

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

**A. PROJECT IDENTIFICATION**

**1. Applicant/CON Action Number**

**Gulf Coast, Inc.**  
**d/b/a Gulf Coast Village/CON #10390**  
1333 Santa Barbara Blvd.  
Cape Coral, Florida 33991

Authorized Representative: Kevin Ahmadi, Executive Director  
(239) 772-1333

**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.

**Letters of Support**

The Agency received three letters of support submitted by the applicant.

Christine Nesheim, Vice President LMHS Care Management, Lee Memorial Health System (LMHS), states that “through the needs of our patients, we have come to know Gulf Coast Village well” and that LMHS values its relationship with the applicant and sees the proposed project “as a great need, specifically in Cape Coral”. She also indicates that LMHS is pleased with the collaboration that Gulf Coast has taken in working with the Lee Memorial Hospital team to mitigate re-hospitalization of Lee Memorial’s patients.

Vasyl Kasiyan, MD, CMD, Internal, Geriatric Medicine, Lee Memorial Geriatric Department, Lee Physician Group of LMHS states that Gulf Coast Village is “an exceptional facility dedicated to patient care and local community”. Mindy Owens, Practice Manager Fort Myers, IPC Healthcare, states that “Gulf Coast Village is an integral part of not only the community of Cape Coral, but the senior care for Cape Coral and all of Lee County” and further indicates that Gulf Coast is extremely well-managed, providing care that is exceptional.

**C. PROJECT SUMMARY**

**Gulf Coast, Inc. d/b/a Gulf Coast Village (CON application #10390)**, also referenced as Gulf Coast or the applicant, a not-for-profit corporation, proposes to add 20 community nursing home beds to Gulf Coast Village through the delicensure of 20 community nursing home beds at Shell Point Nursing Pavilion, both facilities being located in District 8, Nursing Home Subdistrict 8-5, Lee County, Florida. The applicant is a continuing care retirement community (CCRC). Upon approval of the proposed project, The Christian and Missionary Alliance Foundation, Inc., licensee of Shell Point Nursing Pavilion, agrees to voluntarily relinquish 20 community nursing home beds at Shell Point Nursing Pavilion (Exhibit 1-1, CON application #10390). Therefore, no new beds would be added to the subdistrict upon implementation of this project.

Gulf Coast Village is an 85-bed skilled nursing facility (SNF), with 54 community beds and 31 sheltered beds. Through CON application #10340, the applicant was initially denied adding 31 community nursing home beds through the conversion of 31 sheltered beds at Gulf Coast Village. However, pursuant to Agency Final Order/AHCA Case No. 2015002597, CON No. 10340 is resolved. Upon proposed project approval and the referenced Final Order, Gulf Coast Village would have 105 community nursing home beds.

Total project cost is \$4,125,523. The project involves 9,647 gross square feet (GSF) of renovation. The renovation cost is \$1,989,792. Total project costs include: land, building, equipment and 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, Steve Love analyzed the application with consultation from the financial analyst, **XXXX XXXXX**, 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.**

Gulf Coast Village 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, both within Lee County, Florida.

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 that the total number of community nursing homes in the state does not increase, pursuant to this proposed project. In CON application #10390, 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 delicensed 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, Nursing Home Subdistrict 8-5. Gulf Coast Village is located at 1333 Santa Barbara Blvd., Cape Coral, Florida 33991. Shell Point Nursing Pavilion is located at 15071 Shell Point Blvd, Fort Myers, Florida 33908. These District 8, Nursing Home Subdistrict 8-5 facilities are separated by approximately 7.66 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, President of The Christian and Missionary Alliance Foundation, Inc. (the licensee of Shell Point Nursing Pavilion) agreeing to delicense 20 community nursing home beds should the proposed project be approved is included in Exhibit 1-1 of CON application #10390.

- 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.).**

The applicant indicates that for the 12-month period ending December 31, 2014, Gulf Coast Village reported 19,710 patient days for a total occupancy rate of 100.00 percent<sup>1</sup> and Shell Point Nursing Pavilion reported 37,817 patient days for a total occupancy rate of 65.43 percent<sup>2</sup>. The reviewer confirmed this data through the *Florida Nursing Home Bed Need Projections by District and Subdistrict*, issued April 3, 2015.

The reviewer calculated the information utilizing the facility occupancy rate, including sheltered beds. For the 12-month period ending December 31, 2014, Gulf Coast Village reported 29,760 patient days for a total occupancy rate of 95.92 and Shell Point Nursing Pavilion reported 49,275 patient days for a total occupancy rate of 61.64 percent. If Shell Point's current total number of community beds was reduced from 219 to 199, the resulting bed days of 49,275 would yield an occupancy rate of 67.84 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.).**

Gulf Coast, Inc., maintains that it will continue to provide the required data to the Health Planning Council of Southwest Florida, Inc. and to the Agency.

<sup>1</sup> The reviewer notes that the 100 percent occupancy is calculated utilizing only the facility's community nursing home bed inventory of 54 beds.

<sup>2</sup> The reviewer notes that the occupancy for Shell Point is calculated utilizing only the facility's community nursing home bed inventory of 140 beds.

**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.**

Using Agency population estimates for age 65+ and age 75+ cohorts from January 2015 to January 2018, the applicant indicates a compound annual growth rate (CAGR) of 4.25 percent in Nursing Home Subdistrict 8-5 and that this CAGR is greater than any single remaining District 8 nursing home subdistrict, District 8 overall (3.38 percent) and the state overall (3.35 percent). See the table below.

**Population Estimates of the Numbers of 65+ Population  
for District 8 by Nursing Home Subdistrict  
January 2015-January 2018**

Subdistrict and County	January 2015 Population			January 18, 2018			CAGR
	65+	75+	Total	65+	75+	Total	
8-1: Charlotte	58,407	27,475	165,829	62,506	28,770	170,916	2.29%
8-2: Collier	93,488	44,297	343,417	103,253	49,901	362,480	3.37%
8-3: Desoto	6,435	2,879	34,480	6,784	2,980	35,352	1.78%
8-4: Glades, Hendry	7,794	3,376	50,914	8,435	3,666	52,639	2.67%
<b>8-5: Lee</b>	<b>160,724</b>	<b>68,678</b>	<b>669,099</b>	<b>182,097</b>	<b>75,172</b>	<b>723,099</b>	<b>4.25%</b>
8-6: Sarasota	126,847	62,371	392,390	138,200	66,377	407,890	2.88%
<b>District 8 Total</b>	<b>453,695</b>	<b>209,076</b>	<b>1,656,129</b>	<b>501,</b>	<b>226,866</b>	<b>1,751,234</b>	<b>3.38%</b>
Florida	3,635,347	1,649,016	19,679,366	4,013,237	1,760,741	20,523,262	3.35%

Source: CON application #10390, page 3-2, Table 3-1

Based on the above table, the applicant estimates beds per 1,000 for calendar year 2015 for the age 65+ cohort to be 12.43 in Nursing Home Subdistrict 8-5. The estimate for the same population cohort and area is 10.97 beds per 1,000 elderly persons for calendar year 2018. See the table below.

**Beds per 1,000 Elderly Persons by Subdistrict within District 8 and the State**

Subdistrict and County	Community Beds	2015 Beds Per 1,000 65+	2018 Beds Per 1,000 65+
8-1: Charlotte	1,108	18.97	17.73
8-2: Collier	755	8.08	7.31
8-3: Desoto	118	18.34	17.39
8-4: Glades, Hendry	248	31.82	29.40
<b>8-5: Lee</b>	<b>1,998</b>	<b>12.43</b>	<b>10.97</b>
8-6: Sarasota	2,973	23.44	21.52
<b>District 8 Total</b>	<b>7,200</b>	<b>15.87</b>	<b>14.37</b>
Florida	80,049	22.02	19.95

Source: CON application #10390, page 3-2, Table 3-2

Gulf Coast notes that Lee County presently has approximately 12 community nursing home beds per 1,000 elderly, which declines to almost 11 beds per 1,000 elderly persons in the year 2018. The applicant contends that the proposed project increases accessibility by moving beds from Shell Point farther north and east into Cape Coral. The proposed project is stated to be centrally located within Cape Coral.

Gulf Coast reiterates that a settlement agreement for CON application #10340 (and the reviewer confirms that pursuant to Agency Final Order/AHCA Case No. 2015002597) will add 31 additional community nursing home beds to the subdistrict. Gulf Coast contends that if those beds are included in the inventory, the licensed beds increase to 2,029, which produces the 12.62 and 11.14 beds per 1,000 elderly for the years 2015 and 2018. Gulf Coast points out that Lee County ranks second below Collier County with respect to the fewest beds per 1,000 elderly persons--lower than the district overall and the state even with the inclusion of the converted sheltered to community beds.

Gulf Coast emphasizes that its current "Living Well Program" is not just a program – it is the Community's philosophy, a way of life and a promise to help residents live healthier and happier. According to Gulf Coast, the Living Well Program empowers residents to maximize their health by regularly engaging in physical, social, intellectual, emotional and vocational activities. Gulf Coast maintains that residents are encouraged to be active and independent by participating in fun activities to nurture mind, body and spirit.

According to Gulf Coast, the proposed project will better allocate beds to a highly utilized facility while decreasing beds at one that does not have a high occupancy rate. The reviewer confirms that for calendar year 2014, Shell Point Nursing Pavilion had a total occupancy rate lower than the subdistrict overall.

Gulf Coast expects 87.8 percent occupancy for year one (ending December 31, 2018) and 94.3 percent occupancy for year two (ending December 31, 2019). The applicant also offers payer mix estimates for the same period. The applicant indicates that the forecast includes the 31 beds from CON #10340 (which the reviewer confirms is approved through Agency Final Order/AHCA Case No. 2015002597). The expected bed complement includes the existing 85 licensed beds and the 20 beds in this proposed project. See the table below.

**Forecasted Utilization for Gulf Coast Village  
First and Second Years of Operation by Payer with  
105 Community Nursing Home Beds**

<b>Payer</b>	<b>Year One: Ending 12/31/2018 Resident Days</b>	<b>Year Two: Ending 12/31/2019 Resident Days</b>	<b>Percent of Days</b>
Medicare	18,404	19,893	55.0%
Medicaid Managed Care	9,556	9,583	26.5%
Private Pay	3,935	4,546	12.6%
All Other	1,764	2,129	5.9%
<b>Total</b>	<b>33,659</b>	<b>36,151</b>	<b>100.0%</b>
<b>Occupancy</b>	<b>87.8%</b>	<b>94.3</b>	

Source: CON application #10390, page 3-7, Table 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.**

Gulf Care asserts that Gulf Coast Village’s Mission and Hospitality Mission statements express the reason the facility is sought after by those in need of restorative and rehabilitative care. Gulf Coast indicates that its mission statement is,

*“Utilizing strategic partnerships and building on its reputation for service and hospitality, Gulf Care, Inc. will provide creative living and service options to exceed the needs and desires of seniors.”*

The applicant reports that Gulf Coast’s hospitality mission is, *“Exceptional care, world class hospitality.”* Gulf Coast notes that it is also a Volunteers of America community, a national, nonprofit, faith-based organization dedicated to helping those in need rebuild their lives and reach their full potential.

Gulf Coast maintains that the purpose of the Quality Assurance (QA) Program at Gulf Coast Village’s Health Center is to ensure that consistent, high-quality care is provided to all residents. The applicant provides a description of its QA program on pages 4-3 to 4-4 and includes forms used by the Quality Improvement and Risk Management Committee in Exhibit 4-1 of CON application #10390.

The applicant provides a detailed discussion of each of the following topics related to quality of care:

- Resident’s Rights
- Activities



The applicant discusses its “Living Well Program” and what it describes as its “Dimensions of Wellness”, listed under the following factors:

- Physical
- Social
- Intellectual
- Spiritual
- Emotional
- Vocational
- Environmental

Gulf Coast Village is not a Gold Seal Program nor is it on the Nursing Home Watch List. The most recent Agency inspection indicates Gulf Coast Village received an overall three-star rating out of a possible five stars. The Agency’s Nursing Home Guide was last updated May 2015. Gulf Coast Village had zero substantiated complaints during May 29, 2012 to May 29, 2015.

**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 the Applicant, and where the two short term and long term measures fall on the scale (highlighted in gray) for the most recent year.

<b>Gulf Care, Inc.</b>		
	<b>Current Year</b>	<b>Previous Year</b>
Current Assets	\$7,429,423	\$6,310,678
Total Assets	\$39,598,683	\$35,467,093
Current Liabilities	\$2,992,728	\$3,048,251
Total Liabilities	\$45,313,772	\$43,023,169
Net Assets	(\$5,715,089)	(\$7,556,076)
Total Revenues	\$24,840,595	\$22,820,648
Excess of Revenues Over Expenses	\$1,832,352	(\$2,284,450)
Cash Flow from Operations	\$8,280,593	\$6,683,919
<b>Short-Term Analysis</b>		
Current Ratio (CA/CL)	2.5	2.1
Cash Flow to Current Liabilities (CFO/CL)	276.69%	219.27%
<b>Long-Term Analysis</b>		
Long-Term Debt to Net Assets (TL- CL/NA)	-740.5%	-529.0%
Total Margin (ER/TR)	7.38%	-10.01%
<b>Measure of Available Funding</b>		
Working Capital	\$4,436,695	\$3,262,427

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

**Capital Requirements and Funding:**

The applicant indicates on Schedule 2 capital projects totaling \$54,459,843 which includes this project (\$4,125,523), CON 10340, capital spending, and campus renovation and expansion. The applicant indicates on Schedule 3 of its application that funding for the project will be provided by non-related company financing. Herbert J. Sims & Co., Inc. (“HJS”) provided a letter indicating HJS has been appointed to secure financing for this project. Financing is expected to be accomplished through the issuance of tax-exempt bonds through the City of Coral Gables Health Facilities Authority. In the absence of a firm commitment to lend, we would rely on an analysis of the applicant’s audit to assess the financial stability and therefore likelihood of the applicant to obtain debt financing. The applicant has \$4.4 million in working capital and \$8.2 million in cash flow from operations.

**CONCLUSION:** Funding for this project should be available as needed. However, funding for all capital projects is dependent on securing debt financing.

**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 1st Quarter 2015, 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	15,928,482	441	1,770	446	300
Total Expenses	15,564,115	431	1,678	434	307
Operating Income	364,367	10	186	23	-173
Operating Margin	2.29%		Comparative Group Values		
	Days	Percent	Highest	Median	Lowest
Occupancy	36,151	94.33%	97.64%	90.75%	55.01%
Medicaid	9,583	26.51%	38.34%	30.43%	20.69%
Medicare	14,920	41.27%	62.12%	38.55%	10.01%

**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. 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:** 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. 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. In addition, this project is converting a relatively small number of beds within the district resulting in no new beds to the district.

**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.**

A five-year history of Medicaid patient days and occupancy for Gulf Coast Village Care Center (Gulf Coast Village), the subdistrict, district and state is provided in the table below by calendar year.

**Medicaid Patient Days and Medicaid Occupancy at Gulf Coast Village Care Center, Subdistrict 8-5, District 8, and Florida  
Calendar Years 2010 thru 2014**

<b>Medicaid Patient Days</b>					
<b>Facility/Area</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
Gulf Coast Village	11,431	10,293	10,451	9,287	9,749
Subdistrict 8-5	345,354	338,752	347,315	355,943	362,513
District 8	1,184,832	1,198,660	1,212,391	1,207,330	1,247,576
Florida	15,530,575	15,612,015	15,733,318	15,700,197	15,932,613
<b>Medicaid Occupancy</b>					
<b>Facility/Area</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
Gulf Coast Village	58.03%	52.29%	52.90%	47.12%	49.46%
Subdistrict 8-5	58.36%	57.09%	57.48%	57.36%	57.73%
District 8	56.93%	57.19%	57.39%	56.44%	57.22%
Florida	61.33%	61.56%	61.85%	61.66%	62.17%

*Source: AHCA’s Florida Nursing Home Utilization by District and Subdistrict 2010-2014*

The applicant provides an overview of changes to long-term care including the advent of Statewide Medicaid Managed Care (SMMC) plans. In this discussion, Gulf Coast includes information on the available plans and services in Region 8 (Charlotte, Collier, Desoto, Glades, Hendry, Lee and Sarasota Counties).

Gulf Coast believes that the expectation is that SMMC plans will continue a downward trend in nursing home placements, offering options to recipients to maintain them in less restrictive settings. The applicant

indicates that in contrast, Medicare Advantage Plans and the numbers of enrollees in them has grown. Gulf Coast reports that recent 2014 data for enrollees in Lee County show that of the Medicare enrollees of 61,158 there are 15,535 persons enrolled in Advantage plans, yielding a penetration rate of 25.4 percent.

The applicant notes that it is currently certified for both Medicare and Medicaid and will continue to be certified with the proposed project. Gulf Coast provides its historical utilization by payer for its 54 licensed community beds in calendar years 2012 through 2014. See the table below.

**Historical Utilization by Payer for 54 Community Beds at Gulf Coast  
Calendar Years 2012 thru 2014**

Payer	Patient Days			Percent of Total Days		
	CY 2012	CY 2013	CY 2014	CY 2012	CY 2013	CY 2014
Medicaid	10,451	9,287	9,749	52.9%	47.1%	49.5%
Medicare	9,283	10,136	8,138	47.0%	51.4%	49.6%
Insurance	30	287	56	0.2%	1.5%	0.3%
<b>Total</b>	<b>19,765</b>	<b>19,710</b>	<b>19,710</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Source: CON application #10390, page 9-4, Table 9-1

Gulf Coast provides the following payer forecast for year one (ending December 31, 2018) and for year two (ending December 31, 2019).

**Forecasted Utilization for Gulf Coast by Payer**

Payer	Year One Resident Days	Year Two Resident Days	Percent of Days
<b>20 Community Beds</b>			
Medicare	2,277	3,723	60.0%
Medicaid Managed Care	0	0	0.0%
Private Pay	949	1,551	25.0%
All Other	569	931	15.0%
<b>Total</b>	<b>3,796</b>	<b>6,205</b>	<b>100.0%</b>
<b>Percent Occupancy</b>	<b>52.0%</b>	<b>85.0%</b>	
<b>Total Facility of 105 Beds</b>			
Medicare	18,404	19,893	55.0%
Medicaid Managed Care	9,556	9,583	26.5%
Private Pay	3,935	4,546	12.6%
All Other	1,764	2,129	5.9%
<b>Total</b>	<b>33,659</b>	<b>36,151</b>	<b>100.0%</b>
<b>Percent Occupancy</b>	<b>87.8%</b>	<b>94.3%</b>	

Source: CON application #10390, page 9-5, Table 9-2

The applicant's Schedule 7 indicates that Medicaid and self-pay represent 0.0 percent and 25.0 percent, respectively, of year one and year two annual total patient days for the proposed project (the addition of 20 community beds). Schedule 7 also indicates that Medicaid represents 28.4 percent and 26.5 percent, respectively, for year one and year two total annual patient days for the total facility (105 beds). The same schedule indicates that self-pay represents 11.7 percent and 12.6

percent, respectively, for year one and year two total annual patient days for the total facility (105 beds).

The applicant contends that Medicaid recipients will continue to have access to the facility.

**F. SUMMARY**

**Gulf Coast, Inc. d/b/a Gulf Coast Village (CON application #10390)**, a not-for-profit corporation, proposes to add 20 community nursing home beds to Gulf Coast Village through the delicensure of 20 community nursing home beds at Shell Point Nursing Pavilion, both facilities being located in District 8, Nursing Home Subdistrict 8-5, Lee County, Florida. The applicant is a CCRC. Upon approval of the proposed project, The Christian and Missionary Alliance Foundation, Inc., licensee of Shell Point Nursing Pavilion, agrees to voluntarily relinquish 20 community nursing home beds at Shell Point Nursing Pavilion.

Gulf Coast Village is an 85-bed SNF with 54 community beds and 31 sheltered beds. Through CON application #10340 added 31 community nursing home beds through the conversion of 31 sheltered beds at Gulf Coast Village. Upon proposed project approval, Gulf Coast Village would have 105 community nursing home beds.

Total project cost is \$4,125,523. The project involves 9,647 GSF of renovation. The renovation cost is \$1,989,792. Total project costs include: land, building, equipment and 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.

Gulf Coast provides population and inventory data that supports the project will improve access by redistributing beds from an area of higher availability and lower occupancy (at Shell Point Nursing Pavilion) to an area of lower availability and higher occupancy (at Gulf Coast Village), all within Nursing Home Subdistrict 8-5 (Lee County).

The applicant concludes the proposed project will improve access and availability within Lee County by:



- Relocating beds to an area with fewer available beds per 1,000 elderly
- Moving beds to the more centrally located Cape Coral area
- Redistribute beds to a facility where a larger portion of seniors within the subdistrict can more easily access needed services

**Quality of Care**

The applicant described its ability to provide quality care.

For the most recent rating period, the existing facility had three out of a possible five-star quality inspection rating.

Gulf Coast Village had zero substantiated complaints during May 29, 2012 to May 29, 2015.

**Financial Feasibility/Availability of Funds**

Funding for this project should be available as needed. However, funding for all capital projects is dependent on securing debt financing.

This project appears to be financial 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**

Gulf Coast does not propose to condition project approval to a percentage of Medicaid days.

The applicant's Schedule 7 indicates that Medicaid and self-pay represent 0.0 percent and 25.0 percent, respectively, of year one and year two annual total patient days for the proposed project.

**Architectural:**

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.

**G. RECOMMENDATION**

**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: \_\_\_\_\_

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