

STATE AGENCY ACTION REPORT
ON APPLICATION FOR CERTIFICATE OF NEED

A. PROJECT IDENTIFICATION

1. Applicant/CON Action Number

HC Nursing and Rehab Center, LLC/CON application #10756
P.O. Box 3376
Ridgeland, Mississippi 39158

Authorized Representative: Donald E. Eicher, III, JD
In-house Counsel
(601) 853-2667

2. Service District/Subdistrict

District 6/Subdistrict 6-1 (Hillsborough County)

B. PUBLIC HEARING

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

C. PROJECT SUMMARY

HC Nursing and Rehab Center, LLC (CON application #10756) also referenced as HC Nursing, or the applicant, is a Florida Limited Liability Company that proposes the expedited transfer of CON #10718 from Riverview Nursing and Rehab Center, LLC to construct a 67-bed community nursing home in District 6, Subdistrict 6-1 (Hillsborough County). The project's original CON #10552 (Hillsborough County Nursing and Rehab Center, LLC) was transferred to Sabal Palm Health and Rehab Center, LLC (CON #10641) then to Riverview Nursing and Rehab Center, LLC (CON #10718).

HC Nursing and Riverview Nursing and Rehab Center, LLC are affiliates of Briar Hill Management, LLC (or Briar Hill), a Mississippi-based health care services management company that will manage the proposed facility. Riverview manages six Mississippi and previously operated skilled nursing facilities in Arkansas and Louisiana. The applicant includes a signed and notarized Schedule 12-Trn Affidavit by the

Transferor, dated November 21, 2023, to transfer CON #10718 to another entity, who will be an applicant for approval of that transfer. HC Nursing includes a brochure and statement of the capabilities and services that Briar Hill Management, LLC provides in the application's TAB 19.

Total project cost is \$19,458,395.83. Project cost subject to CON fee for CON #10718 was \$18,484,496 compared to CON application #10756's \$19,434,151, or an increase of \$949,655. The project involves 61,084 gross square feet (GSF) of new construction. Project costs include land, building, equipment, project development, financing, and start-up costs.

HC Nursing and Rehab Center, LLC does not propose any conditions to project approval. The applicant expects issuance of license in August 2025 and initiation of service in September 2025.

HC Nursing and Rehab Center, LLC

CON Application #	GSF	Total Project Cost	Cost Per Bed
10756	61,084	\$19,458,395.83	\$290,424

Source: Schedules 1 (TAB 7) and 9 (TAB 13) CON application #10756

HC Nursing states that the proposed 67-bed community nursing home is to be located within the Riverview area that is Zip Codes 33534, 33569, 33578, and 33579 (hereinafter referred to as "Riverview" or "Riverview Zip Codes") that encompasses the South-Central portion of Hillsborough County where the applicant notes have no nursing home presently.

Issuance of a CON is required prior to licensure of the project. 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 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 Kimberly Noble of the Bureau of Central Services, who evaluated the financial data, and Scott Waltz of the Office of Plans and Construction, who reviewed the application for conformance with the architectural criteria.

E. CONFORMITY OF PROJECT WITH REVIEW CRITERIA

The following indicate the level of conformity of the proposed project with the criteria and application content requirements found in Florida Statutes, sections 408.035 and 408.037; applicable rules of the State of Florida, Chapter 59C-1 and 59C-2, Florida Administrative Code.

1. Fixed Need Pool

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

CON application #10756 to transfer CON #10718 from Riverview Nursing and Rehab Center, LLC to HC Nursing and Rehab Center, LLC is not in response to the fixed need pool. The project's original CON #10552, Hillsborough County Nursing and Rehab Center, LLC, was transferred to Sabal Palm Health and Rehab Center, LLC, via CON #10641. The fixed

need pool, published on September 28, 2018, forecasted need for 73 additional community nursing home beds in Subdistrict 6-1 for the July 2021 Planning Horizon, was addressed in the initial CON #10552 application. The project was reduced to 67 beds pursuant to the Final Order in Case #19-1560CON issued on June 20, 2019, which also approved six beds for CON #10553 PruittHealth – Hillsborough County. Expedited reviews may be submitted at any time.

The project does not change the number of Subdistrict 6-1's approved community nursing home beds. The Florida Nursing Home Bed Need Projections by District and Subdistrict for the July 2026 Planning Horizon, shows Subdistrict 6-1 (Hillsborough County) as of August 11, 2023, had 30 community nursing homes with 3,893 licensed beds and 186 CON approved beds as of August 11, 2023.

As previously stated, HC Nursing and Rehab Center, LLC includes a notarized letter from Mr. Donald E. Eicher, III, JD, as authorized representative of Riverview Nursing and Rehab Center, LLC, authorizing the transfer of certificate of need #10718.

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? [s. 408.035(1), (2) and (5) Florida Statutes].

As indicated earlier, CON #10756 is not in response to the fixed need pool. Subdistrict 6-1 (Hillsborough County) has 30 community nursing homes with 3,893 licensed beds and 186 CON approved beds as of August 11, 2023. The subdistrict's licensed beds averaged 83.26 percent occupancy during the six months ending June 30, 2023.

HC Nursing contends the new 67-bed community nursing home project is justified for Hillsborough County and Riverview because:

- Riverview currently has no nursing home, and the project will provide an access to nursing home needs for Riverview's elderly residents that presently number over 17,000 and are projected to be over 22,000 by 2028
- Riverview's elderly population is growing by a rate of over 29 percent, compared to Hillsborough County's 17.9 percent
- After the project is operational, Riverview will still have a much lower bed rate, 3.0 per thousand population 65+, which is less than one-fourth the rate of Hillsborough County and District 6.

The reviewer confirmed that the Riverview area (four ZIP Codes: 33534, 33569, 33578 and 33579) has no nursing homes.

Claritas Population Estimates by County and ZIP Code, 2023 Update, are provided to show a comparison of the population totals (and growth percentages) among each age group (0-64, 65+ and 85+), over each subdistrict in District 6 and for the Riverview area ZIP Codes (33534, 33569, 33578 and 33579) for the current year (2022) and for the five-year projected period (2027). The applicant's estimates for the four ZIP Code area's five-year (2023-2028) population growth rate for the age 65+ and age 85+ residents demonstrate that:

- The age 65+ population is expected to increase to 19.1 percent compared to 17.9 percent in Hillsborough County for this same age cohort (age 65+)
- The age 85+ population is expected to increase by 13.6 percent compared to 14.1 percent in Hillsborough County for this same age cohort (age 85+)
- The total age 65+ population is expected to increase to 29.7 percent for Riverview's Zip Codes 33534, 33569, 33578, and 33579
- The total age 85+ population is expected to increase to 28.9 percent for the Riverview Zip Codes 33534, 33569, 33578, and 33579.

The reviewer partially reproduces the applicant's stated Claritas estimates (2023-2028) for each of the ZIP Codes in the target area and the corresponding target area total estimates and percentage population cohort increases in the table below:

**Current (2023) and Projected (2028) Population Estimates by Age Cohort
for Target ZIP Codes**

2023 Population Estimates		
Target ZIP Codes	Age 65+	Age 85+
33534	1,727	116
33569	4,248	364
33578	6,781	487
33579	4,562	270
Target ZIP Codes Total	17,318	1,237
2028 Population Estimates		
Target ZIP Codes	Age 65+	Age 85+
33534	2,168	143
33569	5,218	430
33578	8,840	630
33579	6,239	391
Target ZIP Codes Total	22,465	1,594
Five-Year Change		
Target ZIP Codes	Age 65+	Age 85+
33534	441	27
33569	970	66
33578	2,059	143
33579	1,677	121
Target ZIP Codes Total	5,147	357
Five-Year Growth Rate		
Target ZIP Codes	Age 65+	Age 85+
33534	25.5%	23.3%
33569	22.8%	18.1%
33578	30.4%	29.4%
33579	36.8%	44.8%
Target ZIP Codes Total	29.7%	28.9%

Source: CON application #10756, page 6, Table 1 (partially reproduced)

HC Nursing addresses elderly residents (age 65+), beds per 1,000 residents (ages 65+ and 75+), statewide and specific to Hillsborough County, from 2023, to 2024, to 2028, and provides two tables on the application's page 7 - Population Projections of Elderly (Table 2) and Beds per Thousand Population 65+ and 75+ (Table 3).

Claritas Population Estimates by County and ZIP Code, 2023 Update and the Agency's Florida Nursing Home Bed Need Projections by District and Subdistrict, are used to indicate the number of beds per thousand elderly ages 65+ in Hillsborough County, District 6, and the four Riverview area targeted ZIP Codes. HC Nursing explains that "The addition of the 67-beds in Riverview will result in a much lower rate per thousand population 65 and over versus Hillsborough County, and District 6, the rate of 3.0 per thousand is less than one-fourth the rate of Hillsborough County and District 6." The reviewer notes that the four ZIP Code target area will go from 0.00 beds per thousand in 2023 to 3.0 beds per thousand in 2028. See the table below.

**Bed per Thousand Population 65+ for Years 2023 and 2028 for
Hillsborough County (Subdistrict 6-1), District 6 and Riverview ZIP Codes**

Area	8/2023 Lic. Comm. NH Beds	CON Approved Comm. NH Beds	Total Lic'd & Apv'd Beds	2023 Pop 65+	2028 Pop 65+	2023 Bed Rate/1000	2028 Bed Rate/1000
Hillsborough	3,893	186	4,079	240,032	285,980	16.2	14.3
District 6	9,245	186	9,431	575,956	679,031	16.1	13.0
Riverview ZIPs	0	67	67	17,318	22,465	0	3.0

Source: CON application #10756, page 8, Table 4

HC Nursing contends that based on the Agency's Florida Nursing Home Bed Need Projections by District and Subdistrict publications, it is evident that the COVID-19 pandemic had an impact on Hillsborough County's community nursing home bed occupancy, but there is indication that utilization is starting to recover. The applicant provides the following data in tables and one graph supporting this:

- July 2023 Nursing Home Projections (occupancy rates of 86.05 percent for six months ending June 2020), page 10, Table 6
- January 2024 Nursing Home Projections (occupancy rates of 75.85 percent for six months ending December 2020), page 11, Table 7
- July 2024 Nursing Home Projections (occupancy rates of 79.57 percent for six months ending June 2021), page 11, Table 8
- January 2025 Nursing Home Projections (occupancy rates of 82.35 percent for six months ending December 2021), page 12, Table 9
- July 2025 Nursing Home Projections (occupancy rates of 83.63 percent for six months ending June 2022), page 12, Table 10
- January 2026 Nursing Home Projections (occupancy rates of 83.47 percent for six months ending December 2022), page 13, Table 11
- July 2026 Nursing Home Projections (occupancy rates of 83.26 percent for six months ending June 2023), page 13, Table 12
- Hillsborough County's pre-COVID-19 nursing home occupancy was 75.85 percent July through December 2021 recovering to 83.26 percent by June 2023 and rising to 89.60 during the period of January through June 2023

The Agency's Hospital Discharge Data for CYs 2019—2022 is provided as the source for the following tables to account for the volume and percentage of admissions (for age 65+ residents in Hillsborough County overall and the Riverview area ZIP Codes) discharged relative to each of 13 different payer sources. The reviewer shows Medicare, Medicaid and collapses each of the 13 different payer sources into the respective grand totals. See the tables below:

**Payer Source for Persons Aged 65+ Discharged to a Nursing Home
from Hillsborough County Hospitals in 2019**

Payer	Volume	Percent
Grand Total	13,182	100.00%
Total Medicare	12,505	94.86%
Total Medicaid	79	0.60%

Source: CON application #10756, page 15, Table 13 (partially reproduced)

**Payer Source for Persons Aged 65+ Discharged to a Nursing Home
from Hillsborough County Hospitals in 2020**

Payer	Volume	Percent
Grand Total	10,119	100.00%
Total Medicare	9,537	94.25%
Total Medicaid	98	0.97%

Source: CON application #10756, page 15, Table 14 (partially reproduced)

**Payer Source for Persons Aged 65+ Discharged to a Nursing Home
from Hillsborough County Hospitals in 2021**

Payer	Volume	Percent
Grand Total	11,275	100.00%
Total Medicare	10,630	94.28%
Total Medicaid	64	0.57%

Source: CON application #10756, page 16, Table 15 (partially reproduced)

**Payer Source for Persons Aged 65+ Discharged to a Nursing Home
from Hillsborough County Hospitals in 2022**

Payer	Volume	Percent
Grand Total	11,791	100.00%
Total Medicare	11,149	94.56%
Total Medicaid	74	0.63%

Source: CON application #10756, page 16, Table 16 (partially reproduced)

HC Nursing notes that during CYs 2019-2022, Medicare and Medicare Managed Care remained constant at over 94 percent of the hospital discharges to nursing home for persons aged 65 and older, which supports that most of its projected resident admissions will have Medicare as the payer source.

**Payer Source for Riverview ZIP Code Residents Aged 65+
Discharged to a Nursing Home
from Hillsborough County Hospitals in 2019**

Payer	Volume	Percent
Grand Total	604	100.0%
Total Medicare	567	93.87%
Total Medicaid	3	0.50%

Source: CON application #10756, page 17 (partially reproduced)

**Payer Source for Riverview ZIP Code Residents Aged 65+
Discharged to a Nursing Home
from Hillsborough County Hospitals in 2020**

Payer	Volume	Percent
Grand Total	452	100.00%
Total Medicare	428	94.69%
Total Medicaid	4	0.88%

Source: CON application #10756, pages 18, Table 18 (partially reproduced)

**Payer Source for Riverview ZIP Code Residents Aged 65+
Discharged to a Nursing Home
from Hillsborough County Hospitals in 2021**

Payer	Volume	Percent
Grand Total	452	100.00%
Total Medicare	428	94.69%
Total Medicaid	4	0.88%

Source: CON application #10756, pages 18, Table 19 (partially reproduced)

**Payer Source for Riverview ZIP Code Residents Aged 65+
Discharged to a Nursing Home
from Hillsborough County Hospitals in 2022**

Payer	Volume	Percent
Grand Total	612	100.00%
Total Medicare	587	95.92%
Total Medicaid	2	0.33%

Source: CON application #10756, pages 19, Table 20 (partially reproduced)

Based on the tables above, HC Nursing emphasizes that Medicare and Medicare Managed Care (combined) for residents of Riverview ZIP Codes residents aged 65+ hospital discharges to a nursing home nearly match the percentages of all Hillsborough County patient discharges. Medicare is predictably going to be most of the admissions of the nursing home within Riverview ZIP Codes. HC Nursing concludes that availability, access, and quality of care for Hillsborough County residents will be enhanced by this project in the Riverview area, which lacks any nursing home beds and limited access to nursing home services adding that utilization of existing nursing homes in both the Riverview area and Hillsborough County will not be impacted by the proposed project.

The reviewer notes that for year one, the applicant projects Medicare (41.78 percent) and Medicare HMO (35.73 percent) patient days or 77.51 percent and for year two, projects Medicare (43.75 percent) and Medicare HMO (37.50 percent) patient days or 81.25 percent of the facility's total. The reviewer also notes that while CON application #10756 provides much discussion on the location of the proposed new 67-bed community nursing home with its all-private/single-occupancy/private toilet and shower in each room arrangement - none of these features or characteristics are conditioned in the applicant's Schedule C. The original CON #10552 did not have conditions and it is not required of the applicant to propose any conditions.

HC Nursing indicates that all Briar Hill affiliated nursing homes, use electronic medical records, a nurse emergency call system, WanderGuard protection systems, bed occupancy sensors, and kiosks for staff for immediate charting of resident treatment and other activities. Further, Briar Hill's affiliate SNFs have historically been ranked ahead of its peers in metrics used by LTC TreadTracker. Documentation of Briar Hill's LTC

TreadTracker ratings is not included in this response; therefore, the reviewer was unable to confirm this information.

- 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.**

HC Nursing and Rehab Center, LLC does not have a quality record to discuss for this proposal. As previously stated, both the transferor (Riverview Nursing and Rehab Center, LLC) and the proposed transferee (HC Nursing and Rehab Center, LLC) are Briar Hill affiliates, which manages six SNFs in Mississippi and will manage/operate the facility. Briar Hill's two principals, David Rotolo and Robert Rotolo, combined are stated to have more than 72 years' experience in the nursing home business, and are licensed nursing home administrators.

The applicant states that Briar Hill strives to recognize and meet the needs of the people and families that it serves and those who work with its organization in order to achieve its mission, in an atmosphere of kindness, compassion and understanding. Briar Hill's affiliate six SNFs have averaged a 4- or 5-star rating over the past several years under the star rating of the Centers for Medicare and Medicaid Services (CMS).

HC Nursing maintains that its affiliates operate a Quality Assurance Program (QAP) and an example of QAP materials is included (CON application #10756, TAB 17/Model QAP Policy). The applicant bullets its 20 quality features/characteristics and materials that apply to these and are included (CON application #10756, TAB 18/Composition-Brochures, Calendars, Policies, and Forms).

CON application #10756, TAB 19, indicates Briar Hill Management provides nurse consultants, therapists, billing, payroll and accounting services. TABs 12 and 13, include a description of the project and its amenities include:

- All private, single occupancy, rooms, with private toilet and individual shower, and will provide short and long-term skilled nursing services
- The applicant contends that this privacy will allow for increased privacy for daily living, family visits, and individual choices for television viewing, reading, etc.
- All private, single occupancy, rooms infection rates can be better controlled plus recovery can be enhanced due to better resident quality of rest

- Four patient rooms dedicated for specialized clinical needs involving isolation protocols
- The private rooms will consist of standard furnishings with options for residents to bring some of their own furnishings as space allows
 - Tack boards will be furnished so residents can post their personal pictures
 - All resident rooms will have individual flat screen TV's and wireless Wi-Fi capabilities with the facility will utilizing full Wi-Fi capabilities for residents and facility staff usage for internet connectivity
 - A state-of-the-art nurse call system will be provided to alert nursing staff of resident need, with call station located in resident rooms, bathrooms, and showering facilities
 - All areas are ADA accessibility compliant
- An administrative area with a lobby and administrative offices to render support for resident needs including social services, admissions, and business office
- Over 3,000 square feet of dedicated rehabilitation area with OT kitchen/bath and exam room
 - A complete occupation therapy area, including a residential kitchen, bathroom, and laundry will be provided for resident for resident therapy progression during the treatment process
 - A courtyard dedicated to outdoor therapy including a walking path with various walking surfaces, stairs and ramps, and activity equipment designed to simulate their home environment. A "wheelchair" path, similar to a bike path, available within the grounds
- A commercial kitchen with walk-in freezer and cooler with customary equipment, including but not limited to, commercial stove, convection oven, fryers, food preparation areas, and dishwashing area
- Central laundry, storage areas, mechanical and electrical rooms, and audio and visual equipment area
- Resident room areas will have required support rooms including a centralized nurse station, nourishment room, medication room, clean utility room, soiled utility room, staff restrooms, as well as sitting areas through for interaction with residents and staff
- Each resident corridor has a widened area with an observation desk and a large area that can be used for a sitting area for residents or family and various sitting areas throughout the facility in accordance with the Life Safety Code to provide respite areas to encourage continued ambulation of all residents
- All exterior doors fully alarmed to the unit's nursing station to monitor who is entering and exiting the facility. A resident wandering system will be incorporated to meet resident needs for

security in accordance with the requirements for locking arrangement of the Life Safety Code and with UL certification of locking systems

- A variety of dining areas are available including a central dining room and smaller dayrooms at each nurse's station and a private dining room located off the main dining room that can be used for special occasions or family events such as patient birthday parties.
 - A coffee and juice bar is also located near the entrance to the main dining room.
 - There is a water feature accent in the main living room lobby.
- A chapel and a multi-purpose room/theater so that residents can watch movies or enjoy other entertainment
- A library space that overlooks the courtyard, a beauty salon and a large activity room
- Each nurse's station will have a living room area that overlooks the courtyard and has an attached covered porch to provide shade
- In addition to the therapy courtyard, residents will have access to other outdoor living experiences and multiple access points to the outside will include accessible gardening areas, gazebos to provide shaded areas, and outdoor furniture.
- Technological Systems including telephone, data, cable TV, nurse call and door access control systems
- The nurse call system will utilize visual lighting above the resident door to alert staff when activated by the resident
- All resident medical records will be generated and maintained through an electronic records management system program.

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. In this case, the applicant provided a development stage audit with current assets of \$50,000 and member's equity of \$50,000. Given this information, the applicant will be relying strictly on non-related company financing for this project.

Capital Requirements and Funding:

The applicant indicates on Schedule 2 capital projects totaling \$19,158,395.83, which consists solely of this project. The applicant indicates on Schedule 3 of its application that funding for the project will be provided by cash on hand (\$50,000), and non-related company financing of \$19,408,395.83, totaling \$19,458,395.83. The applicant submitted a letter from Trustmark Bank expressing interest in providing financing up to \$21,000,000 for the cost of the project. A letter of interest is not considered a firm commitment to lend. The applicant also submitted a letter from Briar Hill Management, stating that they have a line of credit with Trustmark National Bank enabling them to draw \$2,750,000 in addition to the above financing.

Given that the funding is supported by a letter of interest, we have no basis to conclude that funding will be available for this project.

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 (2020, 2021, and 2022 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 1st Quarter of 2023, 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	12,211,732	523	1,337	302	156
Total Expenses	11,687,357	500	1,446	328	207
Operating Income	524,375	22	156	-122	-265
Operating Margin	4.29%		Comparative Group Values		
	Days	Percent	Highest	Median	Lowest
Occupancy	23,360	95.52%	97.00%	86.00%	52.00%
Medicaid	2,190	9.38%	12.00%	11.00%	8.00%
Medicare	18,980	81.25%	58.00%	27.00%	14.00%

Staffing:

Section 400.23(3)(a)(1), Florida Statutes, specifies a minimum certified nursing assistant staffing of 2.5 hours of direct care per resident per day and a minimum licensed nursing staffing of 1.0 hour of direct resident care per resident day. Based on the information provided in Schedule 6, the applicant'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 amount of 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 efficiency, 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 costs 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 the 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 suggests 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 limits any significant gains in cost-effectiveness and quality that would be generated from competition.

Conclusion:

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

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

The applicant has submitted all information and documentation necessary to demonstrate compliance with the architectural review criteria. The cost estimate for the proposed project provided in Schedule 9, Table A and the project completion forecast provided in Schedule 10 appear to be reasonable. A review of the architectural plans, narratives and other supporting documents did not reveal any deficiencies that are likely to have significant impact on either construction costs or the proposed completion schedule.

The 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 applicant does not specifically identify the type of construction. The applicant has identified applicable code in effect at the time of the CON application submission, but the code editions that will be in effect at the time of plan review submission will be different. The differences are not significant and did not impact this review, but the documents submitted for plan review and approval must comply with the codes and standards in effect when they are submitted. 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

As HC Nursing is not an existing Florida provider, there is no historical record of providing health services to Medicaid patients and the medically indigent available to discuss within the application. The applicant states that its affiliated facilities have a long history of providing skilled nursing services to the Medicaid population, previously in Arkansas and Louisiana and currently in its six facilities in Mississippi.

The applicant states an understanding that Florida operates a Statewide Medicaid Managed Care (SMMC) long-term care program and has awarded contracts as of November 1, 2022, for the years 2018 to 2024. HC Nursing and Rehab anticipates contracting with the providers in September of 2025, in District 6: Aetna Better Health, Florida Community Care, Humana Medical Plan, Simply Healthcare, Sunshine Health, and United Healthcare; as shown in the table on page 20 of this application.

HC Nursing contends that the project's all-private, single occupancy, rooms which will result in maximum utilization and usefulness to residents, including Medicare or Medicaid and SMMC adding that it has forecasted both Medicaid and charity care in its application.

The reviewer notes that the HC Nursing projects Medicaid will account for 1,468 patient days in year one (2026) or 8.80 percent of the facility's total patient days and 2,190 patient days or 9.38 percent of the facility's year two (2027) total patient days.

F. SUMMARY

HC Nursing and Rehab Center, LLC (CON application #10756), seeks the transfer of CON #10718 to establish a new 67-bed community nursing home (all-private/single-occupancy rooms with bathroom with shower in each room) in District 6, Subdistrict 6-1 (Hillsborough County).

The application includes a signed and notarized Schedule 12-Trn Affidavit by the Transferor, dated November 21, 2023 (TAB 16) to transfer CON #10718 from Riverview Nursing and Rehab Center, LLC to another entity, who will be an applicant for approval of that transfer. The proposed transfer will not change the number of approved beds within the subdistrict.

The total project cost is \$19,458,395.83. The project cost subject to CON fee increased by \$949,655 from the CON #10718 cost. The project involves 61,084 GSF of new construction.

The applicant expects issuance of license in August 2025 and initiation of service in September 2025.

No conditions are proposed for project approval.

Need

This expedited review is not in response to the fixed need pool.

The fixed need pool published on September 28, 2018, forecasted need for 73 additional community nursing home beds in Subdistrict 6-1 for the July 2021 Planning Horizon. Need was addressed in the original CON #10552 application.

As of August 11, 2023, District 6-1 (Hillsborough County) had 30 community nursing homes with 3,893 licensed beds and 186 CON approved beds.

The applicant contends that proposed project is justified because:

- Riverview currently has no nursing home, and this project will provide an access to nursing home needs for those elderly residents that presently number over 17,000 and projected to be over 22,000 by 2028 of the Riverview area
- The elderly population in Riverview is growing by a rate of over 29 percent, this more than Hillsborough County elder population growth rate of 17.9 percent
- After the addition of the 67-beds in Riverview, the area will still have a much lower bed rate per thousand population 65+ than Hillsborough County and District 6, the predicted rate of 3.0 per thousand is less than one-fourth the rate of Hillsborough County and District 6

Quality of Care

- The applicant is a Briar Hill affiliate, which presently operates six Mississippi nursing homes and will manage the facility
- The application includes Briar Hill QAP materials, brochures, calendars, and admission, treatment and discharge policies

Financial Feasibility/Availability of Funds

- Funding for this project is in question
- The project appears to be financially feasible based on the applicant's projections
- Based on the information provided in Schedule 6 (TAB 10), the applicant's projected staffing meets the licensed nursing staffing requirements of ss 400.23(3)(a)1, Florida Statutes
- This project is not likely to have a material impact on competition to promote quality and cost-effectiveness

Architectural

- The applicant submitted all information and documentation necessary to demonstrate compliance with the architectural review criteria
- The cost estimate for the proposed project and the project completion forecast appear to be reasonable
- A review of the architectural plans, narratives and other supporting documents does not reveal any deficiencies that are likely to have significant impact on construction costs or the proposed completion schedule
- The plans submitted do not identify the type of construction. Building codes in effect at the time of the Agency's plan review will be different and documents will need to comply with codes and standards in effect when they are submitted

Medicaid/Charity Care

- Medicaid is projected to account for 1,468 patient days in year one (2026) or 8.80 percent of the facility's total patient days and 2,190 patient days or 9.38 percent of the facility's year two (2027) total patient days

G. RECOMMENDATION:

Approve CON #10756 to transfer CON #10718 from Riverview Nursing and Rehab Center, LLC to construct a 67-bed community nursing home in District 6, Subdistrict 6-1, Hillsborough County. The total project cost is \$19,458,395.83. The project involves 61,084 GSF of new construction.

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 20, 2023



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



Certificate of Need
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