

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

**A. PROJECT IDENTIFICATION**

1. Applicant/CON Action Number

**PruittHealth – Citrus Hills, LLC/CON #10720**

1626 Jeurgens Court  
Norcross, Georgia 30093

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

2. Service District/Subdistrict

District 3, Subdistrict 5, Citrus County

**B. PUBLIC HEARING**

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

**C. PROJECT SUMMARY**

**PruittHealth – Citrus Hills, LLC (CON application #10720)**, also referenced as PruittHealth or the applicant is a newly formed Florida entity, proposing the transfer of CON #10615 from PruittHealth – Citrus County, LLC which was approved to establish a new 93-bed community nursing home in Subdistrict 3-5 (Citrus County). PruittHealth maintains that there are no other changes to the proposal sought via this transfer CON application. The facility will be located at 555 W. Norvell Bryant Highway, Lecanto, Florida 34461. The site was acquired in October of 2021.

PruittHealth – Citrus County, LLC (to whom CON #10615 was awarded) and PruittHealth – Citrus Hills, LLC are PruittHealth affiliates. The applicant states that PruittHealth entities include:

- More than 100 related skilled nursing and rehabilitation centers and assisted living facilities
- 25 hospice agencies
- 26 home health agencies
- 10 home first agencies
- An independent living community
- Six pharmacies
- A medical supply company

PruittHealth affiliates currently operate four licensed community nursing homes in Florida, which include:

- PruittHealth – Santa Rosa (Subdistrict 1-1) – 120 beds
- PruittHealth – Panama City (Subdistrict 2-2) – 101 beds
- PruittHealth – Southwood (Subdistrict 2-4) – 101 beds and
- PruittHealth – Fleming Island (Subdistrict 4-2) – 97 beds

In addition to this project, PruittHealth entities have the following community nursing home CON projects pending licensure:

- PruittHealth - Escambia, LLC (Subdistrict 1-1), Exemption #200003 which combined CON #10613 to Exemption #180033 which combined CON #10505 (75 beds) and CON #10527 (45 beds), to establish a 120-bed facility
- PruittHealth – St. Johns County, LLC, (Subdistrict 4-3), Exemption #200004, which combined CON #10583P (77 beds) and CON #10616 (43 beds) to establish a 120-bed facility
- PruittHealth - Pinellas, LLC (Subdistrict 5-2), CON #10677, which transferred CON #10622 to establish a 120-bed facility
- PruittHealth – Hillsborough County, LLC (Subdistrict 6-1) Exemption #E190010 which combined CON #10509P (84 beds) and CON #10553 (six beds) to establish a 90-bed facility
- PruittHealth – 6-1, LLC (Subdistrict 6-1) - CON #10585 (119 beds)
- PruittHealth - Brevard County, LLC (Subdistrict 7-1) - CON #10626 (98 beds) and
- PruittHealth - Orange County, LLC (Subdistrict 7-2) - CON #10627 (120 beds)

The project is projected to have 81,800 gross square feet (GSF) of new construction, which is a decrease from the original CON #10615 project which consisted of 90,419 GSF. Total construction cost is \$15,045,722, which is an increase from the originally projected \$14,467,040. Total project cost is \$23,612,491 and includes land, building, equipment, project development, financing, and start-up costs.

PruittHealth – Citrus Hills, LLC expects issuance of license in April 2025 and initiation of service in May 2025.

PruittHealth states it will accept the original CON application #10615 conditions, which include:

Programming/Operational Conditions:

1. All 93 patient beds will be in private patient rooms.
2. All patient bathrooms will be handicap accessible.
3. Facility will feature a 16-bed Alzheimer's disease secure unit.
4. Incorporate six bariatric rooms/beds into the facility design.
5. Implement a program designed to reduce hospital re-admissions; the current program utilized by PruittHealth affiliated facilities is INTERACT 3.0. The program to be implemented will be this program or other similarly designed program based on the most recent quality driven program PruittHealth determines to be available at the time of implementation.
6. Participate in an organization-wide Quality Assurance/ Performance Improvement initiative that entails quarterly visits in regard to clinical, operational, pharmaceutical and
7. Provide the It's Never 2 Late ® (iN2L) computer system to residents of the Alzheimer's unit as a tool to empower and engage seniors, specifically those with dementia. Each resident can have his or her individual page on the system, which displays their favorite personal options: music, games, photos and videos, even websites, at their fingertips.
8. Have at least one Certified Dementia Practitioner on staff on the Alzheimer's unit per shift.
9. Implement Electronic Medical Records (EMR) at the facility and include Smart Charting or other similar bedside patient charting tool.
10. Implement Resident Safety Technology including Call Guard and WanderGuard into the facility.
11. Implement Clinical Kiosks in appropriate locations throughout the facility.
12. Assure all staff maintains ongoing training and continuing education credits utilizing Pruitt University and at no cost to the employees.
13. Participate in a company-wide Annual Quality Report to demonstrate transparency in operations and make this Quality Report available to the public.
14. Adopt the PruittHealth patient model of care including the applicable PerfectPath Programs appropriate for this facility and described in the CON Application and Supporting Documents.
15. Implement PointRight Technology (or a future similar technology) in the ongoing operations.

16. In addition to complying with Florida Emergency Management Plans and Operations Center as required by the State of Florida, the applicant will adopt PruittHealth's policies related to natural disasters and hurricanes will implement the PruittHealth Hurricane Response Plan and be an active participant in PruittHealth's Central Command Center when severe weather events arise.

PruittHealth – Citrus Hills states that these conditions will be measured by furnishing the Agency with certificates, declaratory statements, and other information as needed on an ongoing basis.

**Total GSF and Project Costs of CON application #10720**

<b>Applicant</b>	<b>CON app. #</b>	<b>Project</b>	<b>GSF</b>	<b>Total Cost</b>	<b>Cost per Bed</b>
PruittHealth – Citrus Hills, LLC	10720	93-bed SNF	81,800	\$23,612,491	\$169,881

Source: CON application #10720, Schedules 1 and 9

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

*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, Sarah Zimmerman, analyzed the application in its entirety with consultation from financial analyst Derron Hillman 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.**

PruittHealth – Citrus Hills, LLC’s CON application #10720 is an expedited review and is not in response to a fixed need pool. The number of licensed and approved nursing home beds in Subdistrict 3-5 will remain unchanged as a result of the proposed transfer.

As of August 12, 2022, Subdistrict 3-5 (Citrus County) has nine licensed community nursing homes with a total of 1,103 licensed community nursing home beds and 93 CON approved beds. During CY 2021, Subdistrict 3-5 facilities averaged 81.47 percent occupancy and occupancy by facility is shown in the table below.

**Subdistrict 3-5, Citrus County  
Community Nursing Home  
Utilization CY 2021**

<b>Name of Facility</b>	<b>Licensed Community Nursing Home Beds</b>	<b>Total Patient Days</b>	<b>Total Occupancy Rate</b>	<b>Medicaid Patient Days</b>	<b>Percent Medicaid of Total Patient Days</b>
Arbor Trail Rehab and Skilled Nursing Center	116	32,579	76.95%	18,628	57.18%
Avante at Inverness, Inc.	104	33,916	89.35%	22,603	66.64%
Citrus Health and Rehabilitation Center	111	28,232	69.68%	16,401	58.09%
Crystal River Health and Rehabilitation Center	150	44,759	81.75%	31,812	71.07%
Cypress Cove Care Center	120	33,863	77.31%	19,094	56.39%
Diamond Ridge Health & Rehab. Center	142	41,627	80.31%	23,157	55.63%
Grove Health and Rehabilitation Center, The	120	39,940	91.19%	29,105	72.87%
Health Center at Brentwood	120	38,692	88.34%	24,528	63.39%
Life Care Center of Citrus County	120	34,393	78.52%	25,802	75.02%
<b>Subdistrict 3-5 Total</b>	<b>1,103</b>	<b>328,001</b>	<b>81.47%</b>	<b>211,130</b>	<b>64.37%</b>

Source: Florida Nursing Home Bed Need Projections by District and Subdistrict, April 1, 2022

PruittHealth – Citrus Hills states the project will enhance competition in the subdistrict and cites the ‘gaps in service’ that it contends were evident pre-pandemic and it expects will continue. The ‘gaps in service’ the project will address include:

1. Available and accessible secure Alzheimer’s unit
2. Bariatric suites in response to obesity rates and hard to place patients
3. Available and accessible beds for Medicaid Long Term Care enrollees
4. Enhance access to private room accommodations for all patients and payors

The applicant includes a table titled - Estimates of Persons Affected by Alzheimer’s Dementia in Subdistrict 3-5/ Citrus County 2019 and 2024 on page 9 of CON application #10720. This table uses newly published (2021) Alzheimer’s Association estimates indicating a total of 6,989 Alzheimer’s cases (all age cohorts) by 2024 in Subdistrict 3-5/Citrus County, as opposed to a total of 6,043 for the year 2019. PruittHealth – Citrus Hills states that the data indicates there is a need for healthcare programs and providers prepared to treat individuals confronted with Alzheimer’s dementia. The applicant states there are four nursing facilities in Subdistrict 3-5 that have secure Alzheimer's units and these units operate at full occupancy and all have semi-private rooms.

PruittHealth – Citrus Hills emphasizes that its staff will have specific training, services, and experience to care for this patient population.

Services specific to the Alzheimer’s such as nutrition, care planning, recreation, spirituality, and medical care. Further, the 16-bed unit will have an enclosed courtyard and include all private rooms.

In reference to its proposed bariatric suites, PruittHealth – Citrus Hills indicates there is a growing demand and cites obesity rates. CON application #10720, page 10, includes the table:

- Estimates of Residents with Obesity, Ages 65+, Subdistrict 3-5/Citrus County 2019 and 2024

This table indicates Citrus County projects obesity case increasing from 19,866 in 2019 to 21,515 by 2024. The reviewer notes that the data presented is indicating a net increase of 1,649 (8.3 percent) obesity cases in Citrus County by 2024 (21,515 – 19,866 = 1,649). PruittHealth – Citrus Hills maintains that CON application #1072 is responding to a growing demand for nursing homes locally, and in the state, to offer bariatric rooms and services to accommodate obese patients.

In reference to available beds for Medicaid Long Term Care enrollees, CON application #10720, page 12, includes a chart showing:

- Medicaid LTC Enrollment Trend Citrus County/Subdistrict 3-5/ March 31, 2020, through March 31, 2022<sup>1</sup>:
  - March 31, 2020, total enrollment count at 1,027
  - March 31, 2021, total enrollment count at 956
  - March 31, 2022, total enrollment count at 996

PruittHealth – Citrus Hills’s contends that data supports the position that Subdistrict 3-5 has experienced growth in Medicaid Long Term Care enrollment during the past five plus years with an increase of 17.2 percent between September 2017 and 2019, from 842 to 987 enrollees. PruittHealth includes an update of this information which indicates a fairly stable Medicaid Long Term Care enrollment, that is similar to the previously reported 987 (CON application #10615) with an increase to 1,027 (six months after the reported 987), as of March 31, 2020.

The applicant indicates that providing a state-of-the-art nursing home with specialty programs, accommodations and private rooms to lower income patients who will comprise a majority of the proposed beds, will enhance financial access and quality of care within Citrus County.

The applicant provides Subdistrict 3-5’s total number of SNF beds, private beds, beds in multiple rooms and percent of private beds by facility. The table below shows only the Subdistrict 3-5 totals.

<sup>1</sup> According to the applicant’s estimates, the three-year average enrollment count (March 31, 2020, through March 31, 2022) was 993 cases.

**Subdistrict 3-5  
Community Skilled Nursing Home  
Bed Configuration**

<b>All SNFs</b>	<b>SNF Beds</b>	<b>Number of Private Beds</b>	<b>Beds in Multiple Rooms</b>	<b>Percent of Private Beds</b>
Total	1,103	102	1,001	9.2%

Source: CON application #10720, page 13 (partially reproduced)

PruittHealth states that the proposed project will become the first all private bed nursing home in Citrus County, which is in stark contrast to the average 9.2 percent of nursing home beds that are private in Citrus County. The reviewer notes that CON application #10720 accepts the CON #10615 Condition #2, which commits that all 93 patient beds will be in private patient rooms.

PruittHealth – Citrus Hills states that in sum, four of the nine Citrus County nursing facilities provided greater than 64.4 percent of patient days to Medicaid patients and that these facilities had an average of 6.3 percent of their total beds in a private setting, compared to 30 percent in the total subdistrict.

The applicant’s response to quality of care found on the application’s pages 15-33, is addressed in item E.2.b. of this report.

PruittHealth – Citrus Hills includes Schedule 7 (in the application’s TAB 5) projects year one and year two estimates, as shown in the table below.

**PruittHealth – Citrus Hills, LLC (CON application #10720)  
Total Admissions, Total Patient Days and  
Percent of Total Patient Days by Payer Source  
Year One and Year Two**

<b>Year One</b>						
	<b>Self-Pay</b>	<b>Medicaid</b>	<b>Medicare</b>	<b>Medicare HMO</b>	<b>Other Payers</b>	<b>Total</b>
Total Admissions	12	31	114	18	4	179
Total Patient Days	699	7,438	2,816	367	245	11,565
Percent-Total Patient Days	6.0%	64.3%	24.3%	3.2%	2%	100%*
<b>Year Two</b>						
	<b>Self-Pay</b>	<b>Medicaid</b>	<b>Medicare</b>	<b>Medicare HMO</b>	<b>Other Payers</b>	<b>Total</b>
Total Admissions	13	90	352	36	6	497
Total Patient Days	730	21,535	8,760	730	365	32,120
Percent-Total Patient Days	2.3%	67.0%	27.3%	2.3%	1%	100%**

Source: CON application #10720, Schedule 7, TAB 5.

Note: \* This percentage is arithmetically 99.8 percent, likely due to rounding.

\*\* This percentage is arithmetically 99.9 percent, likely due to rounding.



**2. 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)(2) and (5), Florida Statutes.**

As previously stated, as of August 12, 2022, Subdistrict 3-5 has nine licensed community nursing homes with a total of 1,103 licensed community nursing home beds and 93 approved beds. The subdistrict's 1,103 community nursing home beds averaged 81.47 percent occupancy during CY 2021.

The reviewer notes that Subdistrict 3-5 had approximately 13 percent of District 3's total licensed community beds in CY 2021. As previously indicated in item E.1.a. of this report, the four "gaps in service" that PruittHealth - Brandon proposes to address:

1. Available and accessible secure Alzheimer's unit
2. Bariatric suites in response to obesity rates and hard to place patients
3. Available and accessible beds for Medicaid Long Term Care enrollees
4. Enhance access to private room accommodations for all patients and payors

Need was addressed in detail in the original CON application #10615. Both the transferor (PruittHealth – Citrus County, LLC) and the transferee (PruittHealth – Citrus Hills, LLC) have common ownership and affiliation with PruittHealth, Inc., ultimately parented by UHS.

**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(3) and (10), Florida Statutes.**

As previously stated in item C of this report, PruittHealth – Citrus Hills is a newly formed, for-profit Florida entity, and therefore does not have an historical record available to document in this CON proposal. The applicant indicates that since PruittHealth will still be the owner/operator/manager of this facility, the same quality of care information that is in CON #10615 applies to this application. PruittHealth – Citrus Hills states that implementation of this proposal will involve the development of all quality policies and procedures based on its other affiliated facilities. PruittHealth expresses a commitment to adhere to all State and Federal SNF regulations and statutes in addition to Medicare's Conditions of Participation and to seek Joint Commission accreditation.

PruittHealth – Citrus Hills states that it will use LTC TrendTracker which is a data collection and benchmarking tool that gives nursing care facilities the opportunity to compare staffing levels, resident characteristics, survey findings, revenue and cost, Medicare patient days, and quality measures with its peer. Further, that when compared to other LTC TrendTracker users, PruittHealth affiliated skilled nursing facilities are leaders in quality care.

PruittHealth – Citrus Hills states it will develop programs, services and protocols and will exceed benchmarks to achieve AHCA Gold Seal eligibility. The reviewer notes that none of PruittHealth’s existing facilities have Gold Seal designation. Per the applicant, PruittHealth – Citrus Hills will strive to be a deficiency-free facility, to become a 5-Star rated facility and meet all AHCA Quality Award Requirements. The applicant states that three of its affiliates – PruittHealth – Panama City, PruittHealth – Fleming Island and PruittHealth – Southwood, received zero deficiency surveys when undergoing their Medicare certification surveys, attesting to the quality of services implemented by PruittHealth.

PruittHealth – Citrus Hills points out that it participates in the PruittHealth “Go for the Gold” program that honors its outstanding employees to foster a sense of invested ownership in the success and continually improving quality care of their facilities. PruittHealth also sponsors retreats, workshops, and continuing education programs where employees meet in structured forums to encourage open and honest communication that provides a foundation for conducting and improving daily operations of health-related, support and administrative tasks in an ethical and legal manner that will better anticipate and fulfill residents’ evolving health and quality of life needs.

PruittHealth – Citrus Hills comments that will follow PruittHealth's model for commitment to quality and strive to achieve the same levels of success. The applicant states that its *Committed to Caring Campaign*, set PruittHealth apart from other skilled nursing operators. Further, as part of its quality initiative plans, the applicant will engage PruittHealth Pharmacy Services to perform random audits of client medication regimens.

PruittHealth explains that it is one of the first and largest utilizers of the INTERACT platform, which it states is a program integrated between different levels of care to reduce hospital readmissions by addressing clinical symptoms before they escalate to the need to transfer a resident to the hospital.

The reviewer notes that the Agency documents the most current Nursing Home Guide Inspection Ratings issuance (a one-to-five-star rating system with a possible maximum of five stars) for licensed Florida SNFs. Below is an explanation of the star ratings:

- ★★★★★ Means that for this measure this facility ranked better than 81 percent to 100 percent of the facilities in its region. That is, five stars means that the facility ranked in the top 20 percent of facilities in its region
- ★★★★ Means that for this measure this facility ranked better than 61 percent to 80 percent of the facilities in its region
- ★★★ Means that for this measure this facility ranked better than 41 percent to 60 percent of the facilities in its region
- ★★ Means that for this measure this facility ranked better than 21 percent to 40 percent of the facilities in its region
- ★ Means that for this measure this facility ranked better than 0 percent to 20 percent of the facilities in its region. That is, a single star means that the facility ranked in the bottom 20 percent of facilities in its region
- NR** Means that a rank is not available for this facility. This is typically because the facility just recently opened.

The reviewer generates the following table to reflect the overall inspection star rating for each of PruittHealth, Inc.’s four Florida SNFs, per the Agency.

**PruittHealth-Affiliated NHs Agency-Issued  
Nursing Home Guide Inspection Ratings  
October 2019 - March 2022  
Last Updated May 2022**

PruittHealth Affiliated Nursing Homes	Overall Inspection Star Rating
PruittHealth – Santa Rosa	*
PruittHealth – Panama City	***
PruittHealth – Southwood	**
PruittHealth – Fleming Island	**

Source: <https://www.floridahealthfinder.gov/index.html>

On August 12, 2022, the reviewer used the Centers for Medicare and Medicaid’s (CMS’) Medicare.gov website to take obtain Medicare’s Nursing Home Compare rating for the four PruittHealth-affiliated Florida NHs.

According to CMS’ Medicare’s Nursing Home Compare, overall quality ratings are issued on a one-to-five-star scale, as follows:

- ★★★★★ Much Above Average
- ★★★★ Above Average
- ★★★ Average
- ★★ Below Average
- ★ Much Below Average

**Not Available** Newly certified nursing homes with less than 12-15 months of data available or the nursing opened less than six months ago, and there were no data to submit or claims for this measure.

The reviewer generates the following table to reflect the overall inspection star rating for each of PruittHealth, Inc.’s Florida SNFs, per CMS Medicare Compare.

**PruittHealth-Affiliated NHs CMS Nursing Home Compare Ratings as of August 18, 2022**

<b>PruittHealth Affiliated SNF</b>	<b>Overall Nursing Home Compare Star Rating</b>
PruittHealth – Santa Rosa	*
PruittHealth – Panama City	****
PruittHealth – Southwood	*****
PruittHealth – Fleming Island	***

Source: <https://www.medicare.gov/care-compare/?guidedSearch=NursingHome>

Agency records indicate that, for the three-year period ending August 4, 2022, PruittHealth, Inc.’s four Florida SNFs had a total of seven substantiated complaints, which are summarized below. A single compliant can encompass multiple complaint categories.

**PruittHealth, Inc.’s Affiliated Florida SNFs  
August 4, 2019 through August 4, 2022  
Substantiated Complaint History**

<b>Complaint Category</b>	<b>Number Substantiated</b>
Quality of Care/Treatment	4
Elopement	1
Life Safety Code	1
Resident/Patient/Client Neglect	1

Source: Agency for Health Care Administration Complaint Records

Note: PruittHealth - Southwood was initially licensed effective May 29, 2020.

- 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 (4), Florida Statutes**

The purpose of our analysis for this section is to determine if the applicant has access to the funds necessary to fund this and all capital projects. Our review includes an analysis of the short and long-term position of the applicant, parent, or other related parties who will fund the project. The analysis of the short and long-term position is intended to provide some level of objective assurance on the likelihood that funding will be available. The stronger the short-term position, the more likely cash on hand or cash flows could be used to fund the project. The stronger the long-term position, the more likely that debt financing could be achieved if necessary to fund the project. We also calculate working capital (current assets less current liabilities) a measure of excess liquidity that could be used to fund capital projects.

Historically we have compared all applicant financial ratios regardless of type to benchmarks established from financial ratios collected from Florida acute care hospitals. While not always a perfect match to a particular CON project it is a reasonable proxy for health care related entities. The Parent provided audited financial statements, where the short-term and long-term measures fall on the scale (highlighted in gray) for the most recent year.

<b>CON 10720 United Health Services, Inc. &amp; Subs (Parent)</b>		
	<b>Jun-21</b>	<b>Jun-20</b>
Current Assets	\$200,477,000	\$239,181,000
Total Assets	\$830,102,000	\$811,552,000
Current Liabilities	\$330,203,000	\$324,231,000
Total Liabilities	\$736,444,000	\$720,132,000
Net Assets	<b>\$93,658,000</b>	<b>\$91,420,000</b>
Total Revenues	\$1,084,760,000	\$1,095,170,000
Excess of Revenues Over Expenses	\$22,999,000	\$8,847,000
Cash Flow from Operations	<b>(\$4,770,000)</b>	\$117,247,000
<b>Short-Term Analysis</b>		
Current Ratio (CA/CL)	0.6	0.7
Cash Flow to Current Liabilities (CFO/CL)	-1.44%	36.16%
<b>Long-Term Analysis</b>		
Long-Term Debt to Net Assets (TL-CL/NA)	433.7%	433.1%
Total Margin (ER/TR)	2.12%	0.81%
<b>Measure of Available Funding</b>		
Working Capital	<b>(\$129,726,000)</b>	<b>(\$85,050,000)</b>

<b>Position</b>	<b>Strong</b>	<b>Good</b>	<b>Adequate</b>	<b>Moderately Weak</b>	<b>Weak</b>
Current Ratio	above 3	3 - 2.3	2.3 - 1.7	1.7 - 1.0	< 1.0
Cash Flow to Current Liabilities	>150%	150%-100%	100% - 50%	50% - 0%	< 0%
Debt to Equity	0% - 10%	10%-35%	35%-65%	65%-95%	> 95% or < 0%
Total Margin	> 12%	12% - 8.5%	8.5% - 5.5%	5.5% - 0%	< 0%

**Capital Requirements and Funding:**

The applicant indicates on Schedule 2 capital projects totaling \$23,612,491, which includes this project. In addition to the capital costs, the applicant will have to finance a projected year one operating loss of \$2,422,642.

The applicant states on Schedule 3 that funding for this project will come from operating cash flows (\$4,722,498) and non-related company financing (\$18,889,993). The applicant provided a letter, dated 12/13/2019, from Synovus stating they would provide 80 percent financing. It appears as if this letter pertains to the previous CON and not the one under review. The applicant also provided audited financial statements showing over \$4.7 million in cash and cash equivalents and - \$4.7 million in cash flows from operations. Finally, the applicant states that it has access to a Capital One line of credit with total available funds being approximately \$21,500,000. This is dated November 27, 2019 and cannot be relied upon.

**Conclusion:**

Funding for this project is in question.

**d. What is the immediate and long-term financial feasibility of the proposal? Section 408.035 (6), 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 (2018 and 2019 cost report years). For our comparison group, we selected skilled nursing facilities with similar Medicaid utilizations to the utilization projected by the applicant on a per patient day basis (PPD). Comparison group data was adjusted for inflation to match the second-year projection (inflation factor was based on the New CMS Market Basket Price Index as published in the 4th Quarter 2021, 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	11,642,227	362	904	328	254
Total Expenses	11,349,599	353	902	329	100
Operating Income	292,628	9	156	2	-66
Operating Margin	2.51%		<b>Comparative Group Values</b>		
	Days	Percent	Highest	Median	Lowest
Occupancy	32,120	94.62%	99.37%	90.18%	57.03%
Medicaid	21,535	67.05%	77.03%	66.30%	57.10%
Medicare	9,490	29.55%	32.07%	13.71%	3.64%

**Staffing:**

Section 400.23(3)(b)(1), Florida Statutes, specifies a minimum certified nursing assistant staffing of 2.0 hours of direct care per resident per day, a minimum licensed nursing staffing of 1.0 hour of direct resident care per resident day, and 3.6 hours of total direct care staffing. Based on the information provided in Schedule 6, the applicant’s projected staffing meets this requirement.

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

**Conclusion:**

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

**e. Will the proposed project foster competition to promote quality and cost-effectiveness? Section 408.035 (7), Florida Statutes**

Strictly from a financial perspective, the type of competition that would result in increased efficiencies, service, and quality is limited in health care. Cost-effectiveness through competition is typically achieved via a combination of competitive pricing that forces more efficient cost to remain profitable and offering higher quality and additional services to attract patients from competitors. Since Medicare and Medicaid are the primary payers in the nursing home industry, price-based competition is limited. With a large portion of the revenue stream essentially fixed on a per patient basis, the available margin to increase quality and offer additional services is limited. In addition, competitive forces truly do not begin to take shape until existing business’ market share is threatened. The publication of need in this area suggests that there is an unmet and

untapped customer base for a new entrant to absorb. Since nursing home services are limited to available beds and the need formula suggest excess capacity in the market to fill those beds, the impact on market share would be limited. The combination of the existing health care system's barrier to price based competition via fixed price payers and the existence of unmet need in the district's limits any significant gains in cost-effectiveness and quality that would be generated from competition.

**Conclusion:**

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

**f. Are the proposed costs and methods of construction reasonable? Do they comply with statutory and rule requirements? Section 408.035 (8), Florida Statutes; Chapter 59A-4, Florida Administrative Code**

The applicant has submitted all information and documentation necessary to demonstrate compliance with the architectural review criteria. The cost estimate for the proposed project provided in Schedule 9, Table A and the project completion forecast provided in Schedule 10 appear to be reasonable. A review of the architectural plans, narratives and other supporting documents did not reveal any deficiencies that are likely to have significant impact on either construction costs or the proposed completion schedule. The applicable codes listed on the drawings provided are out of date. The project will be reviewed by the Office of Plans and Construction before beginning construction. Compliance with current codes and standards will be verified as part of that review.

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(9), Florida Statutes**



The applicant states that, “PruittHealth will enhance access for the defined population and enhance quality of care for lower income persons, disadvantaged persons and the elderly”. Further, PruittHealth contends that the proposed project will meet the health care access criteria (with the applicant referencing Rule 59C-1.030, Florida Administrative Code). PruittHealth – Citrus Hills notes that it is a newly formed entity with no history of providing health services to Medicaid patients and the medically indigent, but it is part of the PruittHealth family of providers (discussed in items C and E.2.b. of this report).

The applicant states that during CY 2021, PruittHealth affiliated facilities provided 1,918,522 Medicaid patient days (67.4 percent of total annual patient days) and that PruittHealth’s affiliated SNFs provided more than six million Medicaid patient days during the past three years. PruittHealth’s Medicaid patient day occupancy percentages at each of four affiliated SNFs in Florida was also addressed.

PruittHealth – Citrus Hills projects 64.3 percent of year one and 67.0 percent of year two total annual patient days will be provided to Medicaid patients.

**F. SUMMARY**

**PruittHealth – Citrus Hills, LLC (CON application #10720)** proposes the transfer of CON #10615 from PruittHealth – Citrus County, LLC which was approved to establish a new 93-bed community nursing home in District 3, Subdistrict 3-5 (Citrus County, Florida). The applicant maintains that there are no other changes to the proposal sought via this transfer CON application.

PruittHealth – Citrus Hills, LLC and PruittHealth – Citrus County, LLC are affiliates of PruittHealth, Inc., ultimately parented by United Health Services, Inc., and Subsidiaries.

The proposed project includes 81,800 GSF of new construction and a construction cost of 15,045,722. Total project cost is \$23,612,491 and includes land, building, equipment, project development, financing, and start-up costs.

PruittHealth – Citrus Hills, LLC states it will accept the conditions on the original CON #10615.

**Need**

- The application is the transfer of CON #10615 and is not in response to the fixed need pool.

- Subdistrict 3-5 has nine licensed community nursing homes with a total of 1,103 licensed beds and 93 approved beds. During CY 2021, Subdistrict 3-5's community nursing homes averaged 81.47 percent occupancy.

**Quality of Care**

- The applicant provided a detailed description of its ability to provide quality care.
- PruittHealth's four Florida nursing homes had seven substantiated complaints for the three-year period ending August 4, 2022.

**Financial Feasibility/Availability of Funds**

- Funding for this project is in question.
- Based on the information provided in Schedule 6, the applicant meets the staffing standards during years one and two.
- The project appears to be financially feasible based on the projections provided by the applicant.
- The project is not likely to have a material impact on competition to promote quality and cost-effectiveness.

**Medicaid/Charity Care**

- The applicant states PruittHealth affiliated facilities provided 1,918,522 patient days or 67.4 percent of their total annual patient days to Medicaid patients in CY 2021.
- Medicaid is projected to consist of 64.3 percent of year one and 67.0 of year two total annual patient days.

**Architectural**

- The applicant submitted all information and documentation necessary to demonstrate compliance with the architectural review criteria.
- The cost estimate and the project completion forecast 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. Compliance with current codes and standards will be part of the Office of Plans & Construction pre-construction review.

**G. RECOMMENDATION**

Approve CON #10720 to transfer CON #10615 from PruittHealth – Citrus County, LLC to PruittHealth – Citrus Hills, LLC to establish a new 93-bed community nursing home in District 3, Subdistrict 5, Citrus County. The total project cost is \$23,612,491. The project includes 81,800 GSF of new construction and a construction cost of 15,045,722.

**Programming/Operational Conditions:**

1. All 93 patient beds will be in private patient rooms.
2. All patient bathrooms will be handicap accessible.
3. Facility will feature a 16-bed Alzheimer's disease secure unit.
4. Incorporate six bariatric rooms/beds into the facility design.
5. Implement a program designed to reduce hospital re-admissions; the current program utilized by PruittHealth affiliated facilities is INTERACT 3.0. The program to be implemented will be this program or other similarly designed program based on the most recent quality driven program PruittHealth determines to be available at the time of implementation.
6. Participate in an organization-wide Quality Assurance/ Performance Improvement initiative that entails quarterly visits in regard to clinical, operational, pharmaceutical and
7. Provide the It's Never 2 Late ® (iN2L) computer system to residents of the Alzheimer's unit as a tool to empower and engage seniors, specifically those with dementia. Each resident can have his or her individual page on the system, which displays their favorite personal options: music, games, photos and videos, even websites, at their fingertips.
8. Have at least one Certified Dementia Practitioner on staff on the Alzheimer's unit per shift.
9. Implement Electronic Medical Records (EMR) at the facility and include Smart Charting or other similar bedside patient charting tool.
10. Implement Resident Safety Technology including Call Guard and WanderGuard into the facility.
11. Implement Clinical Kiosks in appropriate locations throughout the facility.
12. Assure all staff maintains ongoing training and continuing education credits utilizing Pruitt University and at no cost to the employees.
13. Participate in a company-wide Annual Quality Report to demonstrate transparency in operations and make this Quality Report available to the public.
14. Adopt the PruittHealth patient model of care including the applicable PerfectPath Programs appropriate for this facility and described in the CON Application and Supporting Documents.
15. Implement PointRight Technology (or a future similar technology) in the ongoing operations.
16. In addition to complying with Florida Emergency Management Plans and Operations Center as required by the State of Florida, the applicant will adopt PruittHealth's policies related to natural disasters and hurricanes will implement the PruittHealth Hurricane Response Plan and be an active participant in PruittHealth's Central Command Center when severe weather events arise.

**AUTHORIZATION FOR AGENCY ACTION**

Authorized representatives of the Agency for Health Care Administration adopted the recommendation contained herein and released the State Agency Action Report.

DATE: September 16, 2022

*James B. McLemore*

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