

STATE AGENCY ACTION REPORT
ON APPLICATION FOR CERTIFICATE OF NEED

A. PROJECT IDENTIFICATION

1. Applicant/CON Action Number

Lehigh Acres NH, L.L.C./CON #10239

4042 Park Oaks Blvd., Suite 300
Tampa, Florida 33610

Authorized Representative: Ronald J. Swartz
Vice President and CFO
(813) 675-2341

2. Service District/Subdistrict

District 8/ Subdistrict 5 (Lee County)

B. PUBLIC HEARING

A public hearing was not held or requested on the proposed project to add 20 community nursing home beds through delicensure of 20 community nursing home beds in the same subdistrict.

C. PROJECT SUMMARY

Lehigh Acres NH, L.L.C. (CON application #10239) proposes to add 20 community nursing home beds to Lehigh Acres Health and Rehabilitation Center through the delicensure of 20 community nursing home beds at Shell Point Nursing Pavilion-Fort Myers in Lee County. Upon approval of the proposed project, Shell Point Nursing Pavilion-Fort Myers agrees to voluntarily relinquish 20 beds. Both facilities are located in District 8, Subdistrict 5. Therefore, no new beds would be added to the subdistrict upon implementation of this project.

Lehigh Acres is a 110-bed skilled nursing facility (SNF) operated under parent company Greystone Healthcare Management Corporation. The applicant states the parent company manages 26 skilled nursing facilities and one Assisted Living facility in Florida. Additionally, Greystone manages one facility in Ohio. The reviewer notes Greystone recently acquired eight licenses through change of ownership application. The total number of SNFs Greystone operates in Florida is 26.

Total project cost is \$860,011. The project involves 3,188 gross square feet (GSF) of renovation. The renovation cost is \$18,000. Total project costs include: building, equipment and project development costs.

The applicant proposes no conditions on its Schedule C.

D. REVIEW PROCEDURE

The evaluation process is structured by the certificate of need review criteria found in Section 408.035, Florida Statutes (F.S.); and applicable rules of the State of Florida, Chapters 59C-1 and 59C-2, Florida Administrative Code (F.A.C.). 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, applications are comparatively reviewed to determine which applicant(s) best meets the review criteria.

Rule 59C-1.010(3) (b), F.A.C., 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.

As part of the fact-finding, the consultant, Dwight Aldridge analyzed the application with consultation from the financial analyst, Derron Hillman, Bureau of Central Services, who evaluated 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 indicate the level of conformity of the proposed project with the criteria and application content requirements found in F.S., sections 408.035 and 408.037; applicable rules of the State of Florida, Chapter 59C-1 and 59C-2, F.A.C.

1. Fixed Need Pool

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

Lehigh Acres Health and Rehabilitation Center proposes to add 20 community nursing home beds to its facility through the delicensure of 20 community nursing home beds at Shell Point Nursing Pavilion-Fort Myers (Both located in District 8, Subdistrict 5).

Section 408.036(2) (d), F.S., provides for the:

“Relocation of a portion of the nursing home’s licensed beds to a facility within the same district, if the location is within a 30-mile radius of the existing facility and the total number of nursing home beds in the state does not increase.”

The reviewer confirms that the facilities are located within 30 miles of each other and the total number of nursing homes in the state does not increase. In CON application #10239, Exhibit 1-1, the applicant provides a notarized letter from the authorized licensee of the facility from which the beds are being relocated, certifying that the beds will be de-licensed should the CON be awarded to the applicant.

Expedited reviews may be submitted at any time and do not respond to fixed need pool publications.

2. Agency Rule Preferences

The following Florida Administrative Rule criteria applies to the project.

- a. Relocation of a portion of the nursing home’s licensed beds to a licensed facility within the same district, if the relocation is within a 30-mile radius of the existing facility and the total number of nursing home beds in the district does not increase. (Rule 59C-1.004 (2) (d) F.A.C.).**

The applicant indicates the facilities are within a 30-mile radius of each other and are both located in District 8, Subdistrict 5. Lehigh Acres Health and Rehabilitation Center is located at 1500 Lee Blvd., Lehigh Acres, Florida 33936. Shell Point Nursing Pavilion is located at 15071 Shell Point Blvd, Fort Myers, Florida 33908. These District 8 facilities are separated by approximately 21.81 miles, per the Agency's FloridaHealthFinder.gov website.

- b. Applications submitted under this paragraph must be submitted by the licensed nursing home proposing to add the beds. Notarized letter from the facility from which the beds are being relocated must be submitted certifying that beds will be delicensed should the CON be awarded to the applicant. (Rule 59C-1.004 (2) (d) 1. F.A.C.).**

A notarized letter from Peter Dys, authorized representative of The Christian and Missionary Alliance Foundation, Inc., the licensee of Shell Point Nursing Pavilion-Fort Myers, agreeing to de-license 20 community nursing home beds should the proposed project be approved is included in Exhibit 1-1 of CON application #10239.

- c. The relocation of beds under this paragraph shall be limited to a portion of beds such that the occupancy rate of the remaining licensed beds of the facility from which beds are being relocated does not exceed 94 percent. (Rule 59C-1.004 (2) (d) 2. F.A.C.).**

For the 12-month period ending June 30, 2014, Lehigh Acres reported 35,539 patient days for an occupancy rate of 88.52 percent and Shell Point Village reported 36,694 patient days for an occupancy rate of 62.49 percent. The reviewer confirmed this data through the *Florida Nursing Home Bed Need Projections by District and Subdistrict*. If Shell Point's current total number of community beds was reduced from 160 to 140, the resulting bed days of 36,694 would yield an occupancy rate of 71.81 percent. The applicant is in compliance with this rule.

- d. Utilization Reports. Within 45 days after the end of each calendar quarter, facilities with nursing facility beds licensed under Chapter 400, F.S. 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 which were Medicaid patients. (Rule 59C-1.035 (5) F.A.C.).**

Lehigh Acres says it will provide the required data to the Health Planning Council of Southwest Florida, Inc. and to the Agency.

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? ss. 408.035 (1) (b) and (e), F.S.**

Availability and Accessibility

Lehigh Acres states that relocating 20 beds within Lee County (Subdistrict 8-5) will have a positive effect on bed availability, as the beds will move from an area of high availability, Fort Myers, to one with lower availability, Lehigh Acres. The applicant indicates that Lehigh Acres is the only facility located in the eastern part of Lee County and the only skilled nursing facility within a 10-mile radius. Lehigh Acres notes that the total number of beds will remain the same in the district and subdistrict with approval of the proposed project.

The applicant asserts that the effect of moving the beds will be positive within the subdistrict and that the overall impact of relocating these beds will have no effect on the number of beds per 1,000. Lehigh Acres maintains that access will be improved for the residents of this subdistrict as the applicant is the only nursing facility located in the eastern part of the county.

Lehigh Acres provides the following chart showing that Lee County has the second lowest number of beds per 1,000 population within the district and has a lower bed ratio than the district and the state.

Availability of SNF Beds in District 8 Before and After the Project

Subdistrict	County	BEFORE BED RELOCATION			AFTER BED RELOCATION		
		July 2014 Pop 65+	Community Beds 7/1/14	Beds per 1,000	July 2017 Pop 65+	Community Beds 7/1/2017	Beds Per 1,000
8-1	Charlotte	58,521	1,108	19	62,099	1,108	18
8-2	Collier	93,339	755	8	105,540	755	7
8-3	DeSoto	6,463	118	18	6,883	118	17
8-4	Glades	2,977	-	-	3,263	-	-
8-4	Hendry	4,823	248	51	5,228	248	47
8-5	Lee	160,882	2,018	13	181,011	2,018	11
8-6	Sarasota	126,157	2,978	24	137,154	2,978	22
	District 8	453,162	7,225	16	498,128	7,225	15
	State	3,595,188	80,074	22	3,956,602	80,458	20

Applicant's note: The 238 approved beds in the statewide bed inventory are included in the bed count for 2017
Source: CON application #10239, page 1-7

Lehigh Acres notes that Lee County has the largest number of persons aged 65 years or older when compared to other counties in District 8.

Additionally, the applicant indicates that Lee County has the highest growth rate when compared to other counties within the district and the state. The chart below illustrates the calculated annual growth rate (CAGR) for each geographic area.

**Population Estimates and Growth by County, District and Florida
Persons Aged 65 Years and Older
July 1st of Each Year**

County	7/1/13	7/1/14	7/1/15	7/1/16	7/1/17	CAGR
Charlotte	57,788	58,521	59,375	60,678	62,099	1.8%
Collier	91,241	93,339	95,806	99,074	102,540	2.96%
DeSoto	6,376	6,463	6,576	6,711	6,833	1.75%
Glades	2,910	2,977	3,062	3,166	3,263	2.90%
Hendry	4,687	4,823	4,976	5,107	5,228	5.77%
Lee	156,596	160,882	166,124	173,419	181,011	3.69%
Sarasota	123,813	126,157	129,095	133,096	137,154	2.59%
District 8	443,411	453,162	465,014	481,251	498,128	2.95%
Florida	3,504,564	3,595,188	3,699,657	3,827,023	3,956,502	3.08%

Source: CON application #10239, page 1-6

The applicant concludes by stating the proposed project will ensure availability of beds within Subdistrict 8-5—a subdistrict where fewer beds are available in comparison to other areas of the district and state.

Quality of Care

Lehigh Acres notes that it received an overall rating of three stars for the facility based on Florida's nursing home rating system and an overall rating of five stars from the Centers for Medicare and Medicaid Services (CMS). The reviewer notes that according to FloridaHealthFinder.gov, for the most recent rating period (April 2012-September 2014—last updated November 2014), the facility received an overall rating of four stars based on Florida's nursing home rating system.

The applicant contends quality improvement for residents of Subdistrict 8-5 will occur through improved availability of local beds and better access to quality care for residents. After implementation Lehigh Acres Health and Rehabilitation Center will increase its number of community nursing home beds from 110 to 130 beds, preserving the number of community beds within the planning area. Once the renovation is complete the facility will have 22 private rooms and 54 semi-private rooms.

Extent of Utilization

In reference to utilization the applicant discusses the five-year period beginning in 2009 ending December 31, 2013. The applicant states that Lee County has experienced a significant growth in nursing home utilization in the past five years with occupancy levels rising from 81 percent in 2009 to 84 percent in 2013.

Lehigh Acres indicates that based on historical utilization and population growth expectations, the 20-bed addition will achieve 77.45 percent occupancy in the first year and 90.00 percent in the second year. The applicant states that the overall facility occupancy is estimated at 91.10 percent in the first year and 92.31 percent in the second year. Lehigh Acres notes that an average daily census of 15 residents in the new beds and 118 in the total facility is expected in the first year, and 18 residents in the new beds with 122 in the total facility in the second year. See the table below.

**Projected Utilization at Lehigh Acres Health and Rehabilitation Center
First Two Years of the 20-Bed Addition**

20-Bed Addition	Patient Days	Occupancy Rate	ADC
Year 1 Ending June 30, 2016	5,654	77.45%	15
Year 2 Ending June 30, 2017	6,588	90.00%	18
Total Facility of 130 Beds			
Year 1 Ending June 30, 2016	43,228	91.10%	118
Year 2 Ending June 30, 2017	49,920	92.31%	122

Source: CON application #10239, page 1-15

- b. Does the applicant have a history of providing quality of care? Has the applicant demonstrated the ability to provide quality of care? Is the applicant a Gold Seal Program nursing facility that is proposing to add beds to an existing nursing home? ss. 408.035 (1) (c) and (j), F.S.**

The applicant indicates their facility is managed by an experienced nursing home operator, as parent company Greystone currently runs 26 successful SNFs in Florida. Lehigh Acres Health and Rehabilitation Center notes that it received the Bronze Award for Outstanding Quality of Care in 2012 from the American Health Care Association and National Center for Assisted Living (AHCA/NCAL). The applicant notes nine other Greystone facilities received this award in 2012.

The applicant states that it has taken advantage of the Florida Health Care Association (FHCA) Quality Credentialing Program. The FHCA's credentialing process includes an internal and external review process of quality issues, which the applicant discusses in "Quality of Care" CON application #10239, pages 4-7 to 4-11. Copies of Greystone's Quality

Improvement Programs, Risk Management/Quality Assurance Standards and Guidelines and Quarterly Systems Review Forms are included in Exhibit 4-2 of CON application #10239. The applicant also discusses the role of the resident council to address concerns and topics of interest and provides a sample activities calendar.

Lehigh Acres states they achieved an overall inspection score of three-stars, on their most recent Agency inspection. The reviewer verified the rating on FloridaHealthFinder.gov. The Agency's Nursing Home Guide was last updated August 2014. Lehigh Acres is not a Gold Seal Program nor is it on the Nursing Home Watch List.

The applicant also explains its commitment to voluntary quality improvement programs that guide Greystone facilities now and into the future. Greystone is committed to a Quality Assurance and Performance Improvement Plan (QAPI). When fully implemented, the QAPI should address clinical care, quality of life, resident choice and care transitions.

Lehigh Acres had no substantiated complaints during the three-year period ending November 6, 2014. Lehigh Acres' parent company Greystone operates 26 SNFs in Florida. Greystone affiliated SNFs had 56 substantiated complaints at 15 facilities during the above mentioned three-year period. The substantiated complaint categories are listed below.

Greystone Healthcare Management Corporation Complaints	
13 Substantiated Complaint Categories for the Past 36 Months	
Complaint Category	Number Substantiated
Physical Environment	7
Quality of Care/Treatment	35
Resident/Patient/Client Rights	7
Resident/Patient/Client Assessment	5
Resident/Patient/Client Abuse	2
Dietary Services	1
Admission, Transfer & Discharge Rights	4
Administration/Personnel	3
Nursing Services	3
Infection Control	4
Unqualified Personnel	2
Physician Services	1
Falsification of Records/Reports	1

Source: Florida Agency for Healthcare Administration Complaint Records

- c. What resources, including health manpower, management personnel and funds for capital and operating expenditures, are available for project accomplishment and operation? ss. 408.035 (1) (d), F.S.**

The purpose of our analysis for this section is to determine if the applicant has access to the funds necessary to fund this and all capital

projects. Our review includes an analysis of the short and long-term position of the applicant, parent, or other related parties who will fund the project. The analysis of the short and long-term position is intended to provide some level of objective assurance on the likelihood that funding will be available. The stronger the short term position, the more likely cash on hand or cash flows could be used to fund the project. The stronger the long-term position, the more likely that debt financing could be achieved if necessary to fund the project. We also calculate working capital (current assets less current liabilities) a measure of excess liquidity that could be used to fund capital projects.

Historically we have compared all applicant financial ratios regardless of type to bench marks established from financial ratios collected from Florida acute care hospitals. While not always a perfect match to a particular CON project it is a reasonable proxy for health care related entities. The below is an analysis of the audited financial statements of Greystone Healthcare Holdings, LLC and Subsidiaries (Parent) and where the two short term and long-term measures fall on the scale (highlighted in gray) for the most recent year.

Greystone Healthcare Holdings, LLC		
	Dec-13	Dec-12
Current Assets	\$9,647,879	\$6,844,980
Total Assets	\$26,352,203	\$22,913,227
Current Liabilities	\$18,380,197	\$3,122,730
Total Liabilities	\$18,380,197	\$18,327,250
Net Assets	\$7,972,006	\$4,585,977
Total Revenues	\$37,883,777	\$32,982,871
Excess of Revenues Over Expenses	\$3,386,029	\$2,034,280
Cash Flow from Operations	\$2,495,126	\$2,362,010
Short-Term Analysis		
Current Ratio (CA/CL)	0.5	2.2
Cash Flow to Current Liabilities (CFO/CL)	13.58%	75.64%
Long-Term Analysis		
Long-Term Debt to Net Assets (TL-CL/NA)	0.0%	331.5%
Total Margin (ER/TR)	8.94%	6.17%
Measure of Available Funding		
Working Capital	(\$8,732,318)	\$3,722,250

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% - 100% 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 \$837,450 which includes this project. The applicant indicates on Schedule 3 of its application that funding for the project will be provided by the Parent. The Parent provided a letter indicating they will finance the project. The initial review indicates a weak position to fund this project through operations. The parent company had a shift in its debt position between year one and year two. It appears that the remaining long-term debt became current in the most recent year. That would limit the ability to fund the project through working capital and cash flows. In addition, it appears as if the parent has a note payable as of 12/21/2014 in the amount of \$15,204,520. As indicated above, the applicant does not appear to have sufficient resources to satisfy this current liability. Therefore, funding for this project is dependent on the applicant's ability to obtain adequate re-financing of the note as described in the audit.

Staffing:

Section 400.23(3)(a)(1), F.S., 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 staffing meets this requirement.

The projected NRPD, CPD, and profit fall 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:

Funding for this project is dependent on the applicant's ability to obtain adequate refinancing of its mortgage note.

d. What is the immediate and long-term financial feasibility of the proposal? ss. 408.035 (1) (f), F.S.

The immediate and long-term financial feasibility of the project is tied to expected profitability. The purpose of our analysis for this section is to evaluate the reasonableness of the applicant's profitability projections and ultimately whether profitability is achievable for this project. Our analysis includes an evaluation of net revenue per patient day (NRPD), cost per patient day (CPD), nurse staffing ratios, and profitability. We compared the NRPD, CPD, and profitability to actual operating results from skilled nursing facilities as reported on Medicaid cost reports (2012 and 2013 cost report years). For our comparison group, we selected

skilled nursing facilities with similar Medicaid utilizations to the utilization projected by the applicant on a per patient day basis (PPD). Comparison group data was adjusted for inflation to match the second year projection (Inflation factor was based on the new CMS Market Basket Price Index as published in the 2nd Quarter 2014, 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	15,393,075	356	413	348	254
Total Expenses	13,600,065	315	410	335	274
Operating Income	1,793,010	41	83	9	-64
Operating Margin	11.6%		COMPARATIVE GROUP VALUES		
	Days	Percent	Highest	Median	Lowest
Occupancy	43,920	92.6%	99.4%	91.4%	71.3%
Medicaid	21,535	49.0%	53.9%	49.8%	44.0%
Medicare	14,600	33.2%	41.1%	31.3%	2.6%

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? ss. 408.035 (1) (e) and (g), F.S.

The type of competition that would result in increased efficiencies, service, and quality is limited in health care. Cost-effectiveness through competition is typically achieved via a combination of competitive pricing that forces more efficient cost to remain profitable and offering higher quality and additional services to attract patients from competitors. Since Medicare and Medicaid are the primary payers in the nursing home industry, price-based competition is limited. With a large portion of the revenue stream essentially fixed on a per patient basis, the available margin to increase quality and offer additional services is limited. The existing health care system's barrier to price-based

competition via fixed price payers limits any significant gains in cost-effectiveness and quality that would be generated from competition. In addition, this project is moving a small number of beds within the district resulting in no new beds to the district.

Conclusion:

The project is not likely to have a material impact on competition between skilled nursing facilities.

- f. Are the proposed costs and methods of construction reasonable? Do they comply with statutory and rule requirements? ss. 408.035 (1) (h), F.S.; Ch. 59A-4, F.A.C.**

The applicant has submitted all information and documentation necessary to demonstrate compliance with the architectural review criteria. The cost estimate for the proposed project provided in Schedule 9, Table A, and the project completion forecast provided in Schedule 10 appear to be reasonable. A review of the architectural plans, narratives and other supporting documents did not reveal any deficiencies that are likely to have 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? ss. 408.035 (1) (i), F.S.**

Lee County has experienced an increase in community patient days, Medicaid days and occupancy. The reviewer provides the most recent five-year total from 2009-2013, illustrating an increase in the above mentioned categories in Subdistrict 8-5.

**Medicaid Patient Days & Medicaid Occupancy at Lehigh Acres,
Subdistrict 8-5, District 8, and Florida**

Medicaid Patient Days					
Facility/Area	2009	2010	2011	2012	2013
Lehigh Acres	18,048	16,526	15,880	16,689	19,534
Subdistrict 8-5	346,832	345,354	338,752	347,315	355,943
District 8	1,179,880	1,184,832	1,198,660	1,212,391	1,207,330
Florida	15,411,373	15,530,575	15,612,015	15,733,318	15,700,197
Medicaid Occupancy					
Facility/Area	2009	2010	2011	2012	2013
Lehigh Acres	58.61%	55.03%	52.06%	57.05%	56.97%
Subdistrict 8-5	57.88%	58.36%	57.09%	57.48%	57.36%
District 8	56.50%	56.93%	57.19%	57.39%	56.44%
Florida	61.26%	61.33%	61.56%	61.85%	61.66%

Source: AHCA's Florida Nursing Home Utilization by District and Subdistrict 2009-2013

Lehigh Acres states that it has historically served Medicaid recipients. The applicant maintains that it has experienced a growth in the overall number of patient days in the past three years as well as an increase in the percentage of Medicaid bed days. See the table below.

**Patient and Medicaid Days
Lehigh Acres Health and Rehabilitation Center
Calendar Years 2011-2013**

	CY 2011		CY 2012		CY 2013	
Patient Days	Number	Percent	Number	Percent	Number	Percent
Total	40,150	75.97%	40,260	76.69%	40,150	85.40%
Medicaid	15,880	52.06%	16,689	54.05%	19,534	56.97%

Source: CON application #10239, page 9-1

The applicant expects a proportionately higher increase in Medicare with the proposed beds as the beds are primarily intended for rehabilitative care. Therefore, the proportionate amount of Medicaid will go down slightly for the proposed project, but actual utilization for Medicaid is expected to rise slightly for the total facility.

The applicant provides the forecasted admissions and patient days by payer for years one and two for the 130-bed facility below.

**Forecasted Patient Days for Lehigh Acres Health and Rehabilitation Center
First Two Years with the 20-Bed Addition (Total Facility of 130 Beds)**

Payer	Year 1: 2016		Year 2: 2017	
	Patient Days	Percent of Total Days	Patient Days	Percent of Total Days
Medicare	14,330	33.15%	14,600	33.77%
Medicaid	21,175	48.98%	21,535	49.82%
Managed Care	3,678	8.51%	3,650	8.44%
Private Pay	0	0.0%	0.0%	0.0%
Other	4,045	9.36%	4,135	7.96%
Total	43,228	100.00%	43,920	100.00%

Source: CON application #10239, page 2-2 Schedule 7

Lehigh Acres presented a projected number of bed days and Medicaid days based on the proposed project. The applicant maintains that it will remain committed to serving Medicaid patients with the 20-bed addition. See the table below.

**Projected Patient and Medicaid Days
Lehigh Acres Health and Rehabilitation Center
Years One and Two**

	Year 1: 7/1/2015-6/30/2016		Year 2: 7/1/2016-6/30/2017	
	Number	Percent	Number	Percent
Patient Days 20-Beds				
Total	5,654	77.45%	6,588	90.00%
Medicaid	3,369	59.59%	4,033	31.22%
Patient Days Total Facility				
Total	43,228	91.10%	43,920	92.31%
Medicaid	21,175	48.98%	21,535	49.82%

Source: CON application #10239, page 9-2

The applicant states that it will continue to have all beds at the facility both Medicaid and Medicare certified.

F. SUMMARY

Lehigh Acres NH, L.L.C. (CON application #10239) proposes to add 20 community nursing home beds to Lehigh Acres Health and Rehabilitation Center through the delicensure of 20 community nursing home beds at Shell Point Nursing Pavilion-Fort Myers. Both facilities are located in District 8, Subdistrict 5.

Total project cost is \$860,011. The applicant states no new construction is needed but renovation is necessary to accommodate the 20-bed addition. The renovation cost is \$18,000 and total project costs include: building, equipment and project costs.

The applicant proposes no conditions on its Schedule C.

Need

The proposed project is not submitted in response to the fixed need pool.

Lehigh Acres provides population and inventory data that supports the project will improve access by redistributing beds from an area of high availability, Fort Myers, to one with lower availability, Lehigh Acres.

The applicant concludes the proposed project will improve access by:

- Relocating beds to an area with fewer available beds per 1,000 elderly
- Redistribute beds to a facility where a larger portion of seniors within the subdistrict can easily access
- The relocation of the 20 community beds from Shell Point Nursing Pavilion-Fort Myers will benefit medically underserved individuals--particularly those served by Medicaid

Quality of Care

Lehigh Acres states it achieved an overall inspection score of three-stars, on their most recent Agency inspection. The reviewer verified the rating on FloridaHealthFinder.gov. The Agency's Nursing Home Guide was last updated August 2014. Lehigh Acres is not a Gold Seal Program nor is it on the Nursing Home Watch List.

Lehigh Acres had no substantiated complaints during the three year period ending November 6, 2014. Lehigh Acres' parent company Greystone operates 26 SNFs in Florida. Greystone affiliated SNFs had 56 substantiated complaints at 15 facilities during the above mentioned three-year period.

The applicant demonstrated the ability to provide quality care.

Financial Feasibility/Availability of Funds

Funding for this project is dependent on the applicant's ability to obtain adequate refinancing of its mortgage note. This project appears to be financially feasible based on the projections provided by the applicant.

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

Medicaid/Charity Care

The applicant does not propose to condition the project to the provision of Medicaid or indigent care.

Lehigh states the facility's 130 beds will be dually Medicaid-Medicare certified. The facility's existing 110 beds are dually certified.

The applicant states that Medicaid bed days have increased by approximately two percentage points per year in the last three years at Lehigh Acres—totaling 56.97 percent in calendar year 2013.

For the proposed project, Lehigh Acres estimates Medicaid will comprise 48.98 percent and 49.82 percent of the 130-bed facility's total year one and year two patient days, respectively.

Architectural:

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

G. RECOMMENDATION

Approve CON #10239 to add 20 community nursing home beds to Lehigh Acres Health and Rehabilitation Center through the delicensure of 20 community nursing home beds at Shell Point Nursing Pavilion-Fort Myers. The total project cost is \$860,011. The project involves 3,188 GSF of renovation and a renovation cost of \$18,000.

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: _____

Marisol Fitch

**Health Services and Facilities Consultant Supervisor
Certificate of Need**