

STATE AGENCY ACTION REPORT
ON APPLICATION FOR CERTIFICATE OF NEED

A. PROJECT IDENTIFICATION

1. Applicant/CON Action Number

PruittHealth – 6-1, LLC/CON #10757

1626 Jeurgens Court
Norcross, Georgia 30093

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

2. Service District/Subdistrict

District 6/Subdistrict 1 (Hillsborough County)

B. PUBLIC HEARING

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

C. PROJECT SUMMARY

PruittHealth – 6-1, LLC (CON application #10757), also referenced as PruittHealth, or the applicant is a Florida entity proposing the transfer of CON #10719 from PruittHealth – Brandon, LLC, which approved the transfer of CON #10585, which was approved to establish a new 119-bed community nursing home in District 6, Subdistrict 1. PruittHealth indicates there are significant changes to the original CON application.

PruittHealth – 6-1, LLC is a wholly owned subsidiary and ultimately parented by of United Health Services, Inc.

The application includes a signed and notarized Schedule 12-Trn Affidavit by the Transferor, dated December 7, 2023 (TAB 3) to transfer CON #10719 from PruittHealth - Brandon, LLC to another entity, who will be an applicant for approval of that transfer.

Total project cost is \$45,680,528. Project cost subject to CON fee for CON #10719 was \$25,767,920 compared to CON application #10757's \$45,540,528, or an increase of \$19,802,608. The project involves 90,935 gross square feet (GSF) of new construction. Project costs include land, building, equipment, project development, financing, and start-up costs.

Total GSF and Project Costs of CON application #10757

Applicant	CON app. #	Project	GSF	Total Cost	Cost per Bed
PruittHealth – 6-1, LLC	10757	119-bed SNF	90,935	\$45,680,528	\$383,870*

Source: CON application #10757, Schedules 1 and 9

Note: *Applicant rounded up, actual cost is \$383,869.98

PruittHealth – 6-1, LLC states that the facility is to be located at the corner of S. Valrico Rd. and Brooker Rd., Brandon, FL 33596, and the site was acquired in December of 2021.

The applicant expects issuance of license in March 2027 and initiation of service in April 2027.

PruittHealth – 6-1, LLC indicates that it accepts the conditions to project approval from the original CON application #10585. These include:

Programming/Operational Conditions:

1. All 119 patient beds will be in private patient rooms.
2. All patient bathrooms will be handicap accessible.
3. Facility will feature a 16-bed Alzheimer's disease secure unit.
4. Incorporate two bariatric rooms/beds into the facility design.
5. Implement a program designed to reduce hospital re-admissions; the current program utilized by PruittHealth affiliated facilities is INTERACT 3.0. The program to be implemented will be this program or other similarly designed program based on the most recent quality driven program PruittHealth determines to be available at the time of implementation.
6. Participate in an organization-wide Quality Assurance/Performance Improvement initiative that entails quarterly visits in regard to clinical, operational, pharmaceutical, and reimbursement areas by corporate consultants to ensure compliance with all local, state and federal laws.
7. Provide the It's Never 2 Late® (iN2L) computer system to residents of the Alzheimer's unit as a tool to empower and engage seniors, specifically those with dementia. Each resident can have his or her individual page on the system, which displays their favorite personal options: music, games, photos and videos, even websites, at their fingertips.

8. Have at least one Certified Dementia Practitioner on staff on the Alzheimer's unit per shift.
9. Implement Electronic Medical Records (EMR) at the facility and include Smart Charting or other similar bedside patient charting tool.
10. Implement Resident Safety Technology including Call Guard and WanderGuard into the facility.
11. Implement Clinical Kiosks in appropriate locations throughout the facility.
12. Assure all staff maintains ongoing training and continuing education credits utilizing Pruitt University and at no cost to the employees.
13. Participate in a company-wide Annual Quality Report to demonstrate transparency in operations and make this Quality Report available to the public.
14. Adopt the PruittHealth patient model of care including the applicable PerfectPath Programs appropriate for this facility and described in the CON application and Supporting Documents.
15. Implement PointRight Technology (or a future similar technology) in the ongoing operations.
16. In addition to complying with Florida Emergency Management Plans and Operations Center as required by the State of Florida, the Applicant will adopt PruittHealth's policies related to natural disasters and hurricanes, will implement the PruittHealth Hurricane Response Plan and be an active participant in PruittHealth's Central Command Center when severe weather events arise.

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

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

E. CONFORMITY OF PROJECT WITH REVIEW CRITERIA

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

1. Fixed Need Pool

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

CON application #10757 to transfer CON #10719 from PruittHealth - Brandon, LLC to PruittHealth – 6-1, LLC is not in response to the fixed need pool. CON application #10719 was approved for the transfer of the original CON #10585, which was in response to the 119-bed fixed pool for Subdistrict 6-1 (Hillsborough County) published on March 29, 2019. 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) had 30 community nursing homes with a total of 3,893 licensed community nursing home beds and 186 CON approved beds as of August 11, 2023.

As previously stated, PruittHealth – 6-1, LLC includes a notarized letter from Randall Loggins, CFO, as authorized representative of PruittHealth - Brandon, LLC, authorizing the transfer of certificate of need #10719.

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 #10757 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. Subdistrict 6-1's licensed beds averaged 83.26 percent occupancy during the six months (and 83.55 percent during the 12 months) ending June 30, 2023.

PruittHealth – 6-1, LLC contends that there is an increased desire by the subdistrict for private rooms which is evidenced by the 60 percent occupancy rate that PruittHealth — North Tampa has already achieved in its first ten months of operation and that it anticipates exceeding the subdistrict average within the next several months.

PruittHealth provides the following table citing the subdistrict's most recent available 12 months of data by facility.

Subdistrict 6-1 Community Nursing Home Utilization 12 Months Ending June 30, 2023					
Name of Facility	Skilled Nursing Facility Beds	Total Patient Days	Total Occupancy Rate	Medicaid Patient Days	Percent Medicaid Of Total Days
Bayshore Pointe Nursing and Rehab	117	32,459	76.0%	19,492	60.1%
Brandon Center for Nursing and Rehab	120	1,380	3.2%	32	2.3%
Brandon Health and Rehab (Consulate)	120	40,487	92.4%	17,679	43.7%
Canterbury Towers	40	3,614	24.8%	0	0.0%
Carrollwood Care Center	120	40,921	93.4%	27,351	66.8%
Central Park Healthcare and Rehab	120	41,661	95.1%	21,042	50.5%
Community Convalescent Center	120	36,708	83.8%	27,362	74.5%
Concordia Village of Tampa	129	22,851	48.5%	20,349	89.1%
Excel Care Center	120	40,736	93.0%	27,909	68.5%
Fairway Oaks Center	120	40,727	93.0%	25,898	63.6%
Fletcher Health and Rehab Center	120	37,521	85.7%	23,612	62.9%
Gandy Crossing - Gandy Opco	160	50,622	86.7%	37,528	74.1%
Habana Health Care Center	150	45,011	82.2%	31,732	70.5%
Hawthorne Health of Brandon	132	42,877	89.0%	22,251	51.9%
The Home Association	96	26,022	74.3%	21,332	82.0%
Lakes at Lutz Health and Rehab Center	120	40,446	92.3%	13,900	34.4%
Northdale Rehabilitation Center	120	38,921	88.9%	20,425	52.5%
Palm Garden of Sun City	132	44,255	91.9%	19,593	44.3%
Palm Garden of Tampa	120	39,342	89.8%	22,595	57.4%
Plaza West	113	36,113	87.6%	12,844	35.6%
PruittHealth North Tampa	90	3,658	11.1%	423	11.6%
Rehab and Healthcare Ctr of Tampa	174	58,421	92.0%	43,325	74.2%
Solaris Healthcare Plant City	180	62,213	94.7%	37,443	60.2%
St Andrews Post Acute Care	45	13,968	85.0%	5,564	39.8%
Sun Terrace Health Care Center	130	43,722	92.1%	17,950	41.1%
Tampa Lakes Health & Rehab Center	179	57,933	88.7%	32,859	57.7%
The Bristol Care Center	266	81,452	83.9%	53,817	66.1%
Whispering Oaks	240	79,761	91.1%	67,789	85.0%
Woodbridge Rehab & Health Center	120	40,377	92.2%	26,222	64.9%
Ybor City Healthcare & Rehab Ctr	80	28,013	95.9%	19,176	68.5%
SUBDISTRICT 6-1 TOTAL	3,893	1,172,192	83.4%	717,494	61.2%

Source: CON application #10757, page 8.

Note: The applicant rounds the published data in its table.

PruittHealth – 6-1, LLC states the project will enhance competition in the subdistrict and lists the ‘gaps in service’ (below) it states the project will address upon implementation:

1. Available and Accessible Secure Alzheimer's Unit
2. Bariatric Suites in Response to Obesity Rates and Hard to Place Patients
3. Available and Accessible Beds for Medicaid Long Term Care Enrollees
4. Enhance Access to Private Room Accommodations for all Patients and Payors.

Additional information is provided on the topics above. CON application #10757, page 10, includes a table titled - Estimates of Persons Affected by Alzheimer's Dementia in Subdistrict 6-1/Hillsborough County 2019 and 2026. This table uses newly published (2023) Alzheimer's Association estimates indicating a total of 24,843 Alzheimer's cases (all age cohorts) by 2026 in Subdistrict 6-1/Hillsborough County, as opposed to a total of 21,566 for the year 2019. PruittHealth – 6-1, LLC states that the data indicates that there must be health care programs and providers in place in this market, prepared to treat individuals confronted with Alzheimer's dementia. The applicant notes that there are three Subdistrict 6-1 nursing facilities that offer secure Alzheimer's units and states these units have historically operated at full occupancy and all have semi-private accommodations.

PruittHealth notes that the 2023 Alzheimer's Association report indicates that the Alzheimer's Dementia prevalence rate in the age 65 to 74 Hillsborough population is five percent, 13.1 percent in the age 75 to 84 and 33.3 percent for the age 85 and older cohort. The applicant offers that this indicates an increase of 15 percent from 2019 by 2026 largely for the 65 to 74 and 85 and older age cohorts. See the table below.

**Estimates of Persons Afflicted with Alzheimer's Dementia
Subdistrict 6-1: Hillsborough County
2019 and 2026**

	2019			2026		
	Population	Prevalence	Alzheimer's Estimate	Population	Prevalence	Alzheimer's Estimate
Age 65 to 74	118,973	3%	3,569	142,290	5.0%	7,114
Age 75 to 84	59,608	17%	10,133	70,024	13.1%	9,173
Age 85+	24,573	32%	7,863	25,692	33.3%	8,556
Total	203,154		21,566	238,006		24,843

Source: CON application #10757, page 10 from Florida Population Estimates, September 2021 for 2019, December 2023 for 2026, Claritas/Envionics, 2019 Alzheimer's Disease Facts and Figures, Alzheimer's Association used in 2019, updated 2023 Facts and Figures, Alzheimer's Association used for forecast period.

PruittHealth – 6-1, LLC emphasizes that its staff will have specific training, services, and experience to care for this patient population. Services specific to treat Alzheimer's such as nutrition, care planning, recreation, spirituality, and medical care. Further, the 16-bed unit will have an enclosed courtyard and include all private rooms.

In reference to its proposed bariatric suites, PruittHealth indicates there is a growing demand and cites obesity rates. CON application #10757, page 11, includes the table “Estimates of Residents with Obesity, Ages 65+, Subdistrict 6-1/Hillsborough County 2019 and 2024. The reviewer notes that the title and source referenced in the table states 2024, which is a typographical error based on the earlier table’s population.

PruittHealth – 6-1, LLC’s table indicates Hillsborough County obesity case estimates increasing from 86,340 in 2019 to 101,153 by 2026, an increase of 14,813 obese seniors which is a rate of growth of 17 percent. The applicant indicates that between 40 and 44.9 percent of the Hillsborough County population is reportedly obese. PruittHealth 6-1 states that it maintains a lift-free program that was first introduced in 1997, adding that its use of specialized equipment for the care of its bariatric residents which includes beds, geriatric chairs, wheelchairs, walkers, lifts, shower chairs and shower beds results in a safer work environment that allows all employees to focus on providing quality care to residents. Further, depending on needs, centers can accommodate an individual weighing up to 600 pounds.

The applicant maintains that CON application #10757 is responding to a growing demand for nursing homes locally, and in the state, to offer bariatric rooms and services to accommodate obese patients.

**Estimates of Residents with Obesity, Ages 65+
Subdistrict 6-1: Hillsborough County
2019 and 2024***

	2019			2026		
	Population	Incidence	Obesity Estimate	Population	Incidence	Obesity Estimate
Hillsborough	203,154	42.5%	86,340	238,006	42.5%	101,153

Source: CON application #10757, page 11 from Obesity Science & Practice published by John Wiley & Sons Ltd., World Obesity and The Obese Society, Volume 4, Issue 4: Pages 308-317, published May 9, 2018, Florida Population Estimates for July 1, 2019, and 2024, and NHA Analysis.

Note: *The applicant’s table contains a typographical error in the title “2024”, is actually “2026”.

In reference to available beds for Medicaid Long Term Care (LTC) enrollees, PruittHealth includes a chart titled ‘Medicaid LTC Enrollment Trend’ on the application’s page 12. This chart indicates Hillsborough’s Medicaid LTC Enrollment increased from 8,361 in October 2021 to 9,289 in October 2023. PruittHealth – 6-1, LLC contends the data supports the position that Subdistrict 6-1 has experienced growth in Medicaid LTC enrollment during the past five plus years. The applicant projects 52 percent of its year one patient days will be Medicaid LTC patients, which will increase to 57 percent in year two. Further, 23,236 of its 40,756 year two days will be Medicaid patient days for a Medicaid average daily census of 64 patients. PruittHealth argues that “this level of Medicaid demonstrates a substantial commitment by PruittHealth to meet the

needs of this medically indigent population and provide its fair share of services to this population” adding that its financial projections reflecting this payor mix are in the application’s Tab V.

In reference to enhancing access to private room accommodations for all patients and payors, PruittHealth contends that providing a state-of-the-art nursing home with specialty programs, accommodations, and private rooms to mostly lower income patients “will have a positive impact on the Hillsborough County residents and their quality of life environment”. PruittHealth notes that the proposed facility will become the second private bed nursing home in Hillsborough County and its affiliate PruittHealth—North Tampa, which was licensed in December 2022 is the first. Subdistrict 6-1’s private bed inventory will increase from 549 to 668 private rooms or by 22 percent, once the project is operational. PruittHealth states it seeks to differentiate itself in this market by providing Medicaid LTC patients with private accommodations, adding that the two bariatric rooms/suites and the Alzheimer's unit are all private rooms.

The applicant contends 14 of the 30 Hillsborough County nursing facilities provided greater than 61.2 percent of patient days to Medicaid patients and that combined, 72.1 percent of patient days in these 14 facilities were Medicaid days. PruittHealth continues that these facilities have a total of only 137 private rooms, representing only 6.8 percent of their aggregate bed inventory and that 14 of the 30 nursing facilities in Hillsborough County provide above average Medicaid, but these facilities represent just 25 percent of the County's private rooms and provides the table below:

**Subdistrict 6-1 Nursing Facilities with
Greater Than 61.2% of Patient Days Being Medicaid
Versus Total Subdistrict 6-1 Facilities
12 Months Ending June 30, 2023**

Name of Facility	Percent of Patient Days Medicaid	Private Beds	Percentage of Beds Private
Subtotal of 14 Facilities	72.1%	137	6.8%
Subdistrict 6-1	61.2%	549	14.1%

Source: CON application #10757, page 15

In conclusion, PruittHealth – 6-1, LLC states the 14 nursing facilities with greater than the subdistrict average Medicaid days had an average of 6.8 percent of total beds in a private setting compared to 14 percent in the total subdistrict.

PruittHealth — 6-1 projects Medicaid will account for 10,197 patient days (52.8 percent) Medicare/Medicare HMO at 6,806 (35.3 percent), self-pay at 2,061 (10.72 percent), and other payers 242 (1.0 percent) of the

facility's total patient days in year one (2028). The applicant projects Medicaid will account for 23,236 patient days (57 percent Medicare/Medicare HMO at 14,235 (34.9 percent), self-pay at 2,920 (7.2 percent) and other payers 365 (1.0 percent of the facility's total patient days in year two (2029).

PruittHealth's response to quality of care is addressed in item E.2.b. of this report but reiterates that it has common ownership of the transferor, PruittHealth - Brandon, LLC adding that all PruittHealth affiliates share the common PruittHealth leadership, mission, vision, values as well as the same quality procedures, protocols, and standards. The applicant assures that it will develop programs, services, protocols and exceed benchmarks in an effort to ultimately achieve AHCA Gold Seal eligibility and receipt.

PruittHealth notes that its facilities in Santa Rosa, Clay, Bay, Escambia, Leon and Hillsborough Counties have received zero deficiency surveys when undergoing their Medicare certification surveys, attesting to the quality of services implemented by PruittHealth in its facilities. Further, it will adhere to all State and Federal nursing home regulations statutes and the facility will meet Medicare's Conditions of Participation upon licensure and certification.

- b. Does the applicant have a history of providing quality of care? Has the applicant demonstrated the ability to provide quality of care? Is the applicant a Gold Seal Program nursing facility that is proposing to add beds to an existing nursing home? Section 408.035(3) and (10), Florida Statutes.**

As previously stated PruittHealth – 6-1, LLC does not have a historical record available to document in this CON proposal. The applicant indicates that since PruittHealth will still be the owner, operator and manager of this facility, the same quality of care information that is in CON #10719 applies to this application. PruittHealth – 6-1, LLC, states that implementation of this proposal will involve the development of all quality policies and procedures based on its other affiliated facilities.

PruittHealth 6-1 reiterates its commitment to adhere to all State and Federal SNF regulations and statutes in addition to Medicare's Conditions of Participation and to seek Joint Commission accreditation, adding that PruittHealth provides administrative services to more than 100 skilled nursing and rehabilitation centers in four states — Georgia, North Carolina, South Carolina, and Florida.

PruittHealth's Mission and Vision and The PruittHealth Commitment to Caring Pledge is cited when discussing it's Committed to Caring Campaign that its employee recognition program recognizes those employees who best exemplify "Committed to Caring". The applicant assures that PruittHealth has strict education and certification standards for its staff, and the staff of its affiliates and all staff members will be highly educated in their fields, participate in continuing education, and maintain current certification and licensure.

PruittHealth's memberships, awards, and national awards and recognition are listed on CON application 10757's pages 19 and 20. The applicant cites its leadership and training and states it has programs that promote quality in PruittHealth affiliated skilled nursing facilities, which can be seen from long list of PruittHealth facilities that have received awards from the American Health Care Association on an annual basis. Further, PruittHealth – 6-1 will follow PruittHealth's model for commitment to quality and strive to achieve the same levels of success.

The applicant states that PruittHealth skilled nursing and rehabilitation centers excel in comparison to national for-profit companies in the CMS Five Star Quality Rating System and that PruittHealth – Panama City, PruittHealth – Fleming Island, PruittHealth – Southwood and PruittHealth – North Tampa all had deficiency free Medicare certification surveys less than 60 days after each was licensed noting that such results distinguish PruittHealth as a successful startup operator.

PruittHealth discusses the ABAQIS quality indicator program which is a web-based software program PruittHealth uses that provides reports focused on quality assurance and improvement in 26 different care areas, which are directly tied to Federal and State regulations. PruittHealth also performs its own Monthly Quality Indicator Reports which use a systematic means of collecting data on quality indicators from individual facilities for all its affiliated skilled nursing facilities. Using this data is to determine patterns, trends and resource allocation and is an important part of the overall performance improvement process.

PruittHealth – 6-1 states it will follow PruittHealth's established clinical audit, training, and quality monitoring practices in conjunction with PruittHealth Consulting Services. Details are provided on the use of LTC TrendTracker which is a data collection and benchmarking tool that gives nursing care facilities the opportunity to compare staffing levels, resident characteristics, survey findings, revenue and cost, Medicare patient days, and quality measures with its peers. PruittHealth states that it purchases resident, family, and staff satisfaction benchmarks from My InnerView, a program that collects quality data from all its managed

health centers and uses this data to compare facilities with regional, state, and national benchmarks, and customize it to benchmark internal quality programs. Further, PruittHealth has developed specialized Clinical Pathways for clients with chronic illness that focus on treating a client's primary diagnosis while continuing to monitor and care for the client's overall well-being. PruittHealth explains that it is one of the first and largest utilizers of the INTERACT platform, which is a program integrated between different levels of care to reduce hospital readmissions by addressing clinical symptoms before they escalate to the need to transfer a resident to the hospital.

The applicant provides a detailed discussion of PruittHealth's Performance Improvement Program goal, techniques, PruittHealth's Quality Report – Annual report, Peer Review Program, Specialist Consultants, Care Guard, PointRight, RADAR Report, Data Integrity Audit, Green Light Report, Joint Commission Accreditation, Staffing Training and Career Development, and Customer Service and Transparency and other programs.

The reviewer notes that the Agency documents the most current Nursing Home Guide Inspection Ratings issuance (a one-to-five-star rating system with a possible maximum of five stars) for licensed Florida SNFs. The following table reflects the Agency's overall inspection star rating for PruittHealth, Inc.'s five Florida SNFs.

**PruittHealth-Affiliated NHs Agency-Issued
Nursing Home Guide Inspection Ratings ***

PruittHealth Affiliated Nursing Homes	Overall Inspection Star Rating
PruittHealth – Fleming Island	****
PruittHealth – North Tampa, LLC	NR
PruittHealth – Panama City	*****
PruittHealth – Santa Rosa	*
PruittHealth – Southwood	***

Source: Florida HealthFinder <https://quality.healthfinder.fl.gov/Facility-Provider/>

Note: * No survey date or update information was available.

On December 19, 2023, the reviewer used the Centers for Medicare and Medicaid's (CMS) Medicare.gov website to obtain Medicare's Nursing Home Compare rating for the five PruittHealth-affiliated Florida nursing homes. The star ratings are on a one to five basis with five being "Much Above Average", four "Above Average", three "Average", two "Below Average", and one "Much Below Average". Not available is cited when a newly certified nursing home has less than 12-15 months of data

available or opened less than six months ago, and there was no data to submit or claims for the measure. The overall inspection star rating for each of PruittHealth, Inc.'s Florida SNFs, per CMS Medicare Compare is shown in the table below.

PruittHealth-Affiliated NHs CMS Nursing Home Compare Ratings
Last updated December 6, 2023

PruittHealth Affiliated SNF	Overall Nursing Home Compare Star Rating
PruittHealth – Fleming Island	****
PruittHealth – North Tampa, LLC	Not Available
PruittHealth – Panama City	****
PruittHealth – Santa Rosa	***
PruittHealth – Southwood	*****

Source: <https://www.medicare.gov/care-compare>

Agency records indicate that, for the three-year period ending December 15, 2023, collectively, PruittHealth, Inc.'s five Florida SNFs had a total of seven substantiated complaints, which are summarized below. A single complaint can encompass multiple complaint categories.

PruittHealth, Inc.'s Affiliated Florida SNFs
December 15, 2020, through December 15, 2023
Substantiated Complaint History

Complaint Category	Number Substantiated
Quality of Care/Treatment	3
Administration/Personnel	1
Elopement	1
Life Safety Code	1
Resident/Patient/Client Neglect	1

Source: Agency for Health Care Administration Complaint Records

As of December 19, 2023, PruittHealth had no Gold Seal recipients or facilities on the Agency's watch list.

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

The purpose of our analysis for this section is to determine if the applicant has access to the funds necessary to fund this and all capital projects. Our review includes an analysis of the short and long-term position of the applicant, parent, or other related parties who will fund the project. The analysis of the short and long-term position is intended to provide some level of objective assurance on the likelihood that funding will be available. The stronger the short-term position, the more likely cash on hand or cash flows could be used to fund the project. The

stronger the long-term position, the more likely that debt financing could be achieved if necessary to fund the project. We also calculate working capital (current assets less current liabilities) a measure of excess liquidity that could be used to fund capital projects.

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

CON 10757 United Health Services, Inc. (Parent)	
	Jun-23
Current Assets	\$193,674,000
Total Assets	\$894,640,000
Current Liabilities	\$413,386,000
Total Liabilities	\$756,044,000
Net Assets	\$138,596,000
Total Revenues	\$1,133,313,000
Excess of Revenues Over Expenses	(\$15,726,000)
Cash Flow from Operations	(\$4,600,000)
Short-Term Analysis	
Current Ratio (CA/CL)	0.5
Cash Flow to Current Liabilities (CFO/CL)	-1.11%
Long-Term Analysis	
Long-Term Debt to Net Assets (TL-CL/NA)	247.2%
Total Margin (ER/TR)	-1.39%
Measure of Available Funding	
Working Capital	(\$219,712,000)

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

Capital Requirements and Funding:

The applicant indicates on Schedule 2 capital projects totaling \$45,680,528, which includes this project only. In addition to the capital costs, the applicant will have to finance a projected year one operating loss of \$3,880,900.

The applicant indicates on Schedule 3 of its application that funding for the project will be provided by operating cash flows & line of credit (\$9,136,106) and non-related company financing (\$36,544,422). The

applicant provided a letter of commitment, dated 12/7/2023, from Synovus stating they would provide construction financing pending final approval of the loan and CON application. The audited financial statements for United Health Services, Inc. shows negative operating cash flows from operations of \$4,600,000.

Conclusion:

Funding for this project is in question.

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

The immediate and long-term financial feasibility of the project is tied to expected profitability. The purpose of our analysis for this section is to evaluate the reasonableness of the applicant's profitability projections and, ultimately, whether profitability is achievable for this project. Our analysis includes an evaluation of net revenue per patient day (NRPD), cost per patient day (CPD), nurse staffing ratios, and profitability. We compared the NRPD, CPD, and profitability to actual operating results from skilled nursing facilities as reported on Medicaid cost reports (2018 and 2019 cost report years). For our comparison group, we selected skilled nursing facilities with similar Medicaid utilizations to the utilization projected by the applicant on a per patient day basis (PPD). Comparison group data was adjusted for inflation to match the second-year projection (inflation factor was based on the New CMS Market Basket Price Index as published in the 1st Quarter 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	19,452,354	477	1,478	466	248
Total Expenses	18,915,480	464	1,633	473	311
Operating Income	536,874	13	104	5	-170
Operating Margin	2.76%		Comparative Group Values		
	Days	Percent	Highest	Median	Lowest
Occupancy	40,756	93.83%	98.66%	83.17%	47.15%
Medicaid	23,236	57.01%	66.93%	57.91%	47.33%
Medicare	14,235	34.93%	35.20%	18.47%	2.80%

Staffing:

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

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

Conclusion:

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

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

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

Conclusion:

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

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

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

The 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 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

PruittHealth states the project "will enhance access for the defined population and enhance quality of care for lower income persons, disadvantaged persons and the elderly". PruittHealth – 6-1 notes that it has no history of providing health services to Medicaid patients and the medically indigent but emphasizes that PruittHealth's affiliated SNFs provided more than six million Medicaid patient days during the past three years. PruittHealth states that its Medicaid payors as a percent of total now exceeds 68 percent adding that approximately six years ago, it was 63 percent; two years ago, 64.4 percent and most recently, more than 68 percent of all patient days provided.

PruittHealth—6-1, LLC projects 52.8 percent of the facility's year one and 57 percent of year two's total annual patient days will be provided to Medicaid patients.

F. SUMMARY

PruittHealth – 6-1, LLC (CON application #10757) proposes the transfer of CON #10757 from PruittHealth – Brandon, LLC which was approved to establish a new 119-bed community nursing home in District 6, Subdistrict 1. PruittHealth – 6-1, LLC is a wholly owned subsidiary and ultimately parented by of United Health Services, Inc.

The application includes a signed and notarized Schedule 12-Trn Affidavit by the Transferor, dated December 7, 2023 (TAB 3) to transfer CON #10719 from PruittHealth - Brandon, LLC to another entity, who will be an applicant for approval of that transfer.

Total project cost is \$45,680,528. The project involves 90,935 GSF of new construction.

PruittHealth – 6-1, LLC states it will accept the conditions on the original CON #s 10585 and 10719.

Need

- The application is the transfer of CON #10719 and will not change the number of approved beds within the subdistrict. Need was addressed in the original CON #10585 application
- As of August 11, 2023, Subdistrict 6-1 has 30 licensed community NHs with a total of 3,893 licensed community nursing home beds and 186 approved beds. Subdistrict 6-1 community nursing homes averaged 83.26 percent occupancy during the six months ending June 30, 2023

Quality of Care

- The applicant provided a detailed description of its ability to provide quality care
- PruittHealth's affiliated Florida NHs had seven substantiated complaint categories cited during the three-year period ending December 15, 2023

Financial Feasibility/Availability of Funds

- Funding for the project is in question
- Based on the applicant's projections, the project appears to be financially feasible
- The 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 and the project completion forecast appear to be reasonable
- A review of the architectural plans, narratives and other supporting documents did not reveal any deficiencies that are likely to have significant impact on either construction costs or the proposed completion schedule
- The applicant identified applicable code in effect at the time of the CON application. Building codes that will be in effect at the time of plan review submission will be different and will need to comply with codes and standards in effect when they are submitted

Medicaid/Charity Care

- PruittHealth affiliated facilities total annual patient days to Medicaid patients in FY 2023 were provided by the applicant
- Medicaid is projected to consist of 52.8 percent of year one and 57 of year two total annual patient days

G. RECOMMENDATION:

Approve CON #10737 to transfer CON #10719 from PruittHealth – Brandon, LLC, to establish a new 119-bed community nursing home in District 6, Subdistrict 1, Hillsborough County. The total project cost is \$45,680,528. The project involves 90,935 GSF of new construction.

CONDITIONS:

Programming/Operational Conditions:

1. All 119 patient beds will be in private patient rooms.
2. All patient bathrooms will be handicap accessible.
3. Facility will feature a 16-bed Alzheimer's disease secure unit.
4. Incorporate two bariatric rooms/beds into the facility design.

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

AUTHORIZATION FOR AGENCY ACTION

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

DATE: December 22, 2023



James B. McLemore
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Certificate of Need



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