

STATE AGENCY ACTION REPORT

ON APPLICATION FOR CERTIFICATE OF NEED

A. PROJECT IDENTIFICATION:

1. Applicant/CON Action No.

Federation CCRC Operations Corp./CON #10216

9001 Donna Klein Boulevard
Boca Raton, Florida 33428

Authorized Representative: Mr. Mel Lowell
Secretary and Assistant Treasurer
(561) 852-3140

2. Service District/Subdistrict

District 9/Subdistrict 9-4 (Palm Beach County)

B. PUBLIC HEARING:

No public hearing was held or requested regarding the proposed project.
No letters of support or opposition were received.

C. PROJECT SUMMARY

Federation CCRC Operations Corp. d/b/a Sinai Residences as Boca Raton (CON application #10216) (also referenced as CCRC Operations), a development stage, Florida not-for-profit corporation, proposes to establish a 60-bed sheltered nursing facility as part of its continuing care retirement community (CCRC) to be constructed in Palm Beach County (District 9, Subdistrict 4) and within zip code 33428¹. The applicant is organized exclusively to operate Sinai Residences of Boca Raton (SRBR).

¹ Per the United States Postal Service website at <https://tools.usps.com/go/ZipLookupAction!input.action>, the preferred city in zip code 33428 is Boca Raton, Florida.

The applicant also indicates that the sole member of CCRC Operations is Federation CCRC Development, LLC, which is wholly owned by the Jewish Federation of South Palm Beach County, Inc., a Florida not-for-profit corporation.

Sinai Residences of Boca Raton is to include 237 independent living apartments, 48 assisted living units, 24 memory support assisted living units and 60 sheltered skilled nursing beds. The combined 309 independent living and assisted living units (residential units) could be approved for up to 77 skilled nursing beds. Section 651.118 (4), Florida Statutes, directs the Agency to approve one sheltered nursing home bed for every four proposed residential units, including those that are licensed under Part I, Chapter 429, in a continuing care facility, unless the provider demonstrates the need for a lesser number of sheltered nursing home beds based on actual utilization and demand by current residents. The applicant's request for a 60-bed skilled nursing facility is well within the allowable ratio.

The applicant proposes no conditions on its Schedule C. This is typical of sheltered nursing beds for the following reasons:

- they are a part of a CCRC
- they are regulated by the Department of Financial Services, which ensures that contracts with CCRC residents are met; and
- they are used primarily to provide care to CCRC residents.

Total project cost is \$24,594,292. The project involves 48,484 gross square feet (GSF) of new construction (no renovation), with a total construction cost of \$8,882,003. Total project cost includes the following: land; building; equipment; project development, financing and start-up costs.

CCRC Operations anticipates the project to be licensed and operational in July 2016.

Pursuant to Florida Statutes 408.0435 (1), the Florida Legislature extended a moratorium, until Medicaid managed care is implemented statewide pursuant to Sections 409.961-409.985, Florida Statutes, or October 1, 2016, whichever is earlier, on the issuance of any certificate of need (CON) for increases in the number of community nursing home beds around the state. However, pursuant to Section 408.0435 (3) Florida Statutes:

“This moratorium on certificates of need shall not apply to sheltered nursing home beds in a continuing care retirement community certified by the former Department of Insurance or by the Office of Insurance Regulation pursuant to chapter 651.”

The application was filed pursuant to Rule 59C-1.004(2) (a), Florida Administrative Code, which allows applications for sheltered nursing home beds to be reviewed as expedited applications rather than competitive batch review applications.

D. REVIEW PROCEDURE

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

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

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

The consultant, Steve Love, analyzed the application, with analysis of financial data from financial analyst Eric West of the Bureau of Central Services.

E. CONFORMITY OF PROJECT WITH REVIEW CRITERIA

The following pages indicate the level of conformity of the proposed project with the review criteria and application content requirements found in Sections 408.035, and 408.037, Florida Statutes; and Chapters 59C-1 and 59C-2, Florida Administrative Code. Sheltered nursing homes are regulated under Chapter 651, Florida Statutes.

Pursuant to s. 651.118 (2), Florida Statutes: *The Agency for Health Care Administration shall issue a certificate of need to any holder of a provisional certificate of authority pursuant to s. 651.022 to construct nursing home beds for the exclusive use of the prospective residents of the proposed continuing care facility if the holder of the provisional certificate of authority meets the Agency's applicable review criteria, utilizing the bed need provisions of subsection (4).*

Subsection (4) contains the following language: *The Agency for Health Care Administration shall approve one sheltered nursing home bed for every four proposed residential units, including those that are licensed under part III of chapter 400, in the continuing care facility unless the provider demonstrates the need for a lesser number of sheltered nursing home beds based on proposed utilization by prospective residents or demonstrates the need for additional sheltered nursing home beds based on actual utilization and demand by current residents.*

1. Fixed Need Pool

a. Does the project proposed respond to need as published by a fixed need pool? Ch. 59C-1.008(2), Florida Administrative Code.

As noted above, this project is being reviewed under Rule 59C-1.004(2) (a), Florida Administrative Code. Expedited reviews may be submitted at any time and do not respond to fixed need pool publications.

CCRC Operations states the project will be located at the northeast corner of 95th Avenue and Ruth and Baron Coleman Boulevard, Boca Raton, Florida 33428. The reviewer uses the Adolph & Rose Levis Jewish Community Center address as an approximate location of the proposed facility. See the map below.

**Federation CCRC Operations Corp. d/b/a Sinai Residences of Boca Raton
CON application #10216**



Source: Microsoft MapPoint 2013®.

2. Agency Rule Preferences

- a. Use of Sheltered Nursing Home Beds.** Under subsection 651.118(7), Florida Statutes, sheltered nursing home beds may be used for persons who are not residents of the continuing care facility, and who are not a party to a continuing care contract, for a period of up to five years from the date of issuance of the initial nursing home license for sheltered beds constructed in conjunction with the non-nursing home portion of the continuing care facility. Applicants applying at a later time for additional sheltered nursing home beds without increasing the number of residential units shall restrict the use of the additional sheltered beds to continuing care residents. Applicants who are adding additional residential units shall be allowed to apply for additional sheltered nursing home beds not exceeding a ratio of one nursing home bed per four residential units. Nursing home beds approved under this condition may be used for community residents for a period of up to five years from the date of issuance of the initial license of these beds.

CCRC Operations indicates the plan is for SRBR to contain a sheltered nursing home for residents who are life care contract holders. However, the applicant indicates that the project will also be open to members of the general public for the first five years of opening, to help offset start-up opening losses and create a positive cash-flow for the nursing home. Life care contract holders are not expected to initially require nursing care at opening.

- b. Criteria and Standards.** In addition to meeting the applicable review criteria in Section 408.035, Florida Statutes, and the provisions in this rule, applicants for certificates of need for sheltered nursing home beds shall comply with the criteria and standards outlined under Section 651.118, Florida Statutes.

CCRC Operations indicates that SRBR's conformance with review criteria of s. 408.035, Florida Statutes and certain criteria and standards of s. 651.118, Florida Statutes is demonstrated throughout the application. See Item E. 3. for the applicant's responses to the review criteria in s. 408.035 Florida Statutes.

- c. **Data Collection and Reporting Procedures. Continuing care providers shall submit to the Agency, or its designated Agency, semi-annual bed utilization reports for the purpose of determining community and sheltered nursing home bed utilization based on historical use by residents and non-residents of the continuing care facility. Bed utilization data shall be reported on July 30 for the period of January 1 through June 30, and on January 30 for the period of July 1 through December 31 of each calendar year. Bed utilization data shall include:**
- (a) **Total number of resident admissions during the six-month reporting period.**
 - (b) **Total number of non-resident admissions during the six-month reporting period.**
 - (c) **Total admissions for the six-month reporting period.**
 - (d) **Total resident patient days for the six-month reporting period.**
 - (e) **Total non-resident patient days for the six-month reporting period.**
 - (f) **Total patient days for the six-month reporting period.**

CCRC Operations indicates that SRBR will comply with data reporting requirements.

3. Statutory Review Criteria

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

CCRC Operations d/b/a Sinai Residences as Boca Raton seeks to establish a new 60-bed skilled nursing facility within the larger SRBR campus in Boca Raton, Florida. The applicant indicates having contracted with Greenbrier Development, LLC (Greenbrier) for development of the nursing beds and the overall CCRC. The applicant indicates that SRBR will be managed by Life Care Services, LLC. Federation CCRC Operations Corp. includes its provisional certificate of authority for Sinai Residences of Boca Raton (original issuance date January 11, 2012) in Tab 1, Exhibit 1-1 of the application.

Ratios established in statute authorize sheltered nursing home beds for a CCRC in order to assure access to and availability of care. CCRCs are required to ensure care for residents, and should this number of sheltered beds fail to accommodate residents sufficiently, the CCRC is required to ensure care via alternative facilities, such as through a

skilled nursing facility. The proposed 60-bed skilled nursing facility would ensure that residents have access to skilled nursing services upon demand and not exceed the one to four statutory ratio described above.

District 9, Subdistrict 9-4 (Palm Beach County) has seven CCRC's with 223 community and 317 sheltered nursing home beds, licensed as of June 30, 2013. During the 12-month reporting period ending June 30, 2013, the subdistrict's 6,020 community nursing home beds averaged 84.09 percent total occupancy compared to 85.16 percent for the district overall.

Availability

CCRC Operations identifies the project's primary service area (PSA) as "a generally rectangular shape, which contains areas north of the Highways 827/845". Additionally, the applicant states that the PSA:

- is the area between the Florida Everglades and the Atlantic Ocean
- including municipalities such as Boca Raton, Deerfield Beach, Highland Beach, and a portion of Delray Beach, Parkland and Coconut Creek
- encompasses an area about 4.5 miles north and south of the site; and
- seven miles east and west of the site.

Per CCRC Operations, this PSA includes 16 licensed SNFs, 12 of these being community nursing homes and four being SNFs within CCRCs. The applicant indicates that total community nursing home beds within the PSA are 1,652 and the total sheltered beds in the same area being 181 (total SNF beds being 1,833). CCRC Operations indicates, using Agency data², a table is provided to account for total nursing home beds per 1,000 population, age 65 and over. Per the applicant, even with the proposed 60 sheltered beds added, the PSA still has a lower beds per 1,000 residents when compared to the subdistrict, district and State of Florida. See the table below.

Total Nursing Home Beds per 1,000 Population Age 65+

	Total Beds	2013 Est. Pop. 65+	Beds Per 1,000
Primary Service Area (PSA)	1,893*	100,803	18.1
Subdistrict 9-4 (Palm Beach County)	6,337	295,926	21.4
District 9,	9,605	440,124	20.6
Florida	82,562	3,462,588	23.8

Source: CON application #10216, Tab 3, page 2 of 6.

*This is stated to include the 60 sheltered beds proposed in this project.

² *Florida Nursing Home Utilization by District and Subdistrict July 2012-June 2013* published September 27, 2013 and *Florida Population Estimates and Projections by AHCA District 2010-2030*, issued September 20, 2013.

CCRC Operations contends that the availability of skilled nursing beds will improve with minimal impact to other providers in the market, if the project is approved.

The applicant asserts that the need for skilled nursing beds will continue to grow in the PSA. CCRC Operations provides a table to account for stated growth rates by age cohorts, for the PSA, Palm Beach County and Florida. The reviewer notes the applicant does not offer a source for the data provided in the table below.

Growth Rates by Age for the PSA, Palm Beach County and Florida

	2013-2018 Annual Growth Rates			
	Age 65-74	Age 75-84	Age 85+	All Ages
Primary Service Area	2.13%	1.57%	1.15%	0.41%
District 9	2.58%	1.96%	1.53%	0.89%
Florida	3.62%	2.13%	1.88%	0.98%

Source: CON application #10216, Tab 3, page 2 of 6.

Quality of Care

CCRC Operations indicates that SRBR is committed to providing superb care to its residents. The project is stated to be part of a luxury community. The applicant states that not-for-profit CCRCs generally rate higher than stand-alone nursing homes, because “they are typically held to higher standards by their stakeholders and residents”. Per CCRC Operations, SRBR is expected to achieve similar results.

Accessibility

The applicant reiterates results of its total nursing home beds per 1,000 population age 65+ table (previously shown), with a lower number of nursing home beds per 1,000 residents age 65 and over within the PSA, compared to the subdistrict, district and Florida. CCRC Operations also offers a dot density map (Tab 3, page 3 of 6) to account for households that are at least 75 years old with at least \$50,000 of annual income (within the PSA). Per the applicant, there are 12,022 such households within the PSA. The reviewer notes the applicant does not offer a source for the data provided in the dot density map.

Conformity with the Health Care Access Criteria

CCRC Operations discusses conformity with the Health Care Access Criteria (Tab 3, pages 4 of 6 and 5 of 6 of the application).

Extent of Utilization

CCRC Operations states that for the 12-month period ending June 30, 2013, four sheltered facilities are within the PSA³, at an 89.59 percent occupancy rate compared to District 9's total occupancy rate of 85.16 percent and the State of Florida's occupancy rate of 87.29 percent.

Per the *Florida Nursing Home Utilization by District and Subdistrict July 2012-June 2013* published September 27, 2013, the reviewer confirms District 9's 89.59 percent total occupancy and the State of Florida's 87.29 percent total occupancy, for the 12-month period ending June 30, 2013. Per the Agency's Florida Health Finder website at <http://www.floridahealthfinder.gov/facilitylocator/ListFacilities.aspx>, the four sheltered bed SNFs least to greatest driving distance within 9.5 miles of the applicant's proposed project location, are as follows: Willowbrooke Court at St. Andrews (3.24 miles); Willowbrooke Court at Edgewater Pointe Estates (3.38 miles); Abbey Delray South (7.78 miles) and Harbours Edge (9.47 miles).

The CON reviewer confirms that a cumulative 181 sheltered nursing home beds are licensed among the four sheltered bed providers indicated above.

CCRC Operations indicates that the project "is positioned in an area where utilization of community beds is relatively high". The applicant reiterates that population growth in the area indicate a growing senior population that will require skilled nursing care in future years and stated by CCRC Operations as "an indication that utilization of nursing homes will increase".

- 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(1)(c) and (j), Florida Statutes.**

CCRC Operations is a development stage company, with no operational history. The applicant previously stated (see Item E.3.a. of this report) contracting with Life Care Services, Inc. (LCS) to provide management services for Sinai Residences of Boca Raton, including the proposed sheltered bed facility. Per CCRC Operations, LCS currently manages 110 retirement communities, serving over 32,000 residents in 29 states and the District of Columbia.

³ CCRC Operations does not single out these four facilities.

CCRC Operations indicates that LCS manages two CCRCs and two SNFs in Florida, the SNFs being East Ridge Retirement Village, Inc. (District 11, Subdistrict 11-1/Miami-Dade County) and Waters Edge Extended Care (District 9, Subdistrict 9-2/Martin County).

Agency records indicate a total of three substantiated complaints for the 36-month period ending January 6, 2014, among LCS's two Florida SNFs. Together, these two SNFs have 68 licensed community beds and 48 licensed sheltered beds (20 of the 48 are inactive/alternative beds), per the *Florida Nursing Home Utilization by District and Subdistrict July 2012-June 2013* published September 27, 2013. East Ridge Retirement Village, Inc. had one and Waters Edge Extended Care had two substantiated complaints. A single substantiated complaint can encompass multiple compliant categories. The table below has these listed by complaint categories.

Life Care Services, Inc. Substantiated Complaint Categories
36-month period ending January 6, 2014

Complaint Category	Number Substantiated
Admission, Transfer & Discharge Rights	1
Physical Environment	1
Quality of Care/Treatment	1
Resident/Patient/Client Assessment	1
Resident/Patient/Client Rights	1

Source: Agency for Health Care Administration complaint records.

Per the Agency's Florida Health Finder website <http://www.floridahealthfinder.gov/CompareCare/CompareFacilities.aspx>, for the nursing home inspection rating time period April 2011-September 2013 and last updated November 2013, East Ridge Retirement Village, Inc. had a five-star rating and Waters Edge Extended Care had a two-star out of a possible five-star rating.

CCRC Operations offered Medicare Nursing Home Compare overall ratings of "Much Above Average" for East Ridge Retirement Village, Inc. and "Above Average" for Waters Edge Extended Care (Exhibit 4-1 of the application).

CCRC Operations states that Sinai Residences of Boca Raton emphasizes and discusses (Tab 3, pages 2 of 6 through 6 of 6) "high quality resident care by establishing and supporting a Quality Assurance and Performance Improvement Committee (QAPI)", stating primary goals and members of the QAPI Committee. Per the applicant, the QAPI Committee will meet no less than quarterly and may call special meetings as needed to address issues that cannot be held until the next regularly scheduled meeting.

c. What resources, including health manpower, management personnel, and funds for capital and operating expenditures are available for project accomplishment and operation? Section 408.035(1)(d), Florida Statutes.

The financial impact of the project will include the project cost of \$24,594,292 and incremental operating costs in year two of \$5,104,332.

The applicant is a development stage company and a wholly owned subsidiary of Federation CCRC Development, LLC. However, no letter of support was provided from the parent company. A letter was provided that the project would be funded through the sale of permanent municipal bonds. There is no guarantee whether any or all of the bonds will be sold.

The development stage audited financial statements of the applicant were reviewed to assess the financial position as of the balance sheet date and the financial strength of its operations for the period presented. Development stage financial statements are limited and typically do not provide a basis for future debt financing.

Section 651.118(5), Florida Statutes, requires a certificate of authority prior to construction of a sheltered bed. The applicant has obtained a provisional certificate of authority, which will allow them to market and take reservation deposits. The financial filing requirements for a certificate of authority are more expansive and restrictive than for a CON review and construction of this project will not be permitted until the applicant obtains a certificate of authority from the Office of Insurance regulation.

Staffing:

Section 400.23(3)(a)1., Florida Statutes, specifies a minimum certified nursing assistant staffing of 2.5 hours of direct care per resident per day and a minimum licensed nursing staffing of 1.0 hour of direct resident care per resident day. Section 400.23 (3)(a)1. a., Florida Statutes, states that there must be a minimum weekly average of certified nursing assistant and licensed nurse staffing of 3.6 combined hours of direct care per resident per day. Based on the information provided in Schedule 6, the applicant's projected certified and licensed nursing staffing exceeds the minimum levels required for year one and year two.

The chart below contains the applicant's projected FTEs for years one and two, ending August 31, 2016 and August 31, 2017, respectively.

Federation CCRC Operations Corp	Total Number of FTEs	
Administration	Year One	Year Two
Administrator	1.00	1.00
Director of Nursing	1.00	1.00
Admissions Director	0.94	0.94
Bookkeeper	0.09	0.24
Secretary	0.28	0.38
Medical Records Clerk	1.00	2.00
Other: Executive Director	0.09	0.12
Other: Human Resources	0.09	0.12
Physicians		
Medical Director	0.00	0.00
Nursing		
RNs	4.52	4.52
LPNs	3.28	7.00
Nurses' Aides	12.40	19.39
Other: M.D.S	1.00	1.00
Ancillary		
Physical Therapist	0.00	0.00
Speech Therapist	0.00	0.00
Dietary		
Dietary Supervisor	0.15	0.19
Cooks/Production	0.78	1.48
Dietary Aides	0.78	1.38
Other: Manager	0.29	0.37
Other: Clerical	0.14	0.15
Other: Certified Dietary Mngr.	0.15	0.19
Other: Utility	0.31	0.59
Social Services		
Social Service Director	1.00	1.00
Activity Director	0.70	1.40
Housekeeping		
Housekeeping Supervision	0.12	0.15
Housekeepers	0.98	1.69
Other: Janitor/Porter	0.24	0.30
Laundry		
Laundry Supervisor	0.00	0.00
Laundry Staff	0.75	1.40
Plant Maintenance		
Maintenance Supervisor	0.13	0.39
Maintenance Assistant	0.43	0.39
Security	0.38	0.38
Other: Plant Director	0.13	0.13
Other: Administrative	0.12	0.12
Other: Grounds Maintenance	0.12	0.12
Other: Driver	0.25	0.25
TOTAL NUMBER of FTEs	36.32	49.52

Source: CON application #10216, Schedule 6.

Conclusion:

It is uncertain if funding will be available as needed.

d. What is the immediate and long-term financial feasibility of the proposal? Section 408.035(1)(f), Florida Statutes.

A comparison of the applicant's estimates to the control group values provides for an objective evaluation of financial feasibility, (the likelihood that the services can be provided under the parameters and conditions contained in Schedules 7 and 8), and efficiency, (the degree of economies achievable through the skill and management of the applicant). In general, projections that approximate the median are the most desirable, and balance the opposing forces of feasibility and efficiency. In other words, as estimates approach the highest in the group, it is more likely that the project is feasible, because fewer economies must be realized to achieve the desired outcome. Conversely, as estimates approach the lowest in the group, it is less likely that the project is feasible, because a much higher level of economies must be realized to achieve the desired outcome. These relationships hold true for a constant intensity of service through the relevant range of outcomes. As these relationships go beyond the relevant range of outcomes, revenues and expenses may either go beyond what the market will tolerate, or may decrease to levels where activities are no longer sustainable.

Comparative data was derived from skilled nursing facilities that submitted Medicaid cost reports in fiscal year 2011 and 2012. Ten skilled nursing facilities were selected with similar Medicaid utilization. Per diem rates are projected to increase by an average of 2.7 percent per year. The price adjustment factor used was based on the new CMS Market Basket Price Index as published in the 3rd Quarter 2013, Health Care Cost Review.

Projected net revenue per patient day (NRPD) of \$324 in year one and \$329 in year two is between the control group lowest and median values of \$206 and \$761 in year one and \$212 and \$781 in year two. With net revenues between the lowest and median values in the control group, the facility is expected to consume health care resources in proportion to the services provided (see Tables 1 and 2 below). Projected revenues appear to be reasonable.

Anticipated costs per patient day (CPD) of \$1,289 in year one and \$368 in year two is between the control group highest and median values of \$1,674 and \$705 in year one and \$724 and \$290 in year two. With costs per patient day between the highest and median values in the control group, projected costs are considered feasible (see Tables 1 and 2 below).

The cost per patient day decreases by 71 percent as economies of scale are realized. Overall, the costs appear to be reasonable.

Section 400.23(3)(a)(2), Florida Statutes, specifies a minimum certified nursing assistant staffing of 2.5 hours of direct care per resident per day and a minimum licensed nursing staffing of 1.0 hour of direct resident care per resident day. Based on the information provided in Schedule 6, the applicant's projected licensed nursing staffing and direct care exceeds the minimum level required in year one and two. Furthermore, the applicant's certified nursing assistant staffing exceeds the minimum required by statute in years one and two.

The year two operating profit for the skilled nursing facility of negative \$544,948 computes to an operating margin per patient day of negative \$39 which is between the control group median and lowest values of \$25 and negative \$71. The facility is projecting a positive margin in year three. Overall profitability appears achievable.

Conclusion:

This project appears to be financially feasible.

TABLE 1

CON application #10216-Federation CCRC Operations Corp

SELECT FY 2011/2012 COST REPORT DATA	Aug-16	YEAR 1	VALUES ADJUSTED		
	YEAR 1	ACTIVITY	FOR INFLATION		
	<u>ACTIVITY</u>	<u>PER PAT. DAY</u>	<u>Highest</u>	<u>Median</u>	<u>Lowest</u>
ROUTINE SERVICES	924,556	324	310	270	238
ANCILLARY SERVICES	0	0	647	-244	-289
OTHER OPERATING REVENUE	0	0	1,533	245	-40
GROSS REVENUE	924,556	324	1,533	505	2
DEDUCTIONS FROM REVENUE	0	0	0	0	0
NET REVENUES	924,556	324	1,924	761	206
EXPENSES					
ADMINISTRATIVE	257,173	90	435	198	34
PATIENT CARE	1,269,364	445	407	229	131
PROPERTY	2,084,890	731	532	123	19
OTHER	65,316	23	0	0	0
TOTAL EXPENSES	3,676,743	1,289	1,674	705	282
OPERATING INCOME	-2,752,187	-965 -297.7%	231	25	-71
PATIENT DAYS	2,852		VALUES NOT ADJUSTED		
TOTAL BED DAYS AVAILABLE	21,960		FOR INFLATION		
TOTAL NUMBER OF BEDS	60		<u>Highest</u>	<u>Median</u>	<u>Lowest</u>
PERCENT OCCUPANCY	12.99%		96.8%	87.6%	70.4%
PAYER TYPE	<u>PATIENT DAYS</u>	<u>% TOTAL</u>			
SELF PAY	1,773	62.2%			
MEDICAID	0	0.0%	27.2%	22.5%	3.9%
MEDICARE	713	25.0%	66.0%	17.6%	11.1%
INSURANCE	366	12.8%			
HMO/PPO	0	0.0%			
OTHER	0	0.0%			
TOTAL	2,852	100.0%			

TABLE 2

CON application #10216-Federation CCRC Operations Corp

SELECT FY 2011/2012 COST REPORT DATA	Aug-17	YEAR 2	VALUES ADJUSTED		
	YEAR 2	ACTIVITY	FOR INFLATION		
	<u>ACTIVITY</u>	<u>PER PAT. DAY</u>	<u>Highest</u>	<u>Median</u>	<u>Lowest</u>
ROUTINE SERVICES	4,559,384	329	319	277	245
ANCILLARY SERVICES	0	0	664	-251	-297
OTHER OPERATING REVENUE	0	0	1,574	252	-41
GROSS REVENUE	<u>4,559,384</u>	<u>329</u>	<u>1,574</u>	<u>519</u>	<u>2</u>
DEDUCTIONS FROM REVENUE	0	0	0	0	0
NET REVENUES	<u>4,559,384</u>	<u>329</u>	<u>1,975</u>	<u>781</u>	<u>212</u>
EXPENSES					
ADMINISTRATIVE	446,317	32	447	204	35
PATIENT CARE	2,697,259	195	418	235	135
PROPERTY	1,871,056	135	546	126	20
OTHER	89,700	6	0	0	0
TOTAL EXPENSES	<u>5,104,332</u>	<u>368</u>	<u>1,718</u>	<u>724</u>	<u>290</u>
OPERATING INCOME	-544,948	-39	231	25	-71
		-12.0%			
PATIENT DAYS	13,855		VALUES NOT ADJUSTED		
TOTAL BED DAYS AVAILABLE	21,900		FOR INFLATION		
TOTAL NUMBER OF BEDS	60		<u>Highest</u>	<u>Median</u>	<u>Lowest</u>
PERCENT OCCUPANCY	63.26%		96.8%	87.6%	70.4%
PAYER TYPE	<u>PATIENT DAYS</u>	<u>% TOTAL</u>			
SELF PAY	8,347	60.2%			
MEDICAID	0	0.0%	27.2%	22.5%	3.9%
MEDICARE	3,464	25.0%	66.0%	17.6%	11.1%
INSURANCE	2,044	14.8%			
HMO/PPO	0	0.0%			
OTHER	0	0.0%			
TOTAL	<u>13,855</u>	<u>100.0%</u>			

- e. **Will the proposed project foster competition to promote quality and cost-effectiveness? Section 408.035(1)(g), Florida Statutes.**

Pursuant to Section 651.118(7), Florida Statutes, at the discretion of the continuing care provider, sheltered nursing home beds may be used for persons who are not residents of the continuing care facility and who are not parties to a continuing care contract for a period of up to five years after the date of issuance of the initial nursing home license.

A provider whose five-year period has expired or is expiring may request the Agency for Health Care Administration for an extension, not to exceed 30 percent of the total sheltered nursing home beds, if the utilization by residents of the nursing home facility in the sheltered beds will not generate sufficient income to cover nursing home facility expenses. Since the applicant is anticipating a profit in year two, the five-year extension may not apply.

Conclusion:

The applicant's ability to offer the proposed beds to those without a CCRC contract is limited to five years. Therefore, increased competition is not likely to be realized.

- f. Are the proposed costs and methods of construction reasonable? Do they comply with statutory and rule requirements? Section 408.035(1)(h), Florida Statutes; Ch. 59A-4, Florida Administrative Code.**

The reviewer confirms that based on written correspondence, dated September 13, 2012, from the Agency's Office of Plans & Construction, the proposed project, (Number 35/35961047-101-1) has been reviewed and approved by said office.

- g. Does the applicant have a history of providing 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(1)(i), Florida Statutes.**

The applicant states that Sinai Residences of Boca Raton is a planned CCRC. The project is designed to provide nursing care as a part of life care contracts and the applicant has previously stated plans to participate in the Medicare program. CCRC Operations is not proposing to participate in the Medicaid program and does not plan to provide care to Medicaid patients. The chart below shows the applicant's anticipated payer mix for the first two years of operation.

**Federation CCRC Operations Corp d/b/a Sinai Residences of Boca Raton
60-Bed Sheltered Nursing Facility**

Payer Mix	Year One Ending August 31, 2016		Year Two Ending August 31, 2017		Percent of Total Year One & Year Two Patient Days
	Admissions	Patient Days	Admissions	Patient Days	
Self-Pay	26	1,773	144	8,347	60.57%
Medicare	10	713	60	3,464	25.00%
LifeCare	5	366	35	2,044	14.43%
Total	41	2,852	239	13,855	100.0%

Source: CON application #10216, Schedule 7.

F. SUMMARY

Federation CCRC Operations Corp. d/b/a Sinai Residences at Boca Raton (CON application #10216), a development stage, Florida not-for-profit corporation, proposes to establish a 60-bed sheltered nursing facility as part of its CCRC to be constructed in Palm Beach County (District 9, Subdistrict 4) and within zip code 33428. The project is well within the ratio of one sheltered nursing home bed per four residential units required by Section 651.118(4) Florida Statutes. Based on the CCRC's projected size, the applicant could have proposed a sheltered nursing facility of up to 77 skilled nursing beds and still have remained within the statute.

The applicant proposes no conditions on its Schedule C.

Total project cost is \$24,594,292. The project involves 48,484 GSF of new construction (no renovation), with a total construction cost of \$8,882,003.

Need:

The proposed project is not submitted in response to the fixed need pool and is subject to expedited review in accordance with 59C-1.004(2)(a), Florida Administrative Code. Pursuant to Section 408.0435(3), Florida Statutes, the current moratorium on community nursing home beds does not apply to sheltered nursing home beds in a continuing care retirement community.

The applicant states that major reasons for the proposal are to satisfy the ever-growing elderly population and the need to extended insurance coverage options for long-term care.

Quality of Care:

The applicant will contract with Life Care Services, Inc. to provide management services for Sinai Residences of Boca Raton, including the proposed sheltered bed facility.

Life Care Services, Inc. manages two SNFs in Florida - East Ridge Retirement Village, Inc. and Waters Edge Extended Care. Agency records indicate these two facilities had a total of three substantiated complaints for the 36-month period ending January 6, 2014.

The applicant demonstrated the ability to provide quality care.

Cost/Financial Analysis:

For this project, it is uncertain if funding will be available as needed.

This project appears to be financially feasible.

With the applicant's ability to offer the proposed beds to those without a CCRC contract being limited to five years, increased competition is not likely to be realized.

Medicaid/Indigent Charity Care Commitment:

The applicant proposes no conditions for this project and does not propose to provide care to Medicaid, Medicaid HMO or charity care patients.

Architectural Analysis:

Effective September 13, 2012, the Office of Plans & Construction completed review and granted architectural approval to the proposed project (Number 35/35961047-101-1).

G. RECOMMENDATION

Approve CON #10216 to establish a 60-bed sheltered nursing facility in Palm Beach County, District 9, Subdistrict 4. The total project cost is \$24,594,292. The project involves 48,484 GSF of new construction and a total construction cost of \$8,882,003.

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: _____

James B. McLemore
Health Services and Facilities Consultant Supervisor
Certificate of Need

Jeffrey N. Gregg
Director, Florida Center for Health Information and Policy Analysis