

STATE AGENCY ACTION REPORT
ON APPLICATION FOR CERTIFICATE OF NEED

A. PROJECT IDENTIFICATION

1. Applicant/CON Action Number

**Martin Coast Opco, LLC d/b/a Martin Coast Center for
Rehabilitation and Healthcare/CON #10753**

2901 Stirling Road, Suite 200
Fort Lauderdale, Florida 33312-6503

Authorized Representative: Mr. Jacob Bengio, VP of Finance and CFO
Ventura Services – Florida
(954) 300-3878 Ext. 102

2. Service District/Subdistrict

District 9/Subdistrict 9-2 (Martin County)

B. PUBLIC HEARING

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

C. PROJECT SUMMARY

**Martin Coast Opco, LLC d/b/a Martin Coast Center for
Rehabilitation and Healthcare (CON application #10753)**, also
referenced as Martin Opco or the applicant proposes to add 22
community nursing home beds to the existing 120 community nursing
home bed facility in Subdistrict 9-2 (Martin County).

The 22-bed addition is projected to be licensed in June 2026 and to be in
service in July 2026.

The total project involves \$25,386 gross square feet (GSF) with 10,886 of new construction and 14,500 of renovation at a total construction cost of \$4,534,000. Total project cost is \$6,546,692. The project cost includes land, building, equipment, project development and financing costs.

The applicant does not propose any Schedule C conditions, pursuant to this project.

Issuance of a CON is required prior to licensure of certain health care facilities and services. The review of a CON application and ultimate approval or denial of a proposed project is based upon the applicable statutory criteria in the Health Facility and Services Development Act 408.031–408.045, Florida Statutes and 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, James B. McLemore, analyzed the application with consultation from the financial analyst, Derron Hillman, 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.**

In Volume 49, Number 190 of the Florida Administrative Register dated September 29, 2023, a fixed need pool of 22 community nursing home beds was published for Subdistrict 9-2 for the July 2026 planning horizon. Martin Opco's project is in response to the published need.

As of August 11, 2023, Subdistrict 9-2 had seven community nursing homes with 795 licensed community nursing home beds and no CON approved beds pending licensure. The subdistrict's nursing homes reported 86.07 percent for the six months, and 85.01 percent occupancy for the 12 months ending June 30, 2023.

Martin Opco states its project is within the calculated need and provides additional circumstances it contends "further demonstrate the benefits this project will have on the planning area". The applicant's "Overview and Scope of the Project" notes that the facility is in the progress of changing ownership from THS OPCO LLC to Martin Coast Opco LLC. However, this has not occurred as of December 20, 2023 and the project will not be able to be completed without the change of ownership.

Martin Opco cites population demographics and dynamics to demonstrate the increasing demand for nursing home care in the subdistrict. The applicant's Table 1-1 is partially reproduced below to show the Age 65+ and total population for Martin County and the state.

**Subdistrict 9-2/Martin County and Florida
Population Change Comparisons by the Age 65+ & Total Pop. Cohorts
January 2023 and January 2028**

County/Area	January 1, 2023 Population			January 1, 2028 Population		
	65+ Pop.	Total Pop.	Pop. 65+ as % of Total	65+ Pop.	Total Pop.	Pop. 65+ as % of Total
Martin County	52,493	160,828	32.64%	59,477	167,633	35.48%
Florida	4,864,166	22,487,016	21.63%	5,636,261	23,918,054	23.56%
County/Area	2023-2028 Increase		2023-2028 Growth Rate			
	65+ Pop.	Total Pop.	65+ Pop.	Total Pop.		
Martin County	6,984	6,805	13.30%	4.23%		
Florida	772,095	1,431,038	15.87%	6.36%		

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

Martin Opco next provides a map showing the 2028 population age 65 and older by ZIP Codes. The applicant notes that 10-mile radius immediately surrounding its facility capture the majority of the ZIP Codes in the county and states these ZIP Codes also have the highest concentration of residents age 65 and older. The reviewer reproduces the Age 65 and over population portion of the applicant’s population for these ZIP Codes below.

**Martin County (Subdistrict 9-2)
Current (2023) & Projected (2028)
Population by ZIP Code**

ZIP Code	2023 Pop. Age 65+	2028 Pop. Age 65+	5-Year Pop. 65+ Increase	% Increase Pop. 65+
33455	9,438	10,417	979	10.4%
34956	1,337	1,454	117	8.8%
34957	10,378	11,684	1,306	12.6%
34990	10,119	11,294	1,175	11.6%
34994	5,289	5,871	582	11.0%
34996	5,914	6,429	515	8.7%
34997	13,737	15,290	1,553	11.3%
SD 9-2	54,035	59,994	5,959	11.0%

Source: CON application #10753 from Claritas ZIP Code Population Data, 2023.

The applicant next offers the projected availability of nursing home beds in Martin County based on community nursing home beds per 1,000 residents for the age cohort 65 in Martin County/Subdistrict 9-2, compared to the state (see below).

**Martin County (Subdistrict 9-2)
Beds per 1,000 Residents Age Cohort 65 and Over
Population Ratio**

County/Area	Licensed and Approved Community Beds	January 2023 Population Age 65+	2023 Beds per 1,000	2028 Population Age 65+	2028 Beds per 1,000	2028 Beds per 1,000 with the 22-Bed Project
Subdistrict 9-2	795	52,493	15	59,477	13	14
Florida	85,110	4,864,166	17	5,636,261	15	*15

Source: CON application #10753 from Florida Agency for Health Care Administration Population Estimates, January 2023 and Florida Nursing Home Bed Need Projections by District and Subdistrict, July-June 2023.
Note: * includes the state’s CON approved beds pending licensure.

The applicant concludes that the subdistrict’s bed availability will only decrease from the current 15 to 14 per thousand with the approval of the project and the addition will increase the supply in a county with a high percentage of population growth for the elderly.

Martin Opco next addresses Martin Coast Center for Rehabilitation & Healthcare’s occupancy during the most recent 12-month period ending June 30, 2023. The applicant’s Table 1-4 shows that the facility is “well suited for bed addition” based on its occupancy exceeding the subdistrict’s occupancy during every reporting period. Martin Opco also cites the facility location as a positive in support of the project.

Martin Coast Center’s quality of care is referenced and medical treatment trends are addressed with the applicant citing the facility’s programs and services. Martin Opco contends that the additional beds are sought to accommodate the demand at a highly occupied facility that primarily acts as a step-down rehabilitation center for residents discharged from acute care hospitals as Cleveland Clinic has two hospitals within 10 miles of the facility. The applicant provides a table of Martin County residents acute care discharges to skilled nursing care from Martin County hospitals (Cleveland Clinic Martin North and Cleveland Clinic Martin South) which is condensed below.

**Acute Care Hospital Discharges to SNFs by MDC
Martin County Residents Age 65+
CY 2022**

MDC	Cases	Percent
08-Diseases and Disorders of--Musculoskeletal System and Conn Tissue	260	19.11%
04-Diseases and Disorders of the Respiratory System	179	13.0%
18-Infectious and Parasitic Diseases, Systemic or Unspecified Sites	168	12.98%
05-Diseases and Disorders of the Circulatory System	165	12.68%
11-Diseases and Disorders of the Kidney and Urinary Tract	150	11.41%
01-Diseases and Disorders of the Nervous System	107	7.87%
All Other MDCs	306	22.95%
Grand Total	1,335	100.0%

Source: CON application #10753, page 1-9, Table 1-5, from AHCA Hospital Patient Discharge Data, CY 2022.
Note: The reviewer’s calculation of the percentages are slightly different than the applicant’s, which is probably due to rounding.

Martin cites the subdistrict’s utilization for the 12 months ending June 30, 2023 and project the use rate and population estimates to the July – June 2028 in support of its contention that the project will not negatively impact the subdistrict’s existing nursing homes. The applicant explains that the July—June 2023 use rate of 4,699 patient days per thousand results in 279,501 patient days and an occupancy rate of 93.73 percent in the planning area and approximately 91 percent occupancy at Martin Coast Center. See the table below.

**Martin Opco (CON application #10753)
Projected Utilization
Years One & Two (Ending June 30, 2027 & 2028)**

	22-Bed Addition		142-Bed Facility	
	Year One	Year Two	Year One	Year Two
Admissions	14	5	284	295
Resident Days	3,520	6,922	45,339	47,204
ADC	10	19	124	129
Occupancy	43.84%	85.97%	87.48%	90.83%

Source: CON application #10753, page 1-11, Table 1-8.

Martin Opco concludes its need discussion stating that the project responds to statutory criteria, demonstrates need and enhances the subdistrict’s access and availability of skilled nursing care. The applicant contends that under its ownership, the facility will expand capacity, improve operational efficiency and its service to the community.

2. Agency Rule Preferences

Please indicate how each applicable preference for the type of service proposed is met. Chapter 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 publish specific preferences for these facilities. However, the rule does contain standards the Agency utilizes in assessing an 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.**

The applicant states its facility's comprehensive care programs focus on short-term rehabilitation services, the primary ones needed in the SA. Martin Opco's CY 2022 hospital discharges by MDCs table is again presented, with the applicant noting the top three (address musculoskeletal, respiratory, and infectious or parasitic conditions) account for 45 percent or 607 hospital discharges to nursing homes. Proposed services that are provided at the existing facility include but are not limited to the following (pages 2-5 and 2-6 of the application):

- Physical, Occupational and Speech Therapies
- Orthopedic Rehabilitation
- Respiratory Rehabilitation
- Wound Care
- IV Therapy
- Alzheimer's & Dementia Care; and
- Hospice & Palliative Care.

Martin Opco next addresses admissions citing Medicare and Medicaid requirements import and that a recommendation from a physician is required to be admitted to the facility. Further, the admission process requires facility staff to provide orientation to the facility and its policies to the resident and his or her family/designee at the initial assessment. Upon admission, each resident receives an admission packet detailing the agreement between the facility and the resident, his legal representative or other responsible party. Martin Opco states that upon admission, facility staff begin a comprehensive assessment of the resident utilizing the CMS assessment tool incorporating the "Minimum Data Set" elements as well as those elements specific to Florida. The assessment is designed to capture resident needs, strengths, goals, life history and preference. The applicant lists 15 elements of the review including but not limited to the resident's routines, cognitive ability, communication, mood and behavior pattern, psychological well-being, physical functioning and diseases diagnosis and health conditions.

Martin Opco notes that resident-centered comprehensive care plans require completion within seven days. The resident's participation in the assessment requires the care team to document it and complete a Pre-Admission Screen and Resident Review (PASRR), which is used to identify any mental and intellectual disabilities that would preclude skilled nursing placement. The care plan is to be completed within 48 hours of admission. The applicant notes that upon plan implementation, the team assesses the resident as changes in their condition occur. If no demonstrable changes occur, staff complete a portion of the assessment quarterly, and a full assessment is done annually.

Regarding resident rights, the applicant cites Florida's Long-Term Care Ombudsman Program and Residents Rights. Program information is given to the resident upon admission and staff receive training to delineate Nursing Home Federal Requirements for Residents Rights. Regarding care planning, Martin Opco indicates each resident receives a summary of their care plan and "becomes the director in working with the team to attain goals". Care plan meetings are scheduled to the best time of the day for the resident and their family at a time when the resident is best able to participate. The resident's care plan is updated as changes in their condition warrant and the full care plan is reviewed quarterly.

Discharge planning is to begin when the resident is admitted to the facility. The plan includes an assessment of the caregiver's capabilities, reflects an assessment of the resident's needs or access to a caregiver or support capable of providing the type of care needed. The post-discharge plan of care indicates where the resident will reside, the arrangements already made for follow-up care, and medical/non-medical services needed.

In reference to utilization, Martin Opco notes that the proposed 22-bed addition will account for 3,520 and 6,922 resident days, respectively, for the first two years of operation. See Item E. 1. a. for the proposed project and total facility utilization.

The applicant's Schedule 6A indicates the 142-bed facility will have 138.80 FTEs in year one ending June 30, 2027 and 145.40 FTEs in year two ending June 30, 2028. Year one has 7.10 FTEs for the 22-bed project and year two 13.70 FTEs. The reviewer notes Martin Opco's Schedules 6 and 10 year one and year two dates are consistent.

b. **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 current application.**

The applicant states that it has not ever had a SNF license 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?**

The applicant attests that neither it nor its managers have ever had a SNF 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 item 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 item 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 the 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 item does not apply.

- c. **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 that were Medicaid patient days.**

Martin Opco indicates that it will provide required data to the Health Council of Southeast Florida and to the Agency. This data includes utilization reports as well as required licensure and financial requirements.

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 applicants' service area? ss. 408.035 (1), (2) and (5), Florida Statutes.**

As previously stated, as of August 11, 2023, Subdistrict 9-2 had seven community nursing homes with 795 licensed community nursing home beds and no beds pending licensure. The subdistrict's nursing homes reported 86.07 percent for the six months, and 85.01 percent occupancy for the 12 months ending June 30, 2023.

Martin Opco presents rationales to support need for the project with respect to the availability, quality of care, accessibility, and extent of utilization of existing health care facilities and health services within the service area.

The applicant states that availability is defined as how much of a resource exists. With respect to availability, Martin Opco references its need discussion (see Item E.1.a. of this report). Martin Coast Center's high occupancy rate is cited and Martin Opco states that the project will improve availability where beds are most needed and within the subdistrict.

Regarding quality of care, the applicant notes Martin Coast Center has an overall three-star rating during its most recent state inspection with four elements having five stars—the highest rating. The applicant also cites its affiliation with Ventura Services Florida LLC and contends “the project benefits from an experienced team.. having the knowledge, tools, and expertise..to maintain high quality..standards”. Martin Opco references its quality-of-care discussion in item E.3.b. of this report.

The applicant contextualizes the following components with respect to accessibility: eligibility criteria, financial criteria or payer requirements, location of facilities or admission centers, geographical features, travel time or distance and specific services/programs. Geographic access is again addressed (see Item E.1.a.).

In reference to service access, the applicant adds Table 3-1, which in addition to the 1,335 Martin County residents 65 and over discharged from Martin County's two Cleveland Clinic hospitals adds 405 more such residents discharged from three Sarasota, five Palm Beach County and 'other' hospitals. In consideration of financial access, Martin Opco states that financial access addresses whether there are any economic barriers to obtaining care. The applicant states it participates in both Medicare and Medicaid programs, accepts commercial insurance and other payers and makes "every effort to eliminate financial barriers that could impede access to SNF care, working closely with hospital discharge planners and those who may make direct admissions".

Martin Opco next addresses the subdistrict's extent of utilization, previously addressed in Item E.1.a. In this section, the applicant restates there is growing demand for a step-down facility for rehabilitation following a hospital stay and that its project "is expected to increase utilization as access improves for Martin County residents".

Martin Opco provided responses to the proposed project's conformity to the Health Care Access Criteria on pages 3-9 through 3-11 of CON application #10753.

- 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? ss. 408.035 (3) and (10), Florida Statutes.**

As stated previously, Martin Opco will contract with Ventura Services Florida. The applicant indicates this affiliation will ensure support services and comprehensive policies and procedure to assure consistency and conformity. This project adds 22 beds resulting in a 142-bed nursing home. The project does not involve a Gold Seal facility.

Martin Opco comments that the importance of continuity of care and staff training and development provide the basis for tracking progress and developing ongoing monitoring of the care within each nursing home. Further, management's philosophy encourages continuous quality improvement (CQI) through the institution of uniform standards and guidelines, the creation of quality improvement goals, and the

recognition and use of evidence-based clinical pathways to achieve desired patient outcomes. The applicant bullets the 12 steps in the Centers for Medicare and Medicaid Services (CMS) *QAPI at a Glance* (CON application #10753, page 4-2) and maintains that these 12 steps establish a foundation for QAPI in nursing homes. Martin Opco states it “stays up to date on all state and federal requirements for QAPI”.

The applicant states its Quality Assurance Performance Improvement Plan and Quality Assurance and Assessment Program assures that the facility will meet or exceed “the needs, expectations and requirements of the patients while maintaining good patient outcomes and exceptional person-centered care where the residents are involved in their own care and their needs”. Further, its Risk Management/Quality Assurance Committee will meet monthly and plans of correction for areas that need improvement will be developed. The applicant explains “that the goal is to prevent failure of those core processes that could cause substandard quality of care and place the facility in danger of regulatory non-compliance”.

Martin Opco QAPI guiding principles addressed on CON application #10753, page 4-3 topics include: Purpose, Guiding Principles (4) and Procedures. A narrative explanation/description of activities and initiatives include Emergency Management and Hurricane Preparedness, Resident Rights, Privacy, and Advisory Committee, and Activities and Resident Council.

In reference to licensing history, Martin Opco notes that it does not operate the facility, but the change of ownership is pending. Martin Coast Center for Rehabilitation and Healthcare holds Joint Commission Accreditation and the applicant cites its 2-Star CMS rating including details in the application’s Exhibit 1 “Additional Information”. Marion OPCO includes a list of 24 services offered at Martin Coast Center on the application’s page 4-6.

Martin Opco restates that it will contract with Ventura Services Florida, an established clinical and administrative services consulting company. Ventura Services Florida affiliated skilled nursing facilities utilization for the 12-month periods ending on June 30, 2022, and June 30, 2023, is included on the application’s page 4-7. Martin Opco notes that these facilities experienced a significant increase in occupancies compared to the previous year and contends that high occupancy rates are often an indicator of quality.

The table below summarizes Ventura affiliated nursing homes Centers for Medicare and Medicaid Services (CMS) star ratings. Martin Opco includes these reports in the application’s Exhibit 1.

**CMS Overall Ratings (Out of Five Stars) for Florida Nursing Facilities
Affiliated with Ventura Services Florida**

Facility Name	Subdistrict	CMS Star Rating
Olive Branch Health and Rehab Center	1-1	4
De Luna Health and Rehab Center	1-1	5
Washington Rehabilitation and Nursing Center	2-1	4
Martin Coast Center for Rehabilitation & Healthcare	9-2	2
Okeechobee Health Care Facility	9-3	5
Harmony Health Center	11-1	4
Miami Springs Nursing and Rehabilitation Center	11-1	2
Sierra Lakes Nursing & Rehab Center*	11-1	2
South Dade Nursing & Rehab Center	11-1	1
North Dade Nursing & Rehab Center Regents Park at Aventura	11-1	2
Claridge House Nursing & Rehab Center	11-1	2
Waterford Nursing and Rehab Center (Healthcare Center of Waterford- 111341)	11-1	3
Average		3

Source: CON application #10753, page 4-8, Table 4-2.

Martin Opco concludes its quality-of-care discussion stating that its responses “demonstrate the capability to implement a program of quality assurance with elements that lead to continuous quality improvement. in the federal and state rating systems and achieve national recognition for quality improvement”.

The reviewer produced the table below showing the Ventura affiliated facilities most recent state and CMS ratings. Ratings are issued on a performance measure (star basis), with SNFs being issued stars ranging from one to five stars, with five stars being the highest rating.

**Ventura Services Florida Affiliated Facilities
Nursing Home Guide Inspection Ratings**

Facility Name	Agency File Number	HF Overall Inspection Star Rating	CMS Overall Rating
Claridge House Nursing and Rehabilitation Center	111306	★★★★	★★
De Luna Health and Rehabilitation Center	35961086	★★★★★	★★★★★
Harmony Health Center	111314	★★★	★★★★
(HF)Healthcare Center of Waterford/(CMS) Waterford Nursing and Rehabilitation Center	111341	★	★★★
Martin Coast Center for Rehabilitation and Healthcare	94301	★★★	★★
Miami Springs Nursing and Rehabilitation Center	111309	★★★	★★
North Dade Nursing and Rehabilitation Center	111324	★	★★
Okeechobee Health Care Facility	94701	★★★★★	★★★★★
Olive Branch Health and Rehab Center	35961064	★★	★★★★
Regents Park at Aventura	111345	★★	★★
Sierra Lakes Nursing & Rehabilitation Center	11310	★★★	★★
South Dade Nursing and Rehabilitation Center	111313	★★★	★
Washington Rehabilitation and Nursing Center	26701	★★★	★★★★
Average		2.92	2.92

Source: <https://quality.healthfinder.fl.gov> and <https://www.medicare.gov/care-compare>
CMS Last Updated: December 6, 2023.

The reviewer notes that none of the facilities are Gold Seal Award facilities. De Luna Health and Rehabilitation Center, Martin Coast Center for Rehabilitation and Healthcare, North Dade Nursing and Rehabilitation Center, Olive Branch Health and Rehabilitation Center, Regents Park at Aventura, South Dade Nursing and Rehabilitation Center, and Washington Rehabilitation and Nursing Center are on the Agency Watch List. The Watch List identifies nursing homes that are operating under bankruptcy protection or met the criteria for a conditional status during the past 30 months.

During the 36 months ending December 20, 2023, Ventura Services affiliated nursing homes had a total of 28 substantiated complaint categories cited. This does not include complaints that occurred prior to Ventura Services Florida operating the facility (see the table below).

**Martin Coast OPCO, LLC Affiliates
Substantiated Complaint History by Category
36 Months Ending December 20, 2023**

Complaint Category	Number Substantiated
Administration/Personnel	3
Admission, Transfer & Discharge Rights	1
Dietary Services	1
Infection Control	1
Misappropriation of property	1
Pharmaceutical Services	1
Physical Environment	3
Quality of Care/Treatment	8
Resident/Patient/Client Abuse	4
Resident/Patient/Client Neglect	2
Resident/Patient/Client Rights	3
Total	28

Source: AHCA Substantiated Complaint History.

Agency records indicate that THS OPCO LLC d/b/a Martin Coast Center for Rehabilitation and Healthcare had three substantiated complaints citing quality of care/treatment (2), resident/patient/client abuse (1) and administration/personnel (1) categories during the three-year period ending December 22, 2023.

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

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 applicant is a development stage company, meaning there is no operational data to be analyzed for the purposes of this review. The applicant indicated that funding will be provided by a third-party source.

Capital Requirements and Funding:

The applicant indicates on Schedule 2 capital projects totaling \$6,546,692, which includes this project only. In addition to the capital costs, the applicant will have to finance a projected year one operating loss of \$373,530.

The applicant indicates on Schedule 3 of its application that funding for the project will be provided by non-related company financing (\$6,546,692). The applicant provided a letter of interest, dated 12/18/2023, from Greystone stating their interest in providing construction financing. A letter of interest is not considered a firm commitment to lend.

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

Conclusion:

Funding for this project is in question.

d. What is the immediate and long-term financial feasibility of the proposal? ss. 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	2,727,775	394	1,445	471	243
Total Expenses	2,606,848	377	1,598	471	304
Operating Income	120,927	17	107	5	-170
Operating Margin	4.43%		Comparative Group Values		
	Days	Percent	Highest	Median	Lowest
Occupancy	6,922	85.97%	98.66%	82.83%	47.15%
Medicaid	3,696	53.39%	63.30%	53.45%	43.99%
Medicare	1,898	27.42%	39.48%	19.21%	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? ss. 408.035 (7), Florida Statutes.

Strictly from a financial perspective, the type of competition that would result in increased efficiencies, service, and quality is limited in health care. Cost-effectiveness through competition is typically achieved via a combination of competitive pricing that forces more efficient cost to remain profitable and offering higher quality and additional services to attract patients from competitors. Since Medicare and Medicaid are the primary payers in the nursing home industry, price- based competition is limited. With a large portion of the revenue stream essentially fixed on a per patient basis, the available margin to increase quality and offer additional services is limited. In addition, competitive forces truly do not begin to take shape until existing business’ market share is threatened.

The publication of need in this area suggests that there is an unmet and untapped customer base for a new entrant to absorb. Since nursing home services are limited to available beds and the need formula suggest excess capacity in the market to fill those beds, the impact on market share would be limited. The combination of the existing health care system's barrier to price-based competition via fixed price payers and the existence of unmet need in the district's limits any significant gains in cost-effectiveness and quality that would be generated from competition.

Conclusion:

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

- f. Are the proposed costs and methods of construction reasonable? Do they comply with statutory and rule requirements? 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 have significant impact on either construction costs or the proposed completion schedule. The applicable codes 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 proposed project will decompress existing semi-private rooms and four-bed resident rooms benefiting residents in both addition and the existing renovated areas.

The plans submitted with this application were schematic in detail with the expectation that they will be necessarily revised and refined prior to being submitted for full plan review. The architectural review of this application shall not be construed as an in-depth effort to determine complete compliance with all applicable codes and standards. The final responsibility for facility compliance ultimately rests with the applicant owner. Approval from the Agency for Health Care Administration's Office of Plans and Construction is required before the commencement of any construction.

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

Martin Opco presents the facility's most recent five July 1- June 30, 12-month periods ending June 30, 2023 history of Medicaid patient days in its Table 9-1 on page 9-2 of the application, which show the facility high for Medicaid was 73.44 in the 12 months ending June 30, 2019. During the 12 months ending June 30, 2023, the facility provided 22,957 Medicaid patient days or 57.15 percent of the facility's total patient days.

The applicant's Schedule 7 indicates that Medicaid/Medicaid HMO represents 53.4 percent of year one (ending June 30, 2027) and 53.4 percent of year two (ending June 30, 2028) of the project's total patient days. For the total 142-bed facility, Medicaid/Medicaid HMO is projected to be 53.4 percent of year one and year two total annual patient days.

F. SUMMARY

Martin Coast Opco, LLC d/b/a Martin Coast Center for Rehabilitation and Healthcare (CON application #10753), proposes to add 22 community nursing home beds to the existing 120 community nursing home bed facility in Subdistrict 9-2 (Martin County).

The 22-bed addition is projected to be licensed in June 2026 and to be in service in July 2026.

The total project involves \$25,386 gross square feet (GSF) with 10,886 of new construction and 14,500 of renovation at a total construction cost of \$4,534,000. Total project cost is \$6,546,692. The project cost includes land, building, equipment, project development and financing costs.

The applicant does not propose any Schedule C conditions, pursuant to this project.

Need:

In Volume 49, Number 190 of the Florida Administrative Register dated September 29, 2023, a fixed need pool of 22 community nursing home beds was published for Subdistrict 9-2 for the July 2026 planning horizon. The applicant's project is in response to the projected need.

Martin Opco contends that the additional beds will accommodate the demand at a highly occupied facility that primarily acts as a step-down rehabilitation center for residents discharged from acute care hospitals.

The applicant indicates that the 22 beds will average 85.97 percent occupancy and the 142-bed facility 90.83 percent occupancy during the second year of operation (July 2027—June 2028).

Although Martin Coast Opco LLC indicated it anticipated having the license for the facility by December 15, 2023, it has failed to obtain said license. The project cannot be approved as the applicant is not the facility licensee.

Quality of Care:

Martin Opco described in detail its ability to provide quality care.

The facility will be affiliated with Ventura Services Florida LLC, which provides services to 13 affiliated nursing homes. During the 36 months ending December 20, 2023, Ventura Services affiliated nursing homes had a total of 28 substantiated complaint categories cited.

Financial Feasibility/Availability of Funds:

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

Medicaid/Charity Care:

- The applicant provided its Medicaid occupancy for the previous five-year periods ending June 30, 2023
- The applicant projects the 22-bed project and the 142-bed facility will provide approximately 53.4 percent of their year one and year two total annual patient days to Medicaid/Medicaid HMO residents

Architectural:

- The applicant submitted all information and documentation necessary to demonstrate compliance with the architectural review criteria
- The cost estimate for the proposed project provided in Schedule 9, Table A and the project completion forecast provided in Schedule 10 appear to be reasonable

- A review of the architectural plans, narratives and other supporting documents did not reveal any deficiencies that are likely to have significant impact on either construction costs or the proposed completion schedule
- The proposed project will decompress existing semi-private rooms and four-bed resident rooms benefiting residents in both addition and the existing renovated areas

G. RECOMMENDATION

Deny CON #10753

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



James B. McLemore
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Certificate of Need**



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