

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

**A. PROJECT IDENTIFICATION**

**1. Applicant/CON Action Number**

**The Oaks NH, LLC d/b/a Park Meadows Nursing and Rehabilitation Center/CON #10350**

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

Authorized Representative: Ronald J. Swartz  
Vice President and CFO  
(813) 675-2326

**2. Service District/Subdistrict**

District 3/ Subdistrict 3-4 (Marion County)

**B. PUBLIC HEARING**

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

**Letters of Support**

The Agency received six letters of support submitted by the applicant. Five letters were written by medical doctors working at The Lodge Health and Rehabilitation Center--a skilled nursing facility (SNF) in Ocala, Florida that is owned by the applicant's parent company. The medical doctors express that they work closely with Greystone Health Network leadership and therapists at the facility as well as their corporate representatives and they provide their full support and resources to the facility to accomplish positive outcomes for residents, facility members and staff.

The remaining letter was written by an internal medical specialist practicing in The Villages, Florida. Dr. Felix C. Agbo, FACP, expresses his support, stating, "Greystone prides itself on going that extra mile, providing that 'WOW' factor as they call it."

**C. PROJECT SUMMARY**

**The Oaks NH, LLC d/b/a Park Meadows Nursing and Rehabilitation Center (CON application #10350)**, hereafter referred to as Park Meadows or the applicant, proposes to replace and relocate its 154-bed SNF within 30 miles from District 3, Subdistrict 3-2, Alachua County, Florida to District 3, Subdistrict 3-4, Marion County, Florida.

Park Meadows is an affiliate of Greystone Health Care Management, which will be referred to as Greystone throughout this document. The applicant states that Greystone is an experienced long-term care provider now managing 26 SNFs in Florida and two SNFs in Ohio.

The project involves 97,454 gross square feet (GSF) of new construction. The construction cost is \$18,028,990. Total project cost is \$24,814,920. Project cost includes land, building, equipment, project development, financing and start-up 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, Lucy Villafrate analyzed the application in its entirety with consultation from the financial analyst, Eric West, 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 and 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.**

Park Meadows proposes to replace and relocate its 154-bed SNF within 30 miles from District 3, Subdistrict 3-2, Alachua County, Florida to District 3, Subdistrict 3-4, Marion County, Florida.

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

*“Replacement of a nursing home, if the proposed project site is within a 30-mile radius of the replaced nursing home. If the proposed project site is outside the subdistrict where the replaced nursing home is located, the prior six-month occupancy rate for licensed community nursing homes in the proposed subdistrict must be at least 85 percent in accordance with the agency’s most recently published inventory.”*

The applicant includes a map that shows that the current site of Park Meadows and that of the proposed site in Marion County lie within a circle with a radius of 30 miles. Park Meadows notes the absence of SNFs between its current site and the proposed site in the southward direction to the proposed location and also points out that Interstate 75 lies proximate to both locations.

Park Meadows reports that for the January to June 2014 six-month period, the occupancy rate for Marion County SNFs was 89.98 percent, exceeding the criterion. The reviewer confirms these data in the October 2014 *Florida Nursing Home Bed Need Projections by District and Subdistrict*, published by the Agency on October 3, 2014.

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

## **2. Agency Rule Preferences**

**Please indicate how each applicable preference for the type of service proposed is met. Chapter 59C-1.036, F.A.C.**

Chapter 59C-1.036 of the F.A.C. does not contain preferences relative to community nursing home beds nor does the Agency publish specific preferences for these facilities. However, the rule does contain standards the Agency utilizes in assessing an applicant's ability to provide quality care to the residents.

- a. Geographically Underserved Areas. In a competitive certificate of need review within the nursing home subdistrict as defined in 59C-2.200, F.A.C., the Agency shall award a certificate of need if the applicant meets all applicable criteria for a geographically underserved area as specified in subsection 408.032(18), F.S., and if the applicant meets the applicable statutory certificate of need review criteria specified in section 408.035, F.S., including bed need according to the relevant bed need formula contained in this rule. If the applicant is awarded a certificate of need based on the provisions of this paragraph, the applicant shall agree that the nursing facility will be located in a county without a nursing facility, or in the center of an area within the subdistrict of a radius of at least 20 miles which meets the definition of a geographically underserved area. The center of the geographically underserved area shall be the proposed nursing home location in the application.**

This application was not submitted to remedy a geographically underserved area as defined above.

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

Park Meadows asserts that the proposed replacement facility will have 62 private rooms and 46 semi-private rooms, a significant increase from the three private rooms that currently exist. The applicant states that in addition, this project will also eliminate its three-bed ward and two four-bed wards. Park Meadows declares that the plan also reflects resident spaces that allow for the pursuit of leisure activities and adopts culture change initiatives creating neighborhoods within the facility.

The applicant insists that the main mission of Park Meadows will not change--to provide both short and long-term care. Park Meadows indicates that an interdisciplinary team provides an array of services in accordance with each resident's care plan. The applicant notes that resident services will include but not be limited to the following:

- Physical, occupational and speech therapies
- Outpatient rehabilitation
- Cardiac and stroke rehab monitoring
- Tracheotomy care
- Pain management
- Restorative nursing program (including wound care program, I.V. therapy, HIV care, customized pressure support systems and infectious disease treatment)
- Oncology/cancer and hospice care
- Psychological services
- Registered dietician services

Park Meadows states that other services and amenities that provide support, comfort and security include:

- Structured activities (seven days a week)
- Pet therapy
- 100 percent electric beds
- Security system
- Multi-lingual staff
- Daily transportation
- Television and telephone
- Wireless internet access
- Beauty/barber shop
- Whirlpool spa

The applicant discusses care planning, indicating that each care plan includes measureable objectives and timetables to meet the resident's medical, nursing, mental and psychological needs. Park

Meadows insists that care plans incorporate goals and objectives that lead to the resident's highest possible level of independence.

Park Meadows explains that a physician must personally approve in writing a recommendation that an individual be admitted to the facility. The applicant notes that at the time of admission, the Nursing Service Department provides newly admitted residents and his or her family members with an orientation. Park Meadows states that all health care workers are educated about the facility's Resident's Rights policy and that the facility will provide notice and operate in accordance with Omnibus Budget Reconciliation Act (OBRA) guidelines and state laws.

The applicant indicates on its Schedule 7 that the average length of stay (ALOS) will be 33 days for year one and 32 days for year two of operation. The applicant asserts that a physician's order is obtained for all discharges--the post-discharge plan is developed by the care plan team with assistance of the resident and family.

Park Meadows declares that while the number of beds does not change, the ability to add more complex services for short-term stays enhances access. The applicant concludes that likewise, the ability to offer long-term care residents more amenities and options will increase family and resident satisfaction and enhance the lifestyle available.

Schedule 6A illustrates that FTEs for year one (ending December 31, 2018) total 135.9 and total 182.3 for year two (ending December 31, 2019). The proposed project's year one and year two FTEs are shown in the table below.

<b>Park Meadows Nursing and Rehabilitation Center Projected Year One and Year Two Staffing</b>		
	<b>Year One FTEs</b>	<b>Year Two FTEs</b>
<b>Administration</b>		
Administrator	1.0	1.0
Director of Nursing	2.0	2.0
Bookkeeper	1.0	1.0
Secretary	1.5	1.9
Medical Records Clerk	1.4	2.0
Other: See attached <sup>1</sup>	8.9	9.6
<b>Nursing</b>		
RNs	7.5	10.3
LPNs	19.0	25.5
Nurses' Aides	43.5	62.6
<b>Ancillary</b>		
Physical Therapist/Rehab Manager	8.6	12.5
Speech Therapist	1.5	2.3
Occupational Therapist	6.1	9.2
Other: Therapy Techs	1.0	1.0
<b>Dietary</b>		
Dietary Supervisor	2.5	2.8
Cooks	3.0	3.9
Dietary Aides	7.1	9.1
<b>Social Services</b>		
Social Service Director	1.0	1.0
Activity Director	1.0	1.0
Activities Assistant	2.1	2.7
Other: Social Services Assistant	0.4	1.0
<b>Housekeeping</b>		
Housekeeping Supervision	1.0	1.0
Housekeepers	6.8	8.8
<b>Laundry</b>		
Laundry Aides	5.8	7.5
<b>Plant Maintenance</b>		
Maintenance Supervisor	1.0	1.0
Maintenance Assistance	1.2	1.5
<b>Total</b>	<b>135.9</b>	<b>182.3</b>

Source: CON application #10350, Schedule 6A

- c. **Quality of Care. In assessing the applicant's ability to provide quality of care pursuant to s. 408.035 (1) (c), F.S., the Agency shall evaluate the following facts and circumstances:**

The applicant states that it has no other facilities, as The Oaks NH, LLC is a single purpose entity developed to operate the 154-bed nursing home Park Meadows.

<sup>1</sup>The reviewer notes that the applicant did not attach a description of "Other" administration staff as indicated on its Schedule 6A.

1. **Whether the applicant has had a Chapter 400, F.S., nursing facility license denied, revoked or suspended within the 36 months prior to the current application.**

The applicant states not having had a nursing home license denied, revoked or suspended within 36 months.

2. **Whether the applicant has had a nursing facility placed into receivership at any time during the period of ownership, management or leasing of a nursing facility in the 36 months prior to the current application?**

The applicant states not having had a nursing home placed into receivership within 36 months.

3. **The extent to which the conditions identified within subparagraphs 1 and 2 threatened or resulted in direct significant harm to the health, safety or welfare of the nursing facility residents.**

The applicant states not having an incident that produced either class one or class two deficiencies that would represent direct significant harm to residents.

4. **The extent to which the conditions identified within subparagraph 3 were corrected within the time frames allowed by the appropriate state agency in each respective state and in a manner satisfactory to the Agency.**

The applicant indicates that this provision is not applicable.

5. **Rule 59C-1.036 (4) (f) Harmful Conditions. The Agency shall question the ability of the applicant to provide quality of care within any nursing facility when the conditions identified in the subparagraph (e) 1 and (e) 2 result in the direct, significant harm to the health, safety or welfare of a nursing facility resident, and were not corrected within the time frames allowed by the appropriate state agency in each respective state and in a manner satisfactory with the Agency.**

The reviewer notes that the applicant did not respond to this criterion, but since no conditions were identified in subparagraph e (1) and e (2), this provision is not applicable.

- d. **Rule 59C-1.036 (5) Utilization Reports. Within 45 days after the end of each calendar quarter, facilities with nursing facility beds licensed under Chapter 400, 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 that were Medicaid patient days.**

The applicant states that it will report all required data to the Well Florida Council, a practice that will not change with relocation and replacement of this project.

**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.**

Park Meadows provides several photographs on pages 1-7 through 1-10 of CON application #10350 to illustrate why replacement on site is not an option. The applicant concludes that no land is available for expansion on or around Park Meadows and also notes a lack of parking available for the facility.

Park Meadows states that to construct a SNF that is compliant and provides more private rooms and resident spaces and acreage of approximately five acres is necessary. The applicant indicates that at 2.95 acres for the current 154-bed Park Meadows, replacement on-site is not possible with no available acreage for expansion.

The applicant includes a map that demonstrates that all eight of Alachua County's SNFs lie within a circle around Park Meadows with a radius of 4.42 miles. Park Meadows points out that six of the SNFs have reported an annual occupancy rate above 91 percent. The applicant feels that low numbers of elderly, existing SNFs and no major health care facilities within the other counties that comprise Subdistrict 3-2 deter replacement within the subdistrict.

Park Meadows provides the following table, explaining that the high bed to population ratios in three of the subdistrict's counties and the low average daily census in the other two (dismissing Union County) offer no benefits to replace the Park Meadows within any of them. See below.

**Indicators Used in the Evaluation of Options  
For Park Meadows' Replacement Location**

<b>County</b>	<b>2014 Population Age 65+</b>	<b>Beds</b>	<b>Resident Days</b>	<b>Beds per 1,000 65+</b>	<b>Days per 1,000 65+</b>
Bradford	4,498	240	83,027	53	18,459
Dixie	3,387	60	18,876	18	5,573
Gilchrist	3,138	201	69,084	64	22,015
Lafayette	1,154	60	19,815	52	17,171
Levy	8,357	120	41,412	14	4,955
Union	1,719	0	0	0	0
<b>Subtotal</b>	<b>20,838</b>	<b>681</b>	<b>232,214</b>	<b>33</b>	<b>11,144</b>
<b>Alachua</b>	30,799	934	314,185	30	10,201
<b>3-2</b>	<b>53,052</b>	<b>1,615</b>	<b>546,399</b>	<b>30</b>	<b>10,299</b>

Source: CON application #10350, page 1-12

Park Meadows includes a map denoting the proposed replacement site, indicating that the chosen location has the following benefits:

- It falls within the 30-mile radius criterion of the applicable statutory provision
- It lies within Ocala but north of existing SNFs
- It represents a dispersion since its site is north of the existing SNFs, and outside a 4.4-mile radius, or 5.7 miles driving distance from the closest competitor, Palm Gardens of Ocala
- It enhances access by placing the facility within ZIP code 34482, where no SNFs exist
- ZIP code 34482 will experience an annual compound growth rate of 2.8 percent per year for persons aged 65+, higher than the rate of Marion County of 2.4 percent per year

The applicant indicates that the proposed site is on NW 44<sup>th</sup> Avenue, Ocala, Florida 34482 and provides a photograph of the street view. The applicant states that the selection of the site shown in the photograph is proximate to existing residential developments and planned ones. Park Meadows states that the result assures accessibility to the SNF. With regards to financial accessibility, the applicant notes that it participates in both the Medicare and Medicaid programs and does accept private pay individuals as well.

The applicant compares 65+ population estimates in Marion County, Subdistrict 3-4 and Subdistrict 3-2 for the year 2019 (with 2014 as a baseline) making the following conclusions:

- Alachua County's elders 65+ comprise just 12 percent of the county's population in 2014 with growth to 15 percent in the year 2019 while Marion County's elders comprise 26 percent with growth to almost 29 percent, respectively
- In 2019, Marion County's numbers of elderly will be 1.6 times higher than the number forecasted for Subdistrict 3-2

Park Meadows next compares SNF beds per 1,000 elderly in Marion County, District 3 and the state for the years 2011 through 2014 (July 1 through June 30) in the table below. The applicant concludes that additional beds in Marion County would not provide adverse impact given the bed to population ratio discrepancies.

**Comparison of the Beds per 1,000 Elderly Aged 65+**

	<b>Marion County</b>		<b>District 3</b>		<b>State</b>	
<b>July-June</b>	<b>Beds</b>	<b>Pop 65+</b>	<b>Beds</b>	<b>Pop 65+</b>	<b>Beds</b>	<b>Pop 65+</b>
2011-2012	1,372	87,045	7,498	380,049	79,715	3,381,847
2012-2013	1,372	88,577	7,558	388,210	80,042	3,462,588
2013-2014	1,372	89,754	7,558	396,824	80,050	3,537,765
<b>Beds per 1,000 Elderly Aged 65+</b>						
2011-2012	16		20		24	
2012-2013	15		19		23	
2013-2014	15		19		23	

Source: CON application #10350, page 1-16

Park Meadows analyzes SNF beds per 1,000 elderly in Subdistrict 3-4, Subdistrict 3-2 and Alachua County for 2014 and 2019, taking into account the results of the October 2014 batching cycle and the recent special approval for On Top Of the World Communities. The applicant calculates the 2019 bed per 1,000 elderly for Subdistrict 3-4, Subdistrict 3-2 and Alachua County to be 18, 35 and 38, respectively. Park Meadows declares that Marion County will benefit from the replacement and relocation of Park Meadows without over-bedding the county.

The applicant evaluates 65+ population estimates at Park Meadows' current and proposed locations for each year from 2015 through 2019. Park Meadows finds that its proposed ZIP code location in Marion County has more elderly than the current location, yet by 2019 the two ZIP codes are expected to have similar numbers of elderly. However, the applicant states that the proposed location in Marion County has 24.0 percent of the ZIP code's elderly population, compared to 11.4 percent in its current ZIP code for the year 2019.

The applicant analyzes the current utilization of Marion County's SNFs and calculates market share, finding that the most recent data results in a rate of 4,989 days per 1,000 elderly. Park Meadows states that it held this rate constant and applied each year's estimated population for years 2014 through 2019 to generate forecasted SNF resident days. Park Meadows finds that Marion County's occupancy without Park Meadow's 154 beds exceeds 100 percent by the year 2019 and reaches 95.7 percent with the inclusion of Park Meadows' beds.<sup>2</sup>

<sup>2</sup> The applicant notes that its analysis did not include the recent approvals in order to gauge the impact that the project would have on existing SNFs.

Park Meadows provides data that indicate District 3 has a 2014 rate of 6,256 resident days per 1,000 elderly which corresponds to 19 SNF beds per 1,000 persons. The applicant maintains that with the additional beds approved for Marion County raising the number to 1,818 licensed and approved, the result that would be expected is increasing resident days of care rather than holding the resident days constant at baseline. Park Meadows models the 6,256 expected resident days of care below illustrating a future utilization pattern for Marion County.

**Expected Results of Marion County's Nursing  
Home Utilization with 1,818 Beds**

	<b>2015 Population Age 65+</b>	<b>2016 Population Age 65+</b>	<b>2017 Population Age 65+</b>	<b>2018 Population Age 65+</b>	<b>2019 Population Age 65+</b>
Marion County	92,346	95,719	99,392	103,132	106,850
<b>Beds=1,818</b>					
Resident Days	577,731	598,833	621,812	645,210	668,470
Bed Days	663,570	665,388	663,570	663,570	663,570
<b>Occupancy</b>	<b>87.1%</b>	<b>90.0%</b>	<b>93.7%</b>	<b>97.2%</b>	<b>100.7%</b>

Source: CON application #10350, page 1-21

The applicant believes that there are factors that will mitigate the modeled utilization, most notably the change to Medicaid by enrolling all residents into managed care plans. Park Meadows declares that with that in mind, the results in the table above illustrate that potential occupancies with 1,818 beds in the market can be considered between 87 and 90 percent (on the conservative side).

Park Meadows indicates that at Marion County's level of SNF occupancy (89.98 percent), a resident may experience difficulty in finding an available bed. The applicant notes that with the proposed project an increase occurs in the availability of beds for Marion County. Park Meadows reports that by the forecasted first year, 2018, the population ages 65+ is expected to be 103,132 (as noted in the table above), generating a beds to 1,000 persons ratio of 18. The applicant states that at that number, Marion County's rate is still below that for District 3.

The applicant asserts that applying the Marion County SNF days per 1,000 persons aged 65+ to the population estimates in the table below, 73,463 resident days of care would be generated, an equivalent of an average daily census of 201 residents. Park Meadows concludes that its relocation would make 154 community SNF beds available that would be closer to the estimated 201 persons from the defined ZIP codes below.

**2014 Population Estimate of Persons Aged 65+ within Selected Marion County  
ZIP codes that are Proximate to the Proposed Site of Relocation**

<b>ZIP Code</b>	<b>2014 Population Age 65</b>
32668	4,928
34482	4,928
24479	2,263
24475	1,436
32113	1,170
<b>TOTAL</b>	<b>14,725</b>

Source: CON application #10350, page 3-3

The applicant reports that today in 2015, Greystone has 26 affiliated SNFs, an increase of eight operating facilities from 2013, representing a 44 percent increase. Park Meadows notes that Greystone also filed applications for CONs in the October 2014 batching cycle to develop new facilities. The applicant declares that acquisitions and new development position Greystone to grow over the next several years with sufficient capital available.

To illustrate the extent of utilization, the applicant provides a graph and data tables showing SNF occupancy rates in Subdistrict 3-4 and District 3 for the three most recent annual periods. Park Meadows believes that in light of population increase, growth in the utilization of SNF care is expected to continue into the future--therefore this proposed project is expected to have a positive impact on utilization, allowing continued growth.

The applicant declares that the benefits of the project are many, some of which are emphasized below:

- Replaces a SNF's physical plant whose useful life is at its end
- Increases the availability of community SNF beds within Marion County that are highly occupied
- Provides a new SNF that will be built to revised and updated codes--larger resident rooms and support spaces enhance effectiveness, the delivery of care and resident satisfaction
- Reduces the bed supply in Alachua County and increases the bed supply in Marion County, improving access and availability for District 3
- Reduces the concentration of SNF beds in Subdistrict 3-2 and improves it in Subdistrict 3-4

- 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 believes that Park Meadows' aging physical plant impedes the delivery of care. Park Meadows indicates that some spaces are inadequately sized and lack of space confines and constricts the types of services, activities and therapies that can be provided.

Park Meadows states that the proposed 154-bed replacement facility will operate under Greystone's quality programs and initiatives, such as Greystone's BELIEVE values. The applicant notes that The Greystone Health Network provides a comprehensive network of services to patients. The applicant also explains its commitment to voluntary quality improvement programs that guide Greystone facilities now and into the future.

Park Meadows asserts that Greystone is committed to a philosophy of management that encourages continuous quality improvement. A detailed description of Greystone's approach to implementing a Quality Assurance/Performance Improvement process for Park Meadows can be found on pages 4-3 to 4-5 of CON application #10350.

The applicant states that as a member of the Florida Health Care Association (FHCA), the FHCA Quality Credentialing Program will be utilized in the proposed project. The FHCA's credentialing process includes an internal and external review process of quality issues, which the applicant discusses on pages 4-5 to 4-9 of CON application #10350.

Park Meadows indicates that like other Greystone facilities, it will have an active Resident Council that, as an independent group of families and friends of residents, together protect and improve the quality of life for residents and provide families with a voice in decisions that affect their loved ones. The applicant also includes a list of offered activities.

The applicant notes that Park Meadows' star-rating is disappointing at only one star (out of a possible five-star rating), indicating that the aging physical plant, undersized and lacking both indoor and outdoor spaces, contributes to its performance. Park Meadows maintains that the plans and operations for the replacement facility follow that of The Club Health and Rehabilitation Center at The Villages--that facility and its programs achieved five stars.

Park Meadows insists that the included schematic drawing clearly shows that it will receive a complete makeover, changing its name to The Club at Ocala. The applicant declares that Greystone is committed to addressing the deficiencies at Park Meadows and will make the necessary investment of resources, including financial, programmatic and personnel to raise the star rating.

Park Meadows states that the new administrator, Arron M. Coppola, will provide assistance and continuity with the implementation of the relocation and replacement of the facility and that under his leadership, the performance of Park Meadows will improve.

The reviewer confirms the applicant's one-star rating on FloridaHealthFindger.gov as reported by the Agency's Nursing Home Guide, which was last updated February 2015. Park Meadows is not a Gold Seal Program nor is it on the Nursing Home Watch List.

Agency data indicates that Park Meadows had 10 substantiated complaints during the three-year period ending April 1, 2015. A single complaint can encompass multiple complaint categories. The substantiated complaint categories are listed below:

<b>Park Meadows Health and Rehabilitation Center</b>	
<b>Substantiated Complaint Categories for the Past 36 Months</b>	
<b>Complaint Category</b>	<b>Number Substantiated</b>
Quality of Care/Treatment	6
Physical Environment	2
Resident/Patient/Client Rights	2
Nursing Services	2
Resident/Patient/Client Assessment	1
Admission, Transfer & Discharge Rights	1
Physician Services	1

Source: Florida Agency for Health Care Administration Complaint Records

Greystone owns and operates 26 SNFs in Florida. Agency complaint records indicate, for the three-year period ending April 1, 2015, Greystone affiliated SNFs had 118 substantiated complaints at 25 facilities.

**Greystone Healthcare Management Corporation Complaints**

<b>Substantiated Complaint Categories for the Past 36 Months</b>	
<b>Complaint Category</b>	<b>Number Substantiated</b>
Quality of Care/Treatment	64
Resident/Patient/Client Assessment	15
Resident/Patient/Client Rights	11
Administration/Personnel	10
Physical Environment	9
Admission, Transfer & Discharge Rights	9
Nursing Services	8
Unqualified Personnel	4
Resident/Patient/Client Abuse	4
Infection Control	4
Falsification of Records/Reports	3
Dietary Services	3
Physician Services	3
Billing Refunds	1
State Licensure	1
Quality of Life	1

Source: Florida Agency for Health Care 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.

Below is an analysis of the audited financial statements of Greystone Tribeca Acquisition, LLC where the short-term and long-term measures fall on the scale (highlighted in gray) for the most recent year.

<b>Greystone Tribeca Acquisition, LLC</b>		
	<b>Current Year</b>	<b>Previous Year</b>
Current Assets	\$24,283,673	\$65,026,985
Total Assets	\$73,221,699	\$134,586,519
Current Liabilities	\$57,759,171	\$52,268,033
Total Liabilities	\$121,535,660	\$117,591,612
Net Assets	(\$48,313,961)	\$16,994,907
Total Revenues	\$114,821,982	\$112,923,494
Excess of Revenues Over Expenses	\$4,899,056	\$6,436,330
Cash Flow from Operations	\$9,298,457	\$1,904,516
<b>Short-Term Analysis</b>		
Current Ratio (CA/CL)	0.4	1.2
Cash Flow to Current Liabilities (CFO/CL)	16.10%	3.64%
<b>Long-Term Analysis</b>		
Long-Term Debt to Net Assets (TL-CL/NA)	-132.0%	384.4%
Total Margin (ER/TR)	4.27%	5.70%
<b>Measure of Available Funding</b>		
Working Capital	(\$33,475,498)	\$12,758,952

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

### **Capital Requirements and Funding:**

The applicant lists \$24,814,920 for capital projects which consists solely of the CON currently under review. The applicant submitted a letter from The Private Bank expressing interest in providing financing and a letter from Greystone Tribeca Acquisition, LLC pledging support of the project. It should be noted that a letter of interest is not a firm commitment to lend.

### **Conclusion:**

Funding for this project is likely, but not guaranteed.

**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 SNFs as reported on Medicaid cost reports (2012 and 2013 cost report years). For our comparison group, we selected SNFs 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 3rd 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	20,194,855	390	462	359	279
Total Expenses	17,998,874	347	459	351	291
Operating Income	2,195,981	42	29	10	-29
Operating Margin	10.87%		COMPARATIVE GROUP VALUES		
	Days	Percent	Highest	Median	Lowest
Occupancy	51,830	92.21%	99.48%	88.96%	62.35%
Medicaid/MDCD HMO	18,659	36.00%	50.03%	45.97%	30.87%
Medicare	21,769	42.00%	58.06%	36.42%	17.01%

**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 projections for NRPD and CPD are between the highest and lowest values and appear reasonable. The margin per patient is well above the highest value. Given that both revenue and cost are within a reasonable range in the group, profitability is considered achievable but likely at a lower rate than projected.

**Conclusion:**

The project appears to be financially feasible.

**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. In addition, competitive forces truly do not begin to take shape until existing business' market share is threatened. The publication of need in this area suggests that there is an unmet and untapped customer base for a new entrant to absorb. Since nursing home services are limited to available beds and the need formula suggest excess capacity in the market to fill those beds, the impact on market share would be limited. The combination of the existing health care system's barrier to price based competition via fixed price payers and the existence of unmet need in the district limits any significant gains in cost effectiveness and quality that would be generated from competition.

**Conclusion:**

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

**f. Are the proposed costs and methods of construction reasonable? Do they comply with statutory and rule requirements? 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 a significant impact on either construction costs or the proposed completion schedule.

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

- 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.**

Park Meadows asserts that it has a history of service to Medicaid recipients within Subdistrict 3-2. The applicant insists that the replacement facility will operate similarly to the existing facility and will continue to serve Medicaid recipients and others.

The applicant indicates that Park Meadow's historical Medicaid utilization is shown in the table below, along with the total utilizations of Subdistricts 3-2 and 3-4 for comparison. Park Meadow notes that for the most recent two years, it has had a Medicaid occupancy rate that is slightly higher than average for its subdistrict, which is currently 66 percent of total patient days, down from 74 percent during the 12-month period ending June 30, 2012. See the table below.

**Medicaid Patient Days and Occupancy at Park Meadows,  
Subdistrict 3-2 and 3-4, Three Most Recent Years**

<b>Facility/Area</b>	<b>2011-2012</b>	<b>2012-2013</b>	<b>2013-2014</b>
Park Meadows Medicaid Days	34,515	31,567	31,532
Park Meadows Medicaid Occupancy	<b>73.43%</b>	<b>67.24%</b>	<b>66.20%</b>
Subdistrict 3-2 Medicaid Days	370,356	365,338	360,562
Subdistrict 3-2 Medicaid Occupancy	<b>67.94%</b>	<b>66.68%</b>	<b>65.99%</b>
Subdistrict 3-4 Medicaid Days	254,132	249,631	259,687
Subdistrict 3-4 Medicaid Occupancy	<b>58.39%</b>	<b>57.31%</b>	<b>57.99%</b>

Source: CON application #10350, page 9-1, based on the Agency's Florida Nursing Home Utilization by District and Subdistrict, for the years indicated

Park Meadow believes that the expectation is that Medicaid Managed Care Plans will continue a downward trend in nursing home placements, offering options to recipients to maintain them in less restrictive settings.

The applicant states that in contrast, Medicare continues to promote Medicare Advantage Plans and the numbers of enrollees in them has grown. Park Meadows asserts that recent 2014 data for enrollees in Marion County show that of the Medicare enrollees of 99,185 eligible individuals, there are 531,234 persons enrolled in Advantage plans, yielding a penetration rate of 31.49 percent.

The reviewer compiled the following Medicaid occupancy data for Greystone Florida facilities for July 1, 2013 to June 30, 2014--the most recently published Agency data available at the time the application was submitted. See the table below.

**Greystone Florida Medicaid Occupancy  
July 1, 2013-June 30, 2014**

<b>Facility Name</b>	<b>Medicaid Days</b>	<b>Total Patient Days</b>	<b>Medicaid Occupancy</b>
Alhambra Health and Rehabilitation Center	10,913	20,860	52.30%
Apollo Health and Rehabilitation Center	19,859	33,518	59.25%
Carlton Shores Health and Rehabilitation Center	13,768	36,151	38.08%
Citrus Hills Health and Rehabilitation Center	30,326	43,258	71.44%
Club Health and Rehabilitation Center at The Villages	24,265	39,549	61.35%
The Gardens Health and Rehabilitation Center	20,641	38,570	53.52%
Greenbriar Rehabilitation and Nursing Center	8,240	21,596	38.16%
Isle Health and Rehabilitation Center	22,985	38,801	59.24%
Lady Lake Specialty Care Center	17,532	47,343	37.03%
Lehigh Acres Health and Rehabilitation Center	19,555	35,539	55.02%
Lexington Health and Rehabilitation Center	54,248	27,995	51.61%
The Lodge Health and Rehabilitation Center	19,066	33,511	56.89%
North Beach Rehabilitation Center	18,036	33,099	54.49%
North Rehabilitation Center	4,998	14,012	35.67%
Park Meadows Health and Rehabilitation Center	31,532	47,630	66.20%
Ridgecrest Nursing and Rehabilitation Center	25,100	46,601	53.86%
Riverwood Health and Rehabilitation Center	27,430	42,300	64.85%
Rockledge Health and Rehabilitation Center	15,865	35,422	44.79%
Sunset Lake Health and Rehabilitation Center	18,924	41,145	45.99%
Terrace Health and Rehabilitation Center	23,109	43,014	53.72%
Unity Health and Rehabilitation Center	85,135	97,534	87.29%
Viera Health and Rehabilitation Center	7,990	32,482	24.60%
Villa Health and Rehabilitation Center	25,790	43,305	59.55%
Village Place Health and Rehabilitation Center	17,050	33,898	50.30%
Wilton Manors Health and Rehabilitation Center	24,761	47,555	52.07%
Woodland Grove Health and Rehabilitation Center	24,447	42,604	57.45%
<b>Total</b>	<b>611,565</b>	<b>1,017,292</b>	<b>53.26%</b>

Source: Florida Nursing Home Bed Need Projections by District and Subdistrict, October 2014 Batching Cycle

The applicant includes the following payer forecast, indicating that it reflects a continued service to Medicaid and long-term care, while also providing high intensity rehabilitations services that are reimbursed by Medicare and focus on restoring health and mobility and returning the patient home.

**Forecasted Admissions and Resident Days by Payer of Park Meadows  
Replacement, First Two Years of Operation**

<b>Payer</b>	<b>Year One Ending 12/31/2018</b>		<b>Year Two Ending 12/31/2019</b>		<b>% Days</b>
	<b>Admits</b>	<b>Days</b>	<b>Admits</b>	<b>Days</b>	
Self-Pay	6	1,935	9	2,592	5.0%
Medicaid	33	13,080	47	18,659	36.0%
Medicare	689	14,459	1,037	21,769	42.0%
Other Managed Care	326	3,259	518	5,183	10.0%
Other Payers	14	2,740	18	3,628	7.0%
<b>Total</b>	<b>1,068</b>	<b>35,473</b>	<b>1,629</b>	<b>51,830</b>	<b>100.0%</b>
<b>Occupancy</b>		<b>63%</b>		<b>92%</b>	

Source: CON application #10350, page 9-2

The applicant's Schedule 7 indicates that Medicaid and self-pay represent 36.87 percent and 5.46 percent, respectively, of year one and 36.00 percent and 5.00 percent, respectively, of year two annual total patient days.

## **F. SUMMARY**

**The Oaks NH, LLC d/b/a Park Meadows Nursing and Rehabilitation Center (CON application #10350)** proposes to replace and relocate its 154-bed SNF within 30 miles from District 3, Subdistrict 3-2, Alachua County, Florida to District 3, Subdistrict 3-4, Marion County, Florida.

Park Meadows is an affiliate of Greystone Health Care Management. The applicant states that Greystone is an experienced long-term care provider now managing 26 SNFs in Florida and two SNFs in Ohio.

The project involves 97,454 GSF of new construction. The construction cost is \$18,028,990. Total project cost is \$24,814,920. Project cost includes land, building, equipment, project development, financing and start-up costs.

The applicant proposes no conditions on its Schedule C.

### **Need**

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

The applicant declares that the benefits of the project are many, some of which are emphasized below:

- Replaces a SNF's physical plant whose useful life is at its end
- Increases the availability of community SNF beds within Marion County that are highly occupied

- Provides a new SNF that will be built to revised and updated codes--larger resident rooms and support spaces enhance effectiveness, the delivery of care and resident satisfaction
- Reduces the bed supply in Alachua County and increases the bed supply in Marion County, improving access and availability for District 3
- Reduces the concentration of SNF beds in Subdistrict 3-2 and improves it in Subdistrict 3-4

Park Meadows includes a map denoting the proposed replacement site, indicating that the chosen location has the following benefits:

- It falls within the 30-mile radius criterion of the applicable statutory provision
- It lies within Ocala but north of existing SNFs
- It represents a dispersion since its site is north of the existing SNFs, and outside a 4.4-mile radius, or 5.7 miles driving distance from the closest competitor, Palm Gardens of Ocala
- It enhances access by placing the facility within ZIP code 34482, where no SNFs exist
- ZIP code 34482 will experience an annual compound growth rate of 2.8 percent per year for persons aged 65+, higher than the rate of Marion County of 2.4 percent per year

The applicant indicates on its Schedule 7 that the ALOS will be 33 days for year one and 32 days for year two of operation.

### **Quality of Care**

The applicant notes that Park Meadows' star-rating is disappointing at only one star (out of a possible five-star rating), indicating that the aging physical plant, undersized and lacking both indoor and outdoor spaces, contributes to its performance. The Agency's Nursing Home Guide was last updated August 2015. Park Meadows is not a Gold Seal Program nor is it on the Nursing Home Watch List.

The applicant declares that Greystone is committed to addressing the deficiencies at Park Meadows and will make the necessary investment of resources, including financial, programmatic and personnel to raise the star rating.

Park Meadows had 10 substantiated complaints during the three-year period ending April 1, 2015. Greystone had 118 substantiated complaints at 25 of its Florida SNFs during the same three-year period.

**Financial Feasibility/Availability of Funds**

Funding for this project is likely, but not guaranteed. This project appears to be financially feasible.

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 project approval to a percentage of Medicaid days.

Park Meadow notes that for the most recent two years, it has had a Medicaid occupancy rate that is slightly higher than average for its subdistrict.

The applicant's Schedule 7 indicates that Medicaid and self-pay represent 36.87 percent and 5.46 percent, respectively, of year one and 36.00 percent and 5.00 percent, respectively, of year two annual total patient days.

**Architectural**

The cost estimate and the project completion forecast appear to be reasonable. A review of the architectural plans, narratives and other supporting documents did not reveal any deficiencies that are likely to have a significant impact on either construction costs or the proposed completion schedule.

**G. RECOMMENDATION**

Approve CON #10350 to replace and relocate its 154-bed SNF within 30 miles from District 3, Subdistrict 3-2, Alachua County, Florida to District 3, Subdistrict 3-4, Marion County, Florida. The total project cost is \$24,814,920. The project involves 97,454 GSF of new construction and a total construction cost of \$18,028,990.

**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**