

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

A. PROJECT IDENTIFICATION

1. Applicant/CON Action Number

Naval Continuing Care Retirement Foundation, Inc. d/b/a Fleet Landing/CON #10796

One Fleet Landing Blvd.
Atlantic Beach, Florida 32233

Authorized Representative: Ms. Julia Pratt
Senior Director of Health Services
(904) 285-1055

Life Care Ponte Vedra, Inc. d/b/a Vicar's Landing/CON #10797

1003 York Road
Ponte Vedra Beach, Florida 32082

Authorized Representative: Ms. Elizabeth Sholar, Administrator
(904) 285-1055

2. Service District/Subdistrict

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

B. PUBLIC HEARING

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

C. PROJECT SUMMARY

Naval Continuing Care Retirement Foundation, Inc. d/b/a Fleet Landing (CON application #10796) also referenced as Fleet Landing, or the applicant is a non-profit corporation proposing to convert 80 of the facility's 100 sheltered nursing home beds to community nursing home beds in Subdistrict 4-3 (Duval County). The applicant states the Naval Continuing Care Retirement Foundation, Inc. was founded in 1985 to

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provide a Continuing Care Retirement Community (CCRC) for retired Naval Officers in Atlantic Beach and Fleet Landing has been operating since 1989. Further, the CCRC also includes 482 independent residential units and 150 Assisted Living Facility (ALF) beds, all in private rooms. The nursing home has 70 private rooms and 15 semi-private rooms. Fleet Landing has a sheltered bed extension pursuant to s. 651.118(7) Florida Statutes, to allow 30 beds to be used for persons who are not CCRC residents or CCRC contract holders. This extension is set to expire August 18, 2025.

Total project cost is \$58,213 and includes building and project development costs. The applicant notes that because this is a conversion, no construction or renovation is required and therefore, no construction costs appear on Schedule 9, Table A. The facility is a 73-bed facility comprised of all private rooms.

Fleet Landing expects issuance of license in December of 2024 and initiation of service in January of 2025.

Naval Continuing Care Retirement Foundation, Inc. d/b/a Fleet Landing proposes the following conditions to the application's approval:

1. Fleet Landing will make a nursing home bed available at its nursing home facility to any Life Care contract holder residing on the Fleet Landing campus and requiring a nursing home. Measurement of this condition will be demonstrated by reporting the total annual resident patient days and non-resident patient days.
2. Fleet Landing will continue to offer internship experiences for nursing and therapy positions, partnering with local colleges and universities. Measurement of this condition will be demonstrated by reporting the total annual number and types of interns, their associated schools, and the length of service.

Life Care Ponte Vedra, Inc. d/b/a Vicar's Landing (CON application #10797), also referenced as Vicar's Landing or the applicant proposes to convert the facility's 60 sheltered nursing home beds to community nursing home beds in Subdistrict 4-3 (St. Johns County). The applicant states that the 60-bed skilled nursing center has 30 beds that have already been approved for community use. The reviewer notes that the applicant has a sheltered bed extension pursuant to s. 651.118(7) Florida Statutes, to allow 30 beds to be used for persons who are not CCRC residents or CCRC contract holders. This extension is set to

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expire December 31, 2026. The applicant's sheltered nursing home operates as Life Care Ponte Vedra, Inc. d/b/a Vicar's Landing Nursing Home and has 52 private rooms and four semi-private rooms. Vicar's Landing states the CCRC also includes 366 independent living and 40 assisted living units.

The applicant does not provide the issuance of license and initiation of service responses on its Schedule 10. Vicar's Landing states "Due to the nature of application (Conversion of Sheltered Beds to Community Beds), This Schedule is Not Applicable." However, Schedule 10 clearly states that "For projects that do NOT involve construction or renovation: Please complete items 10 and 11 only".

Vicar's Landing's Schedule 1 indicates the total project cost is \$17,000, which includes project development costs. Regarding its Schedule 9, the applicant provides a blank Schedule 9 and states "Due to the nature of application (Conversion of Sheltered Beds to Community Beds), This Schedule is Not Applicable." It is assumed by the reviewer that because this project is a conversion that no construction costs will be incurred.

The applicant does not propose any conditions to this project.

The proposed conditions and measures are as stated by the applicant. The Agency will not place a condition that is requirement of facility licensure. Should a project be approved, the applicant's proposed 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. 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, and Chapters 59C-1 and 59C-2 Florida Administrative Code.

1. Fixed Need Pool

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

In Volume 50, Number 63 of the Florida Administrative Register dated March 29, 2024, a fixed need pool of 80 community nursing home beds was published for Subdistrict 4-3 for the January 2027 planning horizon. As of February 9, 2024, Subdistrict 4-3 had 24 community nursing homes with 2,938 licensed community nursing home beds and 120 CON approved beds pending licensure. The subdistrict's nursing homes reported 86.55 percent for the six months and 82.56 percent for the 12 months ending December 31, 2023.

Naval Continuing Care Retirement Foundation, Inc. d/b/a Fleet Landing (CON application #10796) proposes to convert 80 sheltered nursing home beds to community nursing home status adding that it is the only proposal that fully responds to the Agency's published need for 80 community nursing home beds within Nursing Home Subdistrict 4-3.

Fleet Landing contends that it can effectively serve nearby communities once the 80 beds are licensed community beds as it draws residents from the greater Jacksonville area because its Atlantic Beach location is convenient not only to residents of Subdistrict 4-3 in Duval and St. Johns County, but also those in adjacent Subdistrict 4-1 to the north and Subdistrict 4-2 to the west for which community bed need was also published, but no CON applications filed.

The applicant states that since no construction or renovation costs occur, the project is cost-effective allowing the needed beds to be used in the community within weeks, rather than the years associated with constructing new beds. Additional advantages include:

- Improves availability of skilled nursing beds by fully allocating 80 beds in response to need for 80 community nursing home beds within the planning area
- Improves availability and accessibility by adding community beds to a localized area with fewer beds per thousand than the subdistrict as a whole
- Improves access to skilled nursing care by utilizing sheltered beds that can be placed into service quickly. Improves quality of skilled nursing care by placing community beds into service at a highly rated facility
- Promotes culture change by placing the community beds into service at a facility that is operated under the close scrutiny of its members, where resident directed care is the norm
- Provides a financially viable project that can be implemented with minimal costs. Allows flexibility for admissions, serving both community and life care residents at the facility as demand continues to grow.

The applicant provides Figure 1-1, page 1-3 visually showing the 125-acre Fleet Landing campus, which is situated around Lake Constellation adding that it is also a satellite campus for Osher Lifelong Learning Institute at the University of North Florida, which provides courses on various topics of interest to residents. Fleet Landing states it provides the following amenities:

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- Aquatic center with heated indoor swimming pool and whirlpool
- Casual dining
- Expressions art studio
- Fitness center and studio
- Formal lakeside Dining Room
- Gardening
- The Greens, croquet & lawn bowls courts
- Heated outdoor pool and spa
- Library and reading room
- Pickleball
- Serenity Room
- Technology center
- Tennis courts
- Windward Hall Auditorium
- Woodworking shop

Fleet Landing notes that the skilled nursing facility and ALF feature the following long-term care services and amenities:

- On-site Medical Director and Physician
- Assistant (PA)
- 24-Hour skilled nursing services
- Certified RNs & certified nursing assistants
- Assistance with all activities of daily living
- On-site physical, occupational and speech therapy services
- Therapy gym
- On-site coffee shop
- Housekeeping services including personal laundry
- Mental health services
- Restorative Nursing program to help residents maintain functionality
- Pain management
- Wound care
- Robust life enrichment program
- Café-style dining with three meals daily plus snacks and beverages
- Labyrinth
- Full-service salon

Fleet Landing assures that its past and current expansions demonstrate the community's preference for a high-quality provider to serve their life care needs including skilled nursing rehabilitation and long-term care needs. The applicant offers Figure 1-2, page 1-4 (map) showing the existing Fleet Landing campus at One Fleet Landing Boulevard, Atlantic Beach, 32233 and the proposed Fleet Landing at Nocatee at 575 Cross Town Drive, Nocatee, 32081 adding that both locations are within Duval County, Subdistrict 4-3 which includes the southeast portion of Duval County (southeast of the St. Johns River) and St. Johns County.

The applicant informs that because more than 400 families are waiting to join Fleet Landing, the Ponte Vedra Pine Company LLC was established in 2019 to develop Fleet Landing at Nocatee, a new life care community and that in January 2020, purchased a 35-acre site and a provisional Certificate of Authority was issued in January and refers to its Exhibit 2 for further detail.

Fleet Landing provides excerpts from its letters of support on page 1-5 of this application from:

- Matthew Thompson, MS, FACEP, CEO, Co-Founder, Telescope Health
- Jerry Talarico, Account Manager Supervisor, Guardian Pharmacy of Jacksonville, LLC

Life Care Ponte Vedra, Inc. d/b/a Vicar's Landing (CON application #10797), does not directly respond to Fixed Need Pool, Schedule B, Items E.1.a.-g, but instead provides a narrative on unnumbered pages, which are addressed below. Vicar's Landing contends that rather than construct new facilities the project will optimize existing resources and will enhance its ability to meet the evolving health care needs of the Ponte Vedra Beach community. Further, the conversion of its sheltered beds to community beds is designed to foster competition within the local health care market by reallocation that will enhance operational efficiency and quality of care. Vicar's Landing contends the project will allow it to optimize staffing levels and resource allocation, thereby improving patient outcomes through specialized services tailored to community residents.

The applicant also contends that this conversion will meet current demand trends and community health care needs which will "enhance service delivery without necessitating additional capital investment, ensuring sustainable growth and operational excellence in our facility." Vicar's Landing contends that this conversion can potentially lead to reduced overall costs without compromising the high standard of care provided to its residents adding that lower operational costs may translate into more affordable health care options for the Ponte Vedra Beach community.

Reduction in Charges to Patients

The applicant states that it intends to mitigate health care costs for patients by enhancing operational efficiency through this conversion and it is committed to reducing charges to patients while maintaining exceptional care standards which reflects its dedication to offering accessible and cost-effective health care solutions in the 'service district'.

Enhancing Access to Healthcare Services

Vicar's Landing notes that the project reallocating sheltered beds to community use will significantly enhance access to health care services for Ponte Vedra Beach residents which underscores its mission to improve health outcomes and promote wellness within 'our community'.

Demographic Considerations

The applicant contends that Vicar's Landing is located in an area where demand for services among Medicaid recipients is not high and therefore, does not have a history serving this demographic and does not intend to do so in the future. Instead, it states that it will provide "specialized care tailored to the needs of our community residents while maintaining financial sustainability and operational efficiency".

Financial feasibility is addressed with the applicant indicating it “anticipates enhanced revenue streams and improved cost management through the conversion of sheltered beds to community beds”.

Nature of Operations

Vicar's Landing states Life Care Ponte Vedra, Inc. is a nonprofit corporation operating a retirement community known as Vicar's Landing, which includes 336 independent living units, 40 assisted living units and a 60-bed skilled nursing center.

The applicant describes that its "continuing care" model, its residents pay a one-time entrance fee and a monthly service fee, which covers life-long privileges at Vicar's Landing, including certain nursing services but that residents do not gain an interest in the property owned by the Organization.

Further the Organization currently operates 60 skilled nursing beds licensed as sheltered beds and has received approval to use 30 of these beds as community beds under the state's sheltered bed exemption. The applicant adds that this application seeks to convert all 60 beds to serve the general community.

Regulatory Compliance and Quality of Care

Vicar's Landing argues that as skilled nursing services costs continue to rise, it has become increasingly important to the financial viability of its community and skilled nursing center that it maintain its current occupancy through the admission of residents who do not have a “Residency Contract.” Further, the applicant adds that decreased utilization of its skilled nursing center by its residency contract holders can be attributed to:

- An increasing number of residents have chosen to employ private duty or home health aides in order to remain in their apartments for as long as possible
- Residents are electing to rehab in the hospital-based rehab units following surgery and then to go home with Medicare home health services rather than receiving rehab services in its skilled nursing center.

The applicant contends that the ability of residents to remain in the least restrictive setting as long as possible while receiving necessary health care services is due to the United States Supreme Court decision in *Olmstead v. L.C.* 527 vs. 581 (1999) (the "Olmstead Decision") and that this delay of entry by its residents into skilled nursing slows the spend-down of resident assets while preserving their independence, enhances the community's financial and occupancy stability relative to

independent living and assisted living units, and delays the residents' possible transition to government subsidized health care in an expensive setting. Further, Vicar's Landing contends that this improves each resident's overall quality of health and decreases the amount of time necessary to become well if admission to its skilled nursing center becomes necessary.

In reference to quality of care, the reviewer confirms that Vicar's Landing is currently rated as a 5-star facility on the CMS website and is a Gold Seal Award recipient. The facility has no substantiated complaints during the three-year period of June 20, 2021 and June 20, 2024.

Resident Satisfaction and Engagement

Vicar's Landing states that it collaborates with Novare (a progressive consortium of single-site Life Plan Communities) to conduct biannual "Resident Satisfaction Surveys" and received a 92 percent satisfaction rate in 2023. The applicant notes that its 2019 and 2021 surveys yielded a score of 88 percent of residents reporting "being very satisfied with their care." The reviewer notes that Novare's website includes Vicar's Landing as one of its members.

The applicant notes it offers a wide array of services tailored to enhance residents' well-being, including short-term rehabilitation, long-term care, spiritual support, and pet therapy. The facility actively engages families through regular feedback to ensure their involvement in the care and quality of life of the patient.

Comprehensive Care Planning and Resident Engagement

Vicar's Landing confirms that it holds quarterly (or as needed) care plan meetings, for changes in resident conditions including both the residents and their families to ensure that personalized, individual needs and preferences are met. Additionally, monthly resident council meetings are held to provide a platform for residents to voice concerns and suggestions regarding all aspects of community life, fostering a sense of ownership and community engagement.

Community Support and Involvement

The applicant states that it fosters an environment of open communication and active engagement by encouraging family to participate in care planning meetings and activities which strengthens relationships and enhances the overall quality of life for residents.

Vicar's Landing states that its families and volunteers offer community support noting that it offers pet therapy and the Vicar's Visitors program along with clergy from Christ Episcopal Church and other religious organizations to provide spiritual support all which enhance residents' well-being.

Staff Training and Development

The applicant confirms that it offers its staff comprehensive orientation programs and ongoing training initiatives which include specialized certifications such as the National Council of Certified Dementia Practitioners for leadership, ensuring that staff are equipped to provide specialized care where needed.

Staff Benefits

Vicar's Landing adds that it offers a comprehensive employee benefit package, including medical and dental insurance, a 403(b) Retirement Plan with a matching program, and educational scholarships as well as an ongoing staff recognition program, The CARES program (Courtesy, Attitude, Respect, Excellence, and Satisfaction) fostering a culture of appreciation and dedication among team members.

Customer Service and Activity Initiatives

The applicant ensures that it offers a person-centered care approach noting that its activities department provides a diverse calendar of events and has established various tiers of activities aimed at enhancing the lives of all residents and offers the following:

- The Build a Bond Program – provides visits for introverted residents that are tailored to create engagement, discover common interests, and provide meaningful experiences by pairing them with an activity professional to foster one-on-one connections
- The Bright Star Program - focuses on engaging residents with limited verbal or communicative abilities, or cognitive impairments through sensory activities such as aromatherapy, hand massage, and music therapy
- It's Never 2Late Program and Eldergrow Programs – readily accessible activities that offer social interaction, reminiscing, and mastering of relevant tasks in patients with mitigating cognitive decline
- Religious services include sing-alongs, bible studies, and services in its chapel or meditation room to ensure each resident has opportunities to participate in meaningful spiritual activities that resonate with their beliefs and preferences

Nursing Initiatives

Vicar's Landing contends that communication and collaboration are the basis of its nursing department and that a daily clinical meeting serves as a focused review of each resident's status, allowing the Interdisciplinary Team (IDT) to discuss new orders, address concerns, and celebrate achievements with each nursing wing having a desk nurse. Further, the physician meets twice a week to provide clinical insights and answer queries, which it states fosters comprehensive discussions among all care providers to ensure optimal care approaches.

The applicant provides that upon resident admission, its IDT and restorative certified nursing assistants meet weekly to assess residents at risk of issues such as pain, falls, weight loss, psychotropic medication use, skin integrity, and elopement which ensures proactive monitoring and intervention. Further, residents identified with risk factors remain on the agenda until concerns are resolved.

Vicar's Landing confirms that its Restorative Nursing Program (RNP) includes certified nursing assistants that are trained as restorative aides and will collaborate with therapy and nursing departments. Further, monthly meetings co-facilitated with the director of therapy services are held to evaluate resident progress, adjust goals, and identify new candidates for the program.

The applicant offers that its nurse staffing model assigns two nurses per residential wing during the day shift, ensuring a maximum ratio of 1:15. It has one desk nurse that consults as a liaison with physicians, reviews lab results, addresses skin integrity, and manages medical needs and that the medication nurse focuses exclusively on administering medications throughout the day, enhancing safety and timeliness. Also, a float nurse is available from 7 pm to 11 pm to support new admissions.

Regarding its orientation of new clinical team members, the applicant states that it includes floor-specific training led by senior team members and a competency-based written orientation, overseen by the director of nursing (DON) or assistant director of nursing (ADON) with ongoing training provided as needed to support continuous professional development.

Leadership Initiatives

Vicar's Landing discusses its leadership development, mentoring programs that support growth. Further, the applicant confirms that its ADON is a graduate of the Novare Leadership Development program, and its DON participates in the LeadingAge Southeast 2024 Leadership

Academy. It also maintains a part-time infection preventionist to comply with CMS guidelines, and that its DON, ADON, and NHA have completed the CDC's "The Nursing Home Infection Preventionist Training Course."

Vicar's Landing notes that it performs monthly "All-Staff meetings and bi-monthly clinical meetings to provide multiple opportunities for participation that accommodate varying schedules to ensuring robust communication.

Therapy Department Initiatives

Vicar's Landing Therapy Department is said to facilitate clear communication of resident transfer statuses to all clinical team members using a stop light method, indicated on resident room nameplates which provides a visual system from green (supervised transfer) to red (mechanical lift required) which helps maintain a secure environment for residents and staff.

Vicar's Landing shares that fall related incidents are reviewed daily by the IDT at clinical meetings, with the therapy department responsible for post-fall screenings to determine additional therapy needs and that residents that are not suitable for therapy interventions may be referred to the RNP for specialized care. Further, the applicant states that its therapy department coordinates with its social services department to perform home safety evaluations that identify potential safety hazards and recommend modifications or equipment to enhance safety.

Dining Services

Table service meals are offered in the main dining room or at Stratford Assisted Living instead of the Windsor Health Center as well as at its Café in the common building where residents can enjoy their meal by the lake. The applicant explains that its "Independent Dining Room" accommodates residents who require no assistance from dining staff while its "Assisted Dining Room" is designed for residents who benefit from nursing support, including cueing, feeding assistance, and meal orientation adding that this promotes autonomy for independent residents and provides dignified support for those needing additional assistance with their nutritional needs.

Further, a certified dining manager oversees operations at the Windsor Health Center, while an executive chef designs the menu and manages food production. Vicar's Landing add that a registered dietitian visits weekly to address supplements, therapeutic diets, and weight management goals and that the executive chef is accessible to discuss residents' food preferences, ensuring a personalized dining experience.

Future Plans

Vicar’s Landing states that it will launch its Memory Care Assisted Living facility in 2025 in response to an increase in the dementia population, adding that it currently is concentrated on the architectural design of the facility and the development of a comprehensive training program for its caregivers. Further, the program aims to instill in its staff a “deep understanding and empathy for those coping with memory loss, ensuring they are equipped with the necessary skills and knowledge to deliver exceptional care.”

The applicant provides that the key members/leadership at Life Care Ponte Vedra, Inc. are actively pursuing specialized certifications and training to enhance their expertise in dementia care:

- Director of Nursing: Holds certification from the National Council of Certified Dementia Practitioners and is recognized as a Certified Dementia Practitioner
- Director of Health Services (NHA): Has completed the Brush Dementia - Can Do! Dementia Care Certification Course and is currently pursuing the From Can't To Can Do Montessori for Aging and Dementia Certification

Significant Projection Assumptions

Vicar’s Landing confirms that revenue is projected to derive from both its SNF beds and ALF units. The applicant provides that the key assumption is the approval to convert the sheltered beds to community beds, leading to an increase in skilled nursing occupancy:

- Year 1: 84.2 percent occupancy with 50.5 units occupied
- Year 2: 90.8 percent occupancy with 54.5 units occupied

Further, the ALF occupancy is expected to remain stable at 73.9 percent with 29.6 units occupied throughout the projection period.

Salary Expense

Vicar’s Landing states that salary expenses are based on historical data and the current number of full-time equivalents (FTEs), which exceed state staffing requirements. The applicant provides the table below to demonstrate there is no increase in FTEs projected and that current staffing is sufficient to meet state regulations:

Role	Actual 2024	Projected 2025	Projected 2026	State Requirement
RN	0.5	0.5	0.4	3.6
LPN	1.6	1.5	1.4	3.6
CAN	4.0	3.7	3.4	3.6
Total	6.1	5.6	5.2	3.6

Source: CON application #10797, unnumbered page.

Vicar's Landing states benefits and taxes are projected to remain at 29 percent of salary expense for the fiscal years ending June 30, 2025, and June 30, 2026. Also, its operating expenses are based on historical experience and include various cost centers such as general and administrative expenses, patient care costs, property costs, and ancillary cost centers that include the key assumptions:

- A three percent annual increase in administrative expenses, property costs, and other cost centers for inflation
- An increase in ancillary and patient care costs aligned with the projected increase in skilled nursing occupancy, also accounting for a three percent inflation rate
- A three percent annual increase in assisted living expenses based on historical data.

Conclusion

Vicar's Landing concludes that it is committed to optimizing existing resources through the conversion of sheltered skilled nursing beds to community beds that results in promoting competition, enhancing quality and cost-effectiveness, reducing patient charges, and improving access to health care services.

The applicant contends that its financial projections forecast increased occupancy and associated revenues which “showcase the financial feasibility and positive community outcomes of this conversion” but adds that it acknowledges “the inherent uncertainties and potential deviations from these projections due to unforeseen future events.”

2. Agency Rule Preferences

Does the project respond to preferences stated in Agency rules? 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.

Naval Continuing Care Retirement Foundation, Inc. d/b/a Fleet Landing (CON application #10796) responds that it will show conformity with provisions of the applicable rule within its response to this section.

Life Care Ponte Vedra, Inc. d/b/a Vicar's Landing (CON application #10797) does not directly respond to this rule preference, instead see the Fixed Need Pool, Item E.1.a. response that is summarized from its narrative response.

- 1. 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 patterns, patient characteristics, expected average length of stay, ancillary services, patient assessment tools, admission policies and discharge polices.**

Naval Continuing Care Retirement Foundation, Inc. d/b/a Fleet Landing (CON application #10796) responds that the proposed 80 beds, like the existing 100-bed facility, combine both short- and long-term nursing care with participation in the Medicare program. Further, the existing 100-bed sheltered nursing home holds a 5-star rating, which the reviewer confirms. The applicant provides a detailed narrative on pages 2-2 through 2-8 describing patient characteristics as they pertain to skilled nursing service needs, the services to be provided, patient assessment process, admission, care planning, and discharge.

- Personalized treatment plan
- Around-the-clock skilled nursing
- Physical Therapy
- Occupational Therapy
- Speech and Language
- Dry Needling
- Instrument Assisted Soft
- Tissue Mobilization
- Manual Therapy certified therapists
- Micro Point stimulation
- Neurological Rehabilitation
- Orthopedic Rehabilitation
- Parkinson Specialist Certified
- On-site collaboration with Baptist Health, and other nursing preferred providers
- Balance and Gait Training
- Complimentary screens
- Concussion Management Pathology certified therapist
- Pain Management
- Recovery Post-Covid
- Pre/Post Operative
- Rehabilitation
- Total Joint Arthroplasty Program
- Vestibular Management
- VitalStim Therapy

Fleet Landing lists its additional specialty programs which include:

- Cardiopulmonary program
- Post-surgical care
- Joint Replacement program of care
- Wound Care
- Disease Management (CHF, COPD, stroke, diabetes)
- Medication and pain management
- Blood sugar and blood pressure monitoring
- Short-term, post-acute hospital rehabilitation

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- Fall Prevention and safe-at-home programming
- Catheter, tracheostomy, and ostomy care
- 24-hour, on-call nursing support

Fleet Landing refers to its Section 5 for its utilization and staffing patterns, Schedule 7 for its admissions and patient days by payer, and Schedule 6 for its staffing by department. Schedule 6A shows 76.0 year one (CY 2025) and 109.4 year two (CY 2026) FTEs. The applicant indicates no new staff will be added in connection with this project.

Fleet Landing confirms that it will offer care for both short- and long-term patients, accepting a variety of payers including Medicare, Medicaid, and private insurance. The applicant presents its projected utilization, average length of stay and average daily census for the first two years below.

Projected Admissions, Patient Days, Average Length of Stay and Average Daily Census First Two Years of Operation for the Proposed 80 Beds and 100-Bed Facility

Factor	80 Beds		100 Beds	
	Year One	Year Two	Year One	Year Two
Admissions	445	775	506	836
Patient Days	15,925	25,465	23,225	32,765
ALOS	36	33	46	39
ADC	44	70	64	90

Source: CON #10796, table 2-1, page 2-4

The applicant states that residents are admitted to the facility under orders of the attending physician and provides a brief description of its admission process which it confirms allows for the development of comprehensive plans of care. A copy of Fleet Landing's policy pertaining to admission of a resident as well as a copy of the Nursing Admission/Readmission Screening can be found in Exhibit 5 in the Additional Information section at the end of the application.

The applicant notes that the care staff develop a baseline care plan within 48 hours of admission and its policy is for the interdisciplinary team to develop and implement a comprehensive person-centered care plan for each resident, consistent with resident rights, that includes measurable objectives and timeframes to meet a resident's medical, nursing, and mental and psychosocial needs that are identified in the resident's comprehensive assessment. The comprehensive care plan will be developed within seven days following this assessment and reviewed and revised by the interdisciplinary team after each comprehensive and quarterly assessment. Further, the care plan will include measurable objectives and timeframes to meet the needs identified in the resident's assessment and these objectives will be used to monitor progress.

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A copy of Fleet Landing's policy on comprehensive care plans can be found in Exhibit 6 in the Additional Information section at the end of the application.

Fleet Landing's policy is to develop upon admission and implement an effective discharge planning process that focuses on the resident's discharge goals, the preparation of residents to be active partners and effectively transition them to post-discharge care, and the reduction of factors leading to preventable readmissions. The applicant ensures that its interdisciplinary team will support each resident in the exercise of his or her right to participate in his or her care and treatment, including planning for discharge. Further, this plan will include a regular re-evaluation of the residents to identify changes that require modification of the discharge plan, updating the plan as needed.

A copy of Fleet Landing's policy pertaining to the discharge planning process can be found in Exhibit 7 in the Additional Information section at the end of the application.

Fleet Landing states that it analyzed examined all Major Diagnostic Categories (MDCs) for discharges from acute care, long-term care, and rehabilitation hospitals to nursing homes during the 12-month period ending June 30, 2023 for patients age 65 and over, from hospitals within SD 4-3 to determine the level of need for specific services. The applicant reports that the five MDCs accounted for 67.5 percent of these discharges and address musculoskeletal, circulatory, respiratory, and nervous system conditions (MDC 8, MDC 1, MDC 5, MDC 18 and MDC 4). The applicant provides a brief description of each of these diagnoses and confirms that it offers a variety of specialized programs and will continue to innovate to restore, to normalize, and to achieve functional capabilities. The applicant presents table 2-2 on page 2-7 which has been partially recreated below.

Major Diagnostic Category	Cases	Percent
08 Diseases & Disorders of the Musculoskeletal System and Connective Tissue	1,837	19.80%
01 Diseases & Disorders of the Nervous System	1,213	12.89%
05 Diseases & Disorders of the Circulatory System	1,156	12.50%
18 Infectious & Parasitic Diseases, Systemic or Unspecified Sites	1,047	11.41%
04 Diseases & Disorders of the Respiratory System	1,033	10.82%
Top Five MDC Total	6,286	67.42%
All other (18) MDC	3,026	32.57%
Total	9,312	100.00*

Source: CON #10796, table 2-2, page 2-7

*Note-Correct total is 99.99%, likely due to rounding

Life Care Ponte Vedra, Inc. d/b/a Vicar's Landing (CON application #10797) did not provide a direct response please see the applicant's Fixed Need Pool, Item E.1.a. response. The applicant's one page Schedule 6A indicates the facility will have 104.9 FTEs in CY 2023 ending December 31, 2023. Vicar's Landing also indicates there will be no increase in staff due to the project.

2. Quality of Care. In assessing the applicant's ability to provide quality of care pursuant to 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.**

Naval Continuing Care Retirement Foundation, Inc. d/b/a Fleet Landing (CON application #10796) responds that it has not had a nursing facility license denied, revoked, or suspended within the prior 36 months of operation.

Life Care Ponte Vedra, Inc. d/b/a Vicar's Landing (CON application #10797) did not provide a direct response, please see the applicant's Fixed Need Pool, Item E.1.a. response.

- 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.**

Naval Continuing Care Retirement Foundation, Inc. d/b/a Fleet Landing (CON application #10796) responds that it has not had a nursing facility placed into receivership during the 36 months prior to this application.

Life Care Ponte Vedra, Inc. d/b/a Vicar's Landing (CON application #10797) did not provide a direct response please see the applicant's Fixed Need Pool, Item E.1.a. response.

- 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.**

Naval Continuing Care Retirement Foundation, Inc. d/b/a Fleet Landing (CON application #10796) responds that no conditions are identified in subparagraphs 1 and 2 therefore this item does not apply.

Life Care Ponte Vedra, Inc. d/b/a Vicar's Landing (CON application #10797) did not provide a direct response please see the applicant's Fixed Need Pool, Item E.1.a. response.

- 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.**

Naval Continuing Care Retirement Foundation, Inc. d/b/a Fleet Landing (CON application #10796) responds that no conditions are identified in subparagraph 3 therefore this item does not apply.

Life Care Ponte Vedra, Inc. d/b/a Vicar's Landing (CON application #10797) did not provide a direct response please see the applicant's Fixed Need Pool, Item E.1.a. response.

- 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.**

Naval Continuing Care Retirement Foundation, Inc. d/b/a Fleet Landing (CON application #10796) responds that no conditions are identified above therefore this item does not apply.

Life Care Ponte Vedra, Inc. d/b/a Vicar's Landing (CON application #10797) did not provide a direct response please see the applicant's Fixed Need Pool, Item E.1.a. response.

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

Naval Continuing Care Retirement Foundation, Inc. d/b/a Fleet Landing (CON application #10796) confirms that it understands the reporting requirements and agrees to continue to submit the above-cited utilization reports to the Agency for Health Care Administration through the Health Planning Council of Northeast Florida.

Life Care Ponte Vedra, Inc. d/b/a Vicar's Landing (CON application #10797) did not provide a direct response please see the applicant's Fixed Need Pool, Item E.1.a. response.

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)(5), Florida Statutes.**

As previously stated, as of February 9, 2024, Subdistrict 4-3 had 24 community nursing homes with 2,938 licensed community nursing home beds and 120 CON approved beds pending licensure. The subdistrict's nursing homes 86.55 percent for the six months and 82.56 percent for the 12 months ending December 31, 2023.

Naval Continuing Care Retirement Foundation, Inc. d/b/a Fleet Landing (CON application #10796) reiterates that it seeks to add 80 sheltered beds through the conversion of 80 sheltered beds, to its CCRC campus, Fleet Landing located in Atlantic Beach, Duval County, Health Planning District 4, Subdistrict 4-3, that currently operates a highly rated 100-bed sheltered nursing home.

The applicant defines availability as how much of a resource exists. Fleet Landing adds that it has submitted this application as a result of the FNP for 80 additional community NH beds in Subdistrict 4-3 and if approved will quickly make these beds available to community residents therefore resulting in improved access to skilled nursing care by utilizing sheltered beds that can be placed into service quickly.

The applicant refers to its Fixed Need response, item E.1.a to support its argument that within the 10-mile radius of its facility there are there are 9.3 community beds per 1,000 and 11.8 total nursing home beds per 1,000, which it states will increase to 10.6 community beds and decreases to 11.0 total beds per 1,000 by 2026 with its project.

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The applicant provides that it was founded by a group of military officers in 1985 and relies on three key values: service to others, a can-do spirit and a commitment to achieve ever-higher goals with a vision that fosters a culture driven by residents and their engagement in the community and its success.

Fleet Landing states that it offers a full range of activities from educational lectures and exercise sessions to clubs, organizations and volunteer efforts. Further, it facilitates resident council meetings within the health center to ensure concerns and needs are addressed promptly. Further, it maintains CARF accreditation for the retirement community, assuring quality standards are met, scoring high on licensing inspections and achieving five stars for nearly all AHCA inspection categories as well as rating as a five-star facility by CMS. Fleet Landing informs that it has also been ranked on the list by US News and World Reports for Best Nursing Homes for Short-Term Rehabilitation for 2024 with an overall rating of four out of five stars, and three out of three stars for short-term rehabilitation. The applicant contends that it focuses on six key values: deliver heartfelt service, commit to excellence, be a leader, have a compassionate approach, success as a team, and embrace responsible stewardship.

Fleet Landing states that "access" covers several components such as 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. The applicant refers to its Fixed Need response, item E.1.a to support its argument that there is a large concentration of seniors residing in the northern portion of SD 4-3 near its facility meaning that it will be readily accessible to these residents. Figure 3-1 on page 3-4 depicts the location of Fleet Landing's CCRC campus as it relates to a 20-minute driving contour with the locations of area and nursing homes as well as the location of the projected 2027 population for seniors age 65. The applicant notes that it is located within a 20-minute drive time of two acute care hospitals—Baptist Medical Center Beaches and Mayo Clinic and contends that approval of this application would improve access within the subdistrict where there is demand, as demonstrated by the high concentration of seniors, but fewer beds.

Fleet Landing presents Table 3-1, page 3-5 using Agency data from the Florida Nursing Home Utilization by District and Subdistrict, March 29, 2024 to support that nine of the subdistrict's 24 nursing homes operating community beds (approximately 37.5 percent) are occupied at 90 percent or above with a total of 14 (58 percent) exceeded 85 percent occupancy, leading to the subdistrict published need of 80 additional community beds. Further, Subdistrict 4-3's overall occupancy rate was

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82.56 percent for the most recent year increasing to 86.55 percent during the last half of 2023 with District 4 having a 79.48 percent occupancy rate in CY 2023.

The applicant informs that it currently has 100 sheltered beds with an extension in place for 30 beds through August 18, 2025 to serve community (non-Life Care) residents and that adding 30 sheltered beds in 2021, the facility has a current census of 46 (from 16,813 patient days reported in 2023). Fleet Landing notes that it can quickly put the proposed 80 beds into use to meet the published and growing need.

Fleet Landing provided responses to the proposed project's conformity to the Health Care Access Criteria on pages 3-6 through 3-10 of CON application #10796.

Life Care Ponte Vedra, Inc. d/b/a Vicar's Landing (CON application #10797) does not provide a direct response please see the applicant's Fixed Need Pool, Item E.1.a. response and does not respond to Health Care Access Criteria. The applicant did not respond to Health Care Access Criteria.

- 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)(10), Florida Statutes.**

Naval Continuing Care Retirement Foundation, Inc. d/b/a Fleet Landing (CON application #10796) responds that it has a history of providing quality care to its residents and holds a nursing home license for 100 sheltered beds, as well as an assisted living facility license for 150 beds and reiterates that it holds a five-star rating from both the Agency and CMS, that it holds CARF accreditation (Exhibit 9), and that it has been ranked on the list by US News and World Reports for Best Nursing Homes for Short-Term Rehabilitation for 2024, referencing its Exhibit 10 for more detail.

Fleet Landing confirms that it focuses on six key values: deliver heartfelt service, commit to excellence, be a leader, have a compassionate approach, success as a team, and embrace responsible stewardship. The applicant provides its mission and vision statements:

To enrich the lives of older adults through high-quality programs and services to support successful aging

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To be Florida 's preferred continuing care organization, enabling older adults to age successfully in the place they call home

The applicant provides an excerpt from its letter of support on page 4-2 from Mark Messinese, M.D., Medical Director, Baptist Primary Care.

Fleet Landing assures that it will maintain a Quality Assessment and Assurance (QAA) Committee composed of, at a minimum: the administrator, the director of nursing/infection preventionist, the medical director or their designee, and at least (3) other facility staff members that will identify quality issues and develop appropriate plans of action to correct quality deficiencies through an interdisciplinary approach. Fleet Landing contends that its QAA committee will report to the facility's governing body, or designated person(s) functioning as a governing body regarding its activities, including implementation of the QAPI program and will:

- Meet at least once a month and as needed
- Provide oversight of the QAPI program
- Identify and respond to quality deficiencies throughout the facility
- Develop and implement corrective plans of action, and monitor to ensure performance goals or targets are achieved and sustained
- Revise corrective action as necessary, based on QAA committee monitoring and evaluation

Fleet Landing adds that its policy pertaining to a quality assessment and assurance committee can be found in Exhibit 10 in the Additional Information Section at the end of the application.

Fleet Landing discusses the CMS 12-step guide on page 4-4 noting that its QAPI plan provides a blueprint for the facility's overall quality improvement program that include four guiding principles which are:

- Our care practices are guided by a structured Quality Assurance and Performance Improvement Process
- All staff members acknowledge their commitment to performance improvement and their perspective roles in the process
- We focus on systems and processes and encourage our staff to identify potential errors and system breakdowns
- We set goals to improve performance, measure our progress toward the goal, and revise the goal when necessary.

Fleet Landing restates that it includes all residents, staff members and family members in the performance improvement providing updates through meetings and its newsletters.

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The applicant assures that it will support and facilitate a resident's right to request, refuse, and/or discontinue medical treatment or surgical treatment and to formulate an advance directive.

Fleet Landing states that it will identify, clarify, and review with the resident or legal representative whether they desire to make any changes related to any advance directives and it will periodically review as part of the comprehensive care planning process, the existing care instructions and whether the resident wishes to change or continue these instructions. Further, it will not discharge or transfer a resident should they refuse treatment either through an advance directive or directly unless the criteria for transfer or discharge are otherwise met and will not initiate or discontinue any other care based on refusal of care by the resident and the facility will use the process as provided by state law for handling situations in which the facility and/or physician do not believe that they can provide care in accordance with the resident's advance directives or wished. Fleet Landing's policy pertaining to resident rights can be found in Exhibit 12 in the Additional Information Section at the end of the application.

The applicant shares that it provides a range of activities and has a resident's council that meets monthly as well as various life enrichment programs including music therapy, pet therapy, art enrichment, book club, cooking club, exercise classes, bingo, spiritual offerings, gardening club, intellectual stimulation, social time, and one-on-one opportunities. Fleet Landing provides that offers activities seven days a week, with exercise, musical entertainment, games, social events, spiritual services, food and beverage events, and book club. The applicant notes that its April 2024 activity schedule is located in Exhibit 13 and includes its core comprehensive list of activities.

Fleet Landing concludes that its responses demonstrate the capability to implement a program of quality assurance with elements that lead to continuous quality improvement and that it has the ability to attain high quality ratings within the federal and state rating systems and achieve national recognition for quality improvement.

The reviewer notes that Fleet Landing had no substantiated complaints during the three-year period of June 20, 2021 and June 20, 2024 and that it is currently rated as a 5-star facility on the CMS website.

Life Care Ponte Vedra, Inc. d/b/a Vicar's Landing (CON application #10797) did not provide a direct response please see the applicant's Fixed Need Pool, Item E.1.a. response. The reviewer notes that the applicant had no substantiated complaints during the three-year period of June 20, 2021 and June 20, 2024 and that it is currently rated as a 5-star facility on the CMS website and is a Gold Seal Award recipient.

c. What resources, including health personnel, management personnel and funds for capital and operating expenditures are available for project accomplishments and operations? 408.035(4), Florida Statutes.

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

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

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Naval Continuing Care Retirement Foundation, Inc. d/b/a Fleet Landing (CON application #10796)

CON 10796 Naval Continuing Care Retirement Foundation, Inc.		
	Dec-23	Dec-22
Current Assets	\$32,827,023	\$37,257,739
Total Assets	\$275,553,073	\$271,021,475
Current Liabilities	\$11,749,237	\$11,095,891
Total Liabilities	\$270,451,513	\$273,971,024
Net Assets	\$5,101,560	(\$2,949,549)
Total Revenues	\$65,188,274	\$37,780,484
Excess of Revenues Over Expenses	\$7,794,248	(\$6,785,155)
Cash Flow from Operations	\$13,325,380	\$8,069,723
Short-Term Analysis		
Current Ratio (CA/CL)	NA	NA
Cash Flow to Current Liabilities (CFO/CL)	NA	NA
Long-Term Analysis		
Long-Term Debt to Net Assets (TL-CL/NA)	5071.0%	-8912.4%
Total Margin (ER/TR)	NA	NA
Measure of Available Funding		
Working Capital	\$21,077,786	\$26,161,848

Capital Requirements and Funding:

The applicant indicates on Schedule 2 capital projects totaling \$8,151,343, which includes this project (\$58,213), and other projects (\$8,093,130).

The applicant indicates on Schedule 3 of its application that funding for the project will be provided by cash on hand (\$58,213). The applicant provided audited financial statements showing \$5,582,118 in cash & cash equivalents.

Conclusion:

Funding for this project should be available as needed.

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Life Care Ponte Vedra, Inc. d/b/a Vicar's Landing (CON application #10797)

CON 10797 Life Care Ponte Vedra, Inc. & Subs		
	Dec-23	Dec-22
Current Assets	\$36,018,006	\$47,330,927
Total Assets	\$256,742,449	\$243,737,616
Current Liabilities	\$12,043,236	\$27,747,321
Total Liabilities	\$288,122,784	\$281,806,761
Net Assets	(\$31,380,335)	(\$38,069,145)
Total Revenues	\$49,349,864	\$22,524,125
Excess of Revenues Over Expenses	\$6,702,502	(\$6,617,050)
Cash Flow from Operations	\$47,110,185	\$30,174,437
Short-Term Analysis		
Current Ratio (CA/CL)	3.0	1.7
Cash Flow to Current Liabilities (CFO/CL)	391.18%	108.75%
Long-Term Analysis		
Long-Term Debt to Net Assets (TL-CL/NA)	-879.8%	-667.4%
Total Margin (ER/TR)	13.58%	-29.38%
Measure of Available Funding		
Working Capital	\$23,974,770	\$19,583,606

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

Capital Requirements and Funding:

The applicant indicates on Schedule 2 capital projects totaling \$8,510,000, which includes this project (\$0), and other capitalization (\$8,510,000).

The applicant indicates on Schedule 3 of its application that there is no funding need for this project. The audited financial statements show \$4,450,996 in cash and cash equivalents, and \$23,974,770 in working capital

Conclusion:

Funding for this project should be available as needed. However, there is an overall deficit in year 2 of \$3,557,963.

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

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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.

Naval Continuing Care Retirement Foundation, Inc. d/b/a Fleet Landing (CON application #10796)

	PROJECTIONS PER APPLICANT		COMPARATIVE GROUP VALUES PPD		
	Total	PPD	Highest	Median	Lowest
Net Revenues	11,771,206	359	1,934	707	439
Total Expenses	10,310,020	315	2,286	691	499
Operating Income	1,461,186	45	371	-5	-282
Operating Margin	12.41%		Comparative Group Values		
	Days	Percent	Highest	Median	Lowest
Occupancy	32,766	89.52%	91.46%	74.39%	11.68%
Medicaid	0	0.00%	7.74%	4.25%	0.03%
Medicare	15,280	46.63%	77.68%	59.59%	11.32%

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 net profit falls within the group ranges and is considered reasonable. NRPD and CPD are below the group range. Revenue and expenses may be understated. In addition, the total cost appears to include at least the minimum staffing required. Therefore, the overall profitability appears achievable.

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Conclusion:

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

Life Care Ponte Vedra, Inc. d/b/a Vicar’s Landing (CON application #10797)

	PROJECTIONS PER APPLICANT		COMPARATIVE GROUP VALUES PPD		
	Total	PPD	Highest	Median	Lowest
Net Revenues	5,507,819	277	1,934	707	439
Total Expenses	9,065,782	456	2,286	691	499
Operating Income	-3,557,963	-179	371	-5	-282
Operating Margin	-64.60%		Comparative Group Values		
	Days	Percent	Highest	Median	Lowest
Occupancy	19,890	90.57%	91.46%	74.39%	11.68%
Medicaid	0	0.00%	7.74%	4.25%	0.03%
Medicare	3,146	15.82%	77.68%	59.59%	11.32%

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. The applicant did not provide projections on Schedule 6 as the information provided is dated as of December 31, 2023. In another section of the application the applicants indicated no change in its current staffing is needed for this project. Taking that note into consideration it can be inferred that the historic staffing on Schedule 6 is equivalent to the applicant’s “projected” staffing which meets this requirement.

Projected net profit falls within the group ranges and is considered reasonable, but negative. It is not uncommon for nursing home beds in a CCRC to be unprofitable as the profitability of the CCRC is based on the entire continuum of care. Opening nursing home beds to non-CCRC residents increases the likelihood that those beds are utilized and therefore the profitability of those beds that would otherwise be vacant.

Conclusion:

While the nursing home on its own is not financially feasible, this project appears to improve the loss of the existing nursing home operations.

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

Applies to both applicants - 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? Section 408.035(8), Florida Statutes; Chapter 59A-4, Florida Administrative Code.**

Applies to both applicants - The codes and standards regulating the design and construction of skilled nursing facilities are the same for beds licensed as sheltered beds and community beds. The proposed license conversions do not alter the use or function of the resident rooms or support spaces. It is the position of the Office of Plans and Construction that a review of the architectural submissions is unnecessary since the existing beds have already been reviewed and approved by the Agency for use as skilled nursing beds in accordance with Florida Statutes 400.232 and Florida Administrative Code 59A-4.133.

The applicant is advised to contact the Agency's Office of Plans and Construction if the conversion involves any modifications or alteration of the physical plant.

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

Naval Continuing Care Retirement Foundation, Inc. d/b/a Fleet Landing (CON application #10796) explains that as a continuing care retirement community, Fleet Landing provides a continuum of care to life care contract holders. The applicant does not have a history of service to Medicaid and medically indigent patients and the project is not projected to serve these patients.

Life Care Ponte Vedra, Inc. d/b/a Vicar's Landing (CON application #10797) did not directly respond to this rule preference, instead see the Fixed Need Pool, Item E.1.a. response that is summarized from its narrative on unnumbered pages as its only response. The applicant does not have a history of service to Medicaid and medically indigent patients and the project is not projected to serve these patients.

F. SUMMARY

Naval Continuing Care Retirement Foundation, Inc. d/b/a Fleet Landing (CON application #10796) a non-profit corporation, proposes to convert 80 of the facility's 100 sheltered skilled nursing beds to community skilled nursing beds in response to the FNP. Fleet Landing has 482 independent residential units, 150 ALF beds, and 100 sheltered nursing home beds.

The applicant expects issuance of license in December of 2024 and initiation of service in January of 2025.

Total project cost is \$58,213.

The applicant proposes two Schedule C conditions, pursuant to this project.

Life Care Ponte Vedra, Inc. d/b/a Vicar's Landing (CON application #10797) proposes to convert all 60 of the facility's sheltered skilled nursing homes' beds to community nursing beds.

Life Care Ponte Vedra, Inc. d/b/a Vicar's Landing does not include a completed Schedule 10 indicating its projected licensure and dates. The Schedule provided states "Due to the nature of application (Conversion of Sheltered Beds to Community Beds), This Schedule is Not Applicable." The reviewer notes that the applicant's Schedules 7 and 8 indicate that the ending dates for year one and year two are June 30, 2025, and June 30, 2026, respectively.

Total project cost is \$17,000.

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

Need:

In Volume 50, Number 63 of the Florida Administrative Register dated March 29, 2024, a fixed need pool of 80 community nursing home beds was published for Subdistrict 4-3 for the January 2027 planning horizon.

As of February 9, 2024, Subdistrict 4-3 had 24 community nursing homes with 2,938 licensed community nursing home beds and 120 CON approved beds pending licensure. The subdistrict's nursing homes 86.55 percent for the six months and 82.56 percent for the 12 months ending December 31, 2023.

Naval Continuing Care Retirement Foundation, Inc. d/b/a Fleet Landing (CON application #10796) proposes to convert 80 of its 100 sheltered nursing home beds to community nursing home beds. The applicant adds that it is the only proposal that fully responds to the Agency's published need for 80 community nursing home beds within Nursing Home Subdistrict 4-3.

The applicant provided a detailed description of its proposed patient mix by MDC and service area dynamics.

Fleet Landing contends that its existing resources redesignated to increase availability and access to the general population is economical and can be implemented quickly by January 2025.

Life Care Ponte Vedra, Inc. d/b/a Vicar's Landing (CON application #10797) states that it is "submitting an application to convert 60 sheltered skilled nursing beds to community skilled nursing beds under Section 408.035(5) and (7) of the Florida Statutes."

Vicar's Landing contends that the conversion of the 60 beds will promote competition, enhance quality and cost-effectiveness, reduce patient charges, and improve access to health care services for Ponte Vedra residents.

Quality of Care

Naval Continuing Care Retirement Foundation, Inc. d/b/a Fleet Landing (CON application #10796) described in detail its ability to provide quality care. During the 36 months ending June 20, 2024, the applicant had no substantiated complaint categories cited.

Life Care Ponte Vedra, Inc. d/b/a Vicar's Landing (CON application #10797) provided details of its ability to provide quality care. During the 36 months ending June 20, 2024, the applicant had no substantiated complaint categories cited.

Financial Feasibility/Availability of Funds

Naval Continuing Care Retirement Foundation, Inc. d/b/a Fleet Landing (CON application #10796)

- Funding for this project should be available as needed
- The project appears to be financially feasible based on the projections provided by the applicant

Life Care Ponte Vedra, Inc. d/b/a Vicar's Landing (CON application #10797)

- Funding for this project should be available as needed. However, there is an overall deficit in year two of \$3,557,963
- While the nursing home on its own is not financially feasible, the project appears to improve the loss of the existing nursing home operations
- **Both applicants** - This project is not likely to have a material impact on competition to promote quality and cost effectiveness.

Medicaid/Charity Care:

- **Both** applicants, as CCRC providers, have no history of service and do not propose to serve Medicaid and medically indigent patients.

Architectural Review – Both applicants

- The codes and standards regulating the design and construction of skilled nursing facilities are the same for beds licensed as sheltered beds and community beds. The proposed license conversions do not alter the use or function of the resident rooms or support spaces.
- The applicant is advised to contact the Agency's Office of Plans and Construction if the conversion involves any modifications or alteration of the physical plant.

Both applicants are quality nursing home care providers. Naval Continuing Care Retirement Foundation, Inc. d/b/a Fleet Landing (CON application #10796) provided a better application in terms of responding to the statutory and rule criteria and its project will meet the entire 80-bed FNP.

G. RECOMMENDATION

Approve CON #10796 to add 80 community nursing home beds through the conversion of 80 sheltered nursing home beds in District 4, Subdistrict 3, Duval County. The total project cost is \$58,213.

CONDITIONS:

1. Fleet Landing will make a nursing home bed available at its nursing home facility to any Life Care contract holder residing on the Fleet Landing campus and requiring a nursing home. Measurement of this condition will be demonstrated by reporting the total annual resident patient days and non-resident patient days.
2. Fleet Landing will continue to offer internship experiences for nursing and therapy positions, partnering with local colleges and universities. Measurement of this condition will be demonstrated by reporting the total annual number and types of interns, their associated schools, and the length of service.

Deny CON #10797.

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: August 9, 2024

James B. McLemore

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Certificate of Need



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