

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

**A. PROJECT IDENTIFICATION:**

1. Applicant/CON Action No.

**Pelican Bay Retirement Services, Inc.**  
**d/b/a Premier Place at the Glenview/CON #10228**  
206 East 9<sup>th</sup> Avenue  
Mount Dora, Florida 32757

Authorized Representative: Ms. Andrea L. Burr  
Healthcare Research & Resources  
(352) 988-4022

2. Service District/Subdistrict

District 8/Subdistrict 8-2 (Collier County)

**B. PUBLIC HEARING:**

No public hearing was held or requested regarding the proposed project.

**Letters of Support**

**Pelican Bay Retirement Services, Inc. d/b/a Premier Place at the Glenview (CON application #10228)** includes five unduplicated letters of support, dated during March 12 through May 1, 2014. All are signed, individually composed and have a Collier County, Florida address.

Representative Matt Hudson, District 80, Florida House of Representatives, states that "The renovations and expansion will allow the facility to deliver excellent rehabilitation and healthcare services to the community".

Superintendent Kamela Patton, PhD, Collier County Public Schools, states that "The Glenview at Pelican Bay has been a strong partner of the Collier County Public School's Lorenzo Walker Institute of Technology

(LWIT) for more than five years”.<sup>1</sup> She states that The Glenview at Pelican Bay has been a valued clinical practice site for the school system’s practical nursing and certified nursing assistant programs, providing “clinical practice opportunities for 25 practical nursing students... and similar opportunities for 20 to 40 clinical nursing assistant students”. Dr. Patton comments that the applicant has accepted the school system’s dual enrollment students who “are often harder to place”. She also states her thanks to “all the staff members of The Glenview at Pelican Bay who are always pleasant, professional, courteous and very helpful in the education of our students”.

Howard Kapp, MD, NCH Physician Group, Department of Orthopedic Surgery, states he has sent “hundreds of patients to Premier Place and these patients have been uniformly pleased with the service and treatment they received and I have been impressed with the overall care and compassion provided”. He concludes that he supports the “renovation and expansion so that more patients can experience this excellent care”.

Karen Rollins, RN, MS, CHPN, President & CEO, Avow®, states her organization “has enjoyed a wonderful partnership” with the applicant “for many years”.<sup>2</sup> Ms. Rollins also states that “Premier Place and The Glenview are gems in our community”.

Gail S. T. Webster, Executive Vice President, Huntington Wealth Advisors, states having “always been a longtime supporter of The Glenview experience” and that “The Premier Place has always had an exceptional reputation when it comes to healthcare and especially rehab services”.

The reviewer notes that the application includes a two-page written agreement, signed by representatives of The Glenview at Pelican Bay and International College, effective October 24, 2006, renewing annually unless terminated by either party with ninety (90) days written notice. Among other commitments by both parties, the agreement indicates that International College will offer a \$100 per credit hour tuition discount in any semester for The Glenview at Pelican Bay employees who are enrolled and taking courses at International College.

<sup>1</sup> The Glenview at Pelican Bay is the applicant’s continuing care retirement community (CCRC), which consists of 118 private residences. Per the website at <http://lwit.edu/>, the Lorenzo Walker Institute of Technology is a post-secondary institution designed primarily to provide certificate and workforce development training to adults and Lorenzo Walker Technical High School juniors and seniors.

<sup>2</sup> Per the Agency’s Licensure records, “Avow” is licensed as Avow Hospice, Inc. and serves Hospice Service Area 8B (Collier County).

The application also includes a three-page written agreement, signed by representatives of the LWIT and Premier Place at the Glenview for the term of June 1, 2013 through May 31, 2015. Among rights and privileges of both parties, the agreement indicates that Premier Place at the Glenview will make available, to the extent reasonable, practice experience for LWIT students from appropriate programs.

Pelican Bay Retirement Services, Inc.'s Board of Directors resolution endorsing the project, signed by Board Secretary W. (William) M. Flatley on February 24, 2014 is also included in the application.

The reviewer notes that while some letters of support reference the proposed project as a "renovation and expansion" proposal, the project is the addition of seven sheltered nursing home beds involving 5,095 gross square feet (GSF) of new construction.

### **C. PROJECT SUMMARY**

**Pelican Bay Retirement Services, Inc. d/b/a Premier Place at the Glenview (CON application #10228)**, a subsidiary of Florida non-profit Pelican Bay Cooperative Housing Corporation, seeks to add seven sheltered nursing home beds to its existing 35-bed skilled nursing facility (SNF), Premier Place at the Glenview, located at 100 Glenview Place, Naples, Florida 34108 (District 8, Subdistrict 8-2, Collier County, Florida).

The applicant received its certificate of authority on October 1, 1996 from the Department of Financial Services to operate a CCRC in Florida, regulated under Chapter 651, Florida Statutes. The CCRC presently consists of 118 independent living units, no assisted living facility (ALF) beds, 21 community nursing home beds and 14 sheltered nursing home beds. The applicant could be approved for up to 29 sheltered skilled nursing beds. Premier Place at the Glenview presently has an extension pursuant to s. 651.118 (7) Florida Statutes, which allows its 14 sheltered nursing home beds to be used by persons who are not CCRC residents. This extension is set to expire December 31, 2016.

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 proposed total sheltered nursing home bed compliment of 21 beds is allowable.

The applicant proposes the following two conditions on its Schedule C.

- The parcel or address is 100 Glenview Place, Naples, Florida 34108.
- The new construction of seven sheltered skilled nursing home beds will occur on the current campus and adjoining the existing one-story skilled nursing facility. The resulting increase will result in a 42-bed skilled nursing home facility at Glenview at Pelican Bay.

However, the reviewer notes that the applicant indicates in Schedule C's Item E that it does not wish to accept any conditions.

Total project cost is \$1,913,031. The project involves 5,095 GSF of new construction, with no renovation, at a total construction cost of \$1,480,533. Total project cost includes the following: land, building, equipment, project development and financing costs.

Pelican Bay Retirement Services, Inc. anticipates the project to be licensed and operational on January 1, 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).

As part of the fact-finding, the consultant, Steve Love, analyzed the application with consultation from the financial analyst, Felton Bradley, Bureau of Central Services, who reviewed the financial data and Said Baniahmad 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 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.**

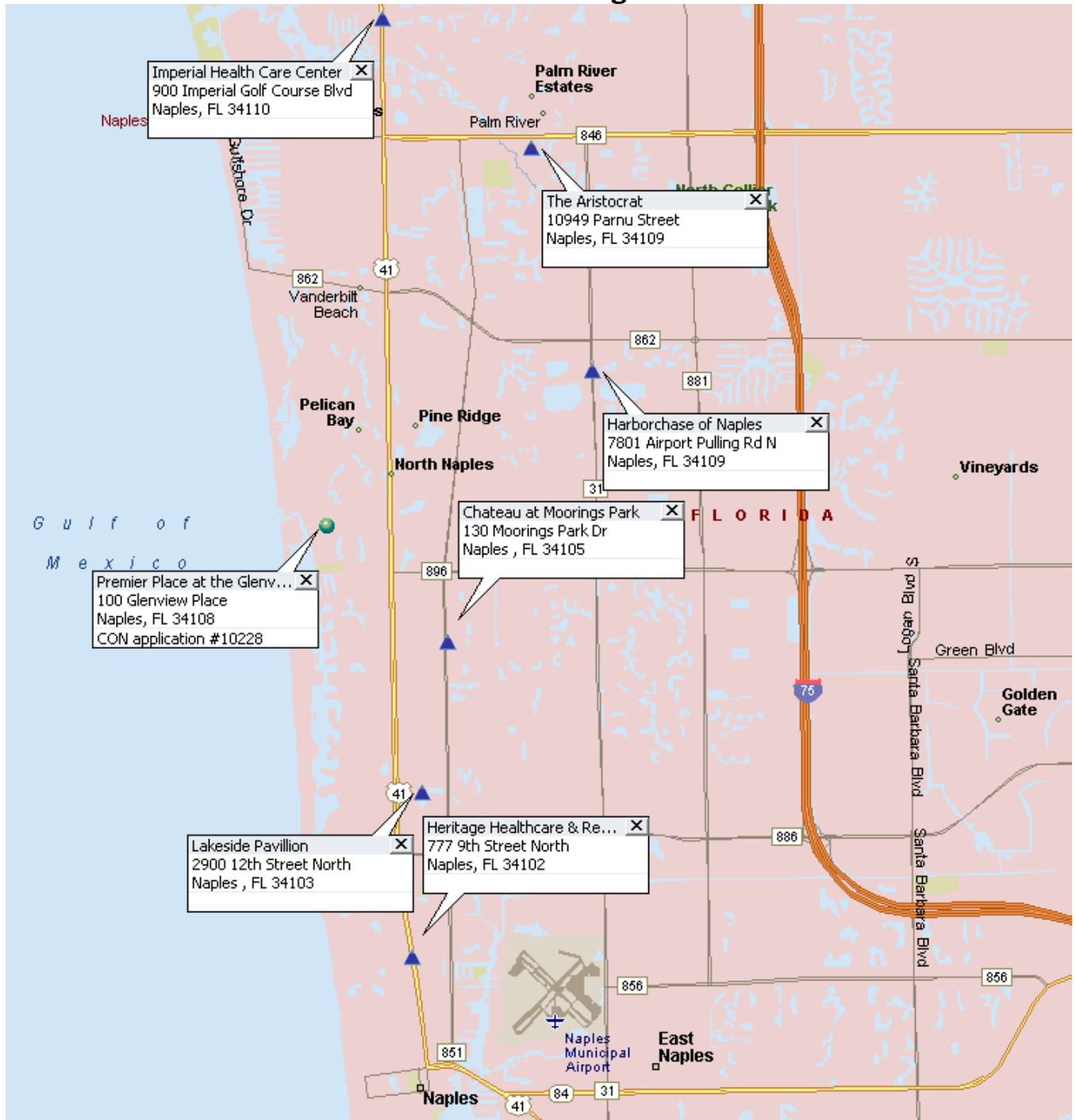
As noted above, this project is being reviewed under Rule 59C-1.004(2) (a), Florida Administrative Code. Expedited reviews may be submitted at any time and do not respond to fixed need pool publications. The applicant proposes to add seven sheltered nursing home beds to the SNF's existing 14 sheltered and 21 community nursing homes beds.

Pursuant to Section 651.118 (4) Florida Statutes and Rule 59C-1.037(1)(b), Florida Administrative Code, the applicant qualifies for up to 29 sheltered nursing home beds based on CCRC's 118 independent living units. This proposal seeks a compliment of 21 sheltered beds.

Pelican Bay Retirement Services, Inc. indicates that the occupancy of the CCRC's current compliment of SNF beds exceeded 85 percent for calendar year 2013—leaving only three beds available. The applicant maintains that the availability of only three beds interferes with bed-holds while nursing home residents may be in the hospital or out of the area for other treatment. Local health council utilization data indicates that Premier Place at the Glenview reported 3,049 CCRC resident patient days and 7,896 non-CCRC resident patient days during CY 2013. The 35-bed facility's total utilization during CY 2013 was 85.68 percent.

The map below shows the Premier Place at the Glenview and the SNFs within a five mile driving radius of the facility. The facilities and distance were obtained from the Agency's Florida HealthFinder website at <http://www.floridahealthfinder.gov/facilitylocator/facloc.aspx>.

**Pelican Bay Retirement Services, Inc. d/b/a  
Premier Place at the Glenview/CON application #10228 and SNFs  
within a Five-Mile Driving Distance**



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.

Pelican Bay Retirement Services, Inc. is not adding additional residential units. The applicant states that the proposed project “will be able to serve more residents needing skilled nursing services” and is “planned for the facility’s own residents” (CON application #10228, pages 2 and 5 of 9). As previously stated, the facility has an extension that allows it to serve non-CCRC residents in its 14 sheltered nursing home beds, which is set to expire December 31, 2016.

- 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.

Pelican Bay Cooperative Housing Corporation holds a certificate of authority (AL 00335), issued October 1, 1996. A copy was provided in CON application #10228’s appendix 1 entitled “Corporate Resources”. 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.**

The applicant does not address this criterion. However, the facility regularly reports utilization data to the local health council.

### **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.**

Pelican Bay Cooperative Housing Corporation holds a certificate of authority from the Department of Financial Services to operate a CCRC in Florida, regulated under Chapter 651, Florida Statutes. Based on 118 residential living units, the applicant is eligible for up to 29 sheltered nursing home beds. Premier Place at the Glenview is presently licensed for 21 community and 14 sheltered nursing home beds and is seeking approval for an additional seven sheltered nursing home beds. Ratios established in statute authorize sheltered nursing home beds for a CCRC in order to assure access to and availability of care. The proposed project is consistent with the statutory ratio.

The applicant indicates that the project will allow Premier Place at the Glenview to "be able to serve more residents needing skilled nursing services" and the project's seven beds are to be used CCRC residents.

Below are eight reasons offered by the applicant to justify the proposed project:

- Historical occupancy for the applicant's current complement of community nursing home beds indicates utilization exceeding 90 percent (First two quarters of 2013)
- Occupancy exceeded 85 percent for the last two quarters of 2013
- Significantly high community nursing home occupancy figures in District 8/Subdistrict 8-2 (Collier County)
  - were the highest of any subdistrict in District 8 and exceeded 90 percent (90.57 percent) for the first two quarters of 2013
  - exceeded every other subdistrict in District 8 for all of 2013
  - exceeded 85 percent for the last two quarters of 2013
- The total number of SNFs in Collier County is 10
- A total of 10 SNFs in the subdistrict may limit choices for the residents of The Glenview at Pelican Bay
- An existing 35 SNF bed complement at 90 percent occupancy means there are only three beds not in use at the current facility
- The lack of bed availability interferes with bed-holds while nursing home residents may be in a hospital, or out of the area for other treatment
- During the winter season, The Glenview at Premier Place has had difficulty placing their own residents due to the small numbers of beds available

The reviewer confirms that the nursing home bed utilization presented by the applicant is correct according to the Agency's *Florida Nursing Home Utilization by District and Subdistrict January 2013 – December 2013*, published April 4, 2014. Local health council utilization data indicates that Premier Place at the Glenview reported 3,049 CCRC resident patient days and 7,896 non-CCRC resident patient days during CY 2013. The 35-bed facility's total utilization during CY 2013 was 85.68 percent.

During the 12-month reporting period ending December 31, 2013, the subdistrict's 755 community nursing home beds averaged 88.23 percent occupancy compared to 81.18 percent for the district overall.

- 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.**

The applicant states “a good record of providing a high quality of care as evidenced by recent licensure surveys and other historical data” (CON application #10228, page 2 of 9).

Premier Place at the Glenview received an overall five-star inspection quality rating for the October 2011—March 2014 period, according to the Agency’s *Nursing Home Guide*.<sup>3</sup> The overall five-star rating was drawn from the following: quality of care, quality of life and administration (five stars each). The applicant received five of five stars for each of the following rating components: nutrition and hydration, restraints and abuse, pressure ulcers, decline and dignity. Premier Place at the Glenview is not a Gold Seal Program nursing facility. The facility is on the Agency’s Nursing Home Watch List as a result of its having a conditional license during August 28, 2012 – September 28, 2012.

Agency licensure records indicate that the applicant had no substantiated complaints during the three-year period ending June 6, 2014.

- 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 \$1,913,031 and year two’s operating costs of \$5,121,046. The parent company (Pelican Bay Cooperative Housing Corp.) submitted audited financial statements for the periods ending December 31, 2013 and 2012. The Agency analyzed the audited financial statements to evaluate the applicant’s ability to provide the capital and operational funding necessary to implement this project.

<sup>3</sup> Source: <http://www.floridahealthfinder.gov/CompareCare/CompareFacilities.aspx> last updated May 2014.

**Short-Term Position:**

The parent's current ratio of 1.3 is below average and indicates current assets are 1.3 times current liabilities, a weak position. The ratio of cash flow to current liabilities of 0.7 is below average and a slightly weak position. The working capital (current assets less current liabilities) of \$807,674 is a measure of excess liquidity that could be used to fund capital projects. Overall, the parent has a weak short-term position (see Table 1 below).

**Long-Term Position:**

The parent company has no long-term debt. This indicates that the parent has some leverage to borrow against if necessary, a good position. The most recent year had an operating loss of \$99,201, which resulted in a total margin of negative 0.7 percent. Overall, the applicant has an adequate long-term position (see Table 1 below).

It should be noted that the Office of Insurance Regulation requires CCRCs to maintain a minimum liquid reserve in an amount equal to the aggregate amount of all principal and interest payments due during the fiscal year on any mortgage loan or other long-term financing of the facility, including taxes and insurance.

**Capital Requirements:**

Schedule 2 listed capital projects totaling \$7.9 million, which includes \$1.9 million for the CON application subject to this review.

**Available Capital:**

The audited financial statements for the most recent year ended December 31, 2013, show cash and cash equivalents of approximately \$1.4 million, cash and cash equivalents-designated in an amount of \$60,757 with \$807,674 in working capital. The audit shows operating cash flows of \$1.9 million, with an operating loss of \$99,201 which resulted in an operating margin of negative 0.7 percent.

Funding for this project would come from Northern Trust in the amount of \$5.0 million with the remainder coming from investments listed in the audit. The applicant mentioned by note that the funding for the construction loan is in the negotiating stage. Funding for this project is dependent on the parent's ability to obtain its proposed debt financing.

Section 651.118(5) Florida Statutes, requires a certificate of authority prior to construction of a sheltered bed. The parent company currently has a certificate of authority dated October 1, 1996, 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 unless the applicant obtains a certificate of authority from the Office of Insurance Regulation.

<b>Table 1</b> <b>CON application #10228 - Pelican Bay Retirement Services, Inc.,</b> <b>d/b/a Premier Place at Glenview</b>		
	<b>12/31/13</b>	<b>12/31/12</b>
Current Assets	\$3,472,951	\$4,147,919
Cash and Cash Equivalents	\$1,369,140	\$1,413,688
Cash and Cash Equivalents-Designated	\$60,757	\$509,900
Total Assets	\$39,688,613	\$39,915,217
Current Liabilities	\$2,665,277	\$2,699,705
Total Liabilities	\$2,665,277	\$2,699,705
Net Assets	\$37,023,336	\$37,215,512
Total Revenues	\$14,577,373	\$14,879,926
Interest Expense	\$0	\$0
Excess of Revenues Over Expenses	(\$99,201)	(\$1,002,307)
Cash Flow from Operations	\$1,921,066	\$802,854
Working Capital	\$807,674	\$1,448,214
<b>FINANCIAL RATIOS</b>		
	<b>12/31/13</b>	<b>12/31/12</b>
Current Ratio (CA/CL)	1.3	1.5
Cash Flow to Current Liabilities (CFO/CL)	0.7	0.3
Long-Term Debt to Net Assets (TL-CL/NA)	0.0	0.0
Times Interest Earned (ER+Int/Int)	N/A	N/A
Net Assets to Total Assets (NA/TA)	93.3%	93.2%
Total Margin (ER/TR)	-0.7%	-6.7%
Return on Assets (ER/TA)	-0.2%	-2.5%
Operating Cash Flow to Assets (CFO/TA)	4.8%	2.0%

### **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 6A, the applicant's projected certified and licensed nursing staffing exceeds the minimum levels required for year one and year two.

**Projected Direct Care Staffing Table**

<b>FTE Nurses/Aides</b>	<b>Minimum Requirements</b>	<b>1<sup>st</sup> Year 2016</b>	<b>2<sup>nd</sup> Year 2017</b>
Nurses	1.0 hour of direct care per resident	1.75 hours	1.47 hours
Aides	2.5 hours of direct care per resident	3.18 hours	2.68 hours

Source: CON application #10228, Schedule 6A.

Pelican Bay Retirement Services, Inc., projects 2.6 (0.7 FTEs each for RNs and LPNs and 1.2 FTEs for nurses' aides) incremental FTEs, for the year ended 2013. The applicant does not offer a year one (ending 2016) and a year two (ending 2017) FTE estimate, for the proposed project.

The applicant's Schedule 6A shows that as of 2013, the facility had 54.3 FTEs which will increase to 56.9, pursuant to the proposed project. The schedule does not indicate the year the incremental increase is to occur.

**Conclusion:**

Funding for this project is in question. It should be noted that the Office of Insurance Regulation will not allow this project to move forward without proof of sufficient capital reserves.

**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. This project is part of a CCRC and is projecting no Medicaid utilization. Therefore, the Agency selected 10 skilled nursing facilities with low Medicaid utilization. The average price adjustment factor used was 2.0 percent per year based on the new CMS Market Basket Price Index as published in the 4th Quarter 2013 Health Care Cost Review.

Projected net revenue per patient day (NRPD) of \$360 in year one and \$372 in year two falls between the control group median and low values of \$782 and \$212 in year one and \$805 and \$218 in year two. With net revenues between the median and low values in the control group, the facility is expected to consume health care resources in proportion to the services provided (see Tables 2 and 3 below). Projected revenues appear to be reasonable.

Anticipated costs per patient day (CPD) of \$420 in year one and \$371 in year two are between the control group median and lowest values of \$726 and \$291 in year one \$746 and \$299 in year two. The lowest level in the group is generally viewed as the practical lower limit on cost efficiency. With CAPD between the median and lowest in the peer group, costs are considered to be efficient. The applicant is projecting a decrease in CPD between year one and year two of approximately 13.2 percent. As the occupancy rate increases from 77.2 percent in year one to 90.0 percent in year two, CPD would be expected to decrease through economies of scale. Overall, costs appear to be reasonable (see Table 2).

Section 400.23(3)(a)(1) Florida Statutes, specifies a minimum weekly average of certified nursing assistant (CNA) and license nurse staffing combined of 3.6 hours of direct care per resident per day. In addition, a minimum CNA staffing of 2.5 hours of direct care per resident per day, with a minimum of one CNA per 20 residents is required.

For licensed nurses, a minimum licensed nurse staffing of 1.0 hour of direct resident care per resident day, with a minimum of one licensed nurse per 40 residents must be maintained.

Based on the information provided in Schedule 6A of the application, the applicant projected certified nurse assistants and licensed nurse staffing that exceeds the minimum levels required for year one and year two (see Projected Direct Care Staffing Table above).

The year two operating profit for the skilled nursing facility of \$13,789 computes to an operating margin per patient day of \$1, which is between the control group median and lowest values of \$35 and negative \$71. Operating income appears reasonable.

**Conclusion:**

Assuming the applicant is able to acquire the financing needed for construction and working capital, this project appears to be financially feasible.



**TABLE 2**

**CON application #10177**

**SELECT FY 2010/2011**

**COST REPORT DATA**

	Dec-16 YEAR 2 <u>ACTIVITY</u>	YEAR 2 ACTIVITY <u>PER PAT. DAY</u>	VALUES ADJUSTED FOR INFLATION		
			<u>Highest</u>	<u>Median</u>	<u>Lowest</u>
ROUTINE SERVICES	5,949,000	401	339	286	257
ANCILLARY SERVICES	966,000	65	327	165	106
OTHER OPERATING REVENUE	0	0	775	3	1
<b>GROSS REVENUE</b>	<b>6,915,000</b>	<b>466</b>	<b>774</b>	<b>14</b>	<b>2</b>
DEDUCTIONS FROM REVENUE	954,252	64	0	0	0
<b>NET REVENUES</b>	<b>5,960,748</b>	<b>402</b>	<b>1,013</b>	<b>514</b>	<b>392</b>
<b>EXPENSES</b>					
ADMINISTRATIVE	921,000	62	304	105	82
ANCILLARY	837,776	56	0	0	0
PATIENT CARE	2,160,000	146	279	157	142
PROPERTY	1,107,909	75	289	38	12
OTHER	45,000	3	0	0	0
<b>TOTAL EXPENSES</b>	<b>5,071,685</b>	<b>342</b>	<b>1,039</b>	<b>413</b>	<b>338</b>
OPERATING INCOME	889,063	60 14.9%	95	46	-22
PATIENT DAYS	14,829		VALUES NOT ADJUSTED		
TOTAL BED DAYS AVAILABLE	16,104		FOR INFLATION		
TOTAL NUMBER OF BEDS	44		<u>Highest</u>	<u>Median</u>	<u>Lowest</u>
PERCENT OCCUPANCY	92.08%		95.8%	90.6%	70.4%
PAYER TYPE	<u>PATIENT DAYS</u>	<u>% TOTAL</u>			
SELF PAY	9,637	65.0%			
MEDICAID	0	0.0%	28.2%	27.2%	14.3%
MEDICARE	3,710	25.0%	66.0%	38.4%	13.9%
INSURANCE	0	0.0%			
HMO/PPO	0	0.0%			
OTHER	1,482	10.0%	0.0%	0.0%	0.0%
TOTAL	14,829	100.0%			

**TABLE 3**

**CON application #10228**

**SELECT FY 2011/2012**

**COST REPORT DATA**

	Dec-17 YEAR 2	YEAR 2 ACTIVITY PER PAT. DAY	VALUES ADJUSTED FOR INFLATION		
	<u>ACTIVITY</u>	<u>PER PAT. DAY</u>	<u>Highest</u>	<u>Median</u>	<u>Lowest</u>
ROUTINE SERVICES	4,801,356	348	339	291	263
ANCILLARY SERVICES	1,928,928	140	684	-104	-306
OTHER OPERATING REVENUE	57,300	4	1,622	258	-42
<b>GROSS REVENUE</b>	<b>6,787,584</b>	<b>492</b>	<b>1,622</b>	<b>535</b>	<b>2</b>

DEDUCTIONS FROM REVENUE

**NET REVENUES**

1,652,748	120	0	0	0
<b>5,134,836</b>	<b>372</b>	<b>2,036</b>	<b>805</b>	<b>218</b>

**EXPENSES**

ADMINISTRATIVE	1,725,584	125	461	210	36
ANCILLARY	1,384,178	100			
PATIENT CARE	1,720,433	125	431	243	152
PROPERTY	290,852	21	563	130	10
OTHERS	-1	0			
<b>TOTAL EXPENSES</b>	<b>5,121,046</b>	<b>371</b>	<b>1,771</b>	<b>746</b>	<b>299</b>

OPERATING INCOME

13,790

1  
0.3%

231 35 -71

PATIENT DAYS

13,797

VALUES NOT ADJUSTED

TOTAL BED DAYS AVAILABLE

15,330

FOR INFLATION

TOTAL NUMBER OF BEDS

42

Highest Median Lowest

PERCENT OCCUPANCY

90.00%

96.8% 87.6% 73.2%

PAYER TYPE

PATIENT DAYS

% TOTAL

SELF PAY

2,983

21.6%

MEDICAID

0

0.0%

26.0% 20.5% 3.9%

MEDICARE

7,164

51.9%

66.0% 17.6% 11.1%

INSURANCE

0

0.0%

HMO/PPO

0

0.0%

OTHER

3,650

26.5%

TOTAL

13,797

100.0%

**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. The applicant presently has 21 community and 14 sheltered nursing home beds. The sheltered beds have a five-year extension which allows them to be used by non-CCRC residents that is set to expire December 31, 2016.

**Conclusion:**

The applicant does not propose to use project's seven beds for residents who do not have a CCRC contract. 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 applicant proposes to renovate the entire 35-bed SNF (Premier Place at the Glenview), add seven sheltered nursing beds there and expand its physical therapy facility on the campus of The Glenview at Pelican Bay, a CCRC in Naples, Collier County. The plans and project narrative indicate the proposed facility will be a two-story building and fully sprinklered. The construction type is listed as Florida Building Code (FBC) type IIA. Construction type is sufficient for the occupancy and the building size is allowed to be increased under the FBC's "building area modification" section.

The existing SNF is on the top level of a two-story building. It is one story above a level of on-grade parking. The proposed addition is also on the top level.

All beds will be located in private rooms, with attached private toilet/shower rooms. The new resident rooms exceed the minimum area requirements of the FBC. All rooms appear to be designed to meet accessibility standards. The dining and activity areas will be centralized and all other required functional spaces are adequately sized and centrally located.

According to the architectural plans and narrative, the entire building will comply with all new codes and standards, including all exterior units and the emergency generator system. The proposed facility will be divided into smoke compartments as required by the applicable codes.

Overall the proposed project, as submitted, is designed to be functional and efficient and does not indicate any major impediments that would prevent the design and construction of a code compliant facility.

Based on the analysis of actual cost data of a similar project, the estimated construction costs appear to be within the expected range.

The schedule for construction from the time of building permit to final inspection is reasonable.

The plans submitted with this application were schematic in detail with the expectation that they will necessarily be revised and refined during the Design Development (Preliminary) and Contract Document Stages. The architectural review of the 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 owner.

- 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 it “does not have any past, nor proposed, provision of services to Medicaid patients and the medically indigent” (CON application #10228, page 4 of 9). Further, “the applicant does not propose to provide services to Medicaid eligible individuals, nor has it provided Medicaid services in the past” (CON application #10228, page 9 of 9). The chart below shows the applicant’s anticipated payer mix.

**Seven Sheltered Bed Addition  
Projected Admissions and Patient Days by Payer**

Payer Mix	Year One Ending 2016		Year Two Ending Ending 2017		Percent of Total Year One & Year Two Patient Days
	Admissions	Patient Days	Admissions	Patient Days	
Medicare	116	2,273	117	2,300	100.0%
<b>Total</b>	<b>116</b>	<b>2,273</b>	<b>117</b>	<b>2,300</b>	<b>100.0%</b>

Source: CON application #10228, Schedule 7.

## F. SUMMARY

**Pelican Bay Retirement Services, Inc. d/b/a Premier Place at the Glenview (CON application #10228)**, seeks to add seven sheltered nursing home beds to its existing 35-bed skilled nursing facility in District 8, Subdistrict 8-2, Collier County, Florida. The applicant's present facility has 21 community and 14 sheltered nursing home beds. The existing 14 sheltered beds have an extension pursuant to s. 651.118(7) Florida Statutes, which allows them to be used by non-CCRC residents through December 31, 2016.

Pelican Bay Retirement Services, Inc.'s CCRC has 118 independent living units and the seven-bed addition would result in 21 sheltered beds. The proposed project complies with 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 current SNF bed count, the applicant could be approved for up to 29 sheltered nursing home beds.

The applicant proposes the following two conditions on its Schedule C.

- The parcel or address is 100 Glenview Place, Naples, Florida 34108.
- The new construction of seven sheltered skilled nursing home beds will occur on the current campus and adjoining the existing one-story skilled nursing facility. The resulting increase will result in a 42-bed skilled nursing home facility at Glenview at Pelican Bay.

However, the reviewer notes that Item E of Schedule C indicates that the applicant does not wish to accept any conditions.

Total project cost is \$1,913,031. The project involves 5,095 GSF of new construction, with no renovation, at a total construction cost of \$1,480,533.

**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 CCRC.

The applicant indicates the proposed project would enhance the choices available for retirees living in the Naples, Florida area and that this is especially true for the residents of The Glenview at Pelican Bay. The applicant also indicates that the proposed project “will be able to serve more residents needing skilled nursing services” and is “planned for the facility’s own residents”.

Pelican Bay Retirement Services, Inc. maintains that high utilization of nursing home services in Subdistrict 8-2 as well as the lack of SNF facilities in the subdistrict limits choices for its residents. In addition, the current facility’s small bed compliment often leads to a lack of bed availability and difficulty in placing the CCRC’s own residents.

**Quality of Care:**

Premier Place at the Glenview received an overall five-star inspection quality rating (of a possible five-of-five), according to the Agency’s *Nursing Home Guide* (last updated May 2014). The reviewer notes that the facility is currently on the Nursing Home Watch List.

Agency records indicate that Premier Place at the Glenview had no substantiated complaints during the three-year period ending June 6, 2014.

The applicant demonstrates the ability to provide quality care.

**Cost/Financial Analysis:**

Funding for this project is in question.

Assuming the applicant is able to acquire the financing needed for construction and working capital, this project appears to be financially feasible.

**Medicaid/Indigent Charity Care Commitment:**

The applicant proposes no Medicaid, Medicaid HMO or charity/indigent care patient day conditions for this project. The applicant further indicates that Medicare will comprise all (100 percent) of the seven-bed project's year one and year two patient days.

**Architectural Analysis:**

All beds will be located in private rooms, with attached private toilet/shower rooms.

According to the architectural plans and narrative, the entire building will comply with all new codes and standards. Overall the proposed project as submitted is designed to be functional and efficient and does not indicate any major impediments that would prevent the design and construction of a code compliant facility.

The estimated construction costs and project completion forecast appear to be reasonable.

**G. RECOMMENDATION**

Approve CON #10228 to add seven sheltered nursing home beds to Premier Place at the Glenview in District 3, Subdistrict 2, Collier County. The total project cost is \$1,913,031. The project involves 5,095 GSF of new construction, with no renovation and a total construction cost of \$1,480,533.

**CONDITIONS:**

- (1) The address is 100 Glenview Place, Naples, Florida 34108.
- (2) The construction of the seven sheltered skilled nursing home beds will be on the current campus adjoining the existing skilled nursing facility.

**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**