

**STATE AGENCY ACTION REPORT**  
**ON APPLICATION FOR CERTIFICATE OF NEED**

**A. PROJECT IDENTIFICATION**

**1. Applicant/CON Action Number**

**HSP Mid Florida LLC/CON application #10752**

101 Sunnyside Road, Suite 201  
Casselberry, Florida 32707

Authorized Representative: Mr. Grey Notermann  
Vice President of Finance  
Southern HealthCare Management, LLC  
(407) 830-5309, Ext. 152

**2. Service District/Subdistrict**

District 7/Subdistrict 7-3 (Osceola County)

**B. PUBLIC HEARING**

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

**Letters of Support**

The applicant included three letters of support it quoted from in the application's Exhibit 1. These cite Southern HealthCare Management, LLC's services, and community benefits that the applicant would bring. The letters were from Julie Haile MSHA, RN, BSN, Director, Transition Services and John Julian, MSW, Manager, Care Management for Discharge Support & NETC, Orlando Health (Orlando Health, Inc.), Robin A. Bleier, RN, HCRM, LNC, President/CEO, RB Health Partners, Inc., LTC Consulting, Crystal Beach (Palm Harbor) Pinellas County and Javid B. Ayadi, MD, Medical Director of Hunters Creek Nursing and Rehabilitation, (Orlando) Orange County.

**C. PROJECT SUMMARY**

**HSP Mid Florida LLC (CON application #10752)**, also referenced HSP, HSP Mid Florida or the applicant, proposes to establish a new 111-bed community nursing home in Subdistrict 7-3 (Osceola County). The facility is planned to include 45 private and 33 semi-private rooms with the design incorporating a 55-bed unit for short-term, rehabilitative care and a 56-bed unit to accommodate long-term residents. The applicant states that a site has not yet been selected but proposes the Kissimmee/St. Cloud or Poinciana area in the northwest portion of Osceola County

HSP states that it is affiliated with and will be managed by The Sovereign Group and Southern HealthCare Management, LLC (SHMC) which operates 29 SNFs in Florida, two in Georgia, and 10 in North Carolina – which includes 41 separately organized limited liability companies, each operating a skilled nursing facility (SNF) adding that in aggregate, the SNFs have 5,113 licensed skilled nursing beds. The applicant provides a list of facilities in Exhibit 2 in the Additional Information Section at the end of this application.

The 111-bed facility includes 78,768 GSF of new construction. The total construction cost is \$25,599,600. Total project cost, which includes land, building, equipment, project development, financing and start-up costs is \$37,254,300.

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

HSP Mid Florida 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 Derron Hillman of the Bureau of Central Services, who evaluated the financial data, and Scott Waltz of the Office of Plans and Construction, who reviewed the application for conformance with the architectural criteria.

**E. CONFORMITY OF PROJECT WITH REVIEW CRITERIA**

The following indicate the level of conformity of the proposed project with the criteria and application content requirements found in Florida Statutes, Sections 408.035, and 408.037; applicable rules of the State of Florida, Chapter 59C-1 and 59C-2 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 111 community nursing

home beds was published for Subdistrict 7-3 for the July 2026 planning horizon. HSP Mid Florida LLC’s project is in response to the 111-bed FNP.

As of August 11, 2023, Subdistrict 7-3 had 10 community nursing homes with 1,200 licensed and zero CON approved community nursing home beds. Subdistrict 7-3 nursing homes reported 89.17 percent during the six months, and 88.12 percent total occupancy during the 12 months ending June 30, 2023. See the table below.

**Subdistrict 7-3 (Osceola County)  
Community Nursing Home Utilization  
12 Months Ending June 30, 2023**

<b>Facility</b>	<b>Community SNF Beds</b>	<b>Community SNF Bed Days</b>	<b>Patient Days</b>	<b>Total Occupancy</b>
<b>Osceola County (Subdistrict 7-3)</b>				
AdventHealth Care Center Celebration	120	43,800	41,333	94.37%
Avante at St. Cloud, Inc.	131	47,815	43,600	91.18%
Good Samaritan Society - Kissimmee Village	170	62,050	43,938	70.81%
Keystone Rehabilitation and Health Center	120	43,800	35,316	80.63%
Kissimmee Health and Rehabilitation Center	59	21,535	19,050	88.46%
Kissimmee Nursing & Rehabilitation Center	120	43,800	36,145	82.52%
Plantation Bay Rehabilitation Center	120	43,800	42,036	95.97%
Solaris Healthcare Osceola	120	43,800	41,356	94.42%
Terrace of Kissimmee, The	120	43,800	42,163	96.26%
Terrace of St. Cloud, The	120	43,800	41,007	93.62%
<b>Total</b>	<b>1,200</b>	<b>438,000</b>	<b>385,944</b>	<b>88.12%</b>

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

HSP Mid Florida LLC states the project to construct a 111-bed community nursing home in Osceola County (Subdistrict 7-3) is in response to the FNP. The applicant uses Figures 1-1 and 1-2 (maps), pages 1-2 and 1-3 to provide visual examples showing Subdistrict 7-3, Osceola County, with major towns and roadways as well as the locations of acute care hospitals, nursing homes, and assisted living facilities within the Kissimmee-St. Cloud area.

HSP argues that although Osceola County has the smallest population of the four District 7 subdistricts, it is expected to have “double digit growth” for all age cohorts over the next five years. The total population is expected to increase from 433,952 to 498,620, representing a 14.9 percent growth rate, compared to the district average at 8.6 percent with the 65 and older cohort expected to increase from 64,260 to 82,686, which is a 28.7 percent increase. HSP argues that the population growth indicates the future need for residential and health care services. See the table below.

**District 7 Current and Projected Population  
By Age Cohort and Subdistrict**

Subdistrict/County	January 2023 Population Estimates			January 2028 Population Estimates		
	0-64	65+	Total	0-64	65+	Total
<b>(1) Brevard</b>	467,772	164,186	631,958	472,710	192,840	665,550
<b>(2) Orange</b>	1,308,292	201,696	1,509,988	1,406,106	245,535	1,651,641
<b>(3) Osceola</b>	369,692	64,260	433,952	415,934	82,686	498,620
<b>(4) Seminole</b>	406,625	81,468	488,093	417,514	93,992	511,506
<b>District 7</b>	2,552,381	511,610	3,063,991	2,712,264	615,053	3,327,317
Subdistrict/County	Five-Year Increase			Five-Year Growth Rate		
	0-64	65+	Total	0-64	65+	Total
<b>(1) Brevard</b>	4,938	28,654	33,592	1.1%	17.5%	5.3%
<b>(2) Orange</b>	97,814	43,839	141,653	7.5%	21.7%	9.4%
<b>(3) Osceola</b>	46,242	18,426	64,668	12.5%	28.7%	14.9%
<b>(4) Seminole</b>	10,889	12,524	23,413	2.7%	15.4%	4.8%
<b>District 7</b>	159,883	103,443	263,326	6.3%	20.2%	8.6%

Source: CON application #10752, page 1-4, Table 1-1, from Florida Population Estimates and Projections by AHCA District 2018 to 2030, published January 2023.

HSP 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.

The applicant notes that the majority of Osceola County's 1,322 square miles is unincorporated, with land south of the populous areas identified by ZIP Codes 34773 and 34739, together, making up less than 6,000 or less than 10 percent of the total population and only 1,000 seniors. HSP provides the table below showing the 2023 population by ZIP code and projected 2028 population and growth, demonstrating Osceola's populous Kissimmee and St. Cloud area.

**Subdistrict 7-3 (Osceola County) Current and Projected Population  
By Age 65+ Cohort and Total by Zip Codes**

Zip Code	2023 Population		2028 Population Estimates		5-Year Growth Rate	
	Age 65+	Total Pop.	Age 65+	Total Pop.	Age 65+	Total Pop.
34741	7,055	60,165	8,499	65,423	20.5%	8.7%
34743	5,440	40,203	6,283	42,678	15.5%	6.2%
34744	9,002	63,083	11,048	69,418	22.7%	10.0%
34746	9,875	63,252	12,603	72,591	27.6%	14.8%
34747	4,552	30,658	6,268	36,150	37.7%	17.9%
34758	5,924	46,642	7,210	51,949	21.7%	11.4%
<b>Kissimmee</b>	<b>41,848</b>	<b>304,003</b>	<b>51,911</b>	<b>338,209</b>	<b>24.0%</b>	<b>11.3%</b>
34769	5,091	28,804	5,832	30,759	14.6%	6.8%
34771	5,289	30,926	7,005	36,172	32.4%	17.0%
34772	5,081	37,159	6,453	41,832	27.0%	12.6%
34773	794	5,069	1,054	5,929	32.7%	17.0%
<b>St. Cloud</b>						
<b>Total</b>	<b>16,255</b>	<b>101,958</b>	<b>20,344</b>	<b>114,692</b>	<b>25.2%</b>	<b>12.5%</b>
33848	100	556	111	554	11.0%	-0.4%
34739	211	892	217	934	2.8%	4.7%
<b>SD 7-3 Total</b>	<b>58,414</b>	<b>407,409</b>	<b>72,583</b>	<b>454,389</b>	<b>24.3%</b>	<b>11.5%</b>

Source: CON application #10752, page 1-5, Table 1-2, from Claritas 2023 Population Estimates.

Note: **Kissimmee** refers to the Kissimmee ZIP Code total, Zip Code 33848 is Intercession City and Zip Code 34739 is Kenansville.

HSP notes that the table above shows ZIP Codes in the Kissimmee area account for 304,003 residents, representing roughly 75 percent of Osceola's population, of which 41,848 are seniors aged 65 and older, and the St. Cloud area accounts for 101,958 residents, or 25 percent of the population, with 16,255 seniors. Further, by 2028 the Kissimmee area will add 10,063 seniors aged 65 and older, a 24 percent growth rate, while St. Cloud adds 4,089 seniors for a 25.2 percent increase. HSP adds that this area encompasses an approximate 15-mile radius and the total population growth that averages 11.3 percent for Kissimmee and 12.5 percent for St. Cloud.

The applicant's Exhibit 3 has data from the Health Council of East Central Florida showing that in 2023 Osceola County has a 52 percent Hispanic population, compared to 26.8 percent of the state population. HSP assures that Southern HealthCare Management has policies and procedures in place to provide effective and person-centered care offering multilingual staff and facility information printed in Spanish are available at all its facilities. Approximately one third of the staff at Hunters Creek Nursing and Rehab Center in Orlando are Hispanic with Spanish being their first language adding that other languages are available at various locations which may include, French, German, Italian, Polish, Creole, Filipino, and others.

HSP states that the ZIP Codes proximate to Poinciana were analyzed as a potential location for the proposed facility. Poinciana is a Planned Unit Development (PUD) consisting of several Villages located on approximately 47,000 acres southwest of Kissimmee in Osceola County and northeast of Winter Haven in Polk County. The applicant argues this area has a large concentration of seniors and is experiencing increasing growth and development. HSP Mid Florida provides data showing that the ZIP Codes near the border of Polk County within a 10-mile radius from Poinciana noting that two are located in Osceola County and three extend into Polk County. The data shows that this area has a total population of 246,952 and will increase by 14.6 percent to 282,984 by 2028. The applicant shares that the current 45,595 seniors represent 18.5 percent of the population and is expected to increase by 10,857 or 23.8 percent reaching 56,452 by 2028.

**Poinciana 10-Mile Radius Current (2023) and Projected (2028) Population and Growth by County, Geography Name, Zip Code, and Age Cohort**

			2023 Population			2028 Population Estimates		
County	Geography Name	Zip Code	Age 0-64	Age 65+	Total	Age 0-64	Age 65+	Total
Osceola	Kissimmee	34746	53,377	9,875	63,252	59,988	12,603	72,591
Osceola	Kissimmee	34758	40,718	5,924	46,642	44,739	7,210	51,949
Polk	Kissimmee	34759	38,092	9,575	47,667	43,348	11,878	55,226
Polk	Davenport	33837	31,820	9,462	41,282	37,435	12,114	49,549
Polk	Haines City	33844	37,350	10,759	48,109	41,022	12,647	53,669
<b>Total</b>	<b>Poinciana</b>		<b>201,357</b>	<b>45,595</b>	<b>246,952</b>	<b>226,532</b>	<b>56,452</b>	<b>282,984</b>
			5-Year Increase			5-Year Growth Rate		
County	Geography Name	Zip Code	Age 0-64	Age 65+	Total	Age 0-64	Age 65+	Total
Osceola	Kissimmee	34746	6,611	2,728	9,339	12.4%	27.6%	14.8%
Osceola	Kissimmee	34758	4,021	1,286	5,307	9.9%	21.7%	11.4%
Polk	Kissimmee	34759	5,256	2,303	7,559	13.8%	24.1%	15.9%
Polk	Davenport	33837	5,615	2,652	8,267	17.6%	28.0%	20.0%
Polk	Haines City	33844	3,672	1,888	5,560	9.8%	17.5%	11.6%
<b>Total</b>	<b>Poinciana</b>		<b>25,175</b>	<b>10,857</b>	<b>36,032</b>	<b>12.5%</b>	<b>23.8%</b>	<b>14.6%</b>

Source: CON application #10752, page 1-9, Table 1-3, from Claritas 2023 Population Estimates

HSP states that it is important to note that Poinciana has no nursing homes and has several assisted living facilities and a 94-bed acute care hospital, HCA Florida Poinciana Hospital. The closest nursing home to the hospital is Good Samaritan Society — Kissimmee Village with 170 beds, 10 miles north in Kissimmee and two other nursing homes are located within the 10-mile radius in Polk County. The driving distance from HCA Florida Poinciana Hospital is 11 miles to Haines City Rehabilitation and Nursing Center (120 beds) and 13 miles to Davenport Care Center (60 beds). HSP argues that the data demonstrates strong growth for the senior population in the Kissimmee-St. Cloud area which indicates a new facility will be well utilized and underscores the importance of ensuring a sufficient bed supply. The applicant states that Poinciana presents an opportunity to serve a community without a nursing home that has access to an acute care hospital.

HSP Mid Florida states that Osceola County will drop from 19 to 16 beds per 1,000 seniors while Orange County levels off at 19 beds per thousand by 2028. The applicant adds that the considered location in Poinciana has only 7.6 beds per thousand seniors and that even with the addition of the proposed facility in either ZIP Code 34746 or 34758, by 2028, there would still only be 8.2 beds per thousand. Further, without the project, keeping the bed supply at 1,200, Osceola would have only 14.5 beds per thousand by 2028, which is less than current supply for any of the District 7 subdistricts; and the Poinciana 10-mile radius would drop to 6.2 beds per thousand and contends that the proposed facility in Osceola ensures a sufficient supply of available nursing home beds to avoid access issues over the next few years. See the table below.

**District 7 Community Nursing Home Beds Per 1,000  
Population Age 65 and Over 2023 & 2028**

	<b>2023 Beds</b>	<b>2023 Population 65+</b>	<b>Beds per 1,000</b>	<b>Proposed/ Approved Beds*</b>	<b>2028 Beds</b>	<b>2028 Population 65+</b>	<b>Beds per 1,000</b>
<b>(1) Brevard</b>	2,819	164,186	17	188	3,007	192,840	16
<b>(2) Orange</b>	4,368	201,696	22	273	4,641	245,535	19
<b>(3) Osceola</b>	1,200	64,260	19	111	1,311	82,686	16
<b>(4) Seminole</b>	1,242	81,468	15	171	1,413	93,992	15
<b>District 7</b>	<b>9,629</b>	<b>511,610</b>	<b>19</b>	<b>743</b>	<b>10,372</b>	<b>615,053</b>	<b>17</b>
<b>Poinciana IO-Mile Radius</b>	<b>350</b>	<b>45,786</b>	<b>7.6</b>	<b>111</b>	<b>461</b>	<b>56,452</b>	<b>8.2</b>

\*Assumes all current batched CON applications and beds approved as of 8/11/23 become licensed by 2028.  
Source: CON application #10752, page 1-8, Table 1-4, from Florida Nursing Home Bed Need Projections by District and Subdistrict, published September 29, 2023, and Florida Population Estimates and Projections 2018-2030 (January 1 estimates for the years shown), published January 2023.

HSP states that nursing home utilization in District 7 is “strong”, with Subdistrict 3, Osceola County, having the highest average occupancy for the most recent year ending June 30, 2023 noting that pre-pandemic the average occupancy rate for the District 7 was 87.7 percent, with Osceola at 89.4 percent, above average adding that Osceola County remained above average for all five past years, except during the height of the pandemic for the 12-month period ending June 30, 2021.

HSP Mid Florida offers the occupancy rates by facility of six of the 10 nursing homes above 90 percent occupancy noting that The Solaris Healthcare Celebration (formerly Tri-County Nursing and Rehabilitation Center, Inc. d/b/a AdventHealth Care Center Celebration) opened its 120-bed nursing home on June 5, 2019, now has an occupancy rate of 94.4 percent which indicates the strong demand in this market. The applicant offers that the most recent five years subtotals by city displays that the demand appears to be strong regardless of the average occupancy rate of facilities in Kissimmee being 92.3 percent for the 12-month period ending June 30, 2019. HSP notes that the St. Cloud SNFs occupancy rate of 85.8 percent in the 12 months ending June 30, 2019, has increased 93.7 percent in the 12 months ending June 30, 2023. HSP argues that there is strong demand in Osceola and the proposed 111-bed nursing home is expected to fill quickly, providing an important resource to the community as the population continues to grow and age.

HSP uses U.S. Centers for Disease Control and Prevention (CDC) and Agency Hospital Discharge data to support the argument that population growth drives increasing demand for dialysis services for patients with chronic kidney disease and end stage renal disease. The applicant confirms that Florida has over 500 ESRD Centers with nine located in



Osceola County and projects that with 82,686 residents aged 65 and older projected for Osceola in 2028, 364 are estimated to require dialysis services. Further, the most recent available data from CMS.gov as of October 25, 2023, identifies eight ESRD providers in Osceola County with 143 dialysis stations adding that a ninth ESRD center recently opened in Poinciana, indicating the increasing demand south of Kissimmee. The applicant offers that the Agency's hospital discharge data for the most recent period, hospitals in Osceola discharged 1,096 renal failure patients in the calendar year 2022. HSP assures that it recognizes this need in the service area and that the proposed nursing home will offer the convenience of on-site dialysis services for its patients at the facility.

HSP notes that Osceola County hospitals discharged 2,492 Osceola patients to nursing homes, representing 78.8 percent of all Osceola resident discharges to nursing homes. The applicant notes that all but two hospitals - Orlando Health Orlando Regional Medical Center with 186 discharges (5.9 percent) and AdventHealth Orlando with 133 discharges (4.3 percent) are located in Osceola County. HSP argues that the data demonstrates that Osceola Hospitals are well utilized by Osceola residents, with only 21.2 percent receiving hospital care outside of the county.

HSP adds that Osceola hospitals generated 2,492 discharges to SNFs in 2022, representing eight percent of the 32,045 Osceola resident discharges. The applicant concludes that "if availability increases access and utilization of skilled nursing care, then locating near the HCA Florida Poinciana Hospital that has no nursing home within less than a 10-mile driving distance would improve access to that area".

HSP cites the FNP calculation and states it uses to July 2022-June 2023 use rate to project utilization for the subdistrict for the July 2026 planning horizon, and for January 2028, contending Subdistrict 7-3 utilization would exceed current capacity if the 111-bed facility is not constructed. See the table below.

**Projected District 7 and Subdistrict 7-3 (Osceola County) Patient Days & Occupancy for the July 2026 Planning Horizon and January 2028 Year 2 Midpoint Based on Use Rates from Previous Table**

Area	Osceola	District 7
Current (7/22-6/23) Use Rate	6,006	5,798
Population 65+, July 1, 2026 (Midpoint of Planning Horizon)	76,675	583,538
Resident Days Forecasted for 7/27-6/28	460,508	3,383,425
Average Daily Census, 7/27-6/28	1,262	9,270
Projected Licensed Beds*	1,311	10,372
<b>Projected Occupancy, July 1, 2026, Planning Horizon</b>	<b>96.2%</b>	<b>89.4%</b>
Population 65+, Jan. 1, 2028 (Midpoint of Year 2)	82,686	615,053
Resident Days Forecasted for 7/27-6/28	496,610	3,566,153
Average Daily Census, 7/27-6/28	1,361	9,770
Projected Licensed Beds*	1,311	10,372
<b>Projected Occupancy, January 1, 2028 (Year 2 Midpoint)</b>	<b>103.8%</b>	<b>94.2%</b>

\*Assumes all approved beds and pending CONs become licensed by 7/01/2026.

Source: CON application #10752, page 1-20, Table 1-10 from Florida Nursing Home Utilization by District and Subdistrict, published September 2023 and Florida Population Estimates and Projections by AHCA District 2015 to 2030, published January 2023.

HSP states its initial first year occupancy rate reflects a ramp up of admissions given the required time to obtain Medicare and Medicaid certification. The facility will attain an average occupancy level of 50 percent in the first year and 85.5 percent in the second year of operations. The applicant contends its average daily census of 56 residents in year one and 95 residents in year two, is consistent with recent nursing home openings in the area and the state. See the table below.

**Projected Utilization for the New 111-Bed Facility  
First Two Years of Operation**

First Year Ending 6/30/2027	Patient Days	Occupancy	ADC
1st quarter	3,361	32.90%	37
2nd quarter	4,589	44.90%	50
3rd quarter	5,472	54.80%	61
4th quarter	6,905	68.40%	76
<b>Year 1</b>	20,327	50.20%	56
Second Year Ending 6/30/2028	Patient Days	Occupancy	ADC
1st quarter	8,078	79.10%	89
2nd quarter	8,262	80.90%	90
3rd quarter	8,931	88.40%	99
4th quarter	9,356	92.60%	103
<b>Year 2</b>	34,627	85.50%	95

Source: CON application #10752, page 1-21, Table 1-11

HSP concludes that the high growth and demand for skilled nursing beds ensures the project will provide sufficient beds without negatively impacting existing facilities. Further, it has established consistency with the 111-bed FNP and there will be increasing demand for skilled nursing services created by Osceola's County's growing senior population that will exert pressure on existing skilled nursing facilities. Locating within the Kissimmee-St. Cloud area ensures residents of Osceola County continued access to skilled nursing care into the future as projected

demand is soon to exceed supply offering that, alternatively, a possible location near HCA Florida Poinciana Hospital presents the opportunity to bring short-term rehabilitation and long-term skilled nursing care to a growing community currently without a nursing home. Finally, the applicant contends that regardless of location, the proposed facility is expected to fill during the first two years and result in successful operations.

**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.**

HSP 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. Special programs include advanced sub-acute care, dietary services, discharge support, end of life care, enhanced cultural outcomes, enteral therapy services, infusion therapy services, inpatient rehabilitation, outpatient rehabilitation, patient and family education, pulmonary acute cardiac episode recovery, respiratory therapy services, respite care, restorative care services, social services, stroke recovery, and wound care services,

HSP Mid Florida describes its physical, occupational and speech therapies, advanced sub-acute care and other services it proposes to provide at the facility. The applicant assures that to enhance continuity of care and minimize the risk of patients returning to the hospital, facility clinicians may train with the partnering hospital where appropriate. HSP states that the ability to accept and provide safe treatment for patients

with advanced sub-acute clinical needs is possible because of its “controlled process” which includes program development, direct hospital re-admission process, accurate communication, community health care partnerships, ongoing training & education, and structured placement criteria.

HSP describes SHCM’s dietary services, end of life care services, enhanced cultural outcomes, enteral care services, infusion therapy, outpatient rehabilitation, pulmonary acute cardiac episode recovery (PACER), respiratory therapy services, respite care, restorative care program, social services, stroke recovery program, and wound care services on the application’s pages 2-4 through 2-10. Exhibits of Southern Healthcare Management LLC’s Guidelines for Palliative Care is provided in the application’s Exhibit 6 and brochures with details on the above programs are included in Exhibit 4.

In reference to staffing, HSP assures its staffing is reflective of the level necessary to care for its residents and will meet or exceed staffing standards. The applicant’s Schedule 6 shows 80 FTEs in year one (ending June 30, 2027) FTEs and 121.9 in year two FTEs (ending June 30, 2028). FTEs increase from year one to year two for administration, nursing, ancillary, dietary, social services, housekeeping, laundry, and plant maintenance.

HSP’s Schedule 7 indicates the facility is projected to have 7,114 Medicaid patient days in year one (35.0 percent) and 12,119 (35.0 percent) of these years’ total annual patient days. The facility’s projected utilization is shown below.

**Projected Admissions, Patient Days, Average Length of Stay and Average Daily Census First Two Years of Operation for the Proposed Facility of 111 beds**

<b>Factor</b>	<b>Year One</b>	<b>Year Two</b>
Admissions	642	1,093
Patient Days	20,327	34,627
ALOS	31.7	31.7
ADC	56	95

Source: CON application #10752, page 2-11, Table 2-1

HSP provides the top Major Diagnostic Categories (MDC) CY 2022 hospital discharges to skilled nursing facilities for Osceola County residents aged 65 (see the condensed table below). The top ten MDCs account for 92.8 percent of the discharges and HSP addresses these stating that has the experience in a variety of specialized programs and will to innovate to best meet residents' needs.

**Hospital Discharges to Skilled Nursing Facilities by MDC  
For Osceola County Adult Residents, CY 2022**

<b>MAJOR DIAGNOSTIC CATEGORY</b>	<b>Cases</b>	<b>Percent</b>	<b>Cumm.</b>
18 Infectious & Parasitic Diseases, Systemic or Unspecified Sites	505	16.5%	16.5%
08 Diseases & Disorders of the Musculoskeletal System and Conn Tissue	490	15.6%	32.1%
05 Diseases & Disorders of the Circulatory System	443	14.7%	46.8%
11 Diseases & Disorders of the Kidney & Urinary Tract	347	10.5%	57.3%
01 Diseases & Disorders of the Nervous System	340	10.3%	67.6%
04 Diseases & Disorders of the Respiratory System	313	9.6%	77.3%
06 Diseases & Disorders of the Digestive System	206	6.8%	84.1%
10 Endocrine, Nutritional and Metabolic Diseases & Disorders	148	4.5%	88.6%
09 Diseases & Disorders of the Skin, Subcutaneous Tissue & Breast	79	2.3%	90.9%
19 Mental Diseases & Disorders	57	1.9%	92.8%
All others	235	7.4%	100.0%
<b>Total</b>	<b>3,163</b>	<b>100.1%</b>	

Source: CON application #10752, page 2-12, Table 2-2 from CY 2022 AHCA Hospital Discharge Data.

Note: The CON reviewer condensed the applicant's table with the 100.1 percent probably due to rounding.

HSP next addresses in detail its admissions process, patient and family education, residents' rights, care planning and discharge planning on pages 2-13 through 2-16. Some key points include each resident receives details of the admission agreement between the facility representative and the resident, his legal representative, or other responsible party. Southern HealthCare Management Facility social workers and case managers roles in patient and family education is provided. HSP states key facility department heads will stop by the patient's room and introduce themselves to the new patient within the first 48 hours of admission. Florida's Long-Term Care Ombudsman program and resident rights program information is given to residents upon admission addressing their rights at the facility. Further, staff receives appropriate training to delineate Nursing home federal requirements for resident rights. Resident rights information distributed to residents, including contacts for filing complaints, is provided in the application's Exhibit 12.

HSP confirms the facility will develop and implement a baseline care plan for each resident that includes the instructions needed to provide effective and person-centered care of the resident that meet professional standards of quality care noting that this baseline care plan must be developed within 48 hours of a resident's admission and include measurable objectives and timetables to meet a resident's medical, nursing, mental, and psychosocial needs that are identified in the comprehensive assessment.

HSP assures that its interdisciplinary team, in conjunction with the resident, resident's family, surrogate or representative, will develop the plan of care based on the comprehensive assessment during the Care Plan Conference which is developed within seven days of completion of the Minimum Data Set (MDS) assessment, and updated quarterly, then annually, or when there is a change in resident status or condition to

identify resident needs and establish obtainable, measurable goals. SHCM's preferred Resident Assessment Instrument (RAI) is described. Further, Care Area Assessment (CAA) reviews lead the interdisciplinary team to their final decision regarding care plan interventions and a Social Service Assessment is completed for each resident to identify the specific factors that impact a resident's psychosocial well-being and functioning. Behavioral health care and services are stated to attain or maintain the highest practicable physical, mental, and psychosocial well-being in accordance with the comprehensive assessment and plan of care. HSP adds that SHCM's policies and patient assessment tools related to care planning are provided in the application's Exhibit 6.

**b. Rule 59C-1.036 (4)(e) 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.**

HSP states that neither it nor the proposed management company, SHCM has 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.**

HSP states that neither it nor the proposed management company, SHCM has 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.

HSP Mid Florida LLC indicates it will provide the required data to the Health Council of East Central Florida, Inc. and to the Agency for Health Care Administration.

### 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 7-3 had 10 community nursing homes with 1,200 licensed and zero CON approved community nursing home beds. The subdistrict's nursing homes reported 89.17 percent total occupancy during the six-month period ending June 30, 2023, and 88.12 percent for the 12 months ending June 30, 2023. As previously stated, an FNP for 111 community nursing home beds in Subdistrict 7-3 was published in Volume 49, Number 190 of the Florida Administrative Register dated September 29, 2023.

HSP states that "availability" is defined as how much of a resource exists and discusses that its 111-bed project is in response to the fixed need pool for Subdistrict 7-3. The applicant adds that the subdistrict's occupancy rate was 89.17 percent for the most recent six-month period ending June 30, 2023. The proposed facility location is readdressed in reference to having a nursing home close to HCA Poinciana hospital or in

the Kissimmee-St. Cloud area. HSP asserts that its project will have a positive effect on availability of skilled nursing services to residents of the planning area.

In reference to quality of care, HSP reiterates that it will be affiliated with the Sovereign Group and SHCM, the proposed management company for the facility thus will benefit from an experienced team that has the knowledge, tools, and expertise to continuously maintain high quality nursing home standards. HSP 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 45 private rooms and 33 semiprivate rooms that foster resident centric care. Quality of care is addressed in item E.3.b. of this report.

HSP states that access is defined as how potential users obtain a service or gain admittance or entry to a facility providing 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. HSP reiterates that issues are evident and includes both short-term rehabilitative care and long-term care that skilled nursing facilities provide adding that 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. HSP repeats portions of its response in item E.1.a. and 2. of this report including the top MDCs and that SHCM will implement its extensive list of programs at the proposed facility. The applicant adds that skilled nursing services will include 24/7 care from licensed nurses.

Regarding financial access, HSP 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. Further, 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.

Health Care Access Criteria is addressed on the application's pages 3-8 through 3-12.



- 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.**

HSP Mid Florida LLC responds that it is a new entity with no licensure history. The reviewer notes that The Sovereign Group and SHCM affiliates listed are not Gold Seal Program nursing facilities. The applicant touts that SHCM celebrated its 20th anniversary in October (2023) adding its facilities score well on licensing and certification surveys, with many achieving four and five-star ratings, including Hunters Creek Nursing and Rehab Center and Metro West Nursing and Rehab Center in adjacent Orange County. HSP includes a listing of the most recent ratings for SHCM nursing homes in the application's Exhibit 9. HSP states that the facilities hold the following achievements:

- All 29 Florida SNFs are Joint Commission Accredited
- Eight Florida SNFs qualify for the Governors Gold Seal by meeting the state and/or regional score, based on inspections from January 1, 2021, to June 30, 2023
- John Mangine, COO, was awarded the Walter M. Johnson, Jr. Circle of Excellence Award in 2023, "Mr. Mangine also won 2020 FHCA PAC Star
- Braden River Rehabilitation Center was ranked number 7 - Newsweek nursing home rankings. Top Nursing Homes - Florida (newsweek.com)
- Southern HealthCare Management centers frequently host state legislatures to advocate for residents and the industry

SHCM's mission statement is provided and the applicant states SHCM's management has created three CORE programs – Guardian Angel program, essential piece program and a customer service program, which it describes in detail. HSP indicates these are designed to create focus for building strong, personal relationships with residents, their loved ones, and the center team members.

HSP addresses its quality systems and performance improvement noting that its management's philosophy encourages continuous quality improvement through the institution of uniform standards and guidelines, the creation of quality improvement goals, and the recognition and use of evidenced based clinical pathways to achieve desired patient outcomes.

SHCM's Quality Assurance Performance Improvement (QAPI) is detailed with HSP stating it uses a systematic approach with its Quality Assessment and Assurance (QA&A) committee which is responsible for

developing the QAPI plans. Responsibilities of the QA&A committee include, but are not limited to developing QAPI plans related to the following duties:

- Routine monitoring for all residents:
  - Nursing care, including medication administration, and drug regimen review
  - Prevention of pressure ulcers, dehydration, and malnutrition
  - Nutritional status and weight loss or gain
  - Accidents and injuries
  - Unexpected deaths
  - Changes in mental or psychological status, and
  - Unplanned hospitalizations
- Overseeing the activities of the infection control sub-committee and pharmacy services
- Reviewing safety team data and coordination improvement measures with the safety team
- Analyzing survey results and verifying correction of deficiencies
- Review monthly grievances
- Gathering and reviewing statistical data on resident conditions and outcomes
- Directing the investigation of alleged incidents of abuse or neglect in accordance with company policies
- Preparing, implementing, and monitoring compliance with plans of action and plans of correction that correct identified quality deficiencies

HSP assures that its QAPI plans identify areas of concern and improvement opportunities with specific goals for continuous quality improvement with initiatives being communicated to staff and resident/family councils. Further, each facility develops a data collection schedule and follows the timeframes on the QAA committee calendar and at each meeting. HSP confirms that its overall objective is to support efforts to continuously improve work processes and delivery systems, addressing clinical care, quality of life, and resident choice and assures that new employees are oriented and routinely receive in-service training on QAPI/QA&A activities. The application's Exhibit 11 includes the QA&A committee and QAPI process, a sample monthly meeting agenda and activities calendar.

HSP shares that it will employ an online, fully integrated system of electronic medical record (EMR) on its platform PointClickCare which will provide bedside access to the patient record for immediate response and reporting requirements accessible 24 hours a day, seven days a week. The PointClickCare skilled nursing core platform and its functionality are discussed in detail on the application's page 4-6.

HSP Mid Florida LLC repeats its response regarding resident rights then discusses its resident council noting that it establishes this to provide a formal, organized means of resident input into facility operations in which residents are allowed to organize in a council group without interference.

The applicant states that residents select a president, vice president, and secretary of council, with vacancies filled as they occur and that the council meets at least monthly, and more often as appropriate. HSP concludes that the council maintains minutes of all meetings and provides a copy to the administrator who reviews the minutes, takes appropriate action(s), and follows up with the council regarding identified areas of concern and interest. A copy of the resident council policy is provided in the application's Exhibit 13.

HSP states that SHCM has a variety of programs at its facilities to enhance care and quality of service, adding that the members of its facility management team meet regularly with the resident council and patient family members to discuss "Best Practices" to improve the daily lives to residents that provide a positive customer service experience. Further, the facility interdisciplinary teams embrace a unique and proactive approach in the delivery of patient care experience in bathing, education, environment, dining, entertainment, and menus. The interdisciplinary team and the resident council review and revise these plans and will monitor the program's effectiveness and its utilization, making modifications where needed to ensure satisfaction.

HSP states that the SHCM patient experience is enhanced through staff customer service standard training designed to empower facility staff in providing the highest level of satisfaction while delivering care and treatments to patients adding that during orientation, each facility staff member receives a two-hour in-service training in "Sincere appreciation, Caring approach to all we do, Hearing needs and responding quickly and Managing situations for positive outcomes".

Details are provided SHMC's Guardian Angel program, which the applicant states is designed to assign each department head or interested staff member to a group of rooms so that they will visit the patients who are occupying them on a regular basis during their inpatient stay.

HSP next explains its sound physicians (nationwide physician group with 20 years' experience), the telehealth platform, which is PCC integrated and accessed via iPad and is utilized in all SHCM centers to ensure better patient outcomes, is utilized in off-hours when necessary, and used as an early invention to keep "our residents in-house, where they are most comfortable and safe" from transporting risks. The use of

telemedicine/tele-hospitalist services through “Sound Physicians” is detailed. Next, HSP reiterates its dietary services and resident activities, activities director functions. HSP contends that 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. The applicant provides a list of various activities offered at SHCM facilities such as pet therapy, art, music, magical dining, etc.

HSP Mid Florida LLC concludes that its responses demonstrate the capability to implement a program of quality assurance with elements that lead to continuous quality improvement adding that its affiliation with an experienced management team at SHCM allows the ability to initiate quality improvement, implement timely corrective action plans, and achieve quality care. Further, the team of experienced leaders have the knowledge and skills to operate the proposed facility and HSP the proven ability to attain high quality ratings within the federal and state rating systems and achieve national recognition for quality improvement will benefit the project.

SHCM affiliated nursing homes listed in CON application #10752, Exhibit 2, had 71 substantiated complaints during the period of December 22, 2020 - December 22, 2023. A substantiated complaint can encompass multiple complaint categories. See the table below.

**HSP Mid Florida LLC – Southern HealthCare Management, LLC Affiliates  
Substantiated Complaints Categories  
December 22, 2020 - December 22, 2023**

<b>Complaint Category</b>	<b>Number Substantiated</b>
Administration/Personnel	4
Admission, Transfer & Discharge Rights	6
Dietary Services	2
Elopement	3
Falsification of Records/Reports	2
Infection Control	2
Life Safety Code	1
Misappropriation of property	1
Physical Environment	4
Quality of Care/Treatment	39
Quality of Life	1
Resident/Patient/Client Abuse	4
Resident/Patient/Client Neglect	5
Resident/Patient/Client Rights	6
Restraints/Seclusion General	1
<b>Total</b>	<b>81</b>

Source: Agency for Health Care Administration complaint data.

As previously stated, no SHCM affiliated facility listed above has earned Gold Seal Award recipient status. Bayshore Pointe Nursing and Rehab Center, Fort Walton Rehabilitation Center, LLC, Palm Harbor Health and Rehabilitation Center, Parkview Rehabilitation Center at Winter Park, Riviera Palms Rehabilitation Center, Royal Oaks Nursing and Rehab

Center, and Tuskawilla Nursing and Rehab Center are identified on the Agency Watch. 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. Below are the Agency’s and the Centers for Medicare and Medicaid Services (CMS) Care Compare and AHCA FloridaHealthFinder websites showing SHCM affiliated Florida facilities overall inspection ratings.

<b>Southern HealthCare Management, LLC Florida Affiliates</b>	<b>HF Overall Inspection Star Rating</b>	<b>CMS Overall Rating</b>
Arbor Trail Rehab and Skilled Nursing Center	★★	★★★
Atlantic Shores Nursing and Rehab Center	★★★★	★★★★
Bayshore Pointe Nursing and Rehab Center	★★★	★★
Bonifay Nursing and Rehab Center	★★★★	★★★★★
Boulevard Rehabilitation Center	★★	★★★
Boynton Beach Rehabilitation Center	★	★★
Braden River Rehabilitation Center LLC	★★★★	★★★
Crestview Rehabilitation Center, LLC	★★★★	★★★★★
Fort Walton Rehabilitation Center, LLC	★★	★★★★★
Hunters Creek Nursing and Rehab Center	★★★	★★★★★
Jacksonville Nursing and Rehab Center	★★★★	★★★★
Lanier Rehabilitation Center	★★★	★★★
MacClenny Nursing and Rehab Center	★★	★★★★★
Medicana Nursing and Rehab Center	★★★★	★★★★
Metro West Nursing and Rehab Center	★★★★★	★★★★★
Moultrie Creek Nursing and Rehab Center	★★★★★	★★★★
Northdale Rehabilitation Center	★★★★★	★★★
Ocala Oaks Rehabilitation Center	★★★★	★★★
Orange City Nursing and Rehab Center	★★★★★	★★★★
Palm City Nursing and Rehab Center	★★	★★★
Palm Harbor Health and Rehabilitation Center	★	★
Parkview Rehabilitation Center at Winter Park	★★	★★
Pinellas Point Nursing and Rehab Center	★★★★★	★★★★★
Port Orange Nursing and Rehab Center	★★★★★	★★★★
River Valley Rehabilitation Center	★★★★★	★★★★★
Riviera Palms Rehabilitation Center	★★	★★
Royal Oaks Nursing and Rehab Center	★★★	★★★
Tiffany Hall Nursing and Rehab Center	★★★★	★★★★
Tuskawilla Nursing and Rehab Center	★★	★★

Source: Florida HealthFinder and Medicare.Gov/Care Compare last updated: December 6, 2023.

**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, where the short term and long-term measures fall on the scale (highlighted in gray) for the most recent year.

<b>CON 10752 HSP Mid Florida</b>	
	<b>Nov-23</b>
Current Assets	\$210,655
Total Assets	\$210,655
Current Liabilities	\$462
Total Liabilities	\$462
Net Assets	\$210,193
Total Revenues	\$0
Excess of Revenues Over Expenses	\$0
Cash Flow from Operations	\$0
<b>Short-Term Analysis</b>	
Current Ratio (CA/CL)	456.0
Cash Flow to Current Liabilities (CFO/CL)	0.00%
<b>Long-Term Analysis</b>	
Long-Term Debt to Net Assets (TL-CL/NA)	0.0%
Total Margin (ER/TR)	NA
<b>Measure of Available Funding</b>	
Working Capital	\$210,193

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

**Capital Requirements and Funding:**

The applicant indicates on Schedule 2 capital projects totaling \$37,043,635, which includes this project only. In addition to the capital costs, the applicant will have to finance a projected year one operating loss of \$2,124,200.

The applicant indicates on Schedule 3 of its application that funding for the project will be provided by cash on hand (\$210,665) and non-related company financing (\$37,043,635). The applicant provided a letter of interest, dated 12/12/2023, from Berkadia stating their interest in providing construction financing. A letter of interest is not a commitment to finance.

**Conclusion:**

Funding for this project is in question.

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

The immediate and long-term financial feasibility of the project is tied to expected profitability. The purpose of our analysis for this section is to evaluate the reasonableness of the applicant’s profitability projections and, ultimately, whether profitability is achievable for this project. Our analysis includes an evaluation of net revenue per patient day (NRPD), cost per patient day (CPD), nurse staffing ratios, and profitability. We compared the NRPD, CPD, and profitability to actual operating results from skilled nursing facilities as reported on Medicaid cost reports (2020 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	15,920,300	460	2,584	550	371
Total Expenses	15,612,200	451	2,963	612	410
Operating Income	308,100	9	107	-55	-434
Operating Margin	1.94%		<b>Comparative Group Values</b>		
	Days	Percent	Highest	Median	Lowest
Occupancy	34,627	85.23%	93.96%	73.31%	44.98%
Medicaid	12,119	35.00%	45.03%	35.67%	25.80%
Medicare	19,045	55.00%	55.17%	25.85%	8.17%

**Staffing:**

Section 400.23(3)(b)(1), Florida Statutes, specifies a minimum certified nursing assistant staffing of 2.0 hours of direct care per resident per day, a minimum licensed nursing staffing of 1.0 hour of direct resident care

per resident day, and 3.6 hours of total direct care staffing. Based on the information provided in Schedule 6, the applicant's projected staffing meets this requirement.

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

**Conclusion:**

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

**e. Will the proposed project foster competition to promote quality and cost-effectiveness? Section 408.035 (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 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 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 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**

HSP states "HSP Mid Florida LLC 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 SHCM's history of managing facilities that provide services to Medicaid patients noting that Medicaid patient days for SHCM facilities has also increased over the five-year period from 125,671 (58.0 percent of total days) for the 12-month period ending June 30, 2019 to 144,487 (62.8 percent of total days) for the most recent 12-month period ending June 30, 2023

HSP Mid Florida's Schedule 7 indicates that Medicaid Managed Care will account for 7,114 days (35 percent) of year one and 12,119 days (35.0 percent) of year two's total annual patient days.

**F. SUMMARY**

**HSP Mid Florida LLC (CON application #10752)** proposes to establish a 111-bed community nursing home with 45 private and 33 semi-private rooms with the design incorporating a 55-bed unit for short-term, rehabilitative care and a 56-bed unit to accommodate long-term residents in Subdistrict 7-3, Osceola County. The applicant is affiliated with and will be managed by the Sovereign Group and SHCM.

The proposed project includes 78,768 GSF of new construction. The construction cost is \$25,599,600. The total project cost is \$35,254,300.

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

The applicant does not propose any conditions for project approval.

**Need/Access:**

- The application was filed in response to the published need
- Subdistrict 7-3's age 65 and older population growth especially the Kissimmee and St. Cloud and Poinciana areas and the applicant indicates the project will increase availability where it is most needed with a positive effect on the service area
- High occupancy rates and expected high occupancy demonstrates the need for SNF beds
- The high percentage of discharges from a nearby acute care hospitals and specific patient/resident service planned are consistent with the most commonly occurring CY 2022 MDC hospital discharges to SNF care
- Disease-Specific programs to benefit patients - Dialysis services, pulmonary acute cardiac episode (PACER) and stroke recovery programs and respiratory therapy services

**Quality of Care:**

- The applicant provided a detailed description of the ability to provide quality care
- Agency records indicate that during the 36 months ending December 22, 2023, SHCM affiliated nursing homes had 71 substantiated complaints with 81 categories cited

**Financial Feasibility/Availability of Funds:**

- Funding for this project is in question
- 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 of the Florida Building Code as an applicable code

**Medicaid/Indigent Care**

- Medicaid Managed Care is projected to be 35.0 percent of year one and year two (ending June 30, 2027 and 2028) total annual patient days
- HSP documented SHCM Florida affiliated facilities history of service to Medicaid patients

**G. RECOMMENDATION**

Approve CON #10752 to establish a new 111-bed community nursing home in District 7, Subdistrict 3, Osceola County. The total project cost is \$37,254,300. The project involves 78,768 GSF of new construction and a total construction cost of \$25,599,600.

**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



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



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