

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

**A. PROJECT IDENTIFICATION**

1. Applicant/CON Action Number

**PruittHealth – Ponte Vedra, LLC/CON #10762**

1626 Jeurgens Court  
Norcross, Georgia 30093

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

2. Service District/Subdistrict

District 4/Subdistrict 3 (St. Johns County & Southeastern Duval County)

**B. PUBLIC HEARING**

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

**C. PROJECT SUMMARY**

**PruittHealth – Ponte Vedra, LLC (CON application #10762)**, also referenced as PruittHealth, PruittHealth – Ponte Vedra, or the applicant is proposing the transfer of CON #10721 from PruittHealth – 4-3, LLC, which was approved to establish a new 120-bed community nursing home in Subdistrict 4-3 (St. Johns County and southeastern Duval County). PruittHealth – 4-3 LLC's CON #10721 approved the transfer of CON numbers 10583P and 10616, which were combined by Exemption #200004 from PruittHealth – St. Johns County. The project's original CON #10583P (77 beds) was issued in September 2019 and CON #10616 (43 beds) was issued March 2020.

PruittHealth maintains that there are no other changes to the proposal sought via this transfer CON application. The facility will be located at the corner of Old Dixie Highway and Valley Ridge Blvd. in Nocatee, St. Johns County, Florida. The site was acquired in January 2021.

PruittHealth – Ponte Vedra, LLC and PruittHealth – 4-3, LLC, are both PruittHealth affiliates. PruittHealth entities include:

- More than 100 related skilled nursing and rehabilitation centers and assisted living facilities
  - 25 hospice agencies
  - 26 home health agencies
  - 10 home first agencies
  - An independent living community
  - Six pharmacies
  - A medical supply company.

PruittHealth affiliates currently operate five licensed community nursing homes in Florida, which include:

- PruittHealth – Santa Rosa (Subdistrict (SD) 1-1) – 120 beds
- PruittHealth – Panama City (SD 2-2) – 101 beds
- PruittHealth – Southwood (SD 2-4) – 101 beds
- PruittHealth – Fleming Island (SD 4-2) – 97 beds and
- PruittHealth – North Tampa, LLC (SD 6-1) – 90 beds.

In addition to this project, PruittHealth entities have the following CON projects pending licensure:

- PruittHealth – Escambia, LLC (SD 1-1), Exemption #200003 which combined CON #10613 to Exemption #180033 which combined CON #10505 (75 beds) and CON #10527 (45 beds), 120-bed total
- PruittHealth – Citrus County, LLC (SD 3-5), CON #10758 (93 beds)
- PruittHealth – West Central Florida, LLC (SD 5-2), CON #10732 (120 beds)
- PruittHealth – 6-1, LLC (SD 6-1) - CON #10757 (119 beds)
- PruittHealth – Brevard County, LLC (SD 7-1) - CON #10759 (98 beds); and
- PruittHealth – Orange County, LLC (SD 7-2) - CON #10760 (120 beds).

The project is projected to have 91,300 gross square feet (GSF) of new construction. Total construction cost is \$23,825,010. Total project cost is \$38,084,644 and includes land, building, equipment, project development, financing, and start-up costs. The reviewer notes that the applicant's Schedule 1 indicates the total project cost is \$38,099,644.

PruittHealth – Ponte Vedra, LLC's Schedule 10 indicates the applicant expects issuance of license in May of 2026 and initiation of service in June 2026. The applicant's Schedule 7 indicates years one and two end June 30, 2027, and June 30, 2028.

PruittHealth states it will accept the original CON application #10583P, #10616, and #10721 conditions which include:

Programming/Operational Conditions:

1. All 120 patient beds will be in private patient rooms.
2. All patient bathrooms will be handicap accessible.
3. 16-bed Alzheimer's disease secure unit.
4. 6 bariatric rooms/beds.
5. Seek Joint Commission accreditation or accreditation from some other similarly recognized accrediting body.
6. Implement a program designed to reduce hospital re-admissions; the current program utilized by PruittHealth affiliated facilities is INTERACT 3.0. The program to be implemented will be this program or other similarly designed program based on the most recent quality driven program PruittHealth determines to be available at the time of implementation.
7. Participate in an organization-wide quality assurance/performance improvement initiative that entails quarterly visits regarding clinical, operational, pharmaceutical and reimbursement areas by corporate consultants to ensure compliance with all local, state, and federal laws.
8. As part of the Alzheimer program, provide the It's Never 2 Late<sup>®</sup> (iN2L) computer system to resides of the Alzheimer's unit as a tool to empower and engage seniors, specifically those with dementia. Each resident can have his or her individual page on the system, which displays their favorite personal options: music, games, photos, and videos, even websites, at their fingertips.
9. Have at least one Certified Dementia Practitioner on staff on the Alzheimer's unit per shift.
10. Implement electronic medical records (EMR) at the facility and include smart charting or other similar bed side patient charting tools.
11. Implement resident safety technology including Call Guard and WanderGuard into the facility.
12. Implement Clinical Kiosks in appropriate locations throughout the facility.
13. Assure all staff maintain ongoing training and continuing education credits utilizing Pruitt University and at no cost to the employees.
14. Participate in a company-wide annual quality report to demonstrate transparency in operations and make this quality report available to the public.
15. Adopt the PruittHealth patient model of care including the applicable PerfectPath Programs appropriate for this facility and described in the CON application and supporting documents.

16. Implement PointRight technology (or a future similar technology) in the ongoing operations.
17. In addition to complying with Florida Emergency Management Plans and Operations Center as required by the State of Florida, the Applicant will adopt PruittHealth's policies related to natural disasters and hurricanes, will implement the PruittHealth hurricane response plan and be an active participant in PruittHealth's central command center when severe weather events arise.

PruittHealth states that these conditions will be measured by furnishing the Agency with certificates, declaratory statements, and other information as needed on an ongoing basis.

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

*Issuance of a CON is required prior to licensure of the project. The review of a CON application and ultimate approval or denial of a proposed project is based upon the applicable statutory criteria in the Health Facility and Services Development Act (408.031-408.045, Florida Statutes) and applicable rule criteria within Chapters 59C-1 and 59C-2, Florida Administrative Code. An approved CON does not guarantee licensure of the proposed project. Meeting the applicable licensure requirements and licensure of the proposed project is the sole responsibility of the applicant.*

#### **D. REVIEW PROCEDURE**

The evaluation process is structured by the certificate of need review criteria found in Section 408.035, Florida Statutes; and applicable rules of the State of Florida, Chapters 59C-1 and 59C-2, Florida Administrative Code. These criteria form the basis for the goals of the review process. The goals represent desirable outcomes to be attained by successful applicants who demonstrate an overall compliance with the criteria. Analysis of an applicant's capability to undertake the proposed project successfully is conducted by evaluating the responses and data provided in the application, and independent information gathered by the reviewer.

Applications are analyzed to identify strengths and weaknesses in each proposal. If more than one application is submitted for the same type of project in the same district, applications are comparatively reviewed to determine which applicant best meets the review criteria.

Rule 59C-1.010(3)(b), Florida Administrative Code, prohibits any amendments once an application has been deemed complete. The burden of proof to entitlement of a certificate rests with the applicant. As such, the applicant is responsible for the representations in the application. This is attested to as part of the application in the Certification of the Applicant.

As part of the fact-finding, the consultant, Gregory Keeter, analyzed the application in its entirety with consultation from Ryan Fitch of the Bureau of Central Services, who evaluated the financial data, and Scott Waltz of the Office of Plans and Construction, who reviewed the application for conformance with the architectural criteria.

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

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

**1. Fixed Need Pool**

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

PruittHealth – Ponte Vedra, LLC’s CON application #10762 is an expedited review and is not in response to a fixed need pool. The number of licensed and approved nursing home beds in Subdistrict 4-3 will remain unchanged as a result of the proposed transfer.

As of August 11, 2023, Subdistrict 4-3 had 24 community nursing homes with 2,938 licensed and 120 CON approved (the applicant’s project) community nursing home beds pending licensure. The subdistrict’s nursing homes reported 78.51 percent for the six-months and 80.35 percent occupancy for the 12 months ending June 30, 2023, respectively.

**St. Johns County & Southeastern Duval County (Subdistrict 4-3)  
Community Nursing Home Utilization  
12 months ending June 30, 2023**

| <b>Facility Name</b>                    | <b>Licensed Beds</b> | <b>Bed Days</b>  | <b>Patient Days</b> | <b>Percent Occupancy</b> |
|---|----------------------|------------------|---------------------|--------------------------|
| <b>Southeastern Duval County</b>        |                      |                  |                     |                          |
| Avante Villa at Jacksonville Beach Inc. | 165                  | 60,225           | 42,859              | 71.16%                   |
| Bartram Crossing                        | 100                  | 36,500           | 33,498              | 91.78%                   |
| Cypress Village                         | 120                  | 43,800           | 32,624              | 74.48%                   |
| Dolphin Pointe Health Care Center       | 146                  | 53,290           | 47,427              | 89.00%                   |
| First Coast Health & Rehab. Center      | 100                  | 36,500           | 29,056              | 79.61%                   |
| Fountains Rehabilitation at Mill Cove   | 84                   | 30,660           | 29,398              | 95.88%                   |
| Life Care Center of Jacksonville        | 120                  | 43,800           | 41,043              | 93.71%                   |
| Palm Garden of Jacksonville             | 120                  | 43,800           | 23,859              | 54.47%                   |
| Raydiant Health Care of Jacksonville    | 116                  | 42,340           | 38,515              | 90.97%                   |
| Regents Park of Jacksonville            | 120                  | 43,800           | 22,902              | 52.29%                   |
| River Garden Hebrew Home for the Aged   | 180                  | 65,700           | 56,039              | 85.30%                   |
| Riverwood Center                        | 240                  | 87,600           | 73,567              | 83.98%                   |
| San Jose Health & Rehabilitation Center | 120                  | 43,800           | 30,826              | 70.38%                   |
| Taylor Care Center                      | 120                  | 43,800           | 28,343              | 64.71%                   |
| Terrace of Jacksonville, The            | 180                  | 65,700           | 60,316              | 91.98%                   |
| University Crossing                     | 111                  | 40,515           | 36,502              | 90.10%                   |
| Vivo Healthcare University              | 117                  | 42,705           | 32,717              | 76.61%                   |
| Woodland Grove Healthcare & Rehab. C.   | 120                  | 43,800           | 37,725              | 93.31%                   |
| <b>St. Johns County</b>                 |                      |                  |                     |                          |
| Lilac at Bayview, The                   | 120                  | 43,800           | 38,761              | 88.50%                   |
| Moultrie Creek Nursing & Rehab Center   | 120                  | 43,800           | 29,834              | 68.11%                   |
| Ponce Therapy Care Center, The          | 120                  | 43,800           | 29,267              | 66.82%                   |
| St. Augustine Health & Rehab. Ctr.      | 120                  | 43,800           | 39,897              | 91.09%                   |
| Westminster St. Augustine               | 24                   | 8,760            | 8,708               | 99.41%                   |
| Westminster Woods on Julington Creek    | 55                   | 20,075           | 17,926              | 89.30%                   |
| <b>Total</b>                            | <b>2,938</b>         | <b>1,072,370</b> | <b>861,609</b>      | <b>80.35%</b>            |

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

PruittHealth – Ponte Vedra states the project will enhance competition in the subdistrict and cites the ‘gaps in service’ that it contends were evident pre-pandemic and it expects will continue. The ‘gaps in service’ the project will address include:

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

Additional information is provided on the topics above.

In reference to its proposed Secure Alzheimer’s Unit, PruittHealth Ponte Vedra indicates there is a growing demand and cites increases in prevalence rates. CON application #10762, page 10, includes the table:

- Estimates of Persons Afflicted with Alzheimer's Dementia, Ages 75+, Subdistrict 4-3: 2019 and 2023

This table indicates Subdistrict 4-3 projects total Alzheimer cases to increase from 13,061 to 16,084. PruittHealth Ponte Vedra states that there are 4 – 5 nursing facilities in Subdistrict 4-3 that offer secure Alzheimer units and that these have historically operated at full occupancy. Furthermore, all these units are semi-private while all beds at Ponte Vedra are private, making them highly desirable for the community in need.

In reference to its proposed bariatric suites, PruittHealth indicates there is a growing demand and cites obesity rates. CON application #10762, page 11, includes the table:

- Estimates of Residents with Obesity, Ages 65+, Subdistrict 4-3: St. Johns County 2019 and 2024

This table indicates St. Johns County projects obesity cases increasing from 13,110 in 2019 to 15,868 by 2024. The reviewer notes that the data presented indicates a net increase of 2,758 (8.26 percent) obesity cases in St. Johns County by 2024. PruittHealth maintains that CON application #10762 is responding to a growing demand for nursing homes locally, and in the state, and will offer six suites to accommodate obese patients.

In reference to available beds for Medicaid Long Term Care enrollees, CON application #10762, page 12, includes a chart showing:

- Medicaid LTC Enrollment Trend St. Johns and Duval Counties (not just Southeastern Duval)  
October 31, 2021, through October 31, 2023:
  - October 2023 - total enrollment count at 5,309
  - October 2022 - total enrollment count at 5,157
  - October 2021 - total enrollment count at 4,980.

PruittHealth contends that data supports the position that Subdistrict 4-3 has experienced growth in Medicaid Long Term Care enrollment, which increased by 10.4 percent between September 2017 and 2019, Duval County in its entirety grew by 8.5 percent between September 2021 and October 2023, from 4,980 to 5,309 enrollees.

The applicant indicates that providing a state-of-the-art nursing home with specialty programs, accommodations and private rooms to lower income patients who will comprise a majority of the proposed beds, will enhance financial access and quality of care within St. Johns County and Subdistrict 4-3.

The table below provides St. Johns County, SE Duval County and Subdistrict 4-3’s total number of SNF beds, private beds, beds in multiple rooms and percent of private beds by facility.

**St. Johns County, SE Duval County & Subdistrict 4-3  
Community Skilled Nursing Home  
Bed Configuration**

| <b>Area</b>      | <b>SNF Beds</b> | <b>Number of Private Beds</b> | <b>Beds in Multiple Rooms</b> | <b>Percent of Private Beds</b> |
|------------------|-----------------|-------------------------------|-------------------------------|--------------------------------|
| St. Johns County | 565             | 116                           | 449                           | 20.5%                          |
| SE Duval County  | 2,379           | 625                           | 1,754                         | 26.3%                          |
| Subdistrict 4-3  | 2,944           | 741                           | 2,203                         | 25.2%                          |

Source: CON application #10762, page 14 (partially reproduced).

Note: St. Johns County and SD 4-3 totals include six sheltered beds at Westminster St. Augustine. The applicant correctly does not include the 100 sheltered beds at Fleet Landing in its SE Duval Co. & SD totals.

The applicant notes that the 120-bed project will become the first all private bed nursing home in St. Johns County and the subdistrict’s available private beds will increase materially, from 741 to 861, or by 16.2 percent. The percentage increase is 16.3 percent (735 to 855), the total percentage of community nursing home beds (from the current 735 of 2,938 beds to 855 of 3,058) calculates to SD 4-3 having 28.0 percent of its beds in private rooms and St. Johns County having 33.9 percent of its community nursing home beds in private rooms. These are positive increases in promoting quality of care. The reviewer notes PruittHealth affirms it will comply with CON #10721 Condition #1, that all patient beds will be in private patient rooms.

The applicant states that in sum, 14 of the 24 District 4-3 nursing facilities provided greater than 57.3 percent of patient days to Medicaid patients and that these facilities had an average of 25.2 percent of their total beds in a private setting, 17 of 24 facilities have less than the average percent private rooms. PruittHealth references its Schedule 7 projections to provide 51.5 percent of year one’s and 56.6 percent of year two’s total patient days to Medicaid residents.

The applicant’s response to quality of care found on the application’s pages 16-34, is addressed in item E.2.b. of this report.

**2. Statutory Review Criteria**

- a. Is need for the project evidenced by the availability, quality of care, accessibility, and extent of utilization of existing health care facilities and health services in the applicant’s service area? [s. 408.035(1), (2) and (5) Florida Statutes].**



As previously stated, as of August 11, 2023, Subdistrict 4-3 had 24 community nursing homes with 2,938 licensed and 120 CON approved (the applicant's project) community nursing home beds pending licensure. Subdistrict 4-3's nursing homes reported 78.51 percent for the six months and 80.35 percent occupancy for the 12 months ending June 30, 2023, respectively.

As in item E.1.a. of this report, the four "gaps in service" that PruittHealth proposes to address:

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

Need was addressed in detail in the original CON application #10583P. Both the transferor (PruittHealth – Ponte Vedra, LLC) and the transferee (PruittHealth – 4-3, LLC) have common ownership and affiliation with PruittHealth, Inc., ultimately parented by United Health Services, INC.

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

PruittHealth – Ponte Vedra, LLC does not have a historical record available to document in this CON proposal. The applicant indicates that since PruittHealth will still be the owner/operator/manager of this facility, the same quality of care information that is in CON #10616 and the transfer CON #10721 applies to this application. PruittHealth states that implementation of this proposal will involve the development of all quality policies and procedures based on its other affiliated facilities. PruittHealth expresses a commitment to adhere to all state and federal SNF regulations and statutes in addition to Medicare's Conditions of Participation and to seek Joint Commission accreditation.

PruittHealth states that it will use LTC TrendTracker which is a data collection and benchmarking tool that gives nursing care facilities the opportunity to compare staffing levels, resident characteristics, survey findings, revenue and cost, Medicare patient days, and quality measures with its peer. Further, that when compared to other LTC TrendTracker users, PruittHealth affiliated skilled nursing facilities are leaders in quality care.

PruittHealth states it will develop programs, services and protocols and will exceed benchmarks to achieve Gold Seal eligibility. The reviewer notes that none of PruittHealth's existing facilities have Gold Seal designation. Per the applicant, PruittHealth – Ponte Vedra will strive to be a deficiency-free facility, to become a five-star rated facility and meet all Quality Award Requirements. The applicant states that all of its Florida nursing homes are Joint Commission accredited, attesting to the quality of services implemented by PruittHealth.

PruittHealth points out that it will participate in the PruittHealth “Go for the Gold” program that honors its outstanding employees to foster a sense of invested ownership in the success and continually improving quality care of their facilities. PruittHealth also sponsors retreats, workshops, and continuing education programs where employees meet in structured forums to encourage open and honest communication that provides a foundation for conducting and improving daily operations of health-related, support and administrative tasks in an ethical and legal manner that will better anticipate and fulfill residents' evolving health and quality of life needs.

PruittHealth - Ponte Vedra comments that will follow PruittHealth's model for commitment to quality and strive to achieve the same levels of success. The applicant states that its Committed to Caring Campaign, set PruittHealth apart from other skilled nursing operators. Further, as part of its quality initiative plans, the applicant will engage PruittHealth Pharmacy Services to perform random audits of client medication regimens.

PruittHealth explains that it is one of the first and largest utilizers of the INTERACT platform, which it states is a program integrated between different levels of care to reduce hospital readmissions by addressing clinical symptoms before they escalate to the need to transfer a resident to the hospital.

Agency records indicate for the three-year period ending January 17, 2024, PruittHealth, Inc.'s five Florida SNFs had a total of seven substantiated complaints, which are summarized in the table below. A single complaint can encompass multiple complaint categories.

**PruittHealth, Inc.’s Affiliated Florida SNFs  
36 Months ending March 20, 2024  
Substantiated Complaint History**

| <b>Complaint Category</b>       | <b>Number Substantiated</b> |
|---------------------------------|-----------------------------|
| Administration/Personnel        | 1                           |
| Elopement                       | 1                           |
| Quality of Care/Treatment       | 4                           |
| Resident/Patient/Client Neglect | 1                           |

Source: Agency for Health Care Administration Complaint Records  
 Note: PruittHealth - Southwood was initially licensed effective May 29, 2020, and PruittHealth -North Tampa, LLC was initially licensed effective December 13, 2022.

As noted previously, no PruittHealth, Inc. affiliated facility has earned Gold Seal Award recipient status, and none 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 the Agency’s FloridaHealthFinder websites showing PruittHealth, Inc. affiliated Florida facilities overall inspection ratings.

The reviewer notes that the Agency documents the most current Nursing Home Guide Inspection Ratings issuance (a one-to-five-star rating system with a possible maximum of five stars) for licensed Florida SNFs.

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

| <b>PruittHealth Affiliated Nursing Homes</b> | <b>Overall Inspection Star Rating</b> |
|--|---------------------------------------|
| PruittHealth - Fleming Island                | ★★★★★                                 |
| PruittHealth - Panama City                   | ★★★★                                  |
| PruittHealth - Santa Rosa                    | ★★★★                                  |
| PruittHealth - Southwood                     | ★★★                                   |
| PruittHealth -North Tampa, LLC               | <b>NR</b>                             |

Source: <https://quality.healthfinder.fl.gov/Facility-Provider/Nursing-Home?&type=0>  
 Note: \* No survey date or update information was available.

On March 28, 2024, the reviewer used the Centers for Medicare and Medicaid’s (CMS) Medicare.gov website to obtain Medicare’s Nursing Home Compare rating for the five PruittHealth-affiliated Florida nursing homes. The star ratings are on a one to five basis with five being “Much Above Average”, four “Above Average”, three “Average”, two “Below Average”, and one “Much Below Average”. Not available is cited when a newly certified nursing home has less than 12-15 months of data available or opened less than six months ago, and there was no data to submit or claims for the measure. The overall inspection star rating for each of PruittHealth, Inc.’s Florida SNFs, per CMS Medicare Compare is shown in the table below.

**PruittHealth-Affiliated NHs CMS Nursing Home Compare Ratings as of March 28, 2024**

| <b>PruittHealth Affiliated SNF</b> | <b>Overall Nursing Home Compare Star Rating</b> |
|------------------------------------|---|
| PruittHealth - Fleming Island      | ★★★★  |
| PruittHealth - Panama City         | ★★★★★   |
| PruittHealth - Santa Rosa          | ★★★   |
| PruittHealth - Southwood           | ★★★★★   |
| PruittHealth -North Tampa, LLC     | NA  |

Source: <https://www.medicare.gov/care-compare/?redirect=true&providerType=NursingHome> last updated March 27, 2024.

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

The purpose of our analysis for this section is to determine if the applicant has access to the funds necessary to fund this and all capital projects. Our review includes an analysis of the short and long-term position of the applicant, parent, or other related parties who will fund the project. The analysis of the short and long-term position is intended to provide some level of objective assurance on the likelihood that funding will be available. The stronger the short-term position, the more likely cash on hand or cash flows could be used to fund the project. The stronger the long-term position, the more likely that debt financing could be achieved if necessary to fund the project. We also calculate working capital (current assets less current liabilities) a measure of excess liquidity that could be used to fund capital projects.

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

| <b>CON 10762 United Health Services, Inc. &amp; Subs (Parent)</b> |                        |                        |
|---|------------------------|------------------------|
|   | <b>Jun-23</b>          | <b>Jun-22</b>          |
| Current Assets  | \$193,674,000          | \$219,088,000          |
| Total Assets  | \$894,640,000          | \$885,999,000          |
| Current Liabilities   | \$413,386,000          | \$435,956,000          |
| Total Liabilities   | \$756,044,000          | \$789,254,000          |
| Net Assets  | <b>\$138,596,000</b>   | <b>\$96,745,000</b>    |
| Total Revenues  | \$1,133,313,000        | \$1,095,639,000        |
| Excess of Revenues Over Expenses                                  | <b>(\$15,726,000)</b>  | \$1,568,000            |
| Cash Flow from Operations   | <b>(\$4,600,000)</b>   | \$34,066,000           |
| <b>Short-Term Analysis</b>  |                        |                        |
| Current Ratio (CA/CL)   | 0.5                    | 0.5                    |
| Cash Flow to Current Liabilities (CFO/CL)                         | -1.11%                 | 7.81%                  |
| <b>Long-Term Analysis</b>   |                        |                        |
| Long-Term Debt to Net Assets (TL-CL/NA)                           | 247.2%                 | 365.2%                 |
| Total Margin (ER/TR)  | -1.39%                 | 0.14%                  |
| <b>Measure of Available Funding</b>                               |                        |                        |
| Working Capital   | <b>(\$219,712,000)</b> | <b>(\$216,868,000)</b> |

| <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 \$38,099,644. In addition to the capital costs, the applicant will have to finance a projected year one operating loss of \$3,926,053.

The applicant states on Schedule 3 that funding for this project will come from operating cash flows and line of credit (\$7,619,929) and non-related company financing (\$30,479,715). The applicant provided a letter, dated 3/11/2024, from Synovus stating they would provide 80 percent financing. The applicant also provided audited financial statements showing over \$2.0 million in cash and cash equivalents. Finally, the applicant states that it has access to a Capital One line of credit for working capital. There is no letter from Capital One.

**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     | 19,137,049                | 463     | 1,483                           | 483    | 249    |
| Total Expenses   | 18,303,679                | 443     | 1,639                           | 483    | 312    |
| Operating Income | 833,370                   | 20      | 107                             | 5      | -170   |
| Operating Margin | 4.35%                     |         | <b>Comparative Group Values</b> |        |        |
|                  | Days                      | Percent | Highest                         | Median | Lowest |
| Occupancy        | 41,358                    | 94.42%  | 98.66%                          | 82.83% | 47.15% |
| Medicaid         | 23,424                    | 56.64%  | 64.00%                          | 53.92% | 44.78% |
| Medicare         | 16,836                    | 40.71%  | 39.48%                          | 19.12% | 2.80%  |

**Staffing:**

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

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

**Conclusion:**

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

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

This project is simply transferring CON approved but not licensed beds within the same district and subdistrict.

**Conclusion:**

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

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

The applicant has submitted all information and documentation necessary to demonstrate compliance with the architectural review criteria. The cost estimate for the proposed project provided in Schedule 9, Table A and the project completion forecast provided in Schedule 10 appear to be reasonable. A review of the architectural plans, narratives and other supporting documents did not reveal any deficiencies that are likely to have significant impact on either construction costs or the proposed completion schedule. The applicable codes listed on the drawings provided are out of date. The project must be reviewed by the Office of Plans and Construction before beginning construction. Compliance with current codes and standards will be verified as part of that review.

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? Section 408.035(9), Florida Statutes**

The applicant states that, “As presented throughout CON Application #10721, PruittHealth will enhance access for the defined population and enhance quality of care for lower income persons, disadvantaged persons and the elderly”. PruittHealth – Ponte Vedra notes that it is a newly formed entity with no history of providing health services to Medicaid patients and the medically indigent. However, it is part of the PruittHealth, which during Fiscal Year 2023, provided 2,041,694 Medicaid patient days (68.4 percent of total annual patient days) and PruittHealth SNFs provided more than six million Medicaid patient days during the past three years.

PruittHealth – Point Vedra projects 51.5 percent of year one and 56.6 percent of year two total annual patient days will be provided to Medicaid patients.

**F. SUMMARY**

**PruittHealth – Ponte Vedra, LLC (CON application #10762)** proposes the transfer of CON #10721 from PruittHealth – 4-3, LLC which was approved to establish a new 120-bed community nursing home in SD 4-3 (St. Johns County). There are no other changes to the proposal sought via this transfer CON application.

PruittHealth – 4-3, LLC and PruittHealth – Pointe Vedra, LLC are affiliates of PruittHealth, Inc., ultimately parented by United Health Services, Inc., and Subsidiaries.

The project includes 91,300 GSF of new construction and a construction cost of \$23,825,010. Total project cost is \$38,084,644 and includes land, building, equipment, project development, financing, and start-up costs.

PruittHealth – Ponte Vedra, LLC states it will accept the conditions on the original CON #10721, CON #10616 and CON #10583P.



**Need**

- The application is the transfer of CON #10721 and is not in response to the fixed need pool.
- Subdistrict 4-3 has 24 licensed community nursing homes with a total of 2,938 licensed beds and 120 approved beds. SD 4-3 's community nursing homes reported 78.51 percent occupancy during the six months ending June 30, 2023.

**Quality of Care**

- The applicant provided a detailed description of its ability to provide quality care.
- PruittHealth's five Florida nursing homes had seven substantiated complaints for the three-year period ending March 20, 2024.

**Financial Feasibility/Availability of Funds**

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

**Medicaid/Charity Care**

- PruittHealth affiliated facilities provided 2,041,694 patient days or 68.4 percent of their total annual patient days to Medicaid patients in FY 2023
- Medicaid is projected to consist of 51.5 percent of year one and 56.6 of year two total annual patient days

**G. RECOMMENDATION:**

Approve CON #10762 to transfer CON #10721 from PruittHealth – 4-3, LLC, to establish a new 120-bed community nursing home in Subdistrict 4-3 (St. Johns County and southeastern Duval County). The total project cost is \$38,084,644. The project involves 91,300 GSF of new construction and a total construction cost of \$23,825,010.

**CONDITIONS:**

Programming/Operational Conditions:

1. All 120 patient beds will be in private patient rooms.
2. All patient bathrooms will be handicap accessible.
3. 16-bed Alzheimer's disease secure unit.
4. 6 bariatric rooms/beds.
5. Seek Joint Commission accreditation or accreditation from some other similarly recognized accrediting body.
6. Implement a program designed to reduce hospital re-admissions; the current program utilized by PruittHealth affiliated facilities is INTERACT 3.0. The program to be implemented will be this program or other similarly designed program based on the most recent quality driven program PruittHealth determines to be available at the time of implementation.
7. Participate in an organization-wide quality assurance/performance improvement initiative that entails quarterly visits regarding clinical, operational, pharmaceutical and reimbursement areas by corporate consultants to ensure compliance with all local, state, and federal laws.
8. As part of the Alzheimer program, provide the It's Never 2 Late<sup>®</sup> (iN2L) computer system to resides of the Alzheimer's unit as a tool to empower and engage seniors, specifically those with dementia. Each resident can have his or her individual page on the system, which displays their favorite personal options: music, games, photos, and videos, even websites, at their fingertips.
9. Have at least one Certified Dementia Practitioner on staff on the Alzheimer's unit per shift.
10. Implement electronic medical records (EMR) at the facility and include smart charting or other similar bed side patient charting tools.
11. Implement resident safety technology including Call Guard and WanderGuard into the facility.
12. Implement Clinical Kiosks in appropriate locations throughout the facility.

13. Assure all staff maintain ongoing training and continuing education credits utilizing Pruitt University and at no cost to the employees.
14. Participate in a company-wide annual quality report to demonstrate transparency in operations and make this quality report available to the public.
15. Adopt the PruittHealth patient model of care including the applicable PerfectPath Programs appropriate for this facility and described in the CON application and supporting documents.
16. Implement PointRight technology (or a future similar technology) in the ongoing operations.
17. In addition to complying with Florida Emergency Management Plans and Operations Center as required by the State of Florida, the Applicant will adopt PruittHealth's policies related to natural disasters and hurricanes, will implement the PruittHealth hurricane response plan and be an active participant in PruittHealth's central command center when severe weather events arise.

**AUTHORIZATION FOR AGENCY ACTION**

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

DATE: April 5, 2024



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**Certificate of Need**



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