

STATE AGENCY ACTION REPORT
ON APPLICATION FOR CERTIFICATE OF NEED

A. PROJECT IDENTIFICATION

1. Applicant/CON Action Number

PruittHealth – Windermere, LLC/CON #10723

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 7, Subdistrict 2 (Orange County)

B. PUBLIC HEARING

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

C. PROJECT SUMMARY

PruittHealth – Windermere, LLC, (CON application #10723), also referenced as PruittHealth – Windermere, or the applicant is a newly formed Florida entity that proposes the transfer of CON #10627 from PruittHealth – Orange County, LLC which was approved to establish a new 120-bed community nursing home in District 7, Subdistrict 2 (Orange County PruittHealth maintains that there are no other changes to the proposal sought via this transfer CON application. The facility will be located at 870 Tonymyn Boulevard, Ocoee, Florida, 34761. The site was acquired in August 2021.

PruittHealth – Orange County, LLC (to whom CON #10627 was awarded) and PruittHealth - Windermere, 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 - Citrus County, LLC (Subdistrict 3-5), CON #10615 (93 beds)
- 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)

The proposed project includes 95,500 gross square feet (GSF) of new construction. The construction cost is \$16,985,946 and the total project cost is \$26,206,971, which is the same as the original CON. Total project cost includes land, building, equipment, project development, financing, and start-up costs.

PruittHealth – Windermere, LLC expects issuance of license in April 2025 and initiation of service in May 2025. PruittHealth states it will accept the original CON application #10627 conditions, which include:

Programming/Operational Conditions:

1. All 120 patient beds will be in private patient rooms.¹
2. All patient bathrooms will be handicap accessible.²
3. Incorporate four bariatric rooms/beds into the facility design
4. Seek Joint Commission accreditation or accreditation from some other similarly recognized accrediting body.³
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 reimbursement areas by corporate consultants to ensure compliance with all local, state and federal laws.
7. Implement Electronic Medical Records (EMR) at the facility, and include Smart Charting or other similar bed side patient charting tool.
8. Implement Resident Safety Technology including Call Guard and WanderGuard into the facility.
9. Implement Clinical Kiosks in appropriate locations throughout the facility.
10. Assure all staff maintains ongoing training and continuing education credits utilizing Pruitt University and at no cost to the employees.
11. Participate in a company-wide Annual Quality Report to demonstrate transparency in operations and make this Quality Report available to the public.
12. 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.
13. Implement PointRight Technology (or a future similar technology) in the ongoing operations.
14. 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.

¹ Original CON #10627 Condition #2 includes “private/single occupancy” in its wording.

² Original CON #10627 Condition #3 includes “(ADA compliant)” in its wording.

³ Pursuant to s. 408.043 (3) Florida Statutes, private accreditation cannot be a condition to CON approval.

PruittHealth – Windermere 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 #10723

Applicant	CON app. #	Project	GSF	Total Cost	Cost per Bed
PruittHealth – Windermere, LLC	10723	120-bed SNF	95,500	\$26,206,971	\$147,864

Source: CON application #10723, 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 – Windermere, LLC’s CON application #10723 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 7-2 will remain unchanged as a result of the proposed transfer.

As of August 12, 2022, Subdistrict 7-2 (Orange County) has 36 licensed community nursing homes with a total of 4,372 licensed and 299 CON approved beds. During CY 2021, Subdistrict 7-2 facilities averaged 78.48 percent occupancy and occupancy by facility is shown in the table below.

**Subdistrict 7-2, Orange County
Community Nursing Home
Utilization CY 2021**

Name of Facility	Licensed Community Nursing Home Beds	Total Patient Days	Total Occupancy Rate	Medicaid Patient Days	Percent Medicaid of Total Patient Days
AdventHealth Care Center – Apopka North	120	37,908	86.55%	21,941	57.9%
AdventHealth Care Center – Orlando East	120	41,611	95.00%	21,922	52.7%
AdventHealth Care Center – Orlando North	120	36,058	82.32%	22,434	62.2%
Apopka Health and Rehabilitation Center	180	17,765	27.04%	11,862	66.8%
Avante at Orlando, Inc.	118	29,423	68.31%	19,515	66.3%
Colonial Lakes Health Care	180	51,166	77.88%	35,263	68.9%
Commons at Orlando Lutheran Towers	93	33,935	99.97%	29,043	85.6%
Conway Lakes Health and Rehabilitation Center	120	40,102	91.56%	15,621	39.0%
Courtyards of Orlando Health Center	120	36,677	83.74%	25,323	69.0%
Delaney Park Health and Rehabilitation Center	89	28,676	88.27%	14,269	49.8%
Guardian Care Nursing and Rehabilitation Center	99	28,375	71.30%	19,222	67.7%
Health Central Park	118	35,130	81.56%	27,121	77.2%
Hunters Creek Nursing and Rehab Center	116	37,276	88.04%	25,872	69.4%
Lake Bennet Center for Rehabilitation & Healing f/k/a Solaris Healthcare Lake Bennet	120	38,072	86.92%	23,070	60.6%
Life Care Center of Orlando	132	41,426	85.98%	25,273	61.0%
Mayflower Healthcare Center	24	7,588	86.62%	1,400	18.5%
Metro West Nursing and Rehab Center	120	37,932	86.60%	27,597	72.8%
Ocoee Health Care Center	120	29,580	67.53%	21,825	73.8%
Orlando Health and Rehabilitation Center	391	122,371	85.75%	78,752	64.4%
Orlando Health Center for Rehabilitation	110	24,213	60.31%	12,551	51.8%
Palm Garden of Orlando	132	41,573	86.29%	25,392	61.1%
Parks Healthcare and Rehabilitation Center	120	29,238	66.75%	18,611	63.7%
Parkview Rehabilitation Center at Winter Park, The	138	32,084	63.70%	20,971	65.4%
Regents Park of Winter Park	120	35,893	81.95%	22,121	61.6%
Rehabilitation Center of Winter Park, The	180	48,584	73.95%	34,848	71.7%
Rio Pinar Health Care	180	57,597	87.67%	37,596	65.3%
Rosewood Health and Rehabilitation Center	120	35,566	81.20%	22,074	62.1%
Savannah Cove	39	5,981	42.02%	2,084	34.8%
Solaris Healthcare Windermere	120	40,525	92.52%	20,553	50.7%
Gardens at DePugh, The	40	13,035	89.28%	8,737	67.0%
The Palms Nursing and Rehab at Orlando	115	36,279	86.43%	20,372	56.2%
Westminster Baldwin Park	40	11,690	80.07%	2,495	21.3%
Westminster Towers	115	29,391	70.02%	18,515	63.0%
Westminster Winter Park	80	25,170	86.20%	15,156	60.2%
Winter Garden Rehabilitation and Nursing Center	120	27,569	62.94%	17,009	61.7%
Winter Park Care & Rehabilitation Center	103	29,772	79.19%	20,341	68.3%
Total Subdistrict 7-2	4372	1,255,231	78.48%	786,751	62.68%

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

PruittHealth — Windermere 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. Bariatric suites in response to obesity rates and hard to place patients
2. Available and accessible beds for Medicaid Long Term Care enrollees
3. Enhance access to private room accommodations for all patients and payors

Additional information is provided on the topics above.

PruittHealth – Windermere emphasizes that its staff will have specific training, services, and experience to care for this patient population. Services such as nutrition, care planning, recreation, spirituality, and medical care.

In reference to its proposed four bariatric suites, PruittHealth – Windermere indicates there is a growing demand and cites obesity rates. CON application #10723, page eight, includes the table:

- Estimates of Residents with Obesity, Ages 65+, Subdistrict 7-1 / 2019 and 2024

PruittHealth – Windermere’s table indicates that Orange County obesity case estimates increasing from 67,514 in 2019 to 80,326 by 2024. The reviewer notes that the data presented is indicating a net increase of 12,812 (18.8 percent) obesity cases in Orange County by 2024 (80,326–67,514 = 12,812). PruittHealth – Windermere maintains that CON application #10723 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 #10723, page 10, includes a chart showing:

- Medicaid LTC Enrollment Trend Orange County / Subdistrict 7-2 / March 31, 2020, through March 31, 2022:
 - March 31, 2020, total enrollment count at 4,837
 - March 31, 2021, total enrollment count at 4,705
 - March 31, 2022, total enrollment count at 4,865

PruittHealth – Windermere contends that data supports the position that Subdistrict 7-2 has experienced growth in Medicaid Long Term Care enrollment during the past five years with an increase in Orange County of 13.4 percent between September 2017 and 2019. 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 4,814 (CON Application #10627) with an increase to 4,837 (six months after the reported 4,814), as of March 31, 2020.

PruittHealth points out 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 Orange County and Subdistrict 7-2.

The applicant provides Subdistrict 7-2'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 totals.

**Subdistrict 7-2
Community Skilled Nursing Home
Bed Configuration**

All SNFs	SNF Beds	Number of Private Beds	Beds in Multiple Rooms	Percent of Private Beds
Total	4,488*	574	3,914	12.8%

Source: CON application #10723, page 12 (partially reproduced)

Note: *Applicant notes that the table includes 116 sheltered beds in addition to 4,372 community nursing home beds.

PruittHealth states that the proposed project will become the first all private bed nursing home in Orange County, which is in stark contrast to the average 12.8 percent of nursing home beds that are private in Orange County. The reviewer notes that CON application #10723 accepts Condition #2 which commits that all 120 patient beds will be in private patient rooms.

PruittHealth – Windermere notes that in sum, 18 of the 36 Orange County nursing facilities provided greater than 62.7 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 12.8 percent in the total Subdistrict.

The applicant's response to quality of care (on the application's pages 15-32) is addressed in item E.2.b. of this report.

PruittHealth – Windermere includes its Schedule 7 (in the application's TAB 5) which indicates the year one and year two projections shown in the table below.

**PruittHealth — Windermere, LLC (CON application #10723)
 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 #10723, 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 7-2 has 36 licensed community nursing homes with a total of 4,372 licensed and 299 approved beds. The Subdistrict’s 4,372 community nursing home beds averaged 78.48 percent occupancy during CY 2021.

The reviewer notes that Subdistrict 7-2 had approximately 45.43 percent of District 7’s total licensed community beds in CY 2021. As previously indicated in item E.1.a. of this report, the “gaps in service” that PruittHealth - Brandon proposes to address:

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

Need was addressed in detail in the original CON application #10627. Both the transferor (PruittHealth – Orange County, LLC) and the transferee (PruittHealth – Windermere, 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 – Windermere 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 #10627 applies to this application. PruittHealth – Windermere states that implementation of this proposal will involve the development of all quality policies and procedures based on its other affiliated facilities. Further, 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 – Windermere 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 – Windermere 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 – Windermere 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, attesting to the quality of services implemented by PruittHealth.

PruittHealth – Windermere 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 – Windermere comments that it 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 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

PruittHealth Affiliated SNF	Overall Nursing Home Compare Star Rating
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**

Complaint Category	Number Substantiated
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.

United Health Services, Inc., and Subsidiaries – CON #10723

	Jun-21	Jun-20
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	\$93,658,000	\$91,420,000
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	(\$4,770,000)	\$117,247,000
Short-Term Analysis		
Current Ratio (CA/CL)	0.6	0.7
Cash Flow to Current Liabilities (CFO/CL)	-1.44%	36.16%
Long-Term Analysis		
Long-Term Debt to Net Assets (TL-CL/NA)	433.7%	433.1%
Total Margin (ER/TR)	2.12%	0.81%
Measure of Available Funding		
Working Capital	(\$129,726,000)	(\$85,050,000)

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

Capital Requirements and Funding:

The applicant indicates on Schedule 2 capital projects totaling \$26,206,971, which includes this project. In addition to the capital costs, the applicant will have to finance a projected year one operating loss of \$2,007,051.

The applicant states on Schedule 3 that funding for this project will come from operating cash flows (\$5,241,395) and non-related company financing (\$20,965,576). 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 \$4,700,000 in cash and cash equivalents and -\$4,700,000 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	16,364,523	392	518	345	282
Total Expenses	14,042,433	337	525	351	289
Operating Income	2,322,090	56	114	2	-52
Operating Margin	14.19%		Comparative Group Values		
	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 2.50 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, 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 – Windermere 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 – Windermere projects 58 percent of year one and 61.4 percent of year two total annual patient days will be provided to Medicaid patients.

F. SUMMARY

PruittHealth – Windermere, LLC (CON application #10723) proposes the transfer of CON #10627 from PruittHealth – Orange County, LLC which was approved to establish a new 120-bed community nursing home in District 7, Subdistrict 2 (Orange County). The applicant maintains that there are no other changes to the proposal sought via this transfer CON application.

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

The proposed project includes 95,500 GSF of new construction. and a construction cost of \$16,985,946. Total project cost is \$26,206,971 and includes land, building, equipment, project development, financing, and start-up costs.

PruittHealth – Windermere, LLC states it will accept the original conditions on the original CON #10627.

Need

- The application is the transfer of CON #10627 and is not in response to the fixed need pool.
- Subdistrict 7-2 has 36 licensed community nursing homes with a total of 4,372 licensed beds and 299 approved beds. Subdistrict 7-2 facilities averaged 78.48 percent occupancy in 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 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 #10723 to transfer CON #10627 from PruittHealth – Orange County, LLC to PruittHealth – Windermere, LLC to establish a new 120-bed community nursing home in District 7, Subdistrict 2, Orange County. The total project cost is \$26,206,971. The proposed project involves 95,500 GSF of new construction and a construction cost of \$16,985,946.

Programming/Operational Conditions:

1. All 120 patient beds will be in private patient rooms.
2. All patient bathrooms will be handicap accessible.
3. Incorporate four bariatric rooms/beds into the facility design
4. 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
5. 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.
6. Implement Electronic Medical Records (EMR) at the facility, and include Smart Charting or other similar bed side patient charting tool.
7. Implement Resident Safety Technology including Call Guard and WanderGuard into the facility.
8. Implement Clinical Kiosks in appropriate locations throughout the facility.
9. Assure all staff maintains ongoing training and continuing education credits utilizing Pruitt University and at no cost to the employees.
10. Participate in a company-wide Annual Quality Report to demonstrate transparency in operations and make this Quality Report available to the public.
11. 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.

12. Implement PointRight Technology (or a future similar technology) in the ongoing operations.
13. 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
Operations and Management Consultant Manager
Certificate of Need