

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

**A. PROJECT IDENTIFICATION**

1. Applicant/CON Action Number

**PruittHealth – 4-3, LLC/CON #10721**

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 4, Subdistrict 3 (St. Johns County and southeast Duval County)

**B. PUBLIC HEARING**

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

**C. PROJECT SUMMARY**

**PruittHealth – 4-3, LLC (CON application #10721)**, also referenced as PruittHealth 4-3, or the applicant is a newly formed Florida entity that proposes the transfer of the combination of CON #10583P and #10616 from PruittHealth – St. Johns County, LLC which was approved via Exemption #200004 to establish a new 120-bed community nursing home in District 4, Subdistrict 3 (St. Johns County and the southeastern portion of Duval County). The applicant maintains that there are no other changes to the proposal sought via this transfer CON application.

PruittHealth – 4-3 states that the site selected for the facility is located on the corner of Old Dixie Highway and Valley Ridge Boulevard in Nocatee, St. Johns County, Florida and was acquired in January of 2021.

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 CON projects pending licensure as of August 12, 2022:

- 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 - Citrus County, LLC (Subdistrict 3-5), CON #10615 to establish a new 93-bed community nursing home
- 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 proposed project includes 94,400 gross square feet (GSF) of new construction, which is a decrease from the original exemption project which consisted of 98,313 GSF. Total construction cost is \$17,328,368. The total project cost is \$27,853,335, an increase (\$1M) from the exemption's \$26,853,335. Total project cost includes land, building, equipment, project development, financing and start-up costs.

PruittHealth – 4-3, LLC expects issuance of license in January 2025 and initiation of service in February 2025.

PruittHealth – 4-3, LLC indicates that it will accept the conditions to approval on the original CONs #10583P and #10616, which were combined by Exemption #200004. These include:

Location:

1. The Nocatee area of St. Johns County, Subdistrict 4-3.

Programming/Operational Conditions:

1. All patient beds will be in private patient rooms.
2. All patient bathrooms will be handicap accessible.
3. 16-bed Alzheimer’s disease secure unit.
4. Six bariatric rooms/beds<sup>1</sup>
5. Seek Joint Commission accreditation or accreditation from some other similarly recognized accrediting body.<sup>2</sup>
6. Implement a program designed to reduce hospital re-admissions; the current program utilized by PruittHealth-affiliated facilities is INTERACT 3.0. The program to be implemented will be this program or other similarly designed program based on the most recent quality driven program PruittHealth determines to be available at the time of implementation
7. Participate in an organization-wide Quality Assurance/ Performance Improvement initiative that entails quarterly visits in regard to clinical, operational, pharmaceutical and reimbursement areas by corporate consultants to ensure compliance with all local, state and federal laws.
8. As part of the Alzheimer program, 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.
9. Have at least one Certified Dementia Practitioner on staff on the Alzheimer’s unit per shift.
10. Implement Electronic Medical Records (EMR) at the facility, and include Smart Charting or other similar bedside patient charting tool.
11. Implement Resident Safety Technology including Call Guard and WanderGuard into the facility.
12. Implement Clinical Kiosks in appropriate locations throughout the facility.

<sup>1</sup> CON #10616 states “Incorporate four bariatric rooms/beds into the facility design; two beds were previously condition in CON #10583P. These beds are incremental to those two beds.”

<sup>2</sup> Pursuant to s. 408.043 (3) Florida Statutes, private accreditation cannot be a condition to CON approval.

13. Assure all staff maintains ongoing training and continuing education credits utilizing PruittHealth University and at no cost to the employees.
14. Participate in a company-wide Annual Quality Report to demonstrate transparency in operations and make this Quality Report available to the public.
15. 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.
16. Implement PointRight Technology (or a future similar technology) in the ongoing operations.
17. 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 – 4-3 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 #10721**

<b>Applicant</b>	<b>CON app. #</b>	<b>Project</b>	<b>GSF</b>	<b>Total Cost</b>	<b>Cost per Bed</b>
PruittHealth – 4-3, LLC	10721	120-bed SNF	94,400	\$27,853,335	\$156,198

Source: CON application #10721, 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.**

**CON Action Number: 10721**

PruittHealth – 4-3, LLC submitted CON application #10721 as an expedited review and not in response to a fixed need pool. The number of licensed and approved nursing home beds in Subdistrict 4-3 will remain unchanged as a result of the proposed transfer.

As of July 22, 2022, Subdistrict 4-3 (St. Johns County and the southeastern portion of Duval County) has 24 licensed community nursing homes with a total of 2,938 licensed community nursing home beds and 120 CON approved beds (subject to this project) pending licensure. Subdistrict 4-3 community nursing homes reported an average of 75.23 percent occupancy during CY 2021. See the table below.

**Subdistrict 4-3, St. Johns & SE Duval County  
Community Nursing Home  
Utilization CY 2021**

<b>Facility Name</b>	<b>Licensed Beds</b>	<b>Patient Days</b>	<b>Total Occupancy</b>	<b>Medicaid Days</b>	<b>Medicaid Occupancy</b>
Avante Villa at Jacksonville Beach, Inc	165	41,958	69.67%	29,147	69.47%
Bartram Crossing	100	33,520	91.84%	6,943	20.71%
Cypress Village	120	33,385	76.22%	8,807	26.38%
Dolphin Pointe Health Care Center	146	25,392	47.65%	9,194	36.21%
First Coast Health and Rehabilitation Center	100	30,477	83.50%	25,584	83.95%
Fountains Rehabilitation at Mill Cove	84	28,616	93.33%	12,895	45.06%
Life Care Center of Jacksonville	120	31,879	72.78%	21,506	67.46%
Lilac at Bayview, The f/k/a Samantha Wilson Care Center	120	30,926	70.61%	16,671	53.91%
Moultrie Creek Nursing and Rehab Center	120	37,894	86.52%	19,908	52.54%
Palm Garden of Jacksonville	120	32,684	74.62%	23,290	71.26%
Ponce Therapy Care Center, The	120	33,454	76.38%	19,901	59.49%
Raydiant Health Care of Jacksonville	116	35,878	84.74%	23,042	64.22%
Regents Park of Jacksonville	120	33,123	75.62%	21,138	63.82%
River Garden Hebrew Home for the Aged	180	47,270	71.95%	25,290	53.50%
Riverwood Center	240	55,279	63.10%	42,962	77.72%
San Jose Health and Rehabilitation Center	120	28,885	65.95%	20,727	71.76%
St Augustine Health and Rehabilitation Center	120	40,979	93.56%	26,812	65.43%
Taylor Care Center	120	24,309	55.50%	13,037	53.63%
Terrace of Jacksonville, The	180	61,586	93.74%	40,050	65.03%
University Center for Nursing and Healing	117	27,620	64.68%	17,879	64.73%
University Crossing	111	36,818	90.87%	9,911	26.92%
Westminster Woods on Julington Creek	55	16,223	80.81%	4,188	25.82%
Westminster St. Augustine	24	3,115	35.56%	0	0.00%
Woodland Grove Health & Rehabilitation Center	120	35,511	81.08%	23,491	66.15%
<b>Total Subdistrict 4-3</b>	<b>2,983</b>	<b>806,781</b>	<b>75.23%</b>	<b>462,373</b>	<b>53.31%</b>

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

PruittHealth – 4-3 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 applicant states that it will address the following ‘gaps in service’ upon implementation of the project:

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

Additional information is provided on the topics above. CON application #10721, page 10, includes a table titled - Estimates of Persons Affected by Alzheimer’s Dementia in Subdistrict 4-3 / 2019 and 2024. This table uses more newly published (2021) Alzheimer’s Association estimates indicating a total of 16,898 Alzheimer’s cases (all age cohorts) by 2024 in Subdistrict 4-3, as opposed to a total of 13,061 for the year 2019. PruittHealth states that the above data indicates that there must be healthcare programs and providers in place in this market, prepared to treat individuals confronted with Alzheimer’s dementia. The applicant notes that there are no secure Alzheimer’s units in St. Johns County and the two nursing homes in the Duval portion of Subdistrict 4-3 that reportedly these units have historically operated at full occupancy, and all have semi-private accommodations.

PruittHealth 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 six bariatric suites, PruittHealth indicates there is a growing demand and cites obesity rates. CON application #10721, page 11, includes the table:

- Estimates of Residents with Obesity, Ages 65+, Subdistrict 4-3/ 2019 and 2024

PruittHealth’s table indicates that the subdistrict total for both counties obesity case estimates increased from 42,465 in 2019 to 51,983 by 2024, respectively. The reviewer notes that the data presented is indicating a net increase of 9,518 (18.31 percent) obesity cases in Subdistrict 4-3 2024 (51,983 – 42,465 = 9,518). The applicant maintains that CON application #10721 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 #10721, page 12, includes a chart showing:

- Medicaid LTC Enrollment Trend St. Johns County and Duval County (Entirety, Not Just Southeastern Duval)/ March 31, 2020, through March 31, 2022:
  - March 31, 2020, total enrollment count at 5,185
  - March 31, 2021, total enrollment count at 4,898
  - March 31, 2022, total enrollment count at 4,999

PruittHealth contends that data supports the position that Subdistrict 4-3 has experienced growth in Medicaid Long Term Care enrollment during the past two years with an increase in St. Johns County of 10.4 percent between September 2017 and 2019, and that Duval County in its entirety grew by 8.5 percent. The applicant offers that a current update of that information indicates a fairly stable Medicaid Long Term Care enrollment, similar to the higher amount previously reported of 5,110 (CON Application #10616) with an increase to 5,187 (six months after the reported 5,110), as of March 31, 2020.

PruittHealth states 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 in Subdistrict 4-3.

The applicant provides Subdistrict 4-3'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 4-3 totals.

**Subdistrict 4-3  
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>
Subdistrict 4-3 Average/Total	2,944	733	2,211	24.9%

Source: CON application #10721, page 14 (partially reproduced)

PruittHealth states that the proposed project will become the first all private bed nursing home in St. Johns County, which is stated to be in stark contrast to the average 24.9 percent of nursing home beds that are private in Subdistrict 4-3. The reviewer notes that applicant accepts the condition that all 120 patient beds will be in private rooms.

PruittHealth – 4-3 states that in sum, 13 of the 24 Subdistrict 4-3 nursing facilities provided greater than 57.3 percent of patient days to Medicaid patients and that these facilities had an average of 8.5 percent of total beds in a private setting, compared to 24.9 percent in the total subdistrict.

The applicant’s response to quality of care (CON application #10721, pages 16-34) is addressed in item E.2.b. of this report.

PruittHealth – 4-3’s Schedule 7 (in the application’s TAB 5) provides the project’s year one and year two estimates, as shown in the table below.

**PruittHealth – 4-3, LLC (CON application #10721)  
Total Admissions, Total Patient Days and  
Percent of Total Patient Days by Payer Source  
Year One and Year Two**

Year One						
	Self-Pay	Medicaid	Medicare	Medicare HMO	Other Payers	Total
Total Admissions	12	39	218	18	4	291
Total Patient Days	700	9,287	5,414	364	243	16,008
Percent-Total Patient Days	4.4%	58.0%	33.8%	2.3%	2%	100%*
Year Two						
	Self-Pay	Medicaid	Medicare	Medicare HMO	Other Payers	Total
Total Admissions	13	107	574	36	6	736
Total Patient Days	732	25,620	14,274	732	366	41,724
Percent-Total Patient Days	1.8%	61.4%	34.2%	1.8%	1%	100%**

Source: CON application #10721, Schedule 7, TAB 5.

Note: \* This percentage is arithmetically 100.5 percent, likely due to rounding.

\*\* This percentage is arithmetically 100.2 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 of August 12, 2022, Subdistrict 4-3 had 24 licensed community nursing homes with a total of 2,938 licensed community nursing home beds and 120 CON approved beds (this project) pending licensure. Subdistrict 4-3 community nursing homes averaged 75.23 percent occupancy during CY 2021.

The reviewer notes that Subdistrict 4-3 had approximately 29.55 percent of District 4’s total licensed community beds in CY 2021. As previously indicated in item E.1.a. of this report, the applicant specifically pointed to four “gaps in service” it 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 #10616. Both the transferor (PruittHealth – St. Johns County, LLC) and the transferee (PruittHealth – 4-3, 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, the applicant is a newly formed, for-profit Florida entity, and therefore does not have an historical record available to document in this CON proposal. PruittHealth – 4-3 indicates that since PruittHealth will still be the owner/operator/manager of this facility, the same quality of care information that is stated in CONs #10583P and #10616 applies. PruittHealth states that implementation of this proposal will involve the development of all quality policies and procedures based on its other affiliated facilities. The applicant commits 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 – 4-3 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 – 4-3 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 CON application #10721, PruittHealth – 4-3 will strive to be a deficiency-free facility, to become a 5-Star rated facility and meet all AHCA Quality Award Requirements. The applicant notes that its affiliates – PruittHealth – Panama City, PruittHealth – Fleming Island and PruittHealth – Southwood, each received zero deficiency surveys when undergoing their Medicare certification surveys, which it states attest to the quality of its services.

PruittHealth – 4-3 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 – 4-3 comments that will follow PruittHealth's model for commitment to quality and strive to achieve the same levels of success and contends that its’ *Committed to Caring Campaign*, sets PruittHealth apart from other skilled nursing operators. The applicant states that PruittHealth – 4-3, as part of its quality initiative plans, 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. The applicant states that this 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**

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

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

On July 19, 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, collectively, PruittHealth, Inc.’s four Florida SNFs had a total of seven substantiated complaints, which are summarized below. A single complaint 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 10721 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 \$26,853,335, which includes this project (CON 10583P and CON 10616). In addition to the capital costs, the applicant will have to finance a projected year one operating loss of \$2,002,665.

The applicant states on Schedule 3 that funding for this project will come from operating cash flows (\$1,386,229) and non-related company financing (\$5,544,916). The applicant provided a letter, dated December 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	16,350,557	392	513	342	279
Total Expenses	13,994,372	335	520	348	287
Operating Income	2,356,185	56	114	2	-52
Operating Margin	14.41%		<b>Comparative Group Values</b>		
	Days	Percent	Highest	Median	Lowest
Occupancy	41,724	95.26%	99.45%	90.51%	64.05%
Medicaid	25,620	61.40%	71.43%	63.88%	51.36%
Medicare	15,006	35.96%	35.40%	15.18%	1.46%

**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 a 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, the proposed project will meet the Access Criteria (with the applicant referencing Rule 59C-1.030, Florida Administrative Code). As a newly formed entity the applicant has no history of providing health services to Medicaid patients and the medically indigent, but it is part of the PruittHealth family of providers (as 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. Medicaid patient day occupancy for PruittHealth's four affiliated Florida SNFs was also addressed.

PruittHealth — 4-3 projects 58.0 percent of year one and 61.4 percent of year two total annual patient days will be provided to Medicaid patients.

**F. SUMMARY**

**PruittHealth – 4-3, LLC (CON application #10721)**, a newly formed Florida entity, proposes the transfer of the combination of CON #10583P and #10616 from PruittHealth – St. Johns County, LLC which was approved via Exemption #200004 to establish a new 120-bed community nursing home in District 4, Subdistrict 3 (St. Johns County and the southeastern portion of Duval County).

PruittHealth – 4-3, LLC and PruittHealth – St. Johns County, LLC are affiliates of PruittHealth, Inc., ultimately parented by United Health Services, Inc., and Subsidiaries.

The proposed project includes a total of 94,400 GSF of new construction. Total construction cost is \$17,328,368. Total project cost is \$27,853,335 which includes land, building, equipment, project development, financing, and start-up costs.

PruittHealth – 4-3, LLC states it will accept the original conditions on CONs #10583P and #10616.

**Need**

- The application is not in response to the fixed need pool.
- As of August 12, 2022, Subdistrict 4-3 had 24 licensed community nursing homes with a total of 2,938 licensed community nursing home beds and 120 approved beds. The Subdistrict's community nursing homes averaged 75.23 percent occupancy during CY 2021.

**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 58.0 percent of year one and 61.4 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 a 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 preconstruction review.

**G. RECOMMENDATION**

Approve CON #10721 to transfer CON #'s 10583P/10616 – Exemption #E200004 from PruittHealth – St. Johns County, LLC to PruittHealth – 4-3, LLC to establish a new 120-bed community nursing home in District 4, Subdistrict 3, St. Johns County. The total project cost is \$27,853,335. The project involves 94,400 GSF of new construction and a total construction cost is \$17,328,368.

**CONDITIONS:**

Location:

1. The Nocatee area of St. Johns County, Subdistrict 4-3.

Programming/Operational Conditions:

1. All patient beds will be in private patient rooms.
2. All patient bathrooms will be handicap accessible.
3. 16-bed Alzheimer’s disease secure unit.
4. Six bariatric rooms/beds
5. Seek Joint Commission accreditation or accreditation from some other similarly recognized accrediting body.

6. Implement a program designed to reduce hospital re-admissions; the current program utilized by PruittHealth-affiliated facilities is INTERACT 3.0. The program to be implemented will be this program or other similarly designed program based on the most recent quality driven program PruittHealth determines to be available at the time of implementation
7. Participate in an organization-wide Quality Assurance/ Performance Improvement initiative that entails quarterly visits in regard to clinical, operational, pharmaceutical and reimbursement areas by corporate consultants to ensure compliance with all local, state and federal laws.
8. As part of the Alzheimer program, provide the It's Never 2 Late<sup>®</sup> (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.
9. Have at least one Certified Dementia Practitioner on staff on the Alzheimer's unit per shift.
10. Implement Electronic Medical Records (EMR) at the facility, and include Smart Charting or other similar bedside patient charting tool.
11. Implement Resident Safety Technology including Call Guard and WanderGuard into the facility.
12. Implement Clinical Kiosks in appropriate locations throughout the facility.
13. Assure all staff maintains ongoing training and continuing education credits utilizing PruittHealth University and at no cost to the employees.
14. Participate in a company-wide Annual Quality Report to demonstrate transparency in operations and make this Quality Report available to the public.
15. 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.
16. Implement PointRight Technology (or a future similar technology) in the ongoing operations.
17. 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**