STATE AGENCY ACTION REPORT

ON APPLICATION FOR CERTIFICATE OF NEED

A. PROJECT IDENTIFICATION

1. Applicant/CON Action Number

Marion Operations LLC/CON application #10744

10150 Highland Manor Drive, Suite 300 Tampa, Florida 33610

Authorized Representative: Ms. Tricia Thacker, Chief Executive Officer

Aston Health (813) 558-6600

2. Service District/Subdistrict

District 3/Subdistrict 3-4 (Marion County)

B. PUBLIC HEARING

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

Letters of Support

The application's Exhibit 1 includes eight letters of support which were quoted within the application. These letters hold a common theme of Aston Health's capabilities in addressing the growing elderly population that require specialized care and support, demand for and access to skilled nursing services, critical community needs, facilitation of growth, and addressing staffing and job concerns. Letter writers quoted listed below, with the exception of Dr. Ballout (Brevard County), were from Marion County:

- Hussein Ballout, MD, Evolutionary Healthcare, Internal Medicine
- Sidney E. Clevinger, MD, FAAFP, CMO, Division Chief Medical Officer, HCA North Florida Division, Physician Services, HCA Florida Ocala Primary Care
- Alan B. Keesee, FACHE, Chief Executive Officer, HCA Florida Ocala Hospital

- Ariel Guerra, Area Vice President of Business Development, Gentiva Hospice
- Ketheeswaran Kathiripillai, MD, Medical Director/Owner, Primary Care Providers, Inc.
- Dr. Ratnasabapathy Sivasekaran, Siva, M.D., P.A. HGOF,
- Christopher J. Grainger, MD, VIPCare
- Axel Martinez, MD, CEO, IHG Intelligence Health Group.

C. PROJECT SUMMARY

Marion Operations LLC (CON #10744), also referenced Marion Ops or the applicant, proposes to establish a new 103-bed community nursing home in Subdistrict 3-4 (Marion County). The facility is planned to have 37 private and 33 semi-private rooms, including four private bariatric rooms at a site that is yet to be determined.

Marion Ops states that it will receive consulting services from Aston Health which provides these consulting services to 41 skilled nursing facilities and three assisted living facilities in Florida. A list of Aston Health affiliated facilities is provided in the application's Exhibit 2.

The 103-bed facility includes 78,558 GSF of new construction. The total construction cost is \$25,531,400. Total project cost, which includes land, building, equipment, project development, financing and start-up costs is \$35,709,500.

The applicant expects issuance of license in June of 2026 and initiation of service in July of 2026.

Marion Operations, LLC does not propose any conditions for the project.

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. 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 assessing the responses 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 subdistrict, applications are comparatively reviewed to determine which applicant best meets the review criteria.

Section 59C-1.010(3)(b), Florida Administrative Code, allows no application amendment information subsequent to the application being 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 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 and 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 190 of the Florida Administrative Register dated September 29, 2023, a fixed need pool (FNP) of 103 community nursing

home beds was published for Subdistrict 3-4 for the July 2026 planning horizon. Marion Operations, LLC's project is in response to the 103-bed FNP.

As of August 11, 2023, Subdistrict 3-4 had 12 community nursing homes with 1,620 licensed and 22 CON approved community nursing home beds. The 22 approved beds are to be added to Hawthorne Center for Rehabilitation and Healing of Ocala (CON #10736). Subdistrict 3-4 nursing homes reported 89.31 percent total occupancy during the six months and 87.39 percent total occupancy during the 12 months ending June 30, 2023. See the table below.

Subdistrict 3-4 (Marion County)
Community Nursing Home Utilization
12 Months Ending June 30, 2023

			Patient	Total
Facility	Beds	Bed Days	Days	Occupancy
Arbor Springs Health and Rehabilitation Center	180	65,700	49,688	75.63%
Avante at Ocala Inc	133	48,545	41,905	86.32%
Bridgewater Park Health & Rehabilitation Center	120	43,800	40,209	91.80%
Chatham Glen Healthcare and Rehabilitation Center	120	43,800	38,851	88.70%
Club Healthcare & Rehab. Center at the Villages, The	68	24,820	17,709	71.35%
Hawthorne Ctr. for Rehabilitation & Healing of Ocala	120	43,800	39,065	89.19%
Life Care Center of Ocala	120	43,800	38,988	89.01%
Ocala Health and Rehabilitation Center	180	65,700	60,190	91.61%
Ocala Oaks Rehabilitation Center	120	43,800	37,875	86.47%
Palm Garden of Ocala	180	65,700	60,045	91.39%
The Lodge Health and Rehabilitation Center	99	36,135	33,232	91.97%
TimberRidge Nursing & Rehabilitation Center	180	65,700	58,988	89.78%
Total	1,620	591,300	516,745	87.39%

Source: Florida Nursing Home Bed Need Projections by District and Subdistrict published September 29, 2023.

The reviewer notes the current and projected population of Subdistrict 3-4, District 3, and the state for the current planning horizon (see the table below).

Subdistrict 3-4 (Marion County) District 3 & Florida Population Aged 65+, 65-74, and 75 and Over July 1, 2023 & July 1, 2026

	July 1, 2023 Population		July 1, 2026 Population		ation	
Area/Subdistrict	65+ - 74	75+	65+ Total	65+ - 74	75+	65+ Total
Marion/3-4	62,586	57,385	119,971	67,383	63,338	130,721
District 3	286,823	263,562	550,385	307,502	294,281	601,783
State of Florida	2,660,625	2,281,200	4,941,825	2,866,418	2,539,406	5,405,824
	July 2023	July 2023 - July 2026 Increase		July 2023 - July 2026 Growth Rate		
Area/Subdistrict	65+ - 74	75+	65+ Total	65+ - 74	75+	65+ Total
Marion/3-4	+4,797	+5,953	+10,750	+7.66%	+10.37%	+8.96%
District 3	+20,679	+30,719	+51,398	+7.21%	+11.65%	+9.33%
State of Florida	+205,793	+258,206	+463,999	+7.73%	+11.32%	+9.39%

Source: Florida Agency for Health Care Administration Population Estimates published January 2023.

Community nursing home beds per 1,000 residents for the population age 65 and over age cohort in Marion County, District 3 and the State are in the following chart.

Subdistrict 3-4 (Marion County) District 3 & Florida Community Nursing Home Bed to Population Aged 65+ Ratio July 1, 2023 & July 1, 2026

County/Area	Licensed Community Beds	July 1, 2023 Pop. Aged 65+	July 1, 2023 Beds per 1,000 pop. Age 65+	Licensed & Approved Community Beds	July 1, 2026 Pop. Aged 65+	July 1, 2026 Beds per 1,000 pop. Age 65+
Marion	1,620	119,971	13.50	1,642	130,721	12.56
District 3	8,679	550,385	15.77	8,981	601,783	14.92
Florida	83,110	4,941,825	16.82	85,759	5,405,824	15.86

Source: Florida Agency for Health Care Administration Population Estimates published January 2023 and Florida Nursing Home Bed Need Projections by District and Subdistrict published September 29,2023.

As the Agency's fixed need formula places emphasis on the estimated bed rate for community SNF beds utilized by the population age 75+ in a subdistrict/district, the reviewer provides the following table for beds per 1,000 residents age 75+.

Subdistrict 3-4 (Marion County) District 3 & Florida Community Nursing Home Bed to Population Aged 75+ Ratio July 1, 2023 & July 1, 2026

County/Area	Licensed Community Beds	July 1, 2023 Pop. Aged 75+	July 1, 2023 Beds per 1,000	Licensed & Approved Community Beds	July 1, 2026 Pop. Aged 75	July 1, 2026 Beds per 1,000
Marion	1,620	57,385	28.23	1,642	63,338	25.92
District 3	8,679	263,562	32.93	8,981	294,281	30.52
State of Florida	83,110	2,281,200	36.43	85,759	2,539,406	33.77

Source: Florida Agency for Health Care Administration Population Estimates published January 2023 and Florida Nursing Home Bed Need Projections by District and Subdistrict published September 29, 2023.

Marion Ops indicates the project to construct a 103-bed community nursing home in Marion County (Subdistrict 3-4) is in response to the fixed need pool. The applicant also cites its letters of support for the proposed project and states that the southern region of Marion County "offers the best opportunities as indicated by growth and senior developments".

The Agency's Florida Population Estimates and Projections 2018-2030, published January 2023 is cited to show that as of January 2023, Marion County's 118,350 persons aged 65+ account for 30 percent of the county's total population. It is projected that as of January 2028, Marion County will add 17,304 persons age 65+ for a five-year growth rate of 14.62 percent. This is compared to the increase of 9,259 Marion County residents under the age of 65, which results in 3.4 percent growth. As of January 2028, Marion County's 65 and over population of 135,654 will represent 32.51 percent of the projected total population of 417,226. See the applicant's table below.

Current and Projected Population by Age Cohort Subdistrict 3-4 and Florida

Subdistrict 5-4 and Piorida						
	January 202	23 Population	n Estimates	January 2023	Population :	Distribution
Area	0-64	65+	Total	0-64	65+	Total
Marion	272,313	118,350	390,663	69.71%	30.29%	100.0%
District 3	1,397,967	543,209	1,941,176	72.02%	27.98%	100.0%
Florida	17,622,850	4,864,166	22,487,016	78.37%	21.63%	100.0%
	January 2028 Population Estimates		January 2028 Population Distribut			
Area	0-64	65+	Total	0-64	65+	Total
Marion	281,572	135,654	417,226	67.49%	32.51%	100.0%
District 3	1,455,901	625,516	2,081,417	69.95%	30.05%	100.0%
Florida	18,281,793	5,636,261	23,918,054	76.44%	23.56%	100.0%
	Fiv	e Year Increa	ase	Five Year Growth Rate		Rate
Area	0-64	65+	Total	0-64	65+	Total
Marion	9,259	17,304	26,563	3.40%	14.62%	6.80%
District 3	57,934	82,307	140,241	4.14%	15.15%	7.22%
Florida	658,943	772,095	1,431,038	3.74%	15.87%	6.36%

Source: CON application #10744, page 1-4, Table 1-1, from AHCA and Projections by AHCA District 2018 to 2030, published January 2023.

The applicant does not indicate why it chose a five-year projection to January 2028, when the Agency's planning horizon is July 2026 and it indicates the project will be in service by July 2026.

Marion Ops argues that the large concentration of and projected increase in the senior population indicates future need for residential and health care services and that the new facility will be utilized once constructed. Marion Ops provided a table showing the showing the Current (2023) and Projected (2028) Population by ZIP Code based on Clarita 2023 population estimates for the age 65 and over and total zip code population. The reviewer reproduced the age 65 and over portion of the applicant's table below.

Marion County Current (2023) and Projected (2028) Age 65+ Population Estimates and Growth Rates by Zip Code & Age Cohort, and Florida

		Code & Age C		101144	
		2023	2028	5-Year	5-Year
	Geography	Pop. Age	Pop. Age	Increase	Growth
Zip Code	Name	65+	65+	65+	Rate 65+
32113	Citra	1,381	1,572	191	13.8%
32134	Fort McCoy	2,756	3,141	385	14.0%
32179	Ocklawaha	2,539	2,923	384	15.1%
32195	Weirsdale	1,436	1,602	166	11.6%
32617	Anthony	884	1,025	141	16.0%
32667	Micanopy	1,165	1,312	147	12.6%
32686	Reddick	1,240	1,413	173	14.0%
34420	Belleview	4,384	5,041	657	15.0%
34431	Dunnellon	3,238	3,719	481	14.9%
34432	Dunnellon	5,006	5,849	843	16.8%
34470	Ocala	5,375	6,068	693	12.9%
34471	Ocala	6,714	7,418	704	10.5%
34472	Ocala	6,513	7,344	831	12.8%
34473	Ocala	5,764	6,771	1,007	17.5%
34474	Ocala	3,878	4,276	398	10.3%
34475	Ocala	2,138	2,398	260	12.2%
34476	Ocala	11,139	12,592	1,453	13.0%
34479	Ocala	3,029	3,440	411	13.6%
34480	Ocala	4,093	4,841	748	18.3%
34481	Ocala	15,482	17,802	2,320	15.0%
34482	Ocala	6,233	7,112	879	14.1%
34488	Silver Springs	3,337	3,847	510	15.3%
34491	Summerfield	14,228	16,276	2,048	14.4%
Marion Cou	ınty Total	111,952	127,782	15,830	14.1%
Florida Tot	al	4,971,932	5,772,529	800,597	16.1%

Source: CON application #10744, page 1-5, Table 1-2, from Claritas 2023 Population Estimates.

Marion Ops uses Figure 1-2 (map), page 1-6 to provide a visual example showing the distribution of the 2023 population estimates for the group age 65 and over by ZIP Code, along with locations of health care facilities in Marion County. The applicant contends that there is need for development between Ocala and the Villages, near Silver Springs and Belleview, which includes Zip Codes 34420, 34472 and 34473 given the presence of several assisted living facilities and no nearby nursing homes. Marion Ops adds that it is currently searching to select a site that improves access.

The table below shows the current number of beds per thousand seniors and the projected number by 2028, the proposed second year of the project.

Current (2023) and Projected (Jan 2023*) Bed Availability

		J		
Area		January 2023	January 2028 Without the Project	January 2028 With the Project
	Beds	1,620	1,620	1,723
Subdistrict 3-4	Pop (65+)	118,350	135,654	135,654
Marion County	Beds/1000	14	12	13
	Beds	83,011	83,011	83,114
	Pop (65+)	4,864,166	5,636,261	5,636,261
Florida	Beds/1000	17	15	15

Source: CON application #10744, page 1-7, Table 1-3, from AHCA's Florida Population Estimates and Projections by AHCA District 2015 to 2030, published January 2023 (July midpoint population estimates) & AHCA's Florida Nursing Home Utilization by District and Subdistrict January 2022 - December 2022. Notes: The applicant indicates the projected beds assumes all approved beds are licensed by 2026.

* Reviewer assumes the date was a typographical error and was to read "2028."

Marion Ops states that the subdistrict will drop to 12 beds per 1,000 seniors while Florida decreases to 15 beds per 1,000 persons aged 65 and older by January 2028 if no beds are added noting that its 103-bed project increases this number to 13, accommodating the impact of population growth and increasing demand. The reviewer notes that the applicant's chart does not include the 20 approved CON beds for the subdistrict, nor the state's licensed total of 83,110 and 2,649 CON approved beds pending licensure. However, the beds per thousand ratios are consistent with the reviewer's chart at the beginning of this report's Item 3. 1. a.

Marion Ops' table below presents nursing home utilization in Marion County compared to Florida for the most recent five 12-month periods ending June 30, 2023.

Community Nursing Home Beds, Patient Days and Occupancy Rates for Nursing Home Subdistrict 3-4 (Marion County) and Florida, Most Five Most Recent 12-Month Periods (July 2018 - June 2023)

Subdistrict 3-4, Marion County	7/1/2018- 6/30/2019	7/1/2019- 6/30/2020	7/1/2020- 6/30/2021	7/1/2021- 6/30/2022	7/1/2022- 6/30/2023
Community Beds	1,500	1,620	1,620	1,620	1,620
Bed Days	547,500	555,480	591,300	591,300	591,300
Patient Days	483,422	477,821	436,990	451 ,465	516,745
Occupancy	88.30%	86.02%	73.90%	76.35%	87.39%
	7/1/2018-	7/1/2019-	7/1/2020-	7/1/2021-	7/1/2022-
Florida	6/30/2019	6/30/2020	6/30/2021	6/30/2022	6/30/2023
Community Beds	81,510	82,103	82,858	83,131	83,110
Bed Days	29,507,650	29,869,515	30,107,184	30,223,872	30,252,800
Patient Days	25,008,910	25,073,890	22,098,751	22,817,381	24,103,610
Occupancy	85.03%	83.94%	73.40%	75.40%	79.67%

Source: CON application #10744, page 1-8, Table 1-4, from AHCA's Florida Nursing Home Utilization by District and Subdistrict, for the years indicated.

Marion Ops notes that Marion County has not only seen an increase in community nursing home bed occupancy, but the planning area has also outperformed the average occupancy of the State of Florida since the pandemic, with occupancy in Marion County returning to pre-pandemic levels near 88 percent while the state averaged less than 80 percent occupancy for the most recent 12-month period ending June 30, 2023.

The applicant's Table 1-4 on the application's page 1-8 shows that in the second quarter of 2023, Marion County facilities averaged 88.53 percent, compared to the state's 78.36 percent occupancy. Marion Ops notes the data shows a steady rise in occupancy rates from quarter to quarter in Marion County with higher occupancy than the State (10 percent higher in the second quarter 2023). The applicant contends that the upward trend in occupancy within Subdistrict 3-4 indicates the growing demand for skilled nursing beds, "which will be remedied by the proposed facility".

Marion Ops table below shows Marion County nursing home use rates for the 12 months ending June 2023, that it contends demonstrates need for the projected need.

Marion County Patient Days, Use Rates and Occupancy 7/1/2022-6/30/2023

	7/1/2022- 6/30/2023
Patient Days	516,745
Average Daily Census	1,416
Marion County Population 65+	118,350
Days Per 1,000 Persons, 65+	4,366
Current Existing Community Beds	1,620
Occupancy	87.39%

Source: CON application #10744, page 1-10, Table 1-6

Subdistrict 3-4's use rate of 4,366 days per thousand seniors is then used to project utilization for Marion County during July 2026 – June 2027, the second year of the project. See the table below.

Projected Marion County Patient Days and Occupancy Year Two (July 2027- June 2028) With and Without the Project

Projections based on use rate from: Marion County	7/27-6/28
Marion County Population 65+, January 1, 2028	132,398
Resident Days Forecasted for 7/27-6/28	578,082
Average Daily Census, 7/27-6/28	1,584
Current Existing Community Beds	1,620
Projected Occupancy without the Project	97.76%
Projected Licensed Beds WITH the Project	1,723
Projected Occupancy WITH the Project	91.92%

Source: CON application #10744, page 1-10, Table 1-7, from AHCA's Florida Population Estimates and Projections by AHCA District 2015 to 2030, published September 2023.

Marion Ops assures that rates applied to future population estimates keeps the current utilization rate for the subdistrict constant and applying this rate to the projected population yields a projected occupancy rate of 98 (97.76) percent if no beds are added to the

subdistrict and an average occupancy rate of 92 (91.92) percent with the project. The applicant concludes that the high growth and demand for skilled nursing beds ensures the project will provide sufficient beds without negatively impacting existing facilities. The 103-bed facility's year one and two occupancy is shown in the table below.

Projected Utilization for the New 103-Bed Facility
First Two Years of Operation

First Year Ending			
6/30/2027	Patient Days	Occupancy	ADC
1st quarter	2,611	27.6%	29
2nd quarter	4,399	46.4%	48
3rd quarter	6,047	65.2%	67
4th quarter	7,421	79.2%	82
Year One	20,478	54.0%	56
Second Year Ending			
6/30/2028	Patient Days	Occupancy	ADC
1st quarter	7,764	81.9%	85
2nd quarter	7,886	83.2%	86
3rd quarter	8,015	85.5%	88
4th quarter	8,195	87.4%	90
Year Two	31,860	84.5%	87

Source: CON application #10744, page 1-11, Table 1-8

Marion Ops states its initial first year occupancy rate reflects a ramp up of admissions given the required time to obtain Medicare and Medicaid certification. Further, the facility will attain an annual 84.5 percent occupancy rate, increasing from a census of 85 (82 percent occupancy) in the first quarter to 90 (87.4 percent occupancy) in the fourth quarter. Marion Ops expects an average daily census of 55 residents in the first year and 87 residents in the second year.

The applicant concludes that it has established consistency with the published 103 community nursing home bed need and that there will be increasing demand for skilled nursing services created by Marion's County's growing senior population, hospital and health service development, senior communities and ALFs. Marion Ops also concludes that its project will enhance access and availability of skilled nursing care and will not have a negative impact on existing facilities.

2. Agency Rule Preferences

Does the project respond to preferences stated in Agency rules? Please indicate how each applicable preference for the type of service proposed is met. Rule 59C-1.036, Florida Administrative Code.

Chapter 59C-1.036 of the Florida Administrative Code does not contain preferences relative to community nursing home beds nor does the Agency for Health Care Administration publish specific preferences for these facilities. However, the rule does contain standards the Agency utilizes in assessing the applicant's ability to provide quality care to the residents.

a. Proposed Services. Applicants proposing the establishment of Medicare-certified nursing facility beds to be licensed under Chapter 400, Florida Statutes, shall provide a detailed description of the services to be provided, staffing pattern, patient characteristics, expected average length of stay, ancillary services, patient assessment tools, admission policies and discharge policies.

Marion Ops states that it will participate in both the Medicare and Medicaid programs to promote access to both short-term and long-term care and provides detailed narratives on the services (i.e. therapy) and treatment programs it will provide. Disease specific programs detailed include cardiac rehabilitation, kidney failure, orthopedic rehabilitation, respiratory disease, stroke rehabilitation, and its four-bed bariatric unit. Marion Ops also details its planned palliative care for its residents indicating it will use the Cardinal Care Program (Exhibit 5 has the programs standards and guidelines). Patient assessment, admission and discharge policies are described in detail.

In reference to staffing, Marion Ops referred to its Schedule 6 projections, which the reviewer notes show 77.1 FTEs in year one (ending June 30, 2027) FTEs and 110.0 in year two FTEs (ending June 30, 2028). The reviewer notes that the total FTE counts increases from year one to year two regarding the staffing pattern headings of administration, nursing, ancillary, dietary, social services, housekeeping, laundry, and plant maintenance.

Marion Ops' Schedule 7 indicates the facility is projected to have 35.0 percent of its year one total and year two total annual patient days provided to Medicaid residents or 7,167 Medicaid days in year one and 11,151 in year two. The applicant refers to its Schedules 5 and 6 for further detail. The facility's projected utilization is shown below.

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Marion Operations LLC (CON application #10744) Projected Utilization-Year One & Two Ending June 30, 2027 and 2028 103-bed Community Nursing Home

	Year One	Year Two
Admissions	648	1,006
Patient Days	20,478	31,860
ALOS	31.6	31.6

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Source: CON application #10744, page 2-19, Table 2-1

ADC

Marion Ops provides the top Major Diagnostic Categories (MDC) for hospital discharges to skilled nursing facilities for Marion County residents aged 65 and over in the application's table 2-2 on page 2-21. Four MDCs account for 59.66 percent of the discharges and the applicant addresses these stating that it already has experience in a variety of specialized programs and will continue to innovate to best meet residents' needs. Further, each individual is assessed during the admission process to develop a plan of care with specific goals identified and prescribed services identified to restore, to normalize and achieve functional capabilities.

- b. Rule 59C-1.036 (4)(e) Florida Administrative Code Quality of Care. In assessing the applicant's ability to provide quality of care pursuant to s. 408.035(3), Florida Statutes, the Agency shall evaluate the following facts and circumstances:
 - 1. Whether the applicant has had a Chapter 400, Florida Statutes, nursing facility license denied, revoked, or suspended within the 36 months prior to the application.

Marion Ops has not had a nursing facility licensed denied, revoked, or suspended.

2. Whether the applicant has had a nursing facility placed into receivership at any time during the period of ownership, management, or leasing of a nursing facility in the 36 months prior to the current application.

Marion Ops confirms that it has never had a nursing facility placed into receivership.

3. The extent to which the conditions identified within subparagraphs 1. and 2. Threatened or resulted in direct, significant harm to the health, safety or welfare of the nursing facility residents.

This does not apply.

4. The extent to which the conditions identified within subparagraph 3. were corrected within the time frames allowed by the appropriate state Agency in each respective state and in a manner satisfactory to the Agency.

This does not apply.

5. Rule 59C-1.036 (4) (f) Harmful Conditions. The agency shall question the ability of the applicant to provide quality of care within any nursing facility when the conditions identified in subparagraph (e) 1 and (e) 2 result in the direct, significant harm to the health, safety, or welfare of a nursing facility resident, and were not corrected within the time frames allowed by the appropriate state agency in each respective state and in a manner satisfactory with the Agency.

This does not apply.

6. Rule 59C-1.036 (5) Utilization Reports. Within 45 days after the end of each calendar quarter, facilities with nursing facility beds licensed under Chapter 400, Florida Statutes, shall report to the agency, or its designee, the total number of patient days which occurred in each month of the quarter and the number of such days which were Medicaid patient days.

Marion Operations LLC indicates it will provide the required data to the WellFlorida Council, Inc. that serves Health Planning District 3 and to the Agency for Health Care Administration which includes the above-cited utilization reports as well as required licensure and financial requirements attendant to operating a licensed nursing facility.

Marion Ops discusses Health Care Access Criteria in Rule 59C-1.030, Florida Administrative Code on the application's pages 3-7 through 3-11. Each provision is stated, and a response provided.

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? Section 408.035 (1), (2) and (5), Florida Statutes.

As of August 11, 2023, Subdistrict 3-4 had 12 community nursing homes with 1,620 licensed and 22 approved community nursing home beds. The subdistrict's nursing homes reported 89.31 percent total occupancy during the six-month period ending June 30, 2023, and 87.39 percent for the 12 months ending June 30, 2023. As previously stated, an FNP for 103 community nursing home beds in Subdistrict 3-4 was published in Volume 49, Number 190 of the Florida Administrative Register dated September 29, 2023.

Marion Ops cites the need calculation and states its 103-bed project is in response to the FNP. The applicant reiterates that it will receive consulting services from Aston Health thus will benefit from an experienced team that has the knowledge, tools, and expertise to continuously maintain high quality nursing home standards. Marion Ops states that its management is dedicated to improving the quality-of-care standards investing in technologies and utilizing protocols to engage staff in quality improvement initiatives and education. In addition, the proposed facility will be built to current code and standards and have 33 private rooms that foster resident centric care.

Quality of care is addressed in item E.3.b. of this report.

The applicant states that access is defined as how potential users get to the service, or gain admittance, or enter the service adding that the components of access include geographic impediments, distance, time to travel, and eligibility criteria for qualifying for the service and considerations such as financial cost and methods of reimbursement from third parties. Figure 3-1 and 3-2 on page 3-4 is a map that visually shows the 30-minute drive time zone which includes three Ocala hospitals serving the area: 385-bed AdventHealth Ocala; 323-bed HCA Florida Ocala Hospital; and 222-bed HCA Florida West Marion Hospital. The map also shows other acute care hospitals, nursing homes and assisted living facilities. Marion Ops states the facility will be located south of Ocala where there are high population concentrations and major roadways to afford access to hospitals and the community at large.

Regarding service access, Marion Ops reiterates that "issues are evident, especially for short-term rehabilitative care as hospitals are the primary source of referrals for skilled nursing facilities and argues that there is a need for rehabilitation units for residents of this area". Marion Ops states "At the applicant's affiliated facilities maintain high occupancy rates, contributing to access issues because of lack of an available bed", which the reviewer assumes is a typographical error.

Marion Ops repeats its response included in item E.2. of this report and also states that skilled nursing services will include 24/7 care from licensed nurses and Aston Health provides disease specific programs for COVID-19, chronic lower respiratory diseases, Alzheimer's disease, unintentional injury, diabetes mellitus, and Parkinson's disease. The applicant notes that not all Marion County skilled nursing facilities have Alzheimer's care programs or an Alzheimer's secured unit, which it argues are needed and beneficial in creating a safe and secure environment.

Regarding financial access, Marion Ops states that it will participate in both Medicare and Medicaid programs and will seek contracts with managed care providers and commercial insurance companies and will provide a wide range of services with separate neighborhoods for various patient needs, such as short-term rehabilitation, complex care, and long-term care needs. The applicant confirms that it will make every effort to remove any financial barriers that could impede access to nursing home care, working closely with hospital discharge planners and those who may make direct admissions.

Marion Ops reiterates its response on the extent of utilization and states that the subdistrict's upward trend in occupancy indicates growing demand for skilled nursing beds, which will be remedied by the proposed facility. Health Care Access Criteria is addressed on the application's pages 3-7 through 3-11.

b. Does the applicant have a history of providing quality of care? Has the applicant demonstrated the ability to provide quality 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.

Marion Ops LLC responds that it is a new entity with no licensure history. The reviewer notes that the Aston Health affiliates listed are not Gold Seal Program nursing facilities. Aston Health's mission statement is quoted - "To personalize the wellness journey by providing skilled nursing and rehabilitation experiences that are designed around the needs of each individual, promote better quality of life, and transform ordinary expectations into extraordinary outcomes." Marion Ops cites

Aston Health's facilities with awards including Fernandina Beach Rehabilitation and Nursing Center, receiving the AHCA/NCAL National Quality Silver Award in 2022, Debary Health and Rehabilitation Center, the Silver level award in 2023 and five facilities receiving the Bronze level award in 2023: Coastal Health and Rehabilitation Center, Coquina Center, Flagler Health and Rehabilitation Center, Highlands Lake Center, and North Port Rehabilitation and Nursing Center. Marion states that all Aston Health Florida affiliated nursing homes are Joint Commission Accredited.

Marion Ops offers that Aston Health's culture is built on people, passion, and promise adding that its team members will embody this culture which will benefit both staff and patient quality of life and provides a detailed description under these headings, stating that they are nurtured through cultural ambassadors. Further, these "exceptionally caring, passionate people who lead by example" are recognizable by their "Culture Ambassador" pins. Marion states that it will adopt the Cultural Ambassadors Program and other Aston Health cultural programs, including:

- Monthly town hall (celebrating Aston Health's culture)
- Employee of the Month rewards (celebrating Aston Health's people)
- High Five cards (celebrating Aston Health's passion)
- The Safe Zone Party (celebrating Aston Health's promise)

Marion Ops contends that Aston Health has established strong relationships with nursing schools and allied health profession programs at local community colleges in the Florida areas it serves. Marion offers that these relationships let students do part of their training in skilled nursing facilities where Aston Health provides consulting services where they obtain hands-on experience learning from experienced staff. The applicant states that the students who rotate through Aston Health facilities "often apply for jobs at Aston Health facilities after graduation". Marion Operations cites affiliation agreement with—Premiere Nursing Academy, Kent State University, Keiser University, Educare Environ College of Nursing, Wellness Workdays Dietetic Internship, Daytona State College and St. Thomas University.

Specialty clinical/disease-specific programs and protocols that Aston will provide include cardiac rehabilitation, kidney failure, orthopedic rehabilitation, respiratory disease and stroke rehabilitation. Further, Aston offers two disease-specific protocols to improve quality and patient health outcomes for COPD and sepsis residents and Marion Ops assures these will be used in its facility. Exhibit 12 includes samples of these two protocols. Treatments are stated to be in line with those provided by the Global Initiative for Chronic Lung Disease or American Medical Directors Association and that patient progress is actively managed,

including ongoing evaluation and documentation of signs and symptoms and condition changes. The Sepsis Management protocol has basic guidelines for recognition and monitoring of sepsis to address resident changes of condition in a timely manner, enhance resident comfort, and prevent unnecessary hospital readmissions. Residents with a confirmed or suspected sepsis infection will be screened for sepsis using systemic inflammatory response syndrome criteria and if confirmed or suspected infection meets two or more of the criteria, the nurse will implement the Sepsis Nursing Protocol.

Aston's Quality Assurance Performance Improvement (QAPI) is detailed with the application stating it uses a uniform approach to improve processes involved in clinical treatment, quality of life, resident choice, and care transitions. Further, it will conduct random quality review of residents and findings will be reported in the Risk Management/QA Committee meetings until the committee determines substantial compliance has been met and recommends quarterly reviews. Aston's Readmission Reduction Protocols, are stated to incorporate best practices to promote positive patient outcomes and reduces hospital readmissions, utilizing checklists, enhanced communication, and care planning, and training staff to manage medical conditions that often cause readmissions. Core elements are described on the application's page 4-7. Topics include transition of care goals, condition care paths, heighten education for all new staff, tracking and trending on a daily, weekly, and monthly basis, root cause analysis of readmissions, continued education, QAPI/QAA Initiatives-PDSA model utilizing nationally accepted standards focusing on reducing readmissions and medical directors' participation.

Aston Health Consultant Support is stated to include daily focus calls to facilities that are struggling to manage their hospital readmissions and providing additional support by reviewing readmissions to develop actions to address factors causing readmissions. Implemented in February 2023, Aston's Readmission Reduction Protocols have reduced its facilities rate to 12.3 percent in March 2023 and 11.3 percent in April 2023, with the national average being 15 percent. Marion Ops argues that the application of these protocols will produce strategies for reduction of readmissions, promote better patient outcomes, and positively influence its skilled nursing facilities.

Marion Ops cites a description of Aston's Concierge program, Aston's Guardian Angel program, and describes Aston Health's use of Rytes, a third-party compliance program that provides a hotline for complaints and concerns as well as monthly training Rytes provides attorneys who can help with labor concerns and employment questions and has a "red envelope" procedure for visits by government agencies. Aston Health's interactive device—Touchpoint Health Care system is described as being used to accept calls from residents, families, and employees who have concerns or questions. Feedback covers diet, customer service, nursing care, therapy, activities, administration, and housekeeping/cleanliness. The applicant states that Aston Health had 7,426 Touchpoint responses with an overall rating of 4.5/5 and 95 - 97 percent positive comments in April of 2023 (negative feedback was given in only three - five percent) and Aston facilities averaged 4.3 stars on a scale of 5 stars on Google reviews.

Marion Ops planned Electronic Medical Records use is described as using the 'PointClickCare' platform to provide bedside access to the patient record for immediate response and reporting requirements. The PointClickCare skilled nursing core platform and its functionality is discussed in detail on the application's pages 4-9 through 4-11. Aston Health's facilities are stated to use the following PointClickCare services – Automated Care Messaging, Secure Messaging, Document Manager, elnteract (a set of dashboards, checklists, and automatic triggers), Electronic Medication Administration Record (eMAR), Integrated Medication Management, Lab and Imaging Lab and Imaging with Integrated Results, Marketplace (automating data transfers), Nutrition Management, General Ledger and Accounts Payable, and Accounts Receivable Resolution Service.

Marion Ops indicates it will offer patients Aston Health's telehealth or virtual appointments through Zoom; however, it intends to eventually transition to PointClickCare's telepath services. Benefits pf telehealth are stated to include:

- HD video & audio: exceptional clarity and quality for telehealth visits
- Reliability: consistent video experience, even in low-bandwidth environments
- Security & privacy: helps customers enable HIPAA-compliant programs by executing a BAA and safeguarding PHI
- Medical integrations: integrates with telehealth carts, medical devices, and EHRs for seamless virtual exams

- Accessibility: live transcription, multi-pinning, and keyboard shortcuts make virtual visits accessible
- Compliance & security: multi-layer security with 256-bit AES-GCM encryption

The applicant's Quality Assurance Performance Improvement Plan and Quality Assurance and Assessment Program appear in the application's Exhibit 13. A residents' tights brochure provided by Florida's Long-Term Care Ombudsman Program is given to each admission and employee. Further, the facility will plan coordination with the Ombudsman to assure that all proper interactions are guided by the policies and as part of the quality assurance review, aspects of residents' rights receive evaluation, and any breach or concerns addressed in the continuous quality improvement cycle. Emergency management and hurricane preparedness is discussed with Marion confirming that the facility will have a comprehensive emergency management plan and be constructed and equipped with a generator to ensure residents have a safe, comfortable environment during times of power outages.

Resident activities are stated to be designed to promote physical, as well as mental stimulation and social interaction. Also, regular daily programs and special events are structured such that residents' interests are a priority, promoting social interaction and entertainment. Marion states that community outing and involvement are incorporated into the offerings to keep residents engaged and active and includes movies, shopping, and special events, like dinner out that provide residents with community interactions and new exposure to what the broader community offers. Marion's activities director will plan the range of activities based on the individual care plans and resident requests and its team is comprised of an experienced group of managers that have the ability to initiate quality improvement, implement timely corrective action plans, and achieve quality care. Exhibit 14 includes sample activity calendars.

The reviewer notes that Aston Health affiliated nursing homes had 165 substantiated complaints during the period of 36 months ending December 22, 2023. A substantiated complaint can encompass multiple complaint categories. See the table below.

Marion Operations LLC – Aston Health Affiliates Substantiated Complaints Categories December 22, 2020 - December 22, 2023

Complaint Category	Number Substantiated
Administration/Personnel	30
Admission, Transfer & Discharge Rights	6
Billing/Refunds	3
Dietary Services	10
Elopement	8
Falsification of Records/Reports	1
Fraud/False Billing	1
Infection Control	6
Life Safety Code	3
Misappropriation of property	1
Other Services	1
Physical Environment	18
Quality of Care/Treatment	91
Quality of Life	3
Resident/Patient/Client Abuse	5
Resident/Patient/Client Neglect	13
Resident/Patient/Client Rights	35
Unqualified Personnel	1
Total	236

Source: Agency for Health Care Administration complaint data.

c. What resources, including health personnel, management personnel and funds for capital and operating expenditures, are available for project accomplishment and operation? 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 a development stage audit with \$250,000 in cash and \$250,000 in member's equity.

Capital Requirements and Funding:

The applicant indicates on Schedule 2 capital projects totaling \$35,709,500, which includes this project only. In addition to the capital costs, the applicant will have to finance a projected year one operating loss of \$1,766,900.

The applicant indicates on Schedule 3 of its application that funding for the project will be provided by cash on hand (\$250,000) and non-related company financing (\$35,459,500). The applicant provided a letter of interest, dated 12/3/2023, from Dwight Mortgage Trust stating their interest in providing Marion Operations, LLC with funding up to \$39,000,000 to construct the project, but this is not a letter of commitment. 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 not guaranteed.

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 and 2021 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	14,640,900	460	2,478	532	356
Total Expenses	14,379,700	451	2,644	547	446
Operating Income	261,200	8	84	-52	-284
Operating Margin	1.78%		Comparative Group Values		
	Days	Percent	Highest	Median	Lowest
Occupancy	31,860	84.51%	89.4%	72.7%	45.0%
Medicaid	11,151	35.00%	39.7%	35.7%	30.2%
Medicare	17,523	55.00%	51.8%	29.4%	8.2%

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 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 (5) and (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 costs to remain profitable and offering higher quality and additional services to attract patients from competitors. With the revenue stream essentially fixed on a per patient basis, the available margin to increase quality and offer additional services is limited. The existing health care system's barrier to price-based competition via a fixed price payer 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.

e. 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.

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 a have significant impact on either construction costs or the proposed completion schedule. The application does not explicitly recognize disaster preparedness requirements in the selection of a building site, but compliance with these requirements is implied by the listing the of Florida Building Code as an applicable code. Compliance with these and other requirements will be verified in subsequent submissions of the project to the Office of Plans and Construction.

The plans submitted with this application were schematic in detail with the expectation that they will be necessarily revised and refined prior to being submitted for full plan review. The architectural review of this application shall not be construed as an in-depth effort to determine complete compliance with all applicable codes and standards. The applicable codes cited will need to be updated to reflect recent changes, but those changes will not have any effect on the schematic design submitted with this application. 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

Marion Operations LLC states it "represents a developmental stage enterprise with no operations for the purpose of applying for a certificate of need to construct and operate a community nursing home" therefore, as a new entity, has no history of providing health care services to Medicaid patients and the medically indigent. The applicant shares that Aston Health has a history of managing facilities that provide services to Medicaid patients and furnishes a table of the 41 nursing home affiliates

Medicaid patient days for the most recent three-year periods ending June 30, 2023. Marion Operations notes the facilities averaged Medicaid occupancy of 65.91 percent, 62.24 percent and 58.91 percent for the three most recent 12-month periods.

Marion Ops' Schedule 7 indicates that Medicaid Managed Care will account for 7,167 days (35 percent) of year one and 11,151 days (35.0 percent) of year two total annual patient days.

F. SUMMARY

Marion Operations LLC (CON application #10744) proposes to establish a new 103-bed community nursing home in Subdistrict 3-4 (Marion County). The facility is planned to have 37 private and 33 semi-private rooms, including four private bariatric rooms at a site that is yet to be determined. The applicant will contract with Aston Health, a management company, which provides consulting services to 41 nursing homes in Florida.

The proposed project includes 78,558 GSF of new construction. The construction cost is \$25,531,400. The total project cost is \$35,709,500.

The applicant expects issuance of license in June 2026 and initiation of service in July of 2026.

Marion Operations LLC does not propose any conditions on the project.

Need/Access:

- The application was filed in response to the published need.
- Major need justifications cited by the applicant include:
 - Subdistrict 3-4's age 65 and older population growth especially the region between Ocala and the Villages south of Ocala such as those near Silver Springs and Belleview
 - > The positive effect on the service area, increasing availability where it is most needed
 - ➤ The high percentage of discharges from a nearby acute care hospitals; and the facility will provide cardiac rehabilitation, kidney failure program, orthopedic rehabilitation, respiratory disease, stroke rehabilitation and a four-bed bariatric unit in response to the most occurring CY 2022 MDC discharges to SNFs from Marion County hospitals

Quality of Care:

• The applicant provided a detailed description of the ability to provide quality care

• During the 36 months ending December 22, 2023, the 41 affiliated Aston Health nursing homes had 165 substantiated complaints with 236 categories cited

Financial Feasibility/Availability of Funds:

- Funding for this project is not guaranteed
- The project appears to be financially feasible based on the projections provided by the applicant
- The project is not likely to have a material impact on competition to promote quality and cost-effectiveness

Architectural

- 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 application does not explicitly recognize disaster preparedness requirements in the selection of a building site, but compliance with these requirements is implied by the listing the of Florida Building Code as an applicable code.

Medicaid/Indigent Care

- Marion Ops as a new formed entity has no history of providing services, but documents Aston Health affiliated facilities have a history of services to Medicaid residents
- Medicaid Managed Care is projected to be 35.0 percent (7,167 days) of total year one (ending June 30, 2027) and 30.8 percent (11,151 days) of total year two (ending June 30, 2028) patient days

G. RECOMMENDATION

Approve CON #10744 to establish a new 103-bed community nursing home in District 3, Subdistrict 4, Marion County. The total project cost is \$35,709,500. The project involves 78,558 GSF of new construction and a total construction cost of \$25,531,400.

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:	February 9,	2024
<i></i> ,	I COI GGI , J	404 :

James B. M'Linoxe

James B. McLemore

Operations and Management Consultant Manager

Certificate of Need



Certificate of Need 2727 Mahan Drive Building 2 Tallahassee, FL 32308 Ph: 850-412-4401