

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

A. PROJECT IDENTIFICATION

1. Applicant/CON Action Number

Oakley Place SNF LLC/CON #10798

2071 Flatbush Avenue, Suite 22
Brooklyn, New York 11230

Authorized Representative: Mr. Aharon Katz, CEO
(646) 812-0423

2. Service District/Subdistrict

District 5/Subdistrict 5-1 (Pasco County)

B. PUBLIC HEARING

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

C. PROJECT SUMMARY

Oakley Place SNF LLC (CON application #10798), also referenced as Oakley Place or the applicant, proposes to establish a new 28 skilled nursing facility consisting of two private and 13 semi-private rooms in Subdistrict 5-1 (Pasco County). The facility will be constructed adjacent to a new 142-bed assisted living facility located near the intersection of Interstate 75 and State Road 54 in Wesley Chapel.

The applicant states it is affiliated with Lion Care Services, an experienced operator and developer of 12 skilled nursing facilities located in Pinellas and Hillsborough Counties.

Oakley Place indicates that the project will be licensed in December 2026 and begin service in January 2027.

The project includes 12,683 gross square feet (GSF) of new construction and a total construction cost of \$4,439,050. The total project cost is \$7,116,900, and includes land, building, equipment, project development and financing costs.

The applicant does not propose any conditions on the project.

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

D. REVIEW PROCEDURE

The evaluation process is structured by the certificate of need review criteria found in Section 408.035, Florida Statutes. These criteria form the basis for the goals of the review process. The goals represent desirable outcomes to be attained by successful applicants who demonstrate an overall compliance with the criteria. Analysis of an applicant's capability to undertake the proposed project successfully is conducted by assessing the responses provided in the application and independent information gathered by the reviewer.

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

Section 59C-1.010(3)(b), Florida Administrative Code, allows no application amendment information subsequent to the application being deemed complete. The burden of proof to entitlement of a certificate rests with the applicant. As such, the applicant is responsible for the representations in the application. This is attested to as part of the application in the Certification of the applicant.

As part of the fact-finding, the consultant, Gregory Keeter, analyzed the application with consultation from Financial Analyst Derron Hillmon of the Bureau of Central Services, who evaluated the financial data, and Scott Waltz of the Office of Plans and Construction, who reviewed the application for conformance with the architectural criteria.

E. CONFORMITY OF PROJECT WITH REVIEW CRITERIA

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

1. Fixed Need Pool

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

In Volume 50, Number 63 of the Florida Administrative Register dated March 29, 2024, a fixed need pool (FNP) of 28 community nursing home beds was published for Subdistrict 5-1 for the January 2027 planning horizon.

As of February 9, 2024, Subdistrict 5-1 nursing homes consist of 2,054 licensed beds and there are 35 CON approved community nursing home beds pending licensure. Subdistrict 5-1 nursing homes reported 86.61 percent occupancy during the six months and 86.37 percent occupancy during the 12 months ending December 31, 2023.

The applicant's need analysis focuses on the characteristics of the population to be served, regional and demographic features that impact service, and forecast of service in relation to existing providers. Oakley Place indicates that its 28 beds will focus on short-term rehabilitation with the neighboring ALF focused more on long-term rehabilitation.

Pasco County's July 2023 population of 145,380 age 65 and over comprises 23.85 percent of the county's total population and is projected to grow by 15.28 percent to 167,596 or 25.28 percent of Pasco's total population by July 2028. Oakley Place states Pasco County's age 65 and older population growth underscores the need for residential and healthcare services, including skilled nursing care. The applicant's Table 1-1 includes Pasco County and Florida population estimates by age cohorts in support of its statement. Oakley Place's Table 1-2 on page 1-5 of the application shows Pasco County's projected 2028 Claritas population estimates by Zip Code, with growth rates ranging from 11.77 percent to 43.28 percent for the age 65 and older cohort. The applicant's proposed zip code location age 65 and over population is projected to grow by 31.26 percent from 3,624 to 4,757.

As of February 9, 2024, there are 2,054 licensed and 35 CON approved community nursing home beds in Pasco County. The 35 approved beds are at Blue Heron Health and Rehabilitation, a 106-bed community nursing home located in Wesley Chapel Zip Code 33544. The bed availability rate in Pasco County is currently at 14 beds per 1,000 persons aged 65 and older. By July 1, 2028, with 2,089 beds, this rate is projected to decrease to 12 beds per 1,000 seniors without the project. With the project's 28 beds, the bed availability rate would be 13 beds per 1,000 seniors.

The applicant's Table 1-4 shows Pasco County's SNF days have fluctuated over the years due to the COVID-19 pandemic. However, Pasco County nursing home bed utilization has increased since the CY 2021 low of 77.69 percent to 86.37 percent in CY 2023. Pasco County occupancy has exceeded the district and state rates during all five years.

Oakley Place next addresses hospital discharges noting there are seven hospitals in Pasco County offering acute care services. BayCare Hospital Wesley Chapel and Advent Health Wesley Chapel are located within a five-mile radius of the proposed facility site. The applicant states this proximity provides immediate access to diagnostic and surgical services and nursing homes are a preferred provider for rehabilitation following acute illness or surgery. Oakley's Figure 1-4 shows Pasco County age 65 and older acute care hospital discharges to skilled nursing facilities for the 12-month periods ending June 30, 2021, 2022 and 2023.

Subdistrict 5-1 utilization compared to District 5 in CY 2023 is presented in the applicant's Table 1-5, with Oakley noting the Pasco County use rate per 1,000 age 65+ was 86.37 percent compared to District 5's 81.99 percent. The applicant applies the CY 2023 use rates to project Pasco and District 5 patient days resulting in 96.6 percent occupancy in Pasco County compared to 89.5 percent in the district. Oakley's Table 1-7 shows the 26 beds projected occupancy at 66.22 percent (6,768 days) in year one and 92.87 percent (9,517 days) in year two. The applicant's narrative does not appear to be for this project as it is discussing a proposed 111-bed facility. Schedule 7 indicates the 28 nursing home beds will have 353 admissions and 6,767 patient days in the first year and 495 admissions with 9,516 patient days.

2. Agency Rule Preferences

**Does the project respond to preferences stated in Agency rules?
Rule 59C-1.036, Florida Administrative Code.**

Rule 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.

- 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 policies.**

Oakley Place indicates that as an affiliate of Lion Care Services, it will offer 24/7 coverage from licensed nurses, wound care, medication management, and rehabilitation services such as physical, occupational, and speech therapy. Specialized programs include Alzheimer's care, hip replacement rehabilitation, stroke rehabilitation, cardiac rehabilitation, PD & HD dialysis, TPN therapy, infectious disease, trach care/ respiratory and wound care. Therapy equipment interventions to be provided include electronic stimulation devices, ultrasound and heat therapy, adaptive equipment, balance training equipment, and virtual reality therapy.

The applicant next addresses its comprehensive approach to admissions and care planning to ensure each resident receives personalized care. The process begins with a thorough evaluation of the individual's needs, involving collaboration with their family and health care professionals. This assessment provides a baseline plan of care, which is regularly reviewed and updated throughout the resident's stay. The care planning process is guided by federal guidelines and involves input from a multidisciplinary team, including:

- Attending physician
- Director of Nursing
- Nursing Assistants
- Dietary Manager
- Social Services Manager
- Activities Director
- Therapists (as needed)
- Consultants (as needed)
- Other health care professionals as necessary.

During the admission process, the resident's special needs are evaluated, and a personalized care plan is developed. This plan addresses key factors such as medical diagnosis, skin condition, activity level, cognitive status, diet orders, weight, ADL performance, and physical impairments. The care planning areas of focus include functional status, rehabilitation/restorative nursing, health maintenance, discharge potential, medications, and daily care needs. The care plan includes:

- Problem/concern statements
- Goal/objective statements that are:
 - Resident-centered
 - Specific
 - Measurable
 - Realistic and achievable
 - Linked to a reasonable timeframe
 - Determined in consultation with staff, resident/responsible party, and other healthcare professionals; and
 - Date by which the outcomes are anticipated to occur.
- Approaches that are:
 - Specific and detailed
 - Relate to the cause of the problem identified during assessment
 - Easy to understand for all staff members assigned, and
 - Referenced to other documents in the clinical record.

The responsible discipline for each approach is identified, and the review date for the care plan is noted. Family members or caregivers receive ongoing reports and updates on the resident's progress, allowing them to comment on reactions to care and services, suggest changes or modifications, and address concerns.

Discharge planning begins with the initial assessment and evolves throughout the resident's stay as progress is made. The plan addresses medical services, appointments, prescriptions, and other involvement with health and social systems. Key elements of the discharge plan include:

- Arranging for adaptive equipment
- Making referrals and obtaining outside services from entities such as home health, private duty referral, community services, Meals on Wheels, and transportation
- Follow-up appointments with physicians
- Written or called-in prescriptions for medications, outpatient therapy, and lab work
- Home evaluation by therapists
- Discharge meetings with family, patient, and/or caregivers.

Oakley Place presents seven criteria for a patient to be eligible for home health services. At discharge, the case manager presents the final coordinated discharge plan to the resident and family after reviewing and receiving input from them. The plan includes a record of the resident's care, with a summary of prior treatment, diagnosis, rehabilitation potential, and physician orders for immediate care and other pertinent information. At the residents' request, the case manager will provide copies of the discharge plan to the primary care physician and other caregivers or health care personnel.

The proposed 28-bed skilled nursing facility is designed to provide short-term rehabilitation services, with a focus on returning patients to their homes. As such, Medicare is expected to be the primary payer, with some private pay residents. The 28-bed facility's utilization for the first two years of operation are projected as follows:

**Oakley Place SNF LLC
Projected Utilization**

Factor	Year One	Year Two
Admissions	353	495
Patient Days	6,767	9,516
ALOS	19.2	19.2
ADC	19	26

Source: CON# 10798, Page 2-7, Table 2-1

The applicant's narrative indicates the facility is expected to reach an average length of stay of 19.2 days in the second year of operation. The table above shows an ALOS of 19.2 days in both years. The projected admissions and patient days are stated to fill the facility during the first year, with an average daily census of 19 and an occupancy level of 81 percent in the second year. However, the 81 percent occupancy refers to the 28 SNF beds and 142 ALF beds. The 28 bed SNF is projected to have 92.87 percent occupancy in year two (CY 2028).

Oakley Place refers the reviewer to its Schedule 6, which has 28 FTEs in the first year and 35.6 FTEs in year two and meets staffing standards.

The applicant misstates that it analyzed hospital discharges to nursing homes in Palm Beach County for patients aged 65 and over to determine the level of need for specific services. However, its table (condensed by the reviewer) below identifies the top five Pasco County discharges for the 65 and over age cohort.

**Pasco County Hospital Discharges to SNFs by MDC
Patients Aged 65 and over, 7/22-6/23**

Major Diagnostic Category	Cases	Percent
08 Diseases & Disorders – Musculoskeletal & Conn. Tissue	1,088	19.41%
18 Infectious & Parasitic Diseases, Systemic or Unspec. Site	956	17.06%
05 Diseases & Disorders of the Circulatory System	803	14.33%
11 Diseases & Disorders of the Kidney & Urinary Tract	625	11.15%
04 Diseases & Disorders of the Respiratory System	591	10.24%
All Others	1,542	27.51%
Total	5,605	100.00%

Source: CON application #10798, Page 2-8, Table 2-2 from AHCA Hospital Discharge Database.

Note: The reviewer’s calculations of the percentages are shown in the table above as the applicant had several percentages incorrect.

The applicant indicates that the top five MDCs account for 73 (72.49) percent of discharges to nursing homes among those aged 65 and over. The top five categories are stated to “have much in common with respect to restorative and normalizing activities designed to improve functional capabilities”. Oakley Place describes its specialized programs and therapies for MDCs 8, 18, 5, and 4, noting that the facility design includes a large therapy suite equipped for rehabilitation and occupational therapy for activities of daily living. Further, contracted personnel will deliver therapies and the applicant contends the project will benefit “from innovative technologies that allow for programming for each individual as functional improvements occur”. Oakley Place concludes that the overall objective is to avoid hospital admission or readmission, ensure healing and promote higher functional levels to improve residents' health and quality of life.

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.

Oakley Place SNF LLC has not had a nursing facility license denied, revoked, or suspended.

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

The applicant has not had a nursing home placed into receivership.

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

This provision does not apply to Oakley Place SNF LLC.

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

This item does not apply.

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

This item does not apply.

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.**

Oakley Place SNF LLC states it will provide required data to Suncoast Health Council, Inc. and to the Agency for Health Care Administration as required for licensure and financial requirements.

3. Statutory Review Criteria

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

Oakley Place SNF LLC states that "availability is defined as how much of a resource exists. The fixed need pool published on March 29, 2024,

indicates a need for 28 community nursing home beds for Nursing Home Subdistrict 3-7, Lake and Sumter Counties”. While the reviewer quotes the typographical error, the applicant follows this by correctly noting its project is to address the need in Pasco County. Oakley Place notes Pasco County has 18 skilled nursing facilities with a total of 2,054 beds and Blue Heron Health and Rehabilitation’s approved project to add 35 beds to its existing 106-bed facility. The subdistrict’s CY 2023 occupancy rate of 86.37 percent is also provided.

Oakley Place SNF LLC cites Pasco County’s lower 14 nursing home beds per thousand age 65 and over cohort compared to the state’s 17 beds per thousand. The applicant states that by July 1, 2028, due to the increase in the age 65 and older cohort and assuming all currently approved beds are licensed by that date, the bed availability rate in Pasco is projected to decrease to only 12 beds per thousand. The state is expected to decrease to 15 beds per thousand seniors and “although small” its project will increase SD 5-1’s available beds per thousand seniors to 13 per thousand by July 1, 2028. Oakley Place concludes that the need for the proposed 28 beds is demonstrated to improve Pasco County’s “bed availability that remains below statewide levels”.

The applicant also addresses quality of care noting nine of Lion Care Services 12 nursing homes are Joint Commission Accredited and refers the reviewer its quality of care discussion. Geographic access and access to services are again addressed. Pasco County resident discharges to nursing home by payor is detailed. The applicant’s table 3-2 (page 3-6) includes Pasco County’s and the state’s CY 2019-2023 nursing home utilization. Oakley Place addresses the project’s conformity with Rule 59C-1.030 Florida Administrative Code, Health Care Access Criteria on pages 3-7 through 3-9.

- 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.**

Oakley Place states its affiliation with “Lion Care Services demonstrates a history of providing quality care in nursing facilities with Joint Commission Accreditation”. As previously stated, nine (eight are listed below) of Lion Care Services 12 facilities in Florida have Joint Commission accreditation. Oakley Place notes Lion Care’s Bristol Care Center in Tampa, Florida was ranked 38th among Newsweek’s Best Nursing Homes in 2022 and the staff at Alhambra Healthcare and Rehabilitation Center in St. Petersburg were recognized as a Quality Improvement Champion by the Health Services Advisory Group.

The applicant cites a 2021 McKnights Long-Term Care News article reported only 1,059 of the nation's over 15,000 community nursing homes had Joint Commission accreditation. The article also 'highlights' the correlation between Joint Commission status and improved inspection deficiencies, five-star rating components, increased corporate efficiency, and quality efforts. The applicant continues stating Joint Commission Accreditation is not only a process to help facilities manage issues around quality and infection control but is often a requirement to participate in certain health plan networks. Oakley Place states the project will benefit from Lion Care Services' dedication to obtaining Joint Commission Accreditation to ensure continuous quality improvement.

The applicant lists the following Lion Care Services facilities with Joint Commission Accreditation:

- Alhambra Healthcare and Rehabilitation Center
- Apollo Healthcare and Rehabilitation Center
- North Healthcare and Rehabilitation Center
- The Bristol Care Center
- Advanced Care Center and Rehab
- Excel Care Center and Rehab
- Gulf Shore Care Center and Rehab
- Woodbridge Care Center and Rehab.

The reviewer notes that the list provided does not include Colonial Care NH, LLC d/b/a Lexington Health and Rehabilitation Center, which is in the application's Exhibit 3.

Oakley Place SNF LLC states Lion Care Services is dedicated to providing high-quality care to its residents, prioritizing their physical, emotional, and social well-being in an environment that is safe, supportive, and compassionate, where residents can thrive. The organization's priorities are detailed in the following topics - Respect and Dignity, Quality Care, Collaboration and Communication, and Continuous Improvement.

The applicant states Lion Care Services' vision is to be a leading provider of exceptional nursing home care that enhances the quality of life for residents. The organization aims to create an environment that is safe, supportive, and inclusive, where residents can thrive physically, emotionally, and socially. Lion Care Services' core values are detailed in the following topics - Compassion, Integrity, Excellence, Teamwork and Accountability.

Oakley Place SNF LLC next addresses Quality Assessment and Performance Improvement listing the 12 CMS QAPI at a Glance action

steps to establish the foundation for quality assurance and performance improvement in nursing homes. Additional information is provided on the application’s pages 4-5 and 4-6, with the applicant noting Lion Care Services’ QAPI policy and procedures are included in Exhibit 3 of the application. Emergency Management and Hurricane Preparedness, Residents Rights and Activities are addressed on the application’s pages 4-6 through 4-8. A nursing home activities calendar is included in the applicant’s Additional Information section (Exhibit 3). The applicant concludes its responses demonstrate the ability to provide quality care.

Lion Care Services Florida affiliated nursing homes had 19 substantiated complaints with 32 categories cited during the 36 months ending June 19, 2024. A substantiated complaint can encompass multiple complaint categories. See the table below.

**Oakley Place SNF LLC – Lion Care Services Affiliates
Substantiated Complaints Categories
June 19, 2021 - June 19, 2024**

Complaint Category	Number Substantiated
Administration/Personnel	3
Admission, Transfer & Discharge Rights	2
Elopement	3
Falsification of Records/Reports	3
Infection Control	1
Physical Environment	3
Quality of Care/Treatment	13
Quality of Life	1
Resident/Patient/Client Rights	3
Total	32

Source: Agency for Health Care Administration complaint data.

- c. What resources, including health personnel, management personnel and funds for capital and operating expenditures are available for project 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 applicant is a development stage company with only \$200,000 in cash, with no operations. The applicant indicated that funding will be provided by cash on hand and a third-party interest.

Capital Requirements and Funding:

The applicant indicates on Schedule 2 capital projects totaling \$45,955,100, which includes this project (\$7,116,900), and ALF beds (\$38,838,200). In addition to the capital costs, the applicant will have to finance a projected year one operating loss of \$227,900.

The applicant indicates on Schedule 3 of its application that funding for the project will be provided by cash on hand (\$200,000) & non-related company financing (\$6,916,900). The applicant provided a letter of interest, dated June 17, 2024, from Bok Financial stating their interest in providing construction financing. A letter of interest is not considered a firm commitment to lend.

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

Conclusion:

Funding for this project is in question.

d. What is the immediate and long-term financial feasibility of the proposal? 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	5,374,000	565	691	600	413
Total Expenses	4,816,300	506	732	698	477
Operating Income	557,700	59	27	-52	-193
Operating Margin	10.38%		Comparative Group Values		
	Days	Percent	Highest	Median	Lowest
Occupancy	9,516	92.86%	92.19%	62.65%	52.23%
Medicaid	0	0.00%	29.95%	17.63%	5.20%
Medicare	9,040	95.00%	60.40%	30.56%	18.12%

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 falls within the group range and are considered reasonable. In addition, the total cost appears to include at least the minimum amount of staffing required. Therefore, the overall profitability appears achievable.

Conclusion:

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

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

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

The applicant has submitted all information and documentation necessary to demonstrate compliance with the architectural review criteria. The applicant did not specify the Florida Building Code or National Fire Protection Association (NFPA) construction types, but the narrative did provide sufficient information to make an informed inference. 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. It was noted during the review of the schematic plans that an additional smoke compartment must be provided to comply with travel distance requirements to an adjacent smoke compartment. The necessary revisions will not have significant impacts.

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.**

Oakley Place states it will not be applying for Medicaid certification and does not project any Medicaid/Medicaid HMO patient days (Table 9-3). The applicant's Table 9-2 includes the Medicaid days and occupancy for Lion Care Services during CYs 2021-2023.

F. SUMMARY

Oakley Place SNF LLC (CON application #10798) proposes to establish a new 28-skilled nursing facility in Subdistrict 5-1 (Pasco County). The facility will be a single-story structure with two private rooms and 13 semi-private rooms. The nursing home will be constructed adjacent to a new 142-bed assisted living facility located near the intersection of Interstate 75 and State Road 54 in Wesley Chapel.

The project includes 12,683 GSF of new construction and a total construction cost of \$4,439,050. Total project cost is \$7,116,900.

The applicant expects that the project will be licensed in December 2026 and begin service in January 2027.

Oakley Place does not propose any conditions to the project's approval.

Need:

- The application was filed in response to the published need.
- The applicant's major need justifications include:
 - The 65 and over Pasco County population growth, which is expected to represent 25.28 percent of the total population.
 - Pasco County presently has 14 nursing home beds per 1,000 persons aged 65 and older, which is projected to decrease to 12 beds per 1,000 seniors without this project and 13 beds per thousand with the project.

Quality of Care:

- The applicant provided a detailed description of the ability to provide quality care
- During the 36 months ending June 19, 2024, the 12 affiliated Lion Care nursing homes had 19 substantiated complaints with 32 categories cited

Financial Feasibility/Availability of Funds:

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

Architectural:

- The applicant submitted all information and documentation necessary to demonstrate compliance with the architectural review criteria

- The applicant did not specify the Florida Building Code or National Fire Protection Association (NFPA) construction types, but the narrative did provide sufficient information to make an informed inference
- 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
- Review of the schematic plans show that an additional smoke compartment must be provided to comply with travel distance requirements to an adjacent smoke compartment. The necessary revisions will not have significant impacts

Medicaid/Indigent Care:

Oakley Place will not be applying for Medicaid certification. The applicant does project any Medicaid/Medicaid HMO patient days.

G. RECOMMENDATION

Approve CON #10798 to establish a new 28-bed community nursing home District 5, Subdistrict 1, Pasco County. The total project cost is \$7,116,900. The project involves 12,683 GSF of new construction and a total construction cost of \$4,439,050.

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

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



Certificate of Need
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