

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

**A. PROJECT IDENTIFICATION**

**1. Applicant/CON Action Number**

**PruittHealth - Pinellas, LLC/CON application #10807**

1626 Jeurgens Court  
Norcross, Georgia 30093

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

**2. Service District/Subdistrict**

District 5/Subdistrict 5-2 (Pinellas County)

**B. PUBLIC HEARING**

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

**C. PROJECT SUMMARY**

**PruittHealth - Pinellas, LLC (CON application #10807)**, also referenced as PruittHealth - Pinellas, or the applicant, is a development-stage Florida entity proposing the transfer of CON #10732 from PruittHealth – West Central Florida, LLC which was approved to establish a new 120-bed community nursing home in District 5, Subdistrict 5-2 (Pinellas County). The applicant notes that PruittHealth's background, operational experience, management resources and financial resources were previously presented in CON applications #10622, #10667, and #10732.

PruittHealth is a subsidiary of United Health Services, Inc. which owns and operates facilities in Florida, Georgia, North Carolina, South Carolina and Maryland. United Health Services, Inc. facilities include 100 long-term skilled nursing and rehabilitation health care centers and assisted living facilities, 25 hospice agencies, 26 home health agencies, 10 home first agencies, an independent living community, six pharmacies, and a medical supply company.

PruittHealth Florida skilled nursing facilities (SNFs) include:

- PruittHealth - Pensacola, LLC in Subdistrict 1-1 (Escambia County) – 120 beds (licensed August 23, 2024)
- PruittHealth - Santa Rosa in Subdistrict 1-1 (Santa Rosa County) - 120 beds
- PruittHealth - Panama City in Subdistrict 2-2 (Bay County) - 101 beds
- PruittHealth - Southwood in Subdistrict 2-4 (Leon County) - 101 beds
- PruittHealth - Fleming Island in Subdistrict 4-2 (Clay County) – 97 beds
- PruittHealth - North Tampa, LLC in Subdistrict 6-1 (Hillsborough County) - 90 beds.

PruittHealth has the following CON projects pending licensure:

- PruittHealth - Citrus County, LLC (CON #10758) to establish a new 93-bed community nursing home in Subdistrict 3-5 (Citrus County)
- PruittHealth – Ponte Vedra, LLC (CON #10762) to establish a new 120-bed community nursing home in Subdistrict 4-3 (St. Johns County)
- PruittHealth – 6-1, LLC (CON #10757) to establish a new 119-bed community nursing home in Subdistrict 6-1 (Hillsborough County)
- PruittHealth – Brevard County, LLC (CON #10759) to establish a new 98-bed community nursing home in Subdistrict 7-1 (Brevard County)
- PruittHealth – Orange County, LLC (CON #10760) to establish a new 120-bed community nursing home in Subdistrict 7-2 (Orange County).

The proposed project includes 91,586 gross square feet (GSF) of new construction and a total construction cost of \$23,812,360. The total project cost is \$36,584,116, and includes land, building, equipment, project development and financing costs.

PruittHealth - Pinellas indicates that the project will be licensed in November 2026 and begin service in December 2026.

The applicant indicates it accepts all conditions that were on CON #10732. PruittHealth proposes the following conditions to the application's approval:

Location:

1. Pinellas County, Subdistrict 5-2, Florida

Programming/Operational Conditions:

2. All 120 patient beds will be in private patient rooms.
3. All patient bathrooms will be handicap accessible.
4. Facility will feature a 16-bed Alzheimer's disease secure unit.
5. Incorporate four bariatric rooms/beds into the facility design.
6. Seek Joint Commission accreditation or accreditation from some other similarly recognized accrediting body.
7. Implement a program designed to reduce hospital re-admissions; the current program utilized by PruittHealth affiliated facilities is INTERACT 3.0. The program to be implemented will be this program or other similarly designed program based on the most recent quality driven program PruittHealth determines to be available at the time of implementation.
8. Participate in an organization-wide Quality Assurance/ Performance Improvement initiative that entails quarterly visits in regard to clinical, operational, pharmaceutical and reimbursement areas by corporate consultants to ensure compliance with all local, state and federal laws.
9. Provide the It's Never 2 Late @ (iN2L) computer system to residents of the Alzheimer's unit as a tool to empower and engage seniors, specifically those with dementia. Each resident can have his or her individual page on the system, which displays their favorite personal options: music, games, photos and videos, even websites, at their fingertips.
10. Have at least one Certified Dementia Practitioner on staff on the Alzheimer's unit per shift.
11. Implement Electronic Medical Records (EMR) at the facility and include Smart Charting or other similar bed side patient charting tool.
12. Implement Resident Safety Technology including Call Guard and WanderGuard into the facility.

13. Implement Clinical Kiosks in appropriate locations throughout the facility.
14. Assure all staff maintain ongoing training and continuing education credits utilizing Pruitt University and at no cost to the employees.
15. Participate in a company-wide Annual Quality Report to demonstrate transparency in operations and make this Quality Report available to the public.
16. Adopt the PruittHealth patient model of care including the applicable PerfectPath Programs appropriate for this facility.
17. Implement PointRight Technology (or a future similar technology) in the ongoing operations.
18. In addition to complying with Florida Emergency Management Plans and Operations Center as required by the State of Florida, the Applicant will adopt PruittHealth's policies related to natural disasters and hurricanes, will implement the PruittHealth Hurricane Response Plan and be an active participant in PruittHealth's Central Command Center when severe weather events arise.

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

*The proposed conditions and measures are as stated by the applicant. 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.*

**Total GSF and Project Costs of CON application #10807**

<b>Applicant</b>	<b>CON App.#</b>	<b>Project</b>	<b>GSF</b>	<b>Total Cost</b>	<b>Cost per Bed</b>
PruittHealth - Pinellas, LLC	10807	120-bed SNF	91,586	\$36,584,116	\$304,868

Source: CON application #10807, Schedules 1 and 9

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

As of February 9, 2024, Subdistrict 5-2 (Pinellas County) had 68 licensed SNFs with 7,665 licensed and 299 approved community nursing home beds. Subdistrict 5-2 facilities averaged 80.98 percent total occupancy during the six months ending December 31, 2023 and 80.82 percent total occupancy in CY 2023.

The reviewer notes that need was previously addressed in great detail in the original approved CON application #10622 which was awarded to PruittHealth - Pinellas County, LLC in response to the Agency for Health Care Administration's ('AHCA') Fixed Need Pool published in the 2<sup>nd</sup> nursing home batching cycle of October 2019. CON #10622 was transferred to PruittHealth - Pinellas, LLC via CON #10667 in October 2021. CON #10667 was transferred to PruittHealth – West Central Florida, LLC via CON #10732 in April 2023.

PruittHealth - Pinellas, LLC includes a notarized letter (Schedule 12-Trn) from Randell Loggins, CFO, as authorized representative of PruittHealth – West Central Florida, LLC, needed to transfer the certificate of need.

PruittHealth - Pinellas, LLC cites the 'gaps in service' that it contends were evident pre-pandemic, in Pinellas County, Subdistrict 5-2 and expects will continue are listed below. The applicant states that it will resolve these issues when this project is implemented:

1. Available and accessible secure Alzheimer's unit
2. Bariatric suites in response to obesity rates and hard to place patients.
3. Available and accessible beds for Medicaid Long Term Care enrollees
4. Enhance access to private room accommodations for all patients and payors.

Additional information is provided on the topics above.

In reference to its proposed Secure Alzheimer's Unit, PruittHealth - Pinellas, LLC indicates there is a growing demand and cites increases in prevalence rates. CON application #10807, page 11, includes the table:

- Estimates of Persons Afflicted with Alzheimer's Dementia Subdistrict 5-2: Pinellas County - 2019 and 2026

This table indicates Pinellas County has an estimated 28,713 residents afflicted with Alzheimer’s dementia, which is projected to increase to 32,234 in 2026. PruittHealth states that there are “more than ten” nursing facilities in Subdistrict 5-2 that offer secure Alzheimer units and that these are virtually all in semi-private rooms. The applicant contends that by offering all private rooms in its Alzheimer’s unit, competition and quality of care for long-term residents will be enhanced.

In reference to its proposed bariatric suites, PruittHealth indicates there is a growing demand and cites obesity rates (see the table below).

<b>Estimates of Residents with Obesity, Ages 65+ Subdistrict 5-2: Pinellas County 2019 and 2026</b>						
	<b>2019</b>			<b>2026</b>		
	Population	Incidence	Obesity Estimate	Population	Incidence	Obesity Estimate
Pinellas	234,697	42.50%	99,746	292,392	42.50%	124,267

Source: CON application #10807, page 12 from Obesity Science & Practice published by John Wiley & Sons Ltd., World Obesity and The Obese Society, Volume 4, Issue 4: Pages 308-317, published May 9, 2018, Environics/Claritas, and NHA Analysis.

The applicant indicates that nearly two in five Floridians are considered obese and uses the mid-point 42.5 percent applied to Pinellas County’s projected 2019 and 2026 population. Pinellas County residents with obesity are projected to increase from 99,746 in 2019 to 124,267 in 2026. PruittHealth maintains that in response to a growing obese epidemic, it will offer four suites to accommodate these patients.

In reference to available beds for Medicaid Long Term Care enrollees, CON application #10807, page 14, includes a chart showing Medicaid LTC Enrollment Trend Subdistrict 5-2: Pinellas County May 2022—May 2024. This chart indicates the May 2022 total enrollment count of 7,946, 8,134 in May 2023 and 8,049 in May 2024. The applicant also cites the subdistrict’s CY 2023 Medicaid utilization contained in its table on CON application #10807, pages 7-10. PruittHealth contends that its proposed Medicaid utilization in years one and two of the project, demonstrate its substantial commitment to meet the needs of the medically indigent population and provide its ‘fair share’ of services to this population. The applicant concludes that providing a state-of-the-art nursing home with specialty programs, accommodations and private rooms to lower income patients who will comprise a majority of the proposed beds, will enhance financial access and quality of care within Pinellas County.

The applicant’s table on pages 15-17, provides Pinellas County’s total number of SNF beds, private beds, beds in multiple rooms and percent of private beds by facility. This table indicates that 745 of the subdistrict’s 7,834 SNF beds are in private rooms. The applicant acknowledges that

its table includes 135 sheltered and 34 pediatric beds that are not considered community nursing home beds. PruittHealth contends that its facility's projected 61.1 percent of year two patient days provided to Medicaid patients in private rooms, demonstrates its commitment to serve these residents will have a positive impact on residents and quality of life environment.

The applicant's response to quality of care found on CON application 10807, pages 21-53, is addressed in item E.2. of this report.

**2. 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.**

As stated previously, PruittHealth - Pinellas, LLC is a not-for-profit limited liability company that has no operational history. The applicant offers that its response to this criteria was previously provided in detail relative to the approved CONs #10732, #10667 and #10622 and since PruittHealth will still be the owner/operator/manager of this facility, the same information applies. PruittHealth states that implementation of this proposal will involve the development of all PruittHealth quality policies and procedures. The applicant expresses a commitment to adhere to all state and federal nursing home regulations and statutes in addition to Medicare's Conditions of Participation and to seek Joint Commission accreditation. Further, its quality program will consist of assigned patient care managers, care transition program, corporate standards, leadership and training, external benchmarking and awards, continuous process improvement, customer service and transparency.

The applicant describes the 2002, PruittHealth "Committed to Caring" campaign sharing its mission and vision statements. It is noted that an employee recognition program recognizes employees who best exemplify its "Committed to Caring". PruittHealth is stated to have strict education and certification standards for its staff, and the staff of its affiliates with all staff members being highly educated in their fields, participating in continuing education, and maintaining current certification and licensure.

PruittHealth – Pinellas offers that all existing PruittHealth affiliated nursing facilities enjoy the benefits of memberships in trade associations where applicable and lists 14 of these organizations on the application's page 23. The applicant contends PruittHealth has demonstrated a sustained commitment to quality client care across its services, as evidenced by its recognition from The American Health Care



Association's (AHCA) National Quality Award Program, which is focused on skilled nursing facilities. Core principles underpinning the program include continuous quality assurance and quality improvement, public disclosure and accountability, as well as client and family rights. The program also highlights the importance of workforce excellence, public input and community involvement, ethical practices, and financial stewardship.

A crucial element of fulfilling PruittHealth's promise to every patient involves maintaining rigorous compliance with state and federal guidelines. When assessing quality services, CMS Regulatory Survey measures play an integral role in PruittHealth's overall methodology. The organization's skilled nursing and rehabilitation centers have excelled in comparison to national for-profit companies within the CMS Five-Star Quality Rating System. The applicant notes PruittHealth — Panama City, PruittHealth — Fleming Island, PruittHealth — Southwood, and PruittHealth — North Tampa achieved deficiency-free Medicare certification surveys within 60 days of being licensed. PruittHealth concludes that swift accomplishment of such results highlights PruittHealth as a successful startup operator.

The applicant states PruittHealth actively pursues accreditation from The Joint Commission for its facilities and that all five of its Florida licensed SNFs have Joint Commission accreditation. The Joint Commission process is stated to enhance interdisciplinary processes that directly affect person-centered care.

PruittHealth – Pinellas shares that all PruittHealth affiliated facilities and agencies participate in multiple external benchmarking studies to stay on the front-edge of quality care practices one. PruittHealth also utilizes the ABAQIS quality indicator program which is a web-based software program that provides reports focused on quality assurance and improvement in 26 different care areas, which are directly tied to Federal and State regulations. The applicant adds that PruittHealth also performs its own Monthly Quality Indicator Reports which is a systematic means of collecting data on quality indicators from individual facilities. PruittHealth – Pinellas states that the data is used to determine patterns, trends and resource allocation and is an important part of the overall performance improvement process. The applicant lists the data collected on CON application #10807, pages 25 and 26. The applicant shares that indices and resident condition information reported on the Monthly Quality Indicator Report are collected in a Quality Assurance Alert Level report that measures facility performance against national, statewide and PruittHealth goals and tracks facility-by-facility results (listing 36 indicators on the application's page 26).

PruittHealth and its affiliates have partnered with PruittHealth Consulting Services, an affiliated company that specializes in clinical audits, training, and quality monitoring services. PruittHealth Consulting Services conducts monthly audit reviews, which are utilized by each agency to formulate performance improvement plans. These audits also ensure that each agency remains compliant with all licensure and certification standards set by the state and the Centers for Medicare and Medicaid Services (CMS). PruittHealth Pinellas states it will collaborate with PruittHealth Pharmacy Services to conduct random audits of client medication regimens. These audits are stated to have proven to “reduce pharmacy costs and enhance medication efficacy and client safety”.

PruittHealth states that it will use LTC TrendTracker which is a data collection and benchmarking tool that gives nursing care facilities the opportunity to compare staffing levels, resident characteristics, survey findings, revenue and cost, Medicare patient days, and quality measures with its peer. Reports available include CMS Five Star Ratings, CMS Five Star Staffing Report, CASPER Resident Report, CASPER Survey Data, CASPER Staffing Report and the Nursing Home Quality Measures Report. The applicant concludes that when compared to other LTC TrendTracker users, PruittHealth affiliated skilled nursing facilities are leaders in quality care.

PruittHealth – Pinellas shares that PruittHealth utilizes *My InnerView* which is a program that collects quality data from all PruittHealth managed health centers: resident, family, and staff satisfaction benchmarks. Further, PruittHealth has developed specialized Clinical Pathways for clients with chronic illness which focus on treating a client's primary diagnosis while continuing to monitor and care for the client's overall well-being. These clinical pathways are evidenced based and provide staff with a comprehensive check list of assessments, goals, and care plans which will change with the clients' needs and are in the process of being linked between the different PruittHealth service delivery lines.

PruittHealth explains that it utilizes the INTERACT platform, which it states is a program integrated between different levels of care to reduce hospital readmissions by addressing clinical symptoms before they escalate to the need to transfer a resident to the hospital. The applicant lists seven INTERACT tools (CON application #10807, pages 29 and 30), it states are designed for facility staff use at all levels to seek continuous quality improvement.

PruittHealth – Pinellas explains in detail the PruittHealth Performance Improvement Program which is based on company policies and procedures, standards for licensure and certification, as well as identified

industry standards and quality benchmarks. The applicant shares that the process monitors and utilizes information from the reports of various facility committees, consultant reviews, surveys, monthly QA key indicator data, and internal staff audits. The goal is to provide an avenue to continuously improve care and services to the residents, family members and staff of its facilities, to initiate positive improvements through a strategic change process with the facility administrator coordinating the process and empowering the facility staff teams in the development of ideas for change.

PruittHealth’s "Go for the Gold" program is designed to encourage and reward health care centers that demonstrate outstanding achievement in quality indicators for Post-Acute Pain, Customer Satisfaction, Physical Restraints, High Risk Pressure Ulcers and Quality Measure Ranking. Winners are determined by criteria at Gold, Silver and Bronze award levels and receive award plaques and money for a celebration of the achievement with each employee in the winning health care centers receives a monetary award for their contribution to their health care center's success.

PruittHealth – Pinellas also describes PruittHealth's Peer Review Program, Specialist Consultants, Care Guard program, PointRight Performance Improvement programs, and staffing, training and career development on the application’s pages 31—37. The applicant concludes that PruittHealth’s various programs and initiatives help enhance its workforce and ensure quality care. The reviewer notes that none of PruittHealth affiliated facilities have earned Gold Seal Award recipient status. PruittHealth Florida SNF CMS and Florida survey ratings are shown in the table below.

<b>PruittHealth Affiliated SNF</b>	<b>HF Overall Inspection Star Rating</b>	<b>CMS Overall Rating</b>
PruittHealth – Fleming Island	*****	****
PruittHealth – Panama City	****	*****
PruittHealth – Santa Rosa	****	***
PruittHealth – Southwood	***	****
PruittHealth – North Tampa	NR	NA

Source: <https://www.floridahealthfinder.gov/index.html>, October 2021 - March 2024, last updated May 2024 and <https://www.medicare.gov/care-compare/?guidedSearch=NursingHome> last updated July 31, 2024.

During the 36 months ending July 26, 2024, PruittHealth affiliated nursing homes had a total of five substantiated complaints, with three complaint categories cited. The reviewer notes PruittHealth’s North Tampa facility was licensed on December 13, 2022. Below is a table of the substantiated complaints by the applicable complaint category.

Complaint Category	Number Substantiated
Quality of Care/Treatment	3
Admissions, Transfer & Discharge Rights	1
Administration/Personnel	1
<b>Total</b>	<b>5</b>

Source: AHCA Substantiated Complaint History, PruittHealth-Affiliates Substantiated Complaint History by Category, 36 Months Ending July 26, 2024.

**3. 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.

**CON 10807 United Health Services, Inc. & Subs**

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

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

**Capital Requirements and Funding:**

The applicant indicates on Schedule 2 capital projects totaling \$36,548,116, which includes this project only.

The applicant indicates on Schedule 3 of its application that funding for the project will be provided by cash on hand (\$7,309,623), and non-related company financing (\$29,238,493). The applicant provided audited financial statements showing \$7,672,000 in cash & cash equivalents, and personal fund accounts. The applicant provided a letter of commitment, dated July 8, 2024, from Synovus stating their commitment in providing construction financing

**Conclusion:**

Funding for this project should be available as needed.

**4. 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	18,632,372	451	674	438	333
Total Expenses	18,017,302	436	719	443	347
Operating Income	615,070	15	103	-1	-166
Operating Margin	3.30%		<b>Comparative Group Values</b>		
	Days	Percent	Highest	Median	Lowest
Occupancy	41,358	94.17%	95.91%	79.38%	50.44%
Medicaid	25,254	61.06%	71.03%	61.05%	51.10%
Medicare	15,006	36.28%	33.28%	16.82%	3.22%

**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, & 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.

**5. 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 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.

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

The applicant has submitted all information and documentation necessary to demonstrate compliance with the architectural review criteria. The cost estimate for the proposed project provided in Schedule 9, Table A and the project completion forecast provided in Schedule 10 appear to be reasonable. A review of the architectural plans, narratives and other supporting documents did not reveal any deficiencies that are likely to have a significant impact on either construction costs or the proposed completion schedule.

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.

**7. 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.**

PruittHealth - Pinellas, LLC is a development-stage entity with no history of providing health services to Medicaid patients and the medically indigent. The applicant provides PruittHealth's Florida skilled nursing

facilities FY 2021-2023 patient service to Medicaid patients, which totaled 64.4 percent of FY 2021's and 68.4 percent of FY 2023's patient days. PruittHealth's Schedule 7 indicates Medicaid is projected to be 58.4 percent (11,103/19,001) of year one (2027) and 61.1 percent (25,254/41,358) of year two (2028) total annual patient days.

**F. SUMMARY**

**PruittHealth - Pinellas, LLC (CON application #10807)** proposes the transfer of CON #10732 from PruittHealth – West Central Florida, LLC which was approved to establish a 120-bed community nursing home in District 5, Subdistrict 5-2 (Pinellas County). The project consists of 91,586 GSF of new construction at a construction cost of \$23,812,360. Total project is \$36,584,116.

PruittHealth - Pinellas, LLC expects issuance of license in November 2026 and initiation of service in December 2026.

The applicant states it will accept the conditions as stated on CON #10732.

**Need**

- The application is not in response to the fixed need pool.
- As of February 9, 2024, Subdistrict 5-2 has 68 licensed community nursing homes with a total of 7,665 licensed community nursing home beds and 299 approved beds.
- Subdistrict 5-2 facilities reported 80.98 percent occupancy during the six months ending December 31, 2023, and 80.82 percent total occupancy in CY 2023.
- The project will not change the number of licensed and approved nursing home beds in the subdistrict.

**Quality of Care**

- The applicant provided a detailed description of its ability to provide quality care.
- PruittHealth's Florida nursing homes had five substantiated complaints with three categories cited during the 36-month period ending July 26, 2024.

**Financial Feasibility/Availability of Funds:**

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



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

**Architectural:**

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

**Medicaid/Indigent Care:**

- The applicant is a new entity and provides PruittHealth's Florida facilities FY 2021-2023 service to Medicaid patients.
- The applicant projects the 120-bed facility will provide 58.4 percent of year one (2027) and 61.1 percent of year two (2028) total annual patient days to Medicaid patients.

**G. RECOMMENDATION**

Approve CON #10807 to transfer CON #10732 from PruittHealth – West Central Florida, LLC to PruittHealth – Pinellas, LLC to establish a new 120-bed community nursing home in District 5, Subdistrict 5-2, Pinellas County. The total project cost is \$36,584,116. The project involves 91,586 GSF of new construction and a total construction cost of \$23,812,360.

**CONDITIONS:**

1. All 120 patient beds will be in private patient rooms.
2. All patient bathrooms will be handicap accessible.
3. Facility will feature a 16-bed Alzheimer's disease secure unit.
4. Incorporate four bariatric rooms/beds into the facility design.
5. Implement a program designed to reduce hospital re-admissions; the current program utilized by PruittHealth affiliated facilities is *INTERACT* 3.0. The program to be implemented will be this program or other similarly designed program based on the most recent quality driven program PruittHealth determines to be available at the time of implementation.

6. Participate in an organization-wide Quality Assurance / Performance Improvement (QAPI) initiative that entail quarterly visits in regard to clinical, operational, pharmaceutical and reimbursement areas by corporate consultants to ensure compliance with all local, state and federal laws.
7. Provide the It's Never 2 Late ® (iN2L) computer system to residents of the Alzheimer's unit as a tool to empower and engage seniors, specifically those with dementia. Each resident can have his or her individual page on the system, which displays their favorite personal options: music, games, photos and videos, even websites, at their fingertips.
8. Have at least one Certified Dementia Practitioner on staff on the Alzheimer's unit per shift.
9. Implement Electronic Medical Records (EMR) at the facility and include Smart Charting or other similar bedside patient charting tool.
10. Implement Resident Safety Technology including Call Guard and WanderGuard into the facility.
11. Implement Clinical Kiosks in appropriate locations throughout the facility.
12. Assure all staff maintains ongoing training and continuing education credits utilizing Pruitt University and at no cost to the employees.
13. Participate in a company-wide Annual Quality Report to demonstrate transparency in operations and make this Quality Report available to the public.
14. Adopt the PruittHealth patient model of care including the applicable PerfectPath Programs appropriate for this facility and described in the CON Application and Supporting Documents.
15. Implement PointRight Technology (or a future similar technology) in the ongoing operations.
16. In addition to complying with Florida Emergency Management Plans and Operations Center as required by the State of Florida, the Applicant will adopt PruittHealth's policies related to natural disasters and hurricanes will implement the PruittHealth Hurricane Response Plan and be an active participant in PruittHealth's Central Command Center when severe weather events arise.

**AUTHORIZATION FOR AGENCY ACTION**

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

DATE: September 9, 2024



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



Certificate of Need  
2727 Mahan Drive  
Building 2  
Tallahassee, FL 32308  
Ph: 850-412-4401