes licensed

professionals and certified assistants with experience in the following disciplines:

- Physical Therapy
- Hip, knee and other joint replacements
- Assistive devices and accommodations to amputations or disability
- Speech Therapy
- Dysphagia (swallowing techniques)
- Occupational Therapy
- Respiratory Therapy

Palm Beach SNF points out that many of the professionals listed above also target services in post-acute programs that combine their specializations with nurses delivering a regimen of care including the following:

- Stroke Rehabilitation
- Pain Management
- Wound Care
- Cardiac Rehabilitation
- Surgical Recovery
- Tracheotomy care
- Osteotomy care
- Tube feeding
- IV therapy

The applicant states that medical services under the medical director assure residents with responsiveness to acute, chronic or latent conditions. Palm Beach SNF asserts that the ongoing assessments of residents' conditions and health status produce an interactive environment for assuring that appropriate services in frequency, amount and duration occur; services include the following:

- Skilled nursing services with licensed professionals 24 hours a day whether a brief or extended stay is required
- Nursing services featuring: IV, nutrition and wound care teams, respiratory treatments, feeding tubes, and pain management
- Specialized activities
- Psychological services
- Family support
- Assistance with activities of daily living

The applicant states that employees as well as contractors will deliver integrative medicine and palliative/supportive care that include professionals and services such as those listed below:

- Physician consults
- X-rays

- Laboratory tests
- Psychiatric consults or services
- Dental consults or services
- Podiatry services
- Optometric and ophthalmic services or consults

The applicant states that a review of the most recent hospital inpatient data file confirms that the foregoing list of proposed services remain consistent with the experience of the elders in the nine target Zip Codes: 33431, 33432, 33444, 33445, 33486, 33484, 33486, 33487 and 33496.

Elderly Discharges Aged 65 Years and Older Residing in Target Zip Codes Discharged to Nursing Homes in Major Diagnostic Categories (MDC)

MDC	Total Cases	Percent	Days	CM Index
08 Diseases & Disorders of the Musculoskeletal System & Conn Tissue	888	30.5%	4,341	2.0788
05 Diseases & Disorders of the Circulatory System	438	15.0%	2,968	2.3278
11 Diseases & Disorders of the Kidney & Urinary Tract	288	9.9%	1,592	1.2036
01 Diseases & Disorders of the Nervous System	249	8.6%	1,470	1.5922
04 Diseases & Disorders of the Respiratory System	249	8.6%	2,244	1.4386
18 Infectious & Parasitic Diseases, Systemic or Unspecified Sites	243	8.3%	2,316	2.2817
06 Diseases & Disorders of the Digestive System	196	6.7%	1,548	1.9184
09 Diseases & Disorders of the Skin, Subcutaneous Tissue & Breast	71	2.4%	402	1.1166
10 Endocrine, Nutritional & Metabolic Diseases & Disorders	66	2.3%	332	1.2552
00 Pre MDC	39	1.3%	547	6.9025
16 Diseases & Disorders of Blood, Blood Forming Organs, Immunologic Disorders	39	1.3%	186	1.1518
07 Diseases & Disorders of the Hepatobiliary System & Pancreas	32	1.1%	214	1.7251
21 Injuries, Poisonings & Toxic Effects of Drugs	28	1.0%	159	1.5931
24 Multiple Significant Trauma	19	0.7%	144	3.6417
17 Myeloproliferative Diseases & Disorders, Poorly Differentiated Neoplasm	15	0.5%	221	3.0413
19 Mental Diseases & Disorders	14	0.5%	199	1.4007
03 Diseases & Disorders of the Ear, Nose, Mouth & Throat	9	0.3%	42	1.0673
12 Diseases & Disorders of the Male Reproductive System	8	0.3%	35	1.0837
23 Factors Influencing Health Stat & Other Contacts With Health Services	7	0.2%	20	0.9707
13 Diseases & Disorders of the Female Reproductive System	5	0.2%	37	1.9479
02 Diseases & Disorders of the Eye	4	0.1%	14	0.8102
20 Alcohol/Drug Use & Alcohol/Drug Induced Organic Mental Disorders	3	0.1%	18	0.8208
25 Human Immunodeficiency Virus Infections	2	0.1%	16	2.0065
Total	2,912	100.0%	19,065	1.9410

AHCA Hospital Discharge Data File for QTR 3, 2018 to QTR 2, 2019
 Source: CON application #10636, Tab 2, Table 2-1, page 2-5

The applicant states that a review of the information from Table 2-1, above, shows that 87.6 percent of the elderly discharges who reside within the target area experience conditions in seven of the MDCs. Palm

Beach SNF maintains that these top categories involve musculoskeletal, circulatory, kidney and urinary tract, nervous system, infectious diseases and disorders of the digestive system.

The reviewer notes the applicant provides a break-down of elderly discharges aged 65+ residing in target zip codes discharged to nursing homes with Diagnoses Related Groups (DRGs) in Table 2-2, of CON application #10636, Tab 2, page 2-6. The applicant states that elderly within the target area discharged to nursing homes require post-acute care of greater intensity and frequency of services as the average case mix indices show. Palm Beach SNF asserts that given that the majority of the cases fall within only seven MDCs, persons require similar interventions in therapies. The reviewer notes the seven MDC's from highest to lowest: major hip and knee joint replacement, septicemia or severe sepsis, hip and femur procedures except major joint, heart failure and shock w (ECMO), kidney and urinary tract infections W/O MCC, renal failure W CC and medical back problems W/O MCC.

The applicant comments that kidney and urinary tract infections may or may not have additional conditions or comorbidities that may make the service mix more complex; similarly, renal failure requires a dialysis program that provides residents the assurance they require to know they will be well cared for during their stay. Palm Beach SNF states that its program provides residents with round-the clock assessment along with progress notes and meals at every visit to the dialysis center, commenting that the advantage of this project is the onsite dialysis center that avoids having to transport such medically complex elders. A copy of a brochure that illustrates proposed services is provided in Exhibit 2-1 of CON application #10636, Tab 2, page 2-13.

The applicant states that the admission process coordinates evaluation of the individual, with cooperation of his or her family, to provide a baseline plan of care; this plan becomes a reference point for changes, additions and deletions to the care plan that occur throughout the individual's recovery/stay. Palm Beach SNF comments that services and functional objectives provide a roadmap to discharge planning with the presumption of a return home or to a less restrictive setting. The applicant points out that the medical care guide the staff uses when completing the Minimum Data Set (MDS) includes assessment and input from the following professionals:

- Attending physician
- Director of Nursing
- Nursing Assistants responsible for the resident's care
- Dietary Manager
- Social Services Manager

- Activities Director
- Therapists, as appropriate
- Consultants, as appropriate
- Others, as appropriate or necessary to meet the needs of the resident

Palm Beach SNF indicates that upon admission, each resident is evaluated for special needs and a care plan is developed; information addressed during the initial evaluation by the admitting nurse includes, but is not limited to, the following factors:

- Medical diagnosis
- Description of skin condition
- Current level of activity /mobility
- Cognitive status
- Diet orders
- Weight
- ADL performance
- Physical impairments

The applicant indicates that the Resident Assessment Instrument (Rai) manual suggests the following care planning areas for consideration in the long-term care setting: functional status, rehabilitation/restorative nursing, health maintenance, discharge potential, medications and daily care needs and that the following areas are also addressed

- Problem/concern statements
- Goal/objective statements
 - Resident centered, addresses what the resident will do, when/where/how these will be accomplished
 - Clear, concise, observable, and measurable
 - Linked to a reasonable timeframe
 - Realistic and achievable
 - Determined in consultation with staff, resident/responsible party, and other health professionals
 - Date by which the outcomes are anticipated to occur
- Approaches:
 - State what is to be done to assist the resident to achieve his or her outcomes
 - Relate to the cause of the problem that has been identified during assessment
 - Is each approach specific and detailed in a manner that is easily understood such that any staff member assigned can carry out the action
 - Is reference to other documents in the clinical record made
- Responsible discipline is identified for each
- Review date for the care plan is noted

Palm Beach SNF states that the family member or caregiver receives ongoing reports, along with the resident, to follow progress, comment on reaction to care and services, changes or modification and other concerns. The applicant indicates that substitutions occur, as appropriate, that allow the resident to review options and find those that produce optimal results.

The applicant states that the discharge plan begins with the MDS and, like the plan of care, changes as progress occurs throughout the resident's stay - medical services, appointments, prescriptions, and other involvement with the health and social systems appear in the discharge plan. The following examples cited include:

- Making arrangements for obtaining adaptive equipment
- Making referrals and obtaining services from outside entities, e.g.
 1. Home health
 2. Private duty referral
 3. Community services
 4. Meals on Wheels
 5. Transportation
- Follow up appointment with physician
- Prescriptions written or called in for:
 1. Medications
 2. Outpatient therapy
 3. Labs
- Home evaluation by Therapy
- Discharge meeting with family, patient, and/ or caregivers
- Home health guidelines for eligibility:
- Reside within service area;
 1. Is homebound when required by the third party payer source;
 2. Is in an environment which allows for safe and effective care;
 3. Has an available and willing caregiver when indicated;
 4. Is in need of a level of service provided and needs can be adequately met in the specific environment;
 5. Is receptive to agency services and complies with recommended treatment; and
 6. Is under the supervision of a doctor of medicine, dentistry, podiatry, or osteopathy, who is duly licensed to practice in the State of Florida.

Palm Beach SNF states that at discharge, the case manager presents the discharge plan that the resident and family already reviewed, and gave input, as a final coordinated event so that any concerns or questions that

may have arisen have appropriate responses. The discharge plan includes the following:

- Record of the resident’s care with an appropriate discharge summary of prior treatment
- Diagnosis
- Rehabilitation potential
- Physician orders for immediate care, and
- Other pertinent information

Palm Beach SNF comments that per the residents’ request, the case manager furnishes copies of the discharge plan to the primary care physician, any other caregivers and/or other health care personnel. Exhibit 2-2 of CON application #10636, Tab 2, page 2-13 includes a proposed discharge form.

The applicant states that this proposal represents a “hold harmless” scenario, because the 150 beds for relocation currently appear in the licensed beds for Subdistrict 9-4’s 5,952 beds, whose current utilization falls within The Joseph L. Morse Health Center’s census. The reviewer notes Table 3-4 of CON application #10636, Tab 3, page 3-7, which follows:

Most Recent Nursing Home Utilization in the Target Area by Facility

Street Zip	Name	Lic. Beds	CY 2-19	CY 2019	CY 2019	CY 2019
			Resident Days	Occupancy	Medicaid Days	Medicaid Occupancy
33433	Willowbrooke	89	14,460	80.85%	5,852	40.47%
33486	Avante at Boca Raton Inc.	144	35,036	66.66%	26,346	75.20%
33486	Boca Raton	120	24,231	55.32%	17,993	74.26%
33446	ManorCare Health	120	39,948	91.21%	25,043	62.69%
33484	Lake View Care at Delray	120	39,415	89.99%	16,852	42.76%
33431	ManorCare Health	180	61,064	92.94%	49,012	80.26%
33445	Abbey Delray South	90	19,234	87.83%	12,534	65.17%
33445	Abbey Delray	100	29,038	79.56%	12,310	42.39%
33483	Harbour’s Edge	54	1,274	87.26%	278	21.82%
Total		1,017	263,700	80.5%	166,220	63.0%
Palm Beach, Subdistrict 9-4		5,952	1,814,792	83.33%	1,197,783	66.00%
Health Planning District 9		8,531	2,637,165	84.55%	1,733,600	65.74%

AHCA publication, *Florida Nursing Home Bed Need Projections by District and Subdistrict* for year shown

The applicant points out that the target area for CY 2019 shows facilities at 80.5 percent occupancy, with Medicaid occupancy at 63 percent. Palm Beach SNF asserts that the target area experiences lower occupancies overall when compared to both Subdistrict 9-4 and District 9 overall. The reviewer notes that some of the lower occupancy is due to underreporting by the facilities in this area.

Palm Beach SNF’s Schedule 6 indicates 125.3 full-time employees (FTEs) for year one (CY 2023), and 202.3 FTEs for year two (CY 2024). The applicant’s Schedule 10 indicates issuance of license January 1, 2023, and an initiation of services on January 3, 2023. Palm Beach SNF’s Schedule 6 staffing data is shown below.

**Palm Beach SNF Operations, LLC (CON application #10636)
Projected Year One and Year Two FTE Staffing Units**

	Total FTEs Year One CY 2023	Total FTEs Year Two CY 2024
Administration		
Administrator	1.0	1.0
Director of Nursing	1.0	1.0
Admissions	3.1	3.9
Bookkeeper	1.0	1.0
Secretary	2.0	2.0
Medical Records Clerk	1.6	2.0
Other: Nrsng Adm-MDS, Sched, CSR & ward clrk	4.1	7.3
Physician		
Medical Director	1.0	1.0
Nursing		
RNs	10.6	18.8
LPNs	14.9	26.3
Nurses’ Aides	49.2	86.7
Ancillary		
Physical Therapist	2.7	3.9
Speech Therapists	1.5	1.5
Occupational Therapist	3.0	3.0
Dietary		
Dietary Supervisor	1.0	1.0
Cooks	5.6	9.7
Dietary Aides (incl Servers)	2.3	3.9
Social Services		
Social Service Director	2.1	2.9
Activity Director	1.0	1.0
Activities Assistant	1.7	2.9
Housekeeping		
Housekeeping Supervision	1.0	1.0
Housekeepers	6.1	10.7
Laundry		
Laundry Aides	5.1	5.9
Plant Maintenance		
Maintenance Supervisor	1.0	1.0
Maintenance Assistance	1.7	2.9
Total	125.3	202.3

Source: CON application #10636, Schedule 6, Tab 5

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 being a newly-formed entity, and therefore has no operational history, and has not had a SNF license denied, revoked or suspended within the 36 months prior to the current application. Palm Beach SNF's parent corporation, Citadel Care Centers, has not had a SNF license denied, revoked or suspended within the 36 months prior to the current application.

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

The applicant states being a newly-formed entity, and therefore has no operational history, and therefore has not been placed into receivership at any time. This applies to the parent also.

- 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.

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

The applicant indicates that this criterion is not applicable.

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.**

The applicant indicates being a newly-formed entity, it has no operational history in Florida.

- 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 it will provide the required data to the applicable local health council and to the Agency.

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, Subdistrict 9-4 (Palm Beach County) and has 52 licensed community SNFs with a total of 5,952 community beds and 159 approved beds. District 9 averaged 84.55 percent total occupancy, and Subdistrict 9-4 averaged 83.33 percent total occupancy for CY 2019.

The reviewer notes that Subdistrict 9-4 has approximately 69.77 percent of the total licensed beds within District 9 for CY 2019. Palm Beach SNF asserts that the approval and establishment of the proposed new 150-bed SNF will be positive for the availability for services to the residents of Subdistrict 9-4.

Palm Beach SNF Operations, LLC (CON application #10636) states that it does not have a documented history of providing quality of care because it is a newly formed entity for purposes of filing this CON application. However, concurrent with licensure and certification, the applicant will develop all policies and procedures as well as the Quality

Assurance Performance Improvement (QAPI) based on its other Citadel Care Centers affiliated facilities. The applicant indicates that upon licensure and certification, Palm Beach SNF will adhere to any and all State and Federal nursing home regulations statutes and the entire facility will meet Medicare's Conditions of Participation.

Concerning availability, the applicant states that it accepts that the Agency's calculation of need is a reasonable balance to achieve availability and accessibility without negatively affecting current providers and the future utilization of existing providers.

The reviewer notes that this proposal is contingent upon the delicensure and licensure of 150 community nursing home beds, and will not affect the fixed need pool; the 150 beds are from The Joseph L. Morse Health Center, Inc., and this is attested to by signed and notarized statement by Keith A. Myers, President and CEO of MorseLife (who also serves as Joseph L. Morse Health Center Inc.'s administrator), in Exhibit 1-1 of CON application #10636, Tab 1, page 1-15.

- 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.**

Palm Beach SNF Operations, LLC (CON application #10636) is establishing a private for-profit Florida entity, and therefore does not have an historical record available to document in this CON proposal. However, the applicant indicates its parent quality policies and procedures based on its other affiliated facilities. Palm Beach SNF expresses a commitment to adhere to any and all State and Federal SNF regulations and statutes in addition to Medicare's Conditions of Participation.

For the three-year period ended on June 24, 2020, the parent's (Citadel Care Centers - Florida Division) affiliated Florida SNFs had a total of 36 substantiated complaints which are summarized by complaint category in the table below. A single complaint can encompass multiple complaint categories, which are summarized in the table below.

Citadel Care Centers Affiliated Florida SNFs Substantiated Complaint History June 24, 2017 – June 24, 2020	
Complaint Category	Number Substantiated
Quality of Care/Treatment	21
Physical Environment	6
Resident/Patient/Client Rights	4
Elopement	3
Administration/Personnel	2
Admission/Transfer & Discharge Rights	2
Falsification of Records/Reports	2
Infection Control	2
Dietary Services	1
Misappropriation of Property	1
Physician Services	1
State Licensure	1

Source: Agency Complaint Records

Palm Beach SNF states that through the progressive and consistent application of the following 12 steps, all employees benefit from training, enabling them to understand the relationships between actions and responsibilities:

- Step 1: Leadership Responsibility & Accountability
- Step 2: Develop a Deliberate Approach to Teamwork
- Step 3: Take your QAPI "Pulse" with a Self-Assessment
- Step 4: Identify Your Organization's Guiding Principles
- Step 5: Develop Your QAPI Plan
- Step 6: Conduct a QAPI Awareness Campaign
- Step 7: Develop a Strategy for Collecting & Using QAPI Data
- Step 8: Identify Your Gaps and Opportunities
- Step 9: Prioritize Quality Opportunities and Charter Performance Improvement
- Projects (PIPs)
- Step 10: Plan, Conduct and Document PIPs
- Step 11: Get to the "Root" of the Problem
- Step 12. Take Systemic Action

The applicant indicates that the following procedures define several parameters, and assign responsibilities as follows:

1. Authority rests with the administrator as leader of the Quality Assessment and Performance Improvement Committee. Members include Director of Nursing, risk manager, department directors, and physician. As appropriate lead workers participate.
2. The committee is responsible for the coordination among departments for the implementation of the reviews.

3. To implement tasks, subcommittees report quarterly to the committee.
4. Additional Ad Hoc subcommittees form to address specific issues outside the scope of one or more subcommittees.
5. Monthly meetings occur at which time subcommittees report results of assessments, identify any problems, and propose solutions if standing resolutions fail to eliminate the problem.
6. Minutes allow all to follow progress and report successes, continuation of actions to remedy the problem, and dates and scopes for reassessment
7. Successful resolutions to specific problems become standards that integrate into policies and procedures forming the cycle of self-correcting reviews
8. Training and education result for all employees on specific policy and procedural changes, and become part of in-service upgrades to assure full understanding among all departments to allow them to work in concert with maintain quality throughout the facility.

The reviewer notes excerpts on pages 4-3 to 4-5 of CON application #10636, Tab 4, elaborate upon each of the five elements that comprise the QAPI system of quality assurance and performance improvement.

Palm Beach SNF states that facilities comprising Citadel Care's network use software that includes electronic medical record and other resources from *INTERACT*® called "point click care". The applicant comments that there are four basic types of the *INTERACT*® Tool:

1. Quality Improvement tools
2. Communication tools
3. Decision Support tools
4. Advance Care Planning tools

Further, specific tools of the *INTERACT*® system are designed for use by selected members of the care team. However, for the *INTERACT*® team to be successful, all members of the care team should be aware of all of the tools and their uses; the *INTERACT*® project Champion assists the team in using the tools on a daily basis. The applicant asserts that the tools help staff improve care without increasing unnecessary paperwork.

The overall goal of the *INTERACT*® program is to reduce the frequency of transfers to the acute hospital; transfers to the hospital can be emotionally and physically difficult for residents, and result in numerous complications of hospitalization, and they are costly. Palm Beach SNF asserts that in the plans for health care reform, Medicare may financially reward facilities with lower hospitalization rates for certain conditions; by

improving the identification, evaluation, and communication about changes in resident status, some but not all, acute care transfers can be avoided.

Palm Beach SNF states that residents' rights form an important aspect to the environment of care, assuring each resident with protections, rights, and recourse. Further, Florida's Long-Term Care Ombudsman Program provides a publication that the facility will make available to each resident upon admission. The applicant also indicates that each employee receives a copy at in-service orientation training on the first day of employment; the information establishes the importance of the nature and dignity of interacting with residents to assure respect and empathy in all interactions patient-staff interactions, respect of patient privacy and providing the personal protections for life with the exercise of freedoms.

Palm Beach SNF maintains that the Resident Council and Family Council will provide oversight to assure that the facility's practices do not abridge or broach residents' rights. The council will function as a conduit to directly engage with residents and their families concerning matters of importance to them. The applicant comments that monthly meetings will be held and documented to provide agendas for follow-up, and "minutes will record the business occurring at each session".

The applicant states that a variety of planned, daily activities would appear in facility newsletters and posters; times of the day, the sponsor or leader, and the activity, some repeated on the same day with others repeated during the week, would allow residents and their family members to know when participation occurs. Palm Beach SNF asserts that the activity director would participate with each resident during the admission review and assessment process to identify each person's interests and hobbies, leisure-time use and opportunities for social interactions; the information forms part of each resident's plan of care as well as providing inspiration and ideas for planned activities for all to enjoy.

The reviewer notes Exhibit 4-1 of CON application #10636, Tab 4, page 4-10 that demonstrates QAPI process at Citadel Care facilities. The review also notes Exhibit 4-2 on CON application #10636, Tab 4 page 4-17 that provides examples of *QAPI News Briefs*. The applicant provides a detailed description of its proposed quality of care.

- 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.

The applicant provided a development stage audit for Palm Beach SNF Operations, LLC with total assets of \$1,460,000 and a net worth of \$250,000.

Capital Requirements and Funding:

Schedule 2 indicates capital projects totaling \$38,888,735 which consists entirely of the CON currently under review.

The applicant indicated on Schedule 3 that the project will be funded through cash on-hand and non-related company financing. The audited financial statements show sufficient cash on-hand and for the costs that will not be financed. The applicant provided a letter from Greystone expressing interest to provide financing for the remainder. However, 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 likely, but not guaranteed.

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 and 2018 cost report years). For our comparison group, we selected

skilled nursing facilities with similar Medicaid utilizations to the utilization projected by the applicant on a per patient day basis (PPD). Comparison group data was adjusted for inflation to match the second-year projection (inflation factor was based on the New CMS Market Basket Price Index as published in the 2nd Quarter 2019, Health Care Cost Review).

NRPD, CPD, and profitability or operating margin that fall within the group range are considered reasonable projections. Below is the result of our analysis.

	Projections Per Applicant		Comparative Facilities		
	Total	PPD	Highest	Median	Lowest
Net Revenues	\$ 21,676,750.00	\$ 427.60	\$ 663.40	\$ 456.68	\$ 319.43
Total Expenses	\$ 20,008,800.00	\$ 394.70	\$ 935.84	\$ 445.04	\$ 351.28
Operating Income	\$ 1,667,950.00	\$ 32.90	\$ 28.11	\$ (23.67)	\$ (446.28)
Margin	8%				
Occupancy	92%		94%	91%	21%
Medicaid	39%		48%	45%	29%
Medicare	51%		58%	32%	13%

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? 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 a significant impact on either construction costs or the proposed completion schedule.

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

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

The reviewer notes the five-year Medicaid occupancy for Subdistrict 9-4, District 9 and the State of Florida in the following table:

**Medicaid Patient Days and Occupancy in Subdistrict 9-4, District 9 and the State of Florida
CY 2015 - CY 2019**

Medicaid Patient Days					
Region	2015	2016	2017	2018	2019
Subdistrict 9-4	1,097,310	1,095,928	1,136,242	1,139,718	1,197,783
District 9	1,616,563	1,622,851	1,660,816	1,663,114	1,733,600
State of Florida	15,959,939	16,144,618	15,990,448	15,937,814	16,680,575
Medicaid Occupancy					
Region	2015	2016	2017	2018	2019
Subdistrict 9-4	59.38%	60.37%	60.99%	62.93%	66.00%
District 9	60.66%	61.64%	61.96%	63.68%	65.74%
State of 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

Palm Beach SNF Operations, LLC (CON application #10636) is a newly-formed entity and therefore does not have an historical record of Medicaid provisions available to analyze for this application. Schedule 7 (CON application #10636 - Tab 5) shows the applicant expects 28,751 year one (850 admissions) and 50,694 year two patient days (1,498 admissions)).

The reviewer compiled CON application #10636’s Schedule 7 data to account for Medicare/Medicare HMO/Medicaid/self-pay and other – VA for year-one and for year-two, along with admissions for both years.

Projected Admissions and Patient Days, First Two Years of Operation, 150 Beds					
Payer	Year One: CY 2023		Year Two: CY 2024		Percent of Days
	Admits	Days	Admits	Days	
Medicare	403	8,050	710	14,194	28.0%
Medicare HMO	368	6,613	648	11,660	23.0%
Medicaid Managed Care	31	11,213	55	19,771	39.0%
Self-Pay	48	2,875	85	5,069	10.0%
Total	850	28,751	23	1,677	100%
Occupancy	52.51%		92.34%		

Source: CON application #10636, Tab 5, Schedule 7

F. SUMMARY

Palm Beach SNF Operations, LLC (CON application #10636) is a newly-formed entity, whose parent is Citadel Care Centers, proposes to establish a new 150-bed community nursing home in District 9, Subdistrict 9-4 (Palm Beach County, Florida). Citadel Care Centers has seven affiliated nursing homes in Florida. The 150 beds for the project will come through delicensure of 150 beds at the 310-bed Joseph L. Morse Health Center, Inc., which is also located in Palm Beach County.

The project involves 121,052 GSF of new construction /renovation space with a construction cost of \$27,236,700. Total project cost is \$38,888,735. Project cost includes land, building, equipment, project development, financing and start-up costs.

The applicant proposes two conditions, pursuant to Schedule C of CON application #10636.

Need

In Volume 46, Number 66, of the Florida Administrative Register dated April 3, 2020, need for zero community skilled nursing home beds was published in the fixed need pool for District 9, Subdistrict 4 for the January 2023 Planning Horizon. The proposed project would not change the net number of community nursing home beds in the district, the subdistrict or the state, as the proposed project delicensures 150 community beds from The Joseph L. Morse Health Center, Inc., in the same subdistrict, upon CON approval.

As of February 21, 2020, Subdistrict 9-4 has 5,952 licensed and 159 approved community nursing home beds. During CY 2019, Subdistrict 9-4 experienced 83.33 percent utilization within the 52 existing community nursing homes.

Palm Beach SNF Operations, LLC (CON application #10636) states the following factors support the proposed project:

- Disperses existing community nursing home beds to other areas of Palm Beach County creating an additional access point and availability to care
- Constructs a community nursing home with all private rooms and each with a handicapped-accessible bathroom
- Offers a welcoming porte-cochere leading to a warm and well-appointed lobby which introduces the resort to the guests
- Sophisticated amenities for residents to rest, recuperate and recover
- A beauty salon providing spa style services
- Dining venues on each floor with chef created menus and an opportunity to enjoy meals in a variety of settings. Among the options are dining areas with balconies. In-room dining is also available. 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 on each floor for resident and staff interaction. In addition, there is a movie theater with state-of-the-art video and audio equipment on the main level

Quality of Care

Palm Beach SNF Operations, LLC (CON application #10636) is a newly-formed entity and therefore does not have a historical record available to document. However, the applicant parent's mission, vision and core values are consistent with demonstrating its commitment to quality care citing its core belief *"that no two people are alike, and so no two recovery plans should be alike. Our mission is to provide every resident with the tools they need to regain their strength and independence through individualized care plans, hands-on guidance, and warm encouragement. Our facilities provide residents with a sanctuary of recovery, offering luxurious accommodations, state-of-the-art equipment, and top-tier care, all in a warm, welcoming environment."*

Palm Beach SNF provided a detailed description of its ability to provide quality care.

During the three-year period ended on June 24, 2020, the parent's (Citadel Care Centers) affiliated Florida SNFs had a total of 36 substantiated complaints.

Financial Feasibility/Availability of Funds

- Funding for this project is likely, but not guaranteed
- 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 requirement in both years (year 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

Palms Beach SNF projects Medicaid will account for 39.0 percent of the total annual patient days in years one and two.

- While private pay/others will account for 10 percent of total annual patient days in years one and two, the applicant states there is no charity care noting that the "charity allowance on the cost report is the difference between charges and collections".

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 did not reveal any serious deficiency that will require modifications to the plans which are likely to have any deficiencies that are likely to have significant impact on either construction costs or the proposed completion schedule

G. RECOMMENDATION

Approve CON #10636 to establish a 150-bed community nursing home in District 9, Subdistrict 4, Palm Beach County through the delicensure of 150 beds from The Joseph L. Morse Health Center, Inc. The total project cost is \$38,888,735. The project includes 121,052 GSF of new construction and a construction cost of \$27,236,700.

CONDITIONS:

1. Construct all private rooms, each with a complete bathroom meeting handicapped assessable standards
2. Provide Medicaid managed care at 39 percent of total resident days of care

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