STATE AGENCY ACTION REPORT

ON APPLICATION FOR CERTIFICATE OF NEED

A. PROJECT IDENTIFICATION

1. Applicant/CON Action Number

Charis Healthcare Holdings, LLC /CON application #10743
6001 Broken Sound Parkway, Suite 220
Boca Raton, Florida 33487

Authorized Representative: Christine Blanch, COO
Authorized Representative
(941) 400-2847

2. Service District/Subdistrict

Service Area (SA) 7C (Seminole County)

B. PUBLIC HEARING

No public hearing was requested or held.

Letters of Support:

Charis Healthcare Holdings, LLC (CON application #10743) submitted no letters of support for this application.

Letters of Opposition:
Seann M. Frazier, Attorney with Parker Hudson law firm representing AdventHealth Hospice Central Florida, submitted a nine page letter opposing Charis Healthcare Holdings, LLC's SA 7C project. Mr. Frazier states AdventHealth opposes the project "based upon several basic and clear health planning principles". These include:

- The Agency's "long-accepted" need methodology showing no need for a new hospice in SA 7C

- In the absence of need, Charis has the "heavy burden" of demonstrating "special circumstances" to justify approval; however, no special circumstances are present in Seminole County -Seminole County is not under-served and no specific, terminally ill population is being under-served; and
- "Approval of an unneeded hospice program to serve a small population that is already served by two hospice providers will have a significant adverse impact on the existing providers."

The SA's fixed need pool (FNP) numbers for the January 2014—January 2025 planning horizons are cited as demonstrating the on-going lack of need for another SA 7C hospice. A chart is provided showing that SA 7C has not met the 350 FNP threshold to project need for a new hospice "for more than a decade" and "almost fifteen years". The need calculation of -135 for the January 2025 planning horizon is cited as demonstrating SA 7C "is well-served in comparison to other Florida hospice providers".

The rule criteria for approval under special circumstances and recent Administrative Hearing determinations are addressed. AdventHealth contends that Charis' application must be denied because there are no special circumstances to support approval. SA 7C July 2022—June 2023 admissions by hospice are provided to support this. AdventHealth's specific disease programs and additional hospice services are described including its work with the Orlando VA Medical Center to ensure veterans and their families receive "all benefits and support available to them".

Quality of care is addressed with AdventHealth providing a chart comparing its CMS scores with Charis' Haven Hospice Arizona, the Arizona state average, Halifax Health, the Florida state average and the national average. AdventHealth exceeds Haven Hospice Arizona in seven listed categories and is 12 points higher in the "Rating of this Hospice" category. The "Willing to Recommend this Hospice" question has AdventHealth with 83 percent compared to Haven Arizona's 81 percent.

The adverse impact on existing SA providers is described with AdventHealth addressing the nursing shortage. Florida is stated to be in the top five states projected to have the largest nursing shortages per the Nurses.org website. Mr. Frazier indicates that this "shortage has been recognized as a legitimate reason to deny hospice CON applications filed in areas where there is no need". The VNA Hospice of Indian River recommended order of January 12, 2013, which is still awaiting final order is cited in support of this.

Mr. Frazier concludes by citing the Agency's decision to deny the SA 3A application in the first batch of 2023, and that "the Agency should reach

the same determination here where there is no numeric need and there are already two existing hospice providers that have a strong record of providing comprehensive hospice services to a relatively small Seminole County".

Jennifer Nygaard, VITAS Healthcare Corporation of Florida, Sr. Vice President of Operations for the Northern Region of Florida submitted a seven-page letter opposing Charis Healthcare Holdings, LLC SA 7C's project. She notes that the service area (Seminole County), is served by two "unique" hospice providers – VITAS and AdventHealth Hospice Care. Ms. Nygaard cites the Agency's need formula calculation for the January 2025 planning horizon results in a negative need of 131 patients.

Rule 59C-1.0355(4)(d) Florida Administrative Code, criteria is addressed with Ms. Nygaard noting the SA is a one county service area which in the absence of need, requires an applicant to demonstrate that a specific terminally ill population is not being served. However, VITAS data indicates that all SA patients have "ready access to the hospice care they need". These include:

- SA 7C's hospice utilization is above the statewide average and national averages
- 2022 Medicare Claims data show low SA out-migration of only 9.8 percent of the average daily census
- the majority of physicians SA 7C hospice patients' greater than 30 days average length of stay (ALOS)
- SA health care providers and community members satisfaction with the quality and level of care they receive; and
- adding another hospice in the SA will exacerbate the clinician staffing issues experienced by all health care providers in the state.

Ms. Nygaard contends these factors reinforce that there is no need for another hospice in the SA.

Data included on pages 2—4 and 6 show the SA's need projection, hospice utilization, out-migration, hospice ALOS for Physician Referrals and Florida medical staffing shortage data. Ms. Nygaard cites excerpts from two of six letters from local health care providers opposing adding another hospice in the service area. The clinician staffing supply is also addressed with VITAS contending that a new SA hospice "will strain the existing providers and make it very difficult for a new provider to staff its operations and fully serve hospice-eligible patients in 7C".

Ms. Nygaard concludes that the two existing SA providers provide high-level hospice services to all hospice-eligible SA 7C patients. Further, "there is no need for an additional hospice as there is no terminally ill population or county not being served by the existing providers".

C. PROJECT SUMMARY

Charis Healthcare Holdings, LLC (CON application #10743), also referenced as CHARIS or the applicant, is a for-profit, Florida Limited Liability Company. In the absence of published need, CHARIS proposes to establish a new hospice service in SA 7C. CHARIS states that it is a provider of Medicare-Certified Hospice and Home Health Care and provides a variety of clinical services and related products and supplies to patients in their place of residence throughout Florida, Illinois, Washington, New Mexico, Nevada, Colorado, Oregon, Utah, and Arizona. Further, that it has operated in 32 locations for the last nine years, has more than 700 employees and its headquarters is in Boca Raton, Florida. Exhibit A which includes the bios of the executive leadership team overseeing this project.

CHARIS assures that it understands that Florida has another hospice provider operating as "Haven Hospice" and that, upon award, CHARIS will ensure that there is clear distinction in its operating d/b/a from the existing operator.

CHARIS anticipates the issuance of license March 14, 2024, and initiation of service April 15, 2024.

Total project cost is $293,474.28. Projected costs include equipment, project development, and start-up costs.

Pursuant to project approval, Charis Healthcare Holdings, LLC offers the following Schedule C conditions:

CHARIS will comply with all relevant state and federal legal authority and reporting requirements. CHARIS additionally commits to providing the following additional services:

- Care for the Caregiver
- Transfer Safety
- Overcoming a Patient Saying "NO"
- Hospice101
- Palliative Care vs. Hospice Care
- Pain Control - another medication?
- Infection Control
- Preventing Wounds
- HIPPA
- Distracting Techniques
- Effective Communication with Memory Care Patients
- Medication Use with Hospice Patient at End of Life
- Comfort Care - What is it?
- When to Call Hospice
- Handwashing – 101
- Dealing With Death
- Grief - It doesn't have to be a lonely journey

Proposed Measure: This will be measured by reporting the availability of the services to AHCA.

CHARIS will commit to offering $35,000 to a local nursing education program with in the service area to support the development of a hospice and palliative care training course. CHARIS expects to be able to identify, select, and fund a partner within two years of the hospice programs opening, but will attempt conclude as soon as possible.

Proposed Measure: This will be measured by reporting the expenditure of funds to AHCA.

CHARIS will additionally offer rotational internship placement of local nursing students under its new hospice program for at least the first five years of operation.

Proposed Measure: This will be measured by reporting the information to AHCA.

CHARIS will commit to actively seek "We Honor Veterans" status upon its award. CHARIS will expedite this process as it coincides with our foundational beliefs and support for veterans.

Proposed Measure: This will be measured by submitting the status verification to AHCA.

CHARIS will commit to actively recruit veterans to work with our clients and will advocate our veteran patients to participate in Honor Flight for Veterans.

Proposed Measure: This will be measured by reporting annual reports on veteran recruitment to AHCA.

CHARIS will commit to operate a Minority outreach and education program designed to actively engage and educate the minority communities in the service area, especially the African American and Hispanic communities.

Proposed Measure: This will be measured by initial and annual reports to AHCA reflecting on the efforts of the program.

Office Location:
CHARIS designs to have a hospice office space within the region within the first year of operation.

Proposed Measure: Compliance will be demonstrated by submission of the CHARIS hospice license with the office location.

Should a 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. The proposed conditions are as stated, but proposed conditions that are required hospice services and hospice licensure requirements will not be imposed. Section 408.043(3) Florida Statutes states that "Accreditation by any private organization may not be a requirement for the issuance or maintenance of a certificate of need under ss. 408.031-408.045, Florida Statutes."

Section 400.606(5), Florida Statutes states that "The agency may deny a license to an applicant that fails to meet any condition for the provision of hospice care or services imposed by the agency on a certificate of need by final agency action, unless the applicant can demonstrate that good cause exists for the applicant's failure to meet such condition." Issuance of a CON is required prior to licensure of certain health care facilities and services.

The review of a CON application and ultimate approval or denial of a proposed project is based upon the applicable statutory criteria in the Health Facility and Services Development Act (408.031-408.045, Florida Statutes) and criteria in Chapter 59C-1, 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, rules of the State of Florida, and Chapter 59C-1, 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 provided in the application and independent information gathered by the reviewer.

Applications are analyzed to identify various strengths and weaknesses in each proposal. If more than one application is submitted for the same type of project in the same district (subdistrict or service planning area), applications are comparatively reviewed to determine which applicant best meets the review criteria.

Section 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, 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.

E. CONFORMITY OF PROJECT WITH REVIEW CRITERIA

The following indicate the level of conformity of the proposed project with the review criteria and application content requirements found in Sections 408.035 and 408.037, Florida Statutes, applicable rules of the State of Florida, and Chapter 59C-1, Florida Administrative Code.

1. Fixed Need Pool

a. Does the project proposed respond to need as published by a fixed need pool? Or does the project proposed seek beds or services in excess of the fixed need pool? Rule 59C-1.008(2), Florida Administrative Code.

In Volume 49, Number 151 of the Florida Administrative Register, dated August 4, 2023, the Agency indicated zero net need for a new hospice in SA 7C (Seminole County) for the January 2025 hospice planning horizon. The applicant is applying to establish a hospice program in the absence of published numeric need and contends that not normal circumstances merit the approval of the project.

CHARIS project summary discussion indicates the terminally ill populations that are not being served and at risk include:

- Population with Strokes
- Hispanic population with Cancer (Prostate)
- African American population with Cancer (Breast/Prostate)

CHARIS cites Florida Department of Health's Division of Public Health Statistics and Performance Management, CY 2021 data to demonstrate that:

- Seminole County's population increased from 480,450 in 2010 to 482,450 in 2021. The applicant adds that in 2010 the 65+ population rose by 50.8 percent and accounted for 12.1 percent of the total population increasing to 16.4 percent by 2021
- Seminole County's unemployment rate was 4.5 percent in 2021 with 9.5 percent of its population living below the poverty level when compared to the State averages of 5.3 percent and 13.1 percent, respectively

CHARIS contends that these upward trends argue the need for additional hospice to meet the needs of a growing senior and general population.

Socio-Demographic Indicators	Measure	State	Seminole
Population	Count	22,005,587	482,450
White	Count	16,956,037	376,955
Black	Count	3,744,736	63,905
Other	Count	1,304,814	41,590
Hispanic	Count	5,881,467	110,468
Non-Hispanic	Count	16,124,120	371,982
Population (Aged 0-17 Years)	Count	4,314,627	99,475
Population (Aged 18„64 Years)	Count	13,004,777	304,168
Population (Aged 65 Years and Older)	Count	4,686,183	78,807
Unemployed Civilian Labor Force	Percent	5.3	4.5
Individuals Below Poverty Level	Percent	13.1	9.5

Source: CON application #10743, FNP Response, "Additional demographics", unnumbered page.

Under the heading "Seminole County" the applicant refers to the May 2022 National Center for Health Statistics' report *Post-acute and Long-term Care Providers and Services Users in the United States, 2017-2018* located in its Exhibit C to inform that only 5.2 percent of hospice patients are under the age of 65 in the U.S. CHARIS provides the county's existing SNFs, Hospitals and Hospice providers based on the

Agency's www.healthfinder.fl.gov website. The applicant reiterates that the growing 65 and older population will continue to be a key component in the need for additional end-of-life care resources, especially hospice care and provides a graph showing national use by age categories (under age 65, 65-74, 75-84 and 85 and over.

CHARIS contends it identifies discrepancies amongst underserved terminally ill populations in Seminole County as described below:

Strokes

- The most recent data indicates that stroke is the fifth leading cause of death in the State of Florida
- In 2021, 15,567 Floridians died from stroke and those who suffer strokes require constant care and specialized treatment for completing everyday tasks including swallowing, speaking, using the restroom, and certain cognitive tasks which become increasingly difficult when they are compounded with the other demands of end-of-life treatment[1]
- Hispanic and African American individual are more likely to need to receive this care with African American and Hispanics suffering strokes at an earlier age, more severely, and have higher stroke risks than non-Hispanic whites [2]
- The overall mortality rate for stroke victims across all demographics in Seminole County is significantly higher than the average in Florida indicating a higher need of sufficient end-of-life hospice care on a system-based level.

Cancer

- According to the U.S. Department of Health and Human Services Office of Minority Health and Florida Department of Health Bureau of Vital Statistics:
    - African Americans have the highest mortality rate of any racial and ethnic group for all cancers combined and for most major cancers
    - In CY 2021, African Americans in Seminole County had a mortality rate of 37.2 per 100,000 versus the statewide average of 31.5 per 100,000 with the diagnosis of prostate cancer
    - Breast cancer incidence amongst African American females greatly outpaces that of Florida's average

[1] https://www.upmc.com/services/rehablreh@-institute/conditions/stroke/after-stroke

[2] https://www.ncbi.nlm.nih.qov/pmc/articIes/PMC2621018/ for a study by 'Trimble MD & Morgenstern MD'

- The incidence of breast cancer per 100,000 African American women in Seminole County was 31.5 compared to the respective Florida average for African American females of 24.5
- Female Breast Cancer Incidence rate in black females from Seminole County increased from 78.3 in 2015 to 130.6 in 2020, which the applicant contends is a harrowing alarm to an impending problem

Diabetes

- Seminole County's deaths from diabetes within the Hispanic population outpaces the Florida average
- The non-Hispanic mortality rate of death from diabetes was a 24.3 per 100,000 compared to a Florida Hispanic population average of 21.1 per 100,000 in 2021
- Hispanic citizens in Seminole County experienced a greater mortality rate of 33.6 per 100,000 compared to 22.4 for white Floridians, consistently increasing year over year.

Population Growth

CHARIS reiterates its response regarding population growth for SA 7C arguing that the increase in population consequently increases the mortality rate in a county, especially when the population increase so heavily predominant in the 65+ population and that given the population growth over the past several years, the mortality disparity with the rest of the state, and the predisposition for certain chronic diseases by sections of the population, the potential to exacerbate the already statistically significant discrepancies is increasing.

Socioeconomic Factors

The applicant offers that there is significant evidence suggesting that certain socioeconomic factors such as poverty rates, unemployment rates, and median household income can contribute to negative health outcomes due to lifestyle choices, accessibility to health care/hospice treatment, and education.

CHARIS provides that of the residents of Seminole County, eight percent of white individuals compared to 15.8 percent of African Americans and 11.3 percent of Hispanics are considered below the poverty line. Further, 6.9 percent of African Americans and 4.4 percent of Hispanic citizens in Seminole County are unemployed compared to 4.1 percent of non-Hispanic citizens.

CHARIS states that National Center for Health Statistics (HCHS), National Health Interview Survey (NHIS) shows that out-of-pocket costs are a significant barrier to obtaining health care. The applicant argues that available data indicates that the marginalized populations in Seminole County have indicators of lower-performing socioeconomic factors that make negative health outcomes more likely and even more so with a growing population, which will consistently keep them from receiving the necessary end-of-life care that they need.

CHARIS offers that with certain types of cancer, socioeconomic factors can result in delayed identification, lower rates of surgery offered and accepted, and lower rates of enrollment in clinical trials among African Americans and cites an article by K.A. Ornstein, Evaluation of Racial Disparities in Hospice Use and End-of-Life Treatment Intensity in the REGARDS Cohort published in August of 2020, Black individuals were significantly less likely to use hospice and more likely to have multiple emergency department visits and hospitalizations and undergo intensive treatment in the last six months of life compared with White individuals regardless of cause of death.

CHARIS concludes that it intends to remedy the Special Circumstances in district 7C by increasing access to care, focusing on outreach to underserved communities, ensuring earlier access to hospice, and engaging the local community to form partnerships and collaborations that are designed to eliminate any unmet needs.

b. Approval Under Special Circumstances. In the absence of numeric need shown under the formula in paragraph (4)(a), the applicant must demonstrate that circumstances exist to justify the approval of a new hospice. Chapter 59C-1.0355(4)(d), Florida Administrative Code. Evidence submitted by the applicant must document one or more of the following:

1. **That a specific terminally ill population is not being served.**
2. **That a county or counties within the SA of a licensed program are not being served.**

CHARIS provides brief details in its argument in support of the need for the project in its E.1.a. response. This response that the following terminally ill populations are not being served and at risk:

- African American and Hispanic populations suffering from strokes, prostate cancer, breast cancer and diabetes
- Lower economic and unemployed populations

- Populations in the SA with end-stage cardiac, cancer and respiratory conditions; and
- Patients who would benefit from early hospice admission.

CHARIS contends the Hispanic populations is underserved SA 7C and it will plan for strengthening the hospice market for the Hispanic population by using its experience from its operations in Arizona, Nevada, New Mexico, and here in Florida. CHARIS argues that it has identified several significant issues such as the lack of at-home care in rural regions, patients being moved to specialized facilities causing transportation hardships for elderly family members, hospices not coordinating with local spiritual figures for holistic care, and an absence of bereavement support within SA 7C.

In its project summary, CHARIS shares that it plans to improve knowledge and accessibility for Hispanic and African American patients with an emphasis being placed on outreach and tailored services that underscore cultural sensitivity which includes:

- Engaging with minority communities early and regularly.
- Identify underserved patients in the district through community engagement.
- Introducing specialized hospice programs and training sessions.

CHARIS states it will focus on the unique communication and cultural needs of the Hispanic community by offering bilingual hospice services and a bilingual staff who create specialized care plans that encapsulate cultural nuances and family requirements. Further, it will offer a diverse workforce and continued education to bridge cultural gaps as well as providing resources like Spanish-speaking volunteers and a dedicated language hotline assist with complex medical communications along with Spanish promotional materials to ensure better accessibility.

CHARIS states it will augment access to hospice benefits among the Hispanic and African American communities and will:

- Foster relationships with community leaders to understand and address their unique needs.
- Run a multicultural education program for staff.
- Amplify community knowledge about hospice through culturally sensitive methods.
- Offer bilingual resources tailored to the Hispanic community.
- Establish a network of bilingual volunteers.
- Disseminate culturally pertinent information regarding end-of-life care.
- Conduct outreach programs for enhanced hospice awareness.
- Continuously evaluate their services for cultural appropriateness.

CHARIS contends that it is a known entity in Seminole County as it currently operates home health agencies and private duty nursing registries in nearby Orlando, which will help facilitate a quick and efficient implementation process. Further, it has formed strong relationships with local health and human service communities throughout the state and that its reputation and relationships will help with start-up staffing, referral, and other collaborations.

2. Agency Rule Criteria and Preferences

a. Rule 59C-1.0355(4)(e) Preferences for a New Hospice Program. The agency shall give preference to an applicant meeting one or more of the criteria specified in the below listed subparagraphs:

(1) Preference shall be given to an applicant who has a commitment to serve populations with unmet needs.

CHARIS responds that it is devoted to catering to populations with underserved needs and has identified multiple underrepresented groups in Service Area 7C:

- African American and Hispanic populations are at a significant risk of not receiving desired hospice services, especially those suffering from strokes, prostate cancer, breast cancer, and diabetes
- Lower economic and unemployed populations
- Populations, generally, in the service area with end-stage cardiac, cancer, and respiratory conditions are subject to an insufficient level of adequate hospice care.
- Patients who would benefit from early hospice admission.

CHARIS reiterates that it has extensive experience in delivering hospice care to individuals with heart disease, cancer of all types, diabetes, and forms of dementia and commits to promoting community programs to enhance awareness about end-of-life concerns and hospice availability. Further, it offers comprehensive staff training, emphasizing cardiac and respiratory hospice care, with detailed outlines of its outreach and training initiatives that are presented throughout this application.

CHARIS contends that SA 7C residents will benefit from the diverse programs that it has crafted, improving outreach and hospice care tailored to various cultural, religious, spiritual, and LGBTQ groups.

(2) Preference shall be given to an applicant who proposes to provide the inpatient care component of the hospice program through contractual arrangements with existing health care facilities unless the applicant demonstrates a more cost-efficient alternative.

CHARIS states aging with dignity in your home and community is the best option for patients but recognizes there are times when inpatient care is needed. Therefore, it will partner with hospital and nursing home facilities and will pursue inpatient contracts with existing health care facilities: hospitals, nursing homes, ALFs.

(3) Preference shall be given to an applicant who has a commitment to serve patients who do not have primary caregivers at home; the homeless; and patients with AIDS

CHARIS states that great emphasis is placed on enabling patients to remain in the least restrictive and most emotionally supportive environment possible. CHARIS is committed to providing enhanced care to terminally ill patients without in-home support or the homeless. Every effort will be made to develop a caregiver network from among neighbors, nearby relatives and friends, faith community members, and hospice volunteers to provide guidance, assistance, and companionship to the patient wherever possible. Further, its health care operations have a long history of, and it has a firm commitment to caring for patients with HIV/AIDS and it provides specialized HIV/AIDS patient care education to its staff and volunteers.

(4) In the case of proposals for a hospice SA comprised of three or more counties; preference shall be given to an applicant who has a commitment to establish a physical presence in an underserved county or counties.

This preference is not applicable.

(5) Preference shall be given to an applicant who proposes to provide services that are not specifically covered by private insurance, Medicaid, or Medicare.

CHARIS states that it has instituted a charitable care program designed to afford core hospice services to patients who are not covered by private insurance, Medicaid, or Medicare. The applicant states it provides not traditional or core hospice services, such as Handwashing 101, Hospice 101, HIPPA, etc.

b. Chapter 59C-1.0355, Florida Administrative Code contains the following general provisions and review criteria to be considered in reviewing hospice programs.

(1) Required Program Description (Rule 59C-1.0355(6), Florida Administrative Code): An applicant for a new hospice program shall provide a detailed program description in its certificate of need application, including:

(a) Proposed staffing, including use of volunteers.

CHARIS notes that the application's Schedule 6 reflects its proposed staffing of 10 FTEs for each of the first two years of operation. Additional staffing positions and support functions will be done by the existing neighboring CHARIS operations, including general bookkeeping, accounts payable and financial reporting, education and training, quality assurance, information technology, and human resources, which includes payroll and benefits administration. Further, it "will actively seek to have an active volunteer workforce".

CHARIS' project summary indicates that volunteer services will be directed by a volunteer coordinator, with the assistance of trained hospice volunteers, who may work in a variety of capacities, such as patient care, bereavement, errands and transportation and office volunteers. Volunteers may attend interdisciplinary group meetings as appropriate and will report patient/family/caregiver response to volunteer services.

(b) Expected sources of patient referrals.

CHARIS indicates it expects referrals from area physicians, hospitals, clergy, social service agencies, disease advocacy groups, nursing homes, homeless advocates, other health care providers, family members and the patients themselves. Further, it will establish outreach and marking programs highlighting its core values, vision, and guiding principles that is aimed at community awareness, focusing on advanced care planning, hospice services, pain relief, symptom control, and intensive palliative care. CHARIS shares that it believes in the tenant "know us before you need us," and will rely heavily on its existing liaisons and representatives from neighboring health care operations.

(c) Projected number of admissions, by payer type, including Medicare, Medicaid, private insurance, self-pay and indigent care patients for the first two years of operation.

SA 7C Projected Admissions by Payor

	Year One	Year Two
Medicare	225	300
Medicaid	50	75
Private Pay	50	75
VA Tri-Care	75	100
Total	**400**	**550**

Source: CON application #10743, Unnumbered page.

(d) Projected number of admissions, by type of terminal illness, for the first two years of operation.

Projected Admissions by Type of Terminal Illness

	Year One	Year Two
Cardiac/Coronary Heart Disease Related	50	75
Dementia or Dementia Related	150	200
Cancer Related	150	200
Respiratory Failure	50	75
Total Admissions	**400**	**550**

Source: CON application #10743, unnumbered page.

(e) Projected number of admissions, by two age groups, under 65 and 65 or older, for the first two years of operation.

CHARIS states that "the reliability of its overall volume projections in this application is supported by actual experience in hospice services throughout the country….its thorough understanding of the community needs, years of experience in hospice and in health care services in Florida….(and it) can count on assistance from its health care operations in neighboring Orlando". The reviewer notes that CHARIS projects the same year one and two utilization as in SA 4B. SA 4B had 7,436 and SA 7C had 2,670 admissions during the most recent 12 months ending June 30, 2023.

Admissions by Age Cohort

	Admissions		
Year	**0-64**	**65+**	**Total**
One	75	325	**400**
Two	100	450	**550**

Source: CON application #10743, Unnumbered page.

(f) Identification of the services that will be provided directly by hospice staff, and volunteers and those that will be provided through contractual arrangements.

CHARIS confirms that its policy on contract staff requires that senior management will be responsible for the availability of care and services to meet the patient's needs. Contracted services will be defined by a written agreement before that source will be permitted to provide services on behalf of CHARIS and patients will be entitled to the same level of performance as from CHARIS itself.

Service	Directly	Under Contract
Interdisciplinary Group		
Registered nurse	✓	
Licensed practical/vocational nurse	✓	
Physical therapist		✓
Occupational therapist		✓
Speech therapist		✓
Medical social worker	✓	
Registered dietary consultant services	✓	
Hospice aide	✓	
Homemaker	✓	
Volunteers	✓	
Hospice Chaplain services	✓	
Bereavement services	✓	
Pharmacy consultant		✓
Physician services	✓	✓

Sources: CON application #10743, Unnumbered page.

The applicant's project summary indicates that it will obtain medical equipment and supplies through contracted vendors and addressed volunteers as previously stated.

(g) Proposed arrangements for providing inpatient care.

CHARIS states that it will provide inpatient care through contractual arrangements with local health care facilities.

(h) Proposed number of inpatient beds that will be located in a freestanding inpatient facility, in hospitals, and in nursing homes.

CHARIS states it is seeking to establish a new hospice program, will establish inpatient agreements in the SA and projects 60 inpatient days in year two.

(i) Circumstances under which a patient would be admitted to an inpatient bed.

CHARIS states that inpatient episodes are for respite care and intended to be stays of short duration (up to five days). Patients may be admitted for inpatient care if their pain/symptoms cannot be managed adequately at home. This is often a temporary situation to adjust the patient's medications and reassess and regulate the care services to be provided and that once stabilized, the patient can be discharged home.

(j) Provisions for serving persons without primary caregivers at home.

CHARIS responds that it will assist in creating a caregiver network for its patients that do not have one.

(k) Arrangements for the provision of bereavement services.

CHARIS indicates its organized bereavement program will be supervised by a qualified Bereavement Coordinator for up to one year following the patient's death. The program will provide services to the families/caregivers of hospice patients both before and after the patient's death in accordance with the plan of care (if appropriate, bereavement services will extend to families/caregivers of SNF/ICR residents) to facilitate a normal grieving process and to identify and refer those persons who may be experiencing pathological grief reactions that may interfere with the eventual resolution and integration of their losses. Services will be coordinated, when possible, with the individual's clergy and other community resources judged to be useful and beneficial to the family/caregiver and will be provided by personnel who have received training and have experience in dealing with grief. CHARIS states that the duties and responsibilities of the Bereavement Coordinator and Counselors will be specified in their job descriptions.

(l) Proposed community education activities concerning hospice programs.

CHARIS indicates that upon authorization to serve SA 7C, it will initiate numerous outreach and education events and activities and frequent meetings with local hospitals, nursing

homes, ALFs, physicians, and community organizations, and serve as a resource for area providers and social services organizations on end-of-life care.

(m) Fundraising activities.

CHARIS states that its SA 7C fundraising activities will be orchestrated by its team to provide a wide spectrum of interdisciplinary services and volunteer opportunities for those patients and families seeking hospice care and these resources will be channeled back into the local community through palliative and residential hospice care, training and assistance for caregivers, community awareness, support for families, and grief services.

c. Rule 59-1.0355(8) Florida Administrative Code: Semi-Annual Utilization Reports. Each hospice program shall report utilization information to the Agency or its designee on or before July 20th of each year and January 20th of the following year.

Charis indicates it will timely file its Semi-Annual Utilization Reports including all applicable data elements.

3. Statutory Review Criteria

a. Is need for the project evidenced by the availability, quality of care, accessibility and extent of utilization of existing health care facilities and health services in the applicant's service area? ss. 408.035 (1) and (2), Florida Statutes.

In Volume 49, Number 151 of the Florida Administrative Register dated August 4, 2023, the Agency published zero net need for a new hospice in SA 7C for the January 2025 hospice planning horizon. CHARIS indicates that Not Normal & Special Circumstances exist in SA 7C which constitute a net need for its proposed hospice program.

SA 7C hospice utilization is shown in the table below.

SA 7C hospice admissions
12 Months Ending June 30, 2023 – June 30, 2019

Hospice	2023	2022	2021	2020*	2019
AdventHealth Hospice Care Central Florida	1,545	1,595	1,458	1,359	1,365
Vitas Healthcare Corporation of Florida	1,125	1,306	1,501	1,501	1,401
Total	**2,670**	**2,901**	**2,959**	**2,860**	**2,766**

Source: Agency for Health Care Administration Florida Need Projections for Hospice Programs, issued for the referenced time frames with the exception in the "Note" below.
Note: *The 12 months ending June 30, 2020, include 1,318 (AdventHealth 575 and VITAS 743) July-December 2019 admissions which were not published due to the cancellation of the July 2020 batching cycle.

In reference to availability and accessibility, the reviewer notes that AdventHealth Hospice Care Central Florida (22910020) has its main office and an inpatient facility located in Seminole County. VITAS Healthcare Corporation of Florida (22960086) does not have an office in Seminole County.

In reference to the existing 7C providers quality of care - the reviewer notes that during the 36 months ending November 1, 2023, AdventHealth Hospice Care Central Florida had no and VITAS Healthcare two substantiated complaints with three categories cited - two resident/patient/client rights and one quality of care/treatment.

CHARIS contends that its application responds to Special or Not Normal Circumstances in service area 7C and has identified several population subgroups and that do not have adequate access to hospice services including but not limited to minority populations such as African Americans (breast and prostate cancer), Hispanics (prostate cancer and diabetes), patients with strokes. Further, this application seeks to address the entirety of the identified needs of the terminally ill population regardless of age, race, gender, disability, or income level.

b. Does the applicant have a history of providing quality of care? Has the applicant demonstrated the ability to provide quality care? ss. 408.035 (3), Florida Statutes.

CHARIS confirms that it is committed to ensuring the best quality and efficiency in its services as possible, taking regular reviews and assessments of its program, services, and personnel to continue to develop a more perfect program. Further, "its leadership team strives to create a work environment where improvement ideas are encouraged and acted upon".

CHARIS assures that it has established policies for when problems are identified in the provision of hospice services, ensuring that its policy provides the necessary corrective actions, documentation, ongoing

monitoring, and revisions of process, where necessary. Further details on CHARIS hospice quality assessment and performance improvement programs or CMS hospice survey measures were not provided.

CHARIS reiterates that it has a lengthy record of providing quality of care as a hospice provider, skilled nursing registry, and home health agency. The applicant provides coverage area maps showing has hospices in Arizona, New Mexico, and Indiana; and in Florida - Home Health Agencies in Districts 5-11 Skilled Nursing Registries in SAs 4 and 6-11.

CON application #10742's 'Project Summary' provides descriptions of its medical director/physician oversight, continuous care services, pharmacy services, rehabilitative and speech therapy and nutritional services, spiritual care counseling/chaplain services, psychosocial services, bereavement and volunteer services, nursing care, and proposed transportation services. CHARIS also provides a detailed description of its We Honor Veterans noting that it will implement this program and will achieve Level 4 certification within the first two years of operation, and Level 5 as soon as practical as well as partnering with the Veterans Administration and local veterans' organizations to understand local veterans' issues while actively recruiting veterans for the program.

c. What resources, including health manpower, management personnel and funds for capital and operating expenditures, are available for project accomplishment and operation? ss. 408.035 (4), Florida Statutes.

CON application #10743's Exhibit A includes brief bibliographies of key personnel for the project. CHARIS response to 'proposed staffing - Rule 59C-1.0355(6) Florida Administrative Code' indicates its Schedule 6A projects 10 FTEs for the first two years of operation", which does not appear to not account for the year two admissions increasing to 550 from year one's 400. Dietary counseling FTEs, a core hospice requirement, is not addressed on Schedule 6. The reviewer notes that CHARIS indicates many services are to be met by existing personnel.

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.

Below is an analysis of the audited financial statements for the parent, where the short term and long-term measures fall on the scale (highlighted in gray) for the most recent year.

10743 - Charis Healthcare Holdings, LLC		
	Dec-21	**Dec-20**
Current Assets	$8,269,497	$7,068,723
Total Assets	$12,239,861	$12,610,825
Current Liabilities	$5,042,607	$4,469,652
Total Liabilities	$8,477,733	$5,406,979
Net Assets	$3,762,128	$7,203,846
Total Revenues	$39,185,914	$33,005,038
Excess of Revenues Over Expenses	$3,362,639	$3,221,754
Cash Flow from Operations	$3,017,619	NA
Short-Term Analysis		
Current Ratio (CA/CL)	1.6	1.6
Cash Flow to Current Liabilities (CFO/CL)	59.84%	NA
Long-Term Analysis		
Long-Term Debt to Net Assets (TL-CL/NA)	91.3%	13.0%
Total Margin (ER/TR)	8.58%	9.76%
Measure of Available Funding		
Working Capital	$3,226,890	$2,599,071

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:

On Schedule 1, the applicant indicates capital projects totaling $293,474.28. The applicant indicates on Schedule 3 of its application that funding for the project will be by cash on hand. With $8.2 million in cash and cash equivalents, the applicant has sufficient resources to fund this project and all capital expenditures.

Conclusion:
Funding for this project and the entire capital budget should be available as needed.

d. What is the immediate and long-term financial feasibility of the proposal? ss. 408.035 (6), Florida Statutes

The immediate and long-term financial feasibility of the project is tied to expected profitability. Profitability for hospice is driven by two factors, volume of patients and length of stay/condition of the patient. A new hospice program in a service area with published need is more likely than not to be financially feasible since patient volume and mix is presumed to be available in sufficient amounts to sustain a new program. The focus of our review will be on the reasonableness of projections, specifically the revenue.

The vast majority of hospice days are paid by Medicare (Medicaid is the next largest payer with similar reimbursement rates). As such, revenue is predictable by day and service type. Schedule 7 includes revenue by service type. We have divided the applicant's projected revenues by the estimated Medicare reimbursement rates for each level of service in year two to estimate the total patient days that would be generated by that level of revenue. The results were then compared to the applicant's estimated number of patient days. Calculated patient days that approximate the applicant's projected patient days are considered reasonable and support the applicant's assumptions of feasibility. Calculated patient days that vary widely from the applicant's projected patient days call into question the applicant's profitability assumptions and feasibility. The results of the calculations are summarized below.

CON 10743	Charis Healthcare Holdings-Seminole County				
Flagler **Base Rate Calculation**	**Wage Component**	**Wage Index**	**Adjusted Wage Amount**	**Unadjusted Component**	**Payment Rate**
Routine Home Care 1-60 days	$138.51	0.8184	$113.36	$71.35	$184.71
Routine Home Care 61+ days	$109.34	0.8184	$89.48	$56.32	$145.80
Continuous Home Care	$1,131.55	0.8184	$926.06	$373.17	$1,299.23
Inpatient Respite	$297.69	0.8184	$243.63	$190.32	$433.95
General Inpatient	$699.05	0.8184	$572.10	$401.82	$973.92

Year Two Comparison	**Inflation Factor Year Two**	**Inflation Adjusted Payment Rate**	**Schedule 7 Revenue Year 2**	**Continuous Service Hours Provided**	**Calculated Patient Days**
Routine Home Care 1-60 days	1.123	$207.50	$593,843		2,862
Routine Home Care 61+ days	1.123	$163.80	$201,907		1,233
Continuous Home Care	1.123	$1,459.59	$0	24	0
Inpatient Respite	1.123	$487.51	$0		0
General Inpatient	1.123	$1,094.13	$0		0
		Total	**$795,750**		**4,094**
			Days from Schedule 7		5,313
			Difference		**1,218**
			Percentage Difference		**22.93%**

As such, the applicant's projected patient days are 22.93 percent or 1,218 days more than the number of patient days calculated by staff. Revenues seem way understated and may not be relied upon. Operating profits from this project are expected to increase from a net loss of $143,748.41 in year one to a net loss of $68,846 in year two.

Conclusion:
This project appears to be financially in question due to the loss in year two.

e. Will the proposed project foster competition to promote quality and cost-effectiveness? Section 408.035 (5) and (7), Florida Statutes.

Strictly, from a financial perspective, the type of price-based competition that would result in increased efficiencies, service, and quality is limited in health care in general and in hospice specifically. 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 hospice, price-based competition is almost non-existent. With the revenue stream essentially fixed on a per patient basis, the available margin to increase quality and offer additional services is limited.

Conclusion:
Strictly, from a financial perspective, this project will not have a material impact on price-based competition.

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

This does not apply to the proposed hospice program.

g. Does the applicant have a history of providing health services to Medicaid patients and the medically indigent? Does the applicant propose to provide health services to Medicaid patients and the medically indigent? ss. 408.035 (9), Florida Statutes.

Hospice programs are required by federal and state law to provide hospice patients with inpatient care when needed (42 Code of Federal Regulations 418.108). Hospice care also must be provided regardless of ability to pay and regardless of age, race, religion, sexual orientation, diagnosis, payer source or financial status.

CHARIS states that it has a history of providing health services to Medicaid patients and the medically indigent in other jurisdictions around the country and is committed to ensuring that hospice care is available to all terminally ill patients, regardless of their ability to pay for their care. The applicant does not provide specific data in reference to its history of providing Medicaid and charity care. CHARIS projects 50 year one and 75 year two Medicaid admissions. Schedule 7A Assumptions indicate that Medicaid and charity will be the payer source for 0.50 percent (1.0 percent combined) of the project's total annual year one and year two patient days.

F. SUMMARY

Charis Healthcare Holdings, LLC (CON application #10743) is a for-profit, Florida Limited Liability Company proposing to establish a new hospice program in SA 7C. CHARIS affiliates have seven licensed home health agencies and seven private duty nurse registries in Florida, with a private duty nursing registry and a home health agency in neighboring

Orlando. Further, it provides a variety of clinical services and related products and supplies to patients in their place of residence in nine states.

Total project cost is $293,474.28. CHARIS expects the issuance of license March 14, 2024, and initiation of service April 15, 2024.

Pursuant to project approval, Charis Healthcare Holdings, LLC offers seven Schedule C conditions.

Need/Access:

In the absence of published need, CHARIS is applying to establish a new hospice program based on special and not normal circumstances, which it states include:

- Population with Strokes
- Hispanic Population with Cancer (Prostate),
- African American Population with Cancer (Breast/Prostate), and
- the Hispanic Population with Diabetes
- CHARIS contends Seminole County's Hispanic and African American residents would benefit from its project.
- CHARIS projects 400 year one admissions and 550 year two admissions.

The Agency finds that in the absence of numeric need, upon a balanced weighing of the statutory criteria the applicant failed to prove special circumstances that would entitle its CON application to be approved.

Quality of Care:

- The applicant provided a brief discussion of its ability to provide quality care.

Financial Feasibility/Availability of Funds:

- Funding for the project and the entire capital budget should be available as needed.
- The project appears to be financially in question due to the loss in year two.
- Strictly, from a financial perspective, the project will not have a material impact on price-based competition.

Medicaid/Indigent/Charity Care:

- CHARIS states it has a history of service to 'those regardless of the ability to pay' but does not provide specific data to support this.
- Schedule 7A Assumptions indicate that Medicaid and charity will be the payer source for 0.50 percent (1.0 percent combined) of the project's total annual year one and year two patient days.

G. RECOMMENDATION

Deny CON #10743.

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: December 15, 2023

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