

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

A. PROJECT IDENTIFICATION

1. Applicant/CON Action Number

Bayside Nursing and Rehab LLC d/b/a Bayside Care Center and Rehab/CON application #10841

2071 Flatbush Avenue, Suite 22
Brooklyn, New York 11234

Authorized Representative: Aharon Katz
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2. Service District/Subdistrict

District 5/Subdistrict 5-1 (Pasco County)

B. PUBLIC HEARING

No public hearing was requested or held.

C. PROJECT SUMMARY

Bayside Nursing and Rehab LLC d/b/a Bayside Care Center and Rehab (CON application #10841) also referenced as the applicant or Bayside, is a for-profit, foreign limited liability company proposing the construction of a replacement 161-bed skilled nursing facility in District 5-1 (Pasco County). The applicant's present facility in District 5-2 (Pinellas County) has 92 licensed beds and Bayside has two CON exemptions - #E200011 (consolidating 59 beds from the closed Baywood Care Center) and #E240009 to add 10 beds.

Bayside Nursing and Rehab LLC states its contracts with Lion Care Services, an experienced operator and developer of 12 other skilled nursing homes in Florida.

The project consists of 80,871 gross square feet (GSF) of new construction. Total construction cost is \$30,100,000. Total project cost which includes land, building, equipment, project development, financing, and start-up costs is \$49,548,000.

The applicant expects issuance of license in June 2027 and initiation of service in July 2027.

Bayside does not propose conditions for project approval.

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. Fixed Need Pool

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.

This project is being reviewed pursuant to Section 408.036 (2) (c) Florida Statutes and Rule 59C-1.004(2)(d), Florida Administrative Code. Expedited reviews may be submitted at any time and do not respond to fixed need pool publications.

Rule 59C-1.004(2) Florida Administrative Code has several possible sections. This project is specific to the following section:

(d) Replacement of a nursing home within the same district but outside of a 30-mile radius of the replaced nursing home. One of the criteria is that the subdistrict the project is moving to must have had at least 85 percent occupancy during the Agency's most recently published inventory. Pasco County (Subdistrict 5-1) averaged 88.48 percent occupancy during the six months ending June 30, 2024.

Refer to Section 3.a. below for a discussion of need for the project.

2. Agency Rule Criteria and 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.

- a. **Proposed Services. Applicants proposing the establishment of Medicare-certified nursing facility beds to be licensed under Chapter 400, Florida Statutes, shall provide a detailed description of the services to be provided, staffing patterns, patient characteristics, expected average length of stay, ancillary services, patient assessment tools, admission policies and discharge policies.**

Lion Care Services is dedicated to delivering the highest quality of care while offering a wide range of services tailored to the unique needs of each patient, including 24/7 skilled nursing, wound care, medication management, and rehabilitation services such as physical, occupational, and speech therapy for those requiring ongoing support for chronic conditions. It has specialized programs like the Memory Care Unit for Alzheimer's and dementia patients, a Hip Replacement Rehabilitation Program, a Stroke Rehabilitation Program, a Cardiac Rehabilitation Program for heart condition recovery, on-site dialysis services for kidney failure patients, Total Parenteral Nutrition (TPN) Therapy, an Infectious Disease Program focused on infection prevention and management, and individualized Trach Care/Respiratory services that promote optimal respiratory health. Additionally, their Wound Care Program addresses slow-healing wounds, and a variety of therapy equipment, including electronic stimulation devices, ultrasound and heat therapy, adaptive equipment, balance training tools, and virtual reality therapy, supports rehabilitation and recovery. With specialized equipment like orthopedic beds, stroke rehabilitation gear, and CHF/COPD monitoring tools, Lion Care is committed to compassionate, personalized care, alongside easily accessible program overviews in Exhibit 3.

The admission process at Lion Care Services is designed to provide a thorough evaluation of each resident in collaboration with their family, creating a baseline care plan that can be modified throughout their stay. This plan guides service delivery and discharge planning, aiming for a successful transition home or to a less restrictive environment.

The process follows federal guidelines and involves a multidisciplinary team, including the attending physician, nursing staff, and relevant specialists. Each resident's evaluation covers medical history, mobility, cognitive status, dietary needs, and daily living skills.

Key areas for care planning, as outlined in the Resident Assessment Instrument (RAI) manual, include functional status, rehabilitation needs, health maintenance, discharge potential, and medication management. The care planning process consists of problem statements, identified issues from assessments; goal statements, which are resident-centered objectives that are realistic and measurable and developed with input

from the resident and family; approaches, which are clear actions to help residents achieve their goals, with accountability assigned to specific professionals; and review dates, which are timelines for plan reviews to track progress.

Family members receive ongoing updates about the resident's condition, allowing for feedback and necessary adjustments. This flexible process aims to empower residents in their care journey.

Lion Care Services discharge planning begins with the initial assessment and evolves as residents make progress during their stay. The discharge plan encompasses medical services, appointments, prescriptions, and other interactions with health and social systems. Key components include arrangements for obtaining adaptive equipment, referrals for outside services such as home health, private duty assistance, community services, and transportation, as well as follow-up appointments with physicians. It also involves prescriptions for medications, outpatient therapy, and lab work, along with home evaluations conducted by therapy providers. Additionally, discharge meetings are held with the family, patient and/or caregivers.

At discharge, the case manager presents the discharge plan that has been reviewed by the resident and family, allowing for the resolution of any concerns or questions. The plan includes a summary of the resident's care, treatment records, rehabilitation potential, physician orders for immediate care, and other relevant information. Upon request, the case manager can provide copies of the discharge plan to the primary care physician and other involved health care personnel.

The facility will accommodate both short- and long-term patients, accepting Medicare, Medicaid, and private insurance. It will use metrics from similar local facilities to guide occupancy management, staffing, and resource allocation, ensuring it effectively meets the needs of its patient population.

**CON application #10841 Bayside Nursing & Rehab LLC
161-bed Community Nursing Home Projected Utilization
Years One and Two Ending June 30 of 2028 & 2029**

Years	One	Two
Admissions	1,144	1,442
Patient Days	42,603	53,780
ALOS	37.2	37.3
ADC	117	147
Occupancy	72.30%	91.52%

Source: CON application 10841, Page 2-9, Table 2-1 and Schedule 7

As shown above, the proposed facility is expected to achieve an average length of stay (ALOS) of 37.2 days in year one and 37.3 days in year two of operations. The facility is projected to fill during the first year, with an average daily census (ADC) of 117 in the first year and 147 in the second year. Year one occupancy is projected to be 72.30 percent and increase to 91.52 percent in year two. Schedule 6 demonstrates that the facility meets or exceeds the minimum staffing standards. For year one ending June 30, 2028, Full Time Equivalents (FTE) are projected to be 138.7, and are projected to increase 170.2 in year two ending June 30, 2029.

To assess the need for specific services required by nursing home residents, the applicant analyzed CY 2023 acute care hospital discharges to nursing homes for Pasco County patients aged 65 and older. All Major Diagnostic Categories (MDCs) were reviewed to identify the conditions and disorders associated with nursing admissions. See the partially reproduced table below.

**Pasco County Patients Aged 65 and over
CY 2023 Acute Care Hospital Discharges to SNFs by MDC**

MDC	Volume	Percent
08 Diseases & Disorders of the Musculoskeletal System and Conn Tissue	1,516	20.35%
18 Infectious & Parasitic Diseases, Systemic or Unspecified Sites	1,174	15.76%
05 Diseases & Disorders of the Circulatory System	1,063	14.27%
11 Diseases & Disorders of the Kidney & Urinary Tract	782	10.18%
04 Diseases & Disorders of the Respiratory System	712	9.56%
01 Diseases & Disorders of the Nervous System	651	8.74%
All others	1,550	21.14%
Total	7,448	100.0%

Source: CON application #10841, page 2-10, Table 2-2 from CY 2023 AHCA Hospital Patient Discharge Data,
Note: The data excludes psychiatric and rehabilitation hospital discharges.

Five MDCs account for 70.5 percent of discharges for individuals aged 65 and older: MDC 8 (Musculoskeletal), MDC 18 (Infectious Diseases), MDC 5 (Circulatory), MDC 11 (Kidney Diseases), and MDC 4 (Respiratory).

MDC 8 includes fractures and hip and knee replacements. Weight-bearing exercises restore mobility by improving range of motion, flexibility, stability, balance, strength, and stamina. Physical and occupational therapists guide residents through protocols for mobility enhancement.

MDC 18 focuses on infectious and parasitic diseases, using isolation protocols critical for managing infections. The 161-bed facility has semi-private and private rooms to accommodate patients needing isolation. Care for pressure ulcers is vital for residents with mobility limitations.

MDC 5 represents 14.3 percent of nursing home discharges and includes heart failure and heart attacks. Therapeutic interventions comprise exercise regimens improving cardiac function, stamina, and daily living skills.

MDC 4 accounts for 9.6 percent of discharges and employs therapies with monitored exercise sessions and respiratory support equipment like CPAP and oxygen concentrators.

The facility's design features a therapy suite for rehabilitation focused on daily living activities, with contracted personnel delivering services. Innovative technologies enable personalized programming, aiming to prevent hospital admissions and enhance residents' health and quality of life.

- b. 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.**

The applicant 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 the applicant.

- 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.**

No conditions are identified in subparagraph 3. Thus, this item does not apply.

- c. 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.**

No conditions are identified above. Thus, this item does not apply.

- d. 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.**

Bayside states it will provide the required data to Suncoast Health Council, Inc. that serves Health Planning District 5, and to the Agency. These data include the above-cited utilization reports as well as required licensure and financial requirements attendant to operating a licensed nursing facility.

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 of October 4, 2024, Subdistrict 5-1 had 17 community nursing homes with 2,054 licensed community nursing home beds and 63 CON approved beds pending licensure. The reviewer notes 35 of the CON approved beds were licensed at Blue Heron Health and Rehabilitation effective September 25, 2024. Further, Oakley Place SNF LLC has CON #10831 approved to add 44 beds to its 28-bed project effective March 11,

2025. The subdistrict's nursing homes averaged 88.48 percent during the six months, and 87.54 percent occupancy during the 12 months ending June 30, 2024.

Table 1-1 on page 1-7 presents the current and anticipated population data organized by age group for Health Planning District 5 and the State of Florida. As of January 1, 2024, Pasco County is home to 148,782 people age 65 and over, constituting 23.92 percent of its overall population. By January 1, 2029, it is projected that Pasco will experience an increase of 23,637 individuals in its senior demographic, marking a five-year growth rate of 15.89 percent. At that time, individuals aged 65 and older are expected to represent 25.37 percent of the total population in Pasco. The five-year growth rates for both senior age cohorts and the overall population in Pasco County significantly exceed those of Pinellas County, Health Planning District 5, and the state of Florida.

The applicant states these projections underscore the escalating demand for residential and health services, including skilled nursing care, tailored to the senior population in Pasco County. Consequently, the applicant asserts that the plan to relocate the Bayside Care Center's replacement facility from Pinellas County to Pasco is justified considering the substantial anticipated needs of the senior population in Pasco as compared to Pinellas County. The data provided reflects the projected growth as of January 1, 2029, which coincides with the midpoint of the proposed second year of operations for this project.

The applicant also assessed the potential impact of the proposed replacement skilled nursing facility on the elderly population within the county. Figure 1-4 on page 1-8 illustrates the distribution of nursing homes and acute care hospitals in Pasco and Pinellas Counties.

The applicant's Table 1-2 (CON application #10841, page 1-10) provides Claritas population estimates for individuals aged 65 and older by zip code during 2023 and 2028. As shown, the zip codes within the service area are expected to experience growth rates for the 65 and older cohort ranging from 14.35 percent to 34.10 percent, resulting in an average five-year growth rate of approximately 19.75 percent. In comparison, the total population in these zip codes is projected to see growth rates between 6.58 percent and 16.64 percent, and 9.46 percent growth.

Additionally, population projections and estimates for Bayside Care Center and Rehab's current zip code are included in Table 1-2 for reference. In the area where the applicant's facility is currently situated, the population aged 65 and older is anticipated to grow by 17.9 percent by 2029, while the overall population is expected to increase by only 3.8 percent. Notably, the proposed location of the replacement facility in

Wesley Chapel is expected to experience significantly greater growth in both the senior and total populations compared to the facility's current location.

Using Claritas population estimates along with the most recent nursing home bed published data, Pasco County had 13 beds per 1,000 persons aged 65 and older in July 2024. This was determined using the Nursing Home Bed Inventory as of August 9, 2024. As shown in the table that follows, while Pasco had 13 beds per 1,000 seniors, Pinellas County had 27 beds per 1,000 seniors, and the State of Florida had an availability rate of 15 beds. By July 1, 2029, 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, even with the addition of this facility. Meanwhile, with the same assumptions, the State of Florida is expected to decrease to 14 beds available for every 1,000 senior residents.

When narrowing the analysis to focus on the five-mile radius of the facility's existing location with its proposed new location, the impact on bed availability is even more apparent. As displayed below, Bayside Care Center's proposed location currently has a bed supply of only seven community nursing home beds for every 1,000 senior residents, compared to the existing location at 25 per 1,000, and significantly lower than the service area, District 5, and Florida. The applicant states that with approval of this project, the bed supply at the proposed location would increase to 12 beds per 1,000 seniors by 2029, like the statewide rate of 13 beds, while the existing area in Pinellas maintains 20 beds per 1,000, remains well above the statewide rate. The applicant's data summarized below indicates Pinellas will have 25 beds per thousand.

Current (2024) and Projected (2029) Community Bed Availability

Area	BEFORE THE PROJECT			AFTER THE PROJECT (YEAR 2)		
	Licensed Community Beds	2024 Population 65+	Beds per 1,000	Projected Beds*	2029 Population 65+	Beds per 1,000
5-1, Pasco	2,054	155,785	13	2,278	186,556	12
5-2, Pinellas	7,605	276,955	27	7,753	315,548	25
Florida	82,593	5,390,840	15	85,811	6,289,827	14
Existing 5-Mile Radius	1,665	66,593	25	1,514	77,186	20
Proposed 5-Mile Radius	141	19,231	7	292	24,403	12

Source: CON application #10841, Page 1-11, Table 1-3, from Claritas, 2024 & Florida Nursing Home Utilization by District and Subdistrict 10/4/2024.

Note: *Pasco beds assume licensing of 63 previously approved beds (35 for Blue Heron + 28 for Oakley Place SNF) and 161 beds proposed by this project. Pinellas beds assume licensure of 240 CON approved beds minus 92 beds from Bayside Nursing and Rehab.

The reviewer notes that based on the numbers of licensed and approved beds as of October 4, 2024, and the applicant's moving its 92 beds and its 59 CON approved beds, the actual projected beds in 2029 would be

7,694, not 7,753. The point is made that Pasco County has a much lower beds per thousand population age 65 and over compared to Pinellas County, although Pasco and Pinellas Counties had additional bed changes since the applicant's narrative.

Bayside contends that the proposed replacement and relocation of Bayside Care Center to Pasco County is essential given the state's acknowledgement of the need for additional nursing home beds. By reallocating beds from a congested area to one with greater demand, this project will help ensure that skilled nursing care services remain available as the senior population grows. Without this initiative, Pasco County's bed availability could drop to 11 per 1,000 seniors by 2029, limiting access to necessary care. This relocation will enhance the distribution of nursing home beds, aligning with community needs and supporting the health care infrastructure for aging residents.

The applicant discusses occupancy rates pre, during and post Covid to support need for the demand for skilled nursing services in Pasco County. Data is presented to show that skilled nursing facilities in Pasco County have consistently exceeded both the district and state occupancy rates since 2019, particularly for the most recent period ending June 30, 2024.

There are seven hospitals in Pasco County that provide acute care services, reporting a total of 6,982 discharges to skilled nursing facilities in 2023, the most recent year for which data is available. Of these discharges, 5,697 were attributed to Pasco County residents. The hospitals are:

- AdventHealth Dade City
- AdventHealth Wesley Chapel
- AdventHealth Zephyrhills
- BayCare Hospital Wesley Chapel
- HCA Florida Bayonet Point Hospital
- HCA Florida Trinity Hospital
- Morton Plant North Bay Hospital

As illustrated in the map on page 1-14 (Figure 1-5), both BayCare Hospital Wesley Chapel and AdventHealth Wesley Chapel are located well within a five-mile radius of the proposed replacement facility site, making them key referral sources. This proximity ensures immediate access to diagnostic and surgical services, which is advantageous for residents requiring skilled nursing rehabilitation after an acute illness or surgery.

The nursing home is anticipated to become a preferred provider for patients needing rehabilitation following such events, particularly because there is only one other nursing home (Blue Heron Health and Rehabilitation) within a five-mile radius, and a second facility (the Balamero Lopez Memorial Veterans Nursing Home) located within a ten-mile radius. This limited competition further reinforces the facility's potential to attract residents in need of these services.

The proposed replacement facility will leverage the expertise of Lion Care Services, known for its quality care in nursing facilities, with nine of its 12 Florida facilities currently Joint Commission Accredited. This project seeks to establish a new skilled nursing facility to replace Bayside Care Center and Rehab. The modern facility will be built to current standards and codes, ensuring a safe and efficient environment that prioritizes quality, resident-centered care.

Culture change has increasingly influenced nursing home development, focusing on creating home-like amenities, such as more private rooms and inviting spaces. Advocacy for person-centered care has gained traction within industry associations like the Florida Health Care Association and Leading Age, supported by resources like the Pioneer Network (www.pioneernetwork.org). At its core, person-centered care empowers residents to make choices and maintain independence. For instance, residents might be actively involved in their care plans, choosing between options like a 10-minute walk outside or on a treadmill.

The proposed project enhances culture change by offering 57 private and 52 semi-private rooms, along with homelike finishes and intimate gathering spaces. Beautifully landscaped courtyards with pathways will provide pleasant views from the patient rooms and dining areas. A second courtyard will function as a therapy exercise area, also visible from surrounding spaces. Additionally, the facility will be large enough to support a variety of services, including a rapid recovery unit for orthopedic, cardiac, and stroke rehabilitation, advanced respiratory care, long-term care, and on-site dialysis, addressing the growing needs of the community.

Data shows that Pinellas County has double the nursing home capacity compared to Pasco County, with 7,605 licensed beds for 274,814 seniors (28 beds per thousand) in Pinellas, versus 2,054 beds for 148,782 seniors (14 beds per thousand) in Pasco. This project will improve rehabilitation access for the elderly after acute care, maintaining Medicare and Medicaid certification for low-income residents. By

reallocating beds from over-saturated areas to meet growing demand in Pasco County, the new facility will replace an outdated center with a larger, modern space, benefiting the community.

Recall from Table 1-4 that for the 12 months ending June 30, 2024, nursing facilities in District 5 reported 2,961,582 patient days of care, for an average daily census of 8,092 and an average occupancy rate of 83.37 percent. The District 5 patient days divided by the population age 65 and over is 6.9915, or 6,992 patient days per thousand seniors. For the same period, nursing facilities in Subdistrict 5-1, Pasco County reported 658,076 patient days of care, for an average daily census of 1,798, an average occupancy rate of 87.54 percent, and a use rate of 4,423 per thousand seniors. Because of the disparity between the two subdistricts, and the intent to bring parity between the two planning areas, the Florida use rate of 5,010 patient days per thousand persons aged 65 and over was considered as a benchmark for estimating future utilization.

Table 1-5 on page 1-17 shows that the use rates for Pasco County and Florida were applied to the estimated Pasco County January 1, 2028, and January 1, 2029, population aged 65 years and over to project patient days for the subdistrict for the first and second year of the project. Applying the Pasco County use rate to the January midpoint population age 65 and over results in 741,597 projected patient days in the first year and 762,625 by the second year of the project, with an average daily census of 2,026 and 2,089 persons, respectively, for the first and second years and an average occupancy rate of 88.9 percent and 91.7 percent, respectively, for years one and two, in 2,278 beds (2,054 current beds + 63 approved beds + 161 with this project). Without the project, the resulting occupancy rate in the current licensed and approved beds would be 98.6 percent and 101.7 percent, respectively, for years one and two ending June 30, 2028, and 2029.

The applicant concludes that the data presented shows the opportunity to reallocate existing beds from Pinellas County, with a high concentration of beds, to Pasco County, which few beds in proportion to the population it serves, benefits area residents without adverse impact to other providers due to the fact that there are so few beds available within the subdistrict. The net effect of this project is to maintain the status quo without adding beds to the district or state while enhancing access through the redistribution of skilled nursing beds to an area with a smaller bed supply.

Schedule 5 presents the forecast of utilization, with July 2027 shown as the first month of operation for the new facility. The forecast indicates a fill-up period during the first two years, reaching an average occupancy

level of 72.30 percent in the first year and 91.52 percent in the second year of operations, consistent with other recent nursing home openings in the area and around the state.

The applicant's analysis supports the approval of Bayside Care Center and Rehab, a 161-bed replacement community nursing home in Pasco County. The applicant concludes that the project not only improves access but also enhances patient choice and quality of care by reallocating licensed and approved District 5 beds from Subdistrict 5-2 to Subdistrict 5-1.

- 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.**

Bayside Care Center and Rehab is not a Gold Seal facility. The applicant has engaged Lion Care Services (Lion Care), a seasoned long-term care provider that manages 12 skilled nursing facilities across Florida, including Madison Pointe Care Center and Rehab in Pasco County. By aligning with Lion Care's mission, vision, and values, Bayside Nursing and Rehab LLC creates a robust framework aimed at delivering high-quality services to elderly residents in Pasco County who need skilled nursing care.

Bayside states its partnership with Lion Care Services highlights a proven track record of delivering quality care in nursing facilities that hold Joint Commission Accreditation. Eleven of Lion Care's 12 facilities in Florida, including the applicant's facility, are currently accredited by the Joint Commission. Furthermore, the Bristol Care Center in Tampa was recognized as the 38th best nursing home by Newsweek in 2022. Additionally, the staff at Alhambra Healthcare and Rehabilitation Center in St. Petersburg received accolades as a Quality Improvement Champion from the Health Services Advisory Group. The applicant indicates the project is supported by a provider committed to obtaining Joint Commission Accreditation, ensuring ongoing efforts toward quality enhancement. Bayside documents the 11 Lion Care Services facilities have Joint Commission Accreditation:

- Advanced Care Center and Rehab
- Alhambra Healthcare and Rehabilitation Center
- Apollo Healthcare and Rehabilitation Center
- Bayside Care Center and Rehab
- Excel Care Center and Rehab
- Gulf Shore Care Center and Rehab

- Lexington Healthcare and Rehabilitation Center
- Madison Pointe Care Center and Rehab
- North Healthcare and Rehabilitation Center
- Shore Acres Care Center
- The Bristol Care Center
- Woodbridge Care Center and Rehab.

Bayside states Lion Care Services is dedicated to providing each resident with the highest quality of care in a safe, supportive, and compassionate environment where they can thrive physically, emotionally, and socially. The organization prioritizes respect and dignity, believing all residents deserve to be treated with empathy and kindness. The focus is on delivering tailored, high-quality care through highly trained staff using evidence-based practices. Collaboration and communication are essential to Lion Care's approach, involving residents and their families in developing personalized care plans while working with health care professionals to ensure optimal care. The commitment to continuous improvement drives Lion Care to invest in staff training and actively seek feedback from residents and families to enhance services.

The vision of Lion Care Services is to be recognized as a leading provider of exceptional nursing home care, creating an environment where residents feel safe, supported, and included. They aim to embody compassion, integrity, excellence, and innovation within the health care community, ultimately improving residents' health and well-being.

Core values guiding Lion Care include treating residents with compassion and respect, upholding integrity and ethical standards, striving for excellence in care, promoting teamwork, and fostering accountability among staff. These principles reflect their commitment to enhancing residents' quality of life in a nurturing environment.

The increasing complexity of long-term care, along with heightened regulatory demands, presents both opportunities and challenges for efficiently incorporating internal processes that ensure quality, individualized patient care. Management emphasizes continuous quality improvement through the establishment of uniform standards, the development of quality improvement goals, and the use of evidence-based clinical pathways to achieve desired outcomes.

The applicant cites the Affordable Care Act's Section 6102(c), which allows the Centers for Medicare and Medicaid Services (CMS) to implement best practices in nursing home Quality Assurance and Performance Improvement (QAPI). This provision significantly broadens the scope of required QAPI activities, ensuring that facilities consistently

identify and correct quality deficiencies while sustaining performance improvement. These QAPI processes effectively ensure quality across services and lead to ongoing enhancements in service delivery. The applicant states that Lion Care Services' organization remains current with all state and federal QAPI requirements.

CMS's QAPI "At a Glance" outlines 12 key action steps to establish a robust foundation for quality assurance and performance improvement in nursing homes. These steps, though not necessarily sequential, build upon one another and include: Leadership Responsibility and Accountability, Developing a Deliberate Approach to Teamwork, Taking a QAPI "Pulse" with a Self-Assessment, Identifying Guiding Principles, Developing a QAPI Plan, Conducting a QAPI Awareness Campaign, Creating Strategies for Data Collection and Use, Identifying Gaps and Opportunities, Prioritizing Quality Opportunities, Planning and Documenting Performance Improvement Projects, Getting to the "Root" of Problems, and Taking Systemic Action. The Quality Assurance Performance Improvement Plan and Quality Assurance and Assessment Program ensure the facility meets patients' needs while delivering exceptional, person-centered care. This approach involves residents in their own care and relies on guidance from the American Health Care Association to standardize quality measures in nursing homes.

The Risk Management/Quality Assurance Committee meets monthly to monitor quality indicators. If an indicator falls below established thresholds, corrective action plans are developed to address potential issues, preventing failures that could lead to substandard care or regulatory non-compliance. Early detection through this quality control process helps minimize adverse consequences and initiate timely corrections. Lion Care's quality improvement process aims to enhance work processes and delivery systems, focusing on clinical care, quality of life, and resident choice. All employees are responsible for ensuring high-quality care for residents, family members, and visitors.

Bayside aims to achieve an exceptional person-centered care environment by involving residents, physicians, staff, and families in the performance improvement process to foster meaningful relationships. Key guiding principles include structuring care practices through quality assurance processes, recognizing every staff member's commitment to performance improvement, focusing on systems to identify errors, and setting measurable goals for improvement. The Administrator oversees the Quality Assurance Performance Improvement Program, with the committee meeting quarterly to identify concerns and implement changes.

Annual data reviews analyze grievance logs, medical records, staffing trends, and more, while Performance Improvement Plan subcommittees employ Root Cause Analysis to enhance existing processes. Each subcommittee reports findings and recommendations to the QAPI Committee. The facility uses the Five Whys method for root cause analysis, repeatedly asking "Why did this occur?" to trace the underlying causes of problems. Copies of Lion Care Services' QAPI policy and procedures can be found in Exhibit 3.

In response to the emergency preparedness Bayside states nursing homes are prioritizing the creation and implementation of emergency management plans. The new facility will be built to current codes to withstand severe storms and will feature a generator to maintain a safe environment during power outages. The facility will have a Comprehensive Emergency Management Plan (CEMP), which outlines essential protocols for preparation, monitoring, reporting, and evacuation during natural disasters. This plan ensures that the facility and staff are ready for emergencies, tracks weather conditions, informs stakeholders throughout a crisis, and includes detailed evacuation procedures if necessary. Furthermore, it provides for the procurement and storage of essential supplies such as food, water, medications, and nursing supplies in advance of emergencies. These measures aim to ensure the safety and well-being of residents during significant weather events.

A Residents' Rights brochure from Florida's Long-Term Care Ombudsman Program is provided to each new admission. Every employee receives a personal copy of the Residents' Rights document and undergoes education on the details during their first day of orientation, with annual refreshers thereafter. Ensuring residents' rights is a priority, and the facility will coordinate with the Ombudsman to ensure that all interactions adhere to established policies. Additionally, aspects of residents' rights are included in the quality assurance review, with any breaches or concerns addressed as part of the continuous quality improvement cycle.

Bayside states that focusing on activities is essential for addressing the social, psychological, and functional needs of residents and it offers meaningful activities that align with individual interests, promote engagement in leisure and recreation, and facilitate social interactions. These activities include both physical and mental exercises in group and individual settings. The goal is to provide a diverse range of purposeful activities that support adaptation and restoration of functions, foster individual creativity and mastery, and maximize self-expression, family involvement, and independence. Daily activities are communicated through newsletters and posters, detailing times and sponsors. The activity director assesses residents during the admission process to

identify their interests, which informs individualized care plans and inspires planned activities. A sample activities calendar from other Lion Care facilities is provided in Exhibit 6 of the Additional Information section.

Bayside Care Centers' quality of care aims to enhance residents' overall quality of life, providing respectful and attentive support that promotes restoration or maintenance of function. This commitment to clinically appropriate nursing and medical services sets the facility apart. Additionally, the applicant's programs are monitored through quality assurance policies to ensure effectiveness, identify gaps, and implement resolutions.

During the 36 months ending February 21, 2025, Lion Care Services 12 affiliated nursing homes had a total of 34 complaints with 50 substantiated complaint categories cited as a single complaint can result in multiple categories being cited. See the table below.

Complaint Category	Number Substantiated
Administration/Personnel	3
Admission, Transfer & Discharge Rights	2
Dietary Services	1
Elopement	3
Falsification of Records/Reports	2
Infection Control	1
Life Safety Code	1
Physical Environment	2
Quality of Care/Treatment	22
Quality of Life	2
Resident/Patient/Client Abuse	2
Resident/Patient/Client Rights	9
Total	50

Source: AHCA Substantiated Complaint History.

Agency records indicate that Bayside Care Center and Rehab had three substantiated complaints, all in the Quality of Care/Treatment category of during the 36-month period cited above. The facility currently has an overall Three Star rating by the Agency and a Two Star CMS rating, per the Agency's <https://quality.healthfinder.fl.gov/> website and the CMS website at www.medicare.gov.

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) as a measure of excess liquidity that could be used to fund capital projects.

Below is where the short term and long-term measures of the audited financial statements provided by the applicant fall on the scale (highlighted in gray) for the most recent year.

CON application #10841	
	Current Year
Current Assets	\$1,421,867
Total Assets	\$8,673,009
Current Liabilities	\$3,220,632
Total Liabilities	\$8,820,450
Net Assets	(\$147,441)
Total Revenues	\$4,391,966
Excess of Revenues Over Expenses	(\$147,441)
Cash Flow from Operations	\$152,367
Short-Term Analysis	
Current Ratio (CA/CL)	0.4
Cash Flow to Current Liabilities (CFO/CL)	4.73%
Long-Term Analysis	
Long-Term Debt to Net Assets (TL-CL/NA)	-3798.0%
Total Margin (ER/TR)	-3.36%
Measure of Available Funding	
Working Capital	(\$1,798,765)

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 \$59,048,000, which includes this project (\$49,548,000), and other capitalization (\$9,500,000).

The applicant indicates on Schedule 3 of its application that funding for the project will be provided by cash on hand (\$98,576), and non-related company financing (\$49,449,424). The applicant provided audited financial statements showing \$98,576 in cash. The applicant provided a letter of interest from Huntington National Bank dated January 27, 2025. A letter of interest is not considered a firm commitment to lend.

The applicant has a relatively weak financial position and without firm commitment to lend, funding for this project is in question.

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 in the Florida Nursing Home Uniform Reporting System. For our comparison group, we selected skilled nursing facilities within the district removing any outliers that were the result of low occupancy or unusual payer mix relative to the other skilled nursing facilities in the district. 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 3rd Quarter 2024, 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	24,375,300	453	535	394	341
Total Expenses	23,182,500	431	618	417	353
Operating Income	1,192,800	22	25	-14	-164
Operating Margin	4.89%		Comparative Group Values		
	Days	Percent	Highest	Median	Lowest
Occupancy	53,780	91.52%	96.10%	89.80%	49.71%
Medicaid	24,201	45.00%	87.52%	68.94%	38.46%
Medicare	24,201	45.00%	44.71%	18.61%	7.25%

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 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 costs 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 cost estimate for the proposed project provided in Schedule 9, Table A and the project completion forecast provided in Schedule 10 appears to be reasonable. A review of the architectural plans, narratives and other supporting documents did not reveal any deficiencies that are likely to have significant impact on either construction costs or the proposed completion schedule.

The plans submitted with this application were schematic in detail with the expectation that they will be necessarily revised and refined prior to being submitted for full plan review. The architectural review of this application shall not be construed as an in-depth effort to determine complete compliance with all applicable codes and standards. The final responsibility for facility compliance ultimately rests with the applicant owner. Approval from the Agency for Health Care Administration's Office of Plans and Construction is required before the commencement of any construction.

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

The project involves replacing the existing Bayside Care Center and Rehab, a 92-bed nursing home in District 5, Subdistrict 5-2, Pinellas County. The applicant indicates the facility has historically served a high percentage of Medicaid recipients, averaging 77 percent compared to 67.45 percent in Subdistrict 5-2 and 60.58 percent in Subdistrict 5-1, Pasco County during the 12 months ending June 30, 2024. The reviewer notes that Medicaid was 85.06 percent of Bayside Care Center and Rehab's total patient days during the 12 months ending June 30, 2024.

Schedule 7 indicates Medicaid Managed Care is projected to be 45 percent of the 161-bed facility's year one and year two total annual patient days.

F. SUMMARY

Bayside Nursing and Rehab LLC d/b/a Bayside Care Center and Rehab (CON application #10841) proposes the construction of a replacement 161-bed skilled nursing facility in District 5-1 (Pasco County). The applicant's present facility in District 5-2 (Pinellas County) has 92 licensed beds and Bayside has two CON exemptions - #E200011 (consolidating 59 beds from the closed Baywood Care Center) and #E240009 to add 10 beds.

Bayside expects issuance of license in June 2027 and initiation of service in July 2027.

The project consists of 80,871 GSF of new construction with a total construction cost of \$30,100,000. Total project cost is \$49,548,000.

Bayside does not propose conditions for the project's approval.

Need:

- This project is being reviewed pursuant to Section 408.036 (2) Florida Statutes and Rule 59C-1.004(2), Florida Administrative Code. Expedited reviews may be submitted at any time and do not respond to fixed need pool publications.
- The applicant provides a need assessment which includes population demographics and dynamics, availability, utilization, and quality of services, medical treatment trends, and market conditions.

Quality of Care:

- The applicant described in detail its ability to provide quality care
- During the 36 months ending February 21, 2025, the applicant had three substantiated complaints, all citing Quality of Care/Treatment and Lion Care Services affiliated nursing homes had 34 substantiated complaints resulting in 50 categories cited
- The facility currently has an overall Three-Star rating by the Agency and a CMS Two-Star rating

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 cost estimate for the proposed project provided in Schedule 9, Table A and the project completion forecast provided in Schedule 10 appears 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

Medicaid/Indigent Care:

- The applicant provides Bayside's service to Medicaid residents during the 12-month periods of July 1, 2019 – June 30, 2024
- Schedule 7 indicates that 45 percent of year one and year two total annual patient days will be Medicaid Managed Care days

G. RECOMMENDATION

Approve CON #10841 to establish a 161-bed replacement community nursing home in District 5, Subdistrict 1, Pasco County. The total project is \$49,548,000. The project involves 80,871 GSF of new construction and a total construction cost of \$30,100,000.

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: March 17, 2025



James B. McLemore
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Certificate of Need



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