

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

**A. PROJECT IDENTIFICATION**

**1. Applicant/CON Action Number**

**Senior Health – Concordia, LLC**  
**d/b/a Concordia Manor/CON #10396**  
1665 Palm Beach Lake Blvd., Suite 600  
West Palm Beach, Florida 33401

Authorized Representative: Mr. Tom Groesbeck  
(561) 801-7600

**2. Service District/Subdistrict**

District 5/ Subdistrict 5-1 (Pasco County)

**B. PUBLIC HEARING**

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

**Letters of Support**

The Agency received 18 letters of support submitted by the applicant. Eight letters were written by medical doctors working in the local community and expressed the sentiment that combining the three outdated skilled nursing facilities (SNFs) into one larger and updated SNF would be beneficial to the community by having 90 private rooms as well as updated areas and activities.

One letter was written by Florida House Representative Amanda Murphy (District 36) which stated that welcoming any company to Pasco County will give Pasco citizens an opportunity for employment.

The remaining letters were written by several community leaders, expressing their support for the project.

**C. PROJECT SUMMARY**

**Senior Health – Concordia, LLC d/b/a Concordia Manor (CON application #10396)**, hereafter referred to as Concordia Manor or the applicant, proposes to replace and relocate the following SNFs-- Alpine Health and Rehabilitation Center (licensed 57 beds), Concordia Manor (licensed 39 beds) and South Heritage Health and Rehabilitation Center (licensed 74 beds). These facilities combining will result in a 170-bed community nursing home within 30 miles from Concordia Manor located at 321 13<sup>th</sup> Avenue North, St. Petersburg, Florida 33701. The reviewer notes that the applicant combined these three facilities by exemption on September 18, 2015 through Exemption #150034. The applicant indicates that the existing nursing homes are currently located in Subdistrict 5-2, Pinellas County, Florida and are proposing to move to Subdistrict 5-1, Pasco County, Florida.

The applicant is a part of Senior Health South—EX, LLC which is affiliated with four other SNFs:

- Community Convalescent Center
- First Coast Health and Rehabilitation Center
- Treasure Isle Care Center
- Winter Haven Health and Rehabilitation Center

The project involves 99,457 gross square feet (GSF) of new construction. The construction cost is \$18,959,000. Total project cost is \$24,841,500. Project costs include land, building, equipment, project development, financing and start-up costs.

The applicant indicates that if the proposed project is approved, Concordia will be applying for an exemption pursuant to 408.036 (3) (f) to add 10 more beds to the proposed facility, for a total bed complement of 180.

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, Robert Douin analyzed the application in its entirety with consultation from the financial analyst, Brian Shoemaker, 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.**

Concordia Manor proposes to replace its current facility with 39 licensed community nursing home beds through combining its current bed complement with two other existing facilities—Alpine Health and Rehabilitation Center (57 licensed community nursing home beds) and South Heritage Health and Rehabilitation Center (74 licensed community nursing home beds)—resulting in 170 beds total within 30 miles from its current location in Pinellas County, Subdistrict 5-2, to Pasco County, Subdistrict 5-1.

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 on page 1-11 of CON application #10396 illustrating a red push pin located in Trinity, Florida, south of Old County Road 54--the outer limit of the 30-mile radius from Concordia Manor. The applicant also includes another map with a 30-mile radius drawn showing that all of Trinity, Florida is within the 30-mile radius of the current location of Concordia Manor. Concordia Manor asserts that when it searched for a project site in the northern part of Pinellas County where fewer facilities exist, that the greatest population was toward the north, in Pasco County.

Concordia Manor reports that the most recent nursing home bed inventory indicates that Pasco County (District 5 Subdistrict 5-1) averaged a six-month occupancy rate of 91.95 percent, exceeding the 85 percent threshold. The reviewer confirms these data from the October 2, 2015 publication of the *Florida Nursing Home Bed Need Projections by District and Subdistrict* for July 2014 through June 2015.

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.**

Concordia Manor asserts that the proposed replacement facility will have 90 private rooms and 45 semi-private rooms—a significant increase from the number of private rooms that currently exist. In addition, the applicant notes that the proposed project will eliminate the eleven four-bed wards that exist at present. See the table below.

Current Room Configuration	Number of beds in			Total
	Private Rooms	Two-Bed Rooms	Four-Bed Rooms	
Concordia Manor	1	2	36	39
Alpine Health & Rehab. Center	1	56	0	57
South Heritage Health & Rehab. Center	0	66	8	74
Total	2	124	44	170

Source: CON application #10396, page 1-3

The applicant comments that constructing a replacement facility will improve accessibility by meeting ADA requirements, providing more space for residents and handicap accessible features. Concordia Manor declares the design will foster better care and allow for more efficient management of medical conditions with separate wings for short-term rehabilitation, long-term care and specialized memory care. The following are several design features listed by the applicant that they indicate will ensure the new facility meets or exceeds current code requirements to enhance patient care:

- 90 private rooms
- Split plan to maximize privacy in semi-private rooms
- A large therapy area with state-of-the-art equipment
- A 30-bed memory care unit
- Individualized activity rooms and dining areas
- Private common areas for residents to spend time with family and friends
- Beauty and barber shop
- Wireless nurse call systems
- WiFi access
- Transportation for residents

Concordia Manor states that the following services and amenities will still be upheld at the new joining location:

- Rehabilitation and restorative services
  - Physical therapy
  - Occupational therapy
  - Speech therapy

- Skilled Nursing services
  - Memory care
  - Respiratory services
  - Wound care services
  - Infusion therapies
  - Cardiac recovery services
- Post-Acute services including the following:
  - Joint replacements
  - Strokes
  - Cardiac occurrence
  - Surgical procedures
  - Injuries
  - Orthopedic fractures/surgeries
  - Intravenous medications and fluids
  - Total Parenteral Nutrition (TPN)
  - Tracheostomies
  - Infections including HIV, MRSA and VRE
  - Feeding tubes including G-tubes, NG tubes, Dobhoffs
  - Wound care including wound vacs
  - Pain management
  - Respiratory treatments including C-PAP and Bi-PAP
  - Colostomies, ileostomies, urostomies

The applicant notes that all residents will receive:

- Restaurant style dining with specialized dietary needs accommodated
- Enclosed courtyards
- Spa and laundry services
- Satellite TV and WiFi
- Medical transportation assistance
- Full day of calendar activities
- 24-hour visitation
- Newspaper delivery
- Community outings
- Pharmacy and laboratory services

- Ancillary services
  - pulmonary
  - Infectious disease
  - Psychology
  - Optometry
  - Orthopedics
  - Internal medicine
  - Psychiatry
  - Podiatry
  - Family services
  - Registered dietitian

Concordia Manor states that admission is a coordinated process, and that upon admission, a thorough and detailed assessment will be conducted to provide a plan of care directed toward discharge. The applicant states that the plans are reviewed in accordance with a schedule for ongoing progress toward obtaining objectives. Concordia Manor explains that discharge plans include key staff in an interdisciplinary coordination along with the resident and a family member, if possible.

The applicant indicates the average length of stay (ALOS) will be 46.8 days for year one and two of operation. Concordia Manor declares that the replacement facility is expected to have a fill rate similar to other new Florida facilities in recent years.

Concordia Manor contends that the ability to add more complex services for short-term stays enhances access and 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 is 79.50 and total 147.40 for year two (ending December 31, 2019). The proposed project's year one and year two FTEs are shown in the table below.



<b>Concordia Manor Projected Year One and Year Two Staffing</b>		
	Year One FTEs	Year Two FTEs
<b>Administration</b>		
Administrator	1.0	1.0
Director of Nursing	1.0	1.0
Admissions Director	1.0	1.0
Bookkeeper	1.0	1.0
Medical Records Clerk	1.0	1.0
Other: Nursing Admin	2.5	5.0
<b>Physicians</b>		
Medical Director (contracted)	1.0	1.0
<b>Nursing</b>		
RNs	7.5	14.8
LPNs	11.2	22.3
Nurses' Aides	38.7	76.5
<b>Dietary</b>		
Dietary Supervisor	1.0	1.0
Cooks	4.5	8.7
Dietary Aides	2.8	5.7
<b>Social Services</b>		
Social Service Director	1.6	2.1
Activity Director	1.0	1.0
Activities Assistant	0.6	1.1
<b>Plant Maintenance</b>		
Maintenance Supervisor	1.0	1.0
Maintenance Assistance	1.1	2.2
<b>Total</b>	<b>79.5</b>	<b>147.4</b>

Source: CON application #10396, 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:**

- 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 continue to report all required data to the Suncoast Health Council, Inc. and the Agency for Health Care Administration.

**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.**

Concordia Manor indicates that expansion is not an option due to the lack of land available at the three existing locations. The applicant also notes that the existing outdated facilities have a number of physical plant issues and that a new updated facility would address these issues.

The applicant provides a map demonstrating a cluster of SNFs (39 within a 10-mile radius) within the radius of the current location in Pinellas County, Florida. The map also indicates Trinity, Florida illustrating that this is a less saturated area (17 SNFs within 10-mile radius). Concordia Manor points out that the only SNF in Trinity Florida, Trinity Regional Rehabilitation Center, had an annual occupancy rate of 95.33 percent.

Concordia Manor provides the following tables, illustrating the elderly populations in Pasco and Pinellas Counties, District 5 and Florida. See the table below.

**Historical Population Growth for District 5 by County and Florida**

County/Area	July 2010 Population			July 2014 Population		
	0-64	65+	Total	0-64	65+	Total
Pasco	368,734	96,537	465,271	355,082	116,023	471,105
Pinellas	721,811	195,010	916,821	712,071	215,852	927,923
District 5	1,090,545	291,547	1,382,092	1,067,153	331,875	1,399,028
Florida	15,551,205	3,275,269	18,826,474	15,922,885	3,738,363	19,661,248

County/Area	2010-2014 Increase			2010-2014 Growth Rate		
	0-64	65+	Total	0-64	65+	Total
Pasco	-13,652	19,486	5,834	-3.7%	20.2%	1.3%
Pinellas	-9,740	20,842	11,102	-1.3%	10.7%	1.2%
District 5	-23,392	40,328	16,936	-2.1%	13.8%	1.2%
Florida	371,680	463,094	834,774	17.3%	16.1%	17.1%

Source: CON application #10396, page 1-20

The applicant states that even though Pasco County, Florida has roughly half the population of Pinellas County, Florida, the elderly population has grown at twice the rate between 2010 and 2014. Concordia Manor notes that the Pasco County elderly population is growing at a rate of 20.2 percent and that the Pinellas County elderly population is growing at a rate of 10.7 percent. The applicant maintains that Pasco County currently only has 16 community nursing homes while Pinellas County

has 70. The applicant provides a table estimating future population and population growth for Pasco and Pinellas County, District 5 and Florida. See the table below.

**Current and Future Population Estimates and Growth  
District 5 by County and Florida**

County	July 2014 Population			July 2019 Population		
	0-64	65+	Total	0-64	65+	Total
Pasco	355,082	116,023	471,105	382,510	138,169	520,679
Pinellas	712,071	215,852	927,923	692,671	239,194	931,865
District 5	1,067,153	331,875	1,399,028	1,075,181	377,363	1,452,544
Florida	15,922,885	3,738,363	19,661,248	16,626,263	4,419,392	21,045,655

County	2014-2019 Increase			2014-2019 Growth Rate		
	0-64	65+	Total	0-64	65+	Total
Pasco	27,428	22,146	49,574	7.7%	19.1%	10.5%
Pinellas	-19,400	23,342	3,942	-2.7%	10.8%	0.4%
District 5	8,028	45,488	53,516	0.8%	13.7%	3.8%
Florida	703,378	681,029	1,384,407	4.4%	18.2%	7.0%

Source: CON application #10396, page 1-21

Concordia Manor asserts that Pinellas County is expected to experience flat total growth with an elderly growth rate of 10.8 percent, while Pasco County expects elderly growth at an average of 19.1 percent from 2014 to 2019. The applicant maintains that Pasco County would benefit from the existing beds relocating from Pinellas County to help disperse the beds more evenly in the district.

Concordia Manor provided a table to illustrate the high bed to population ratios in the current location compared to the new proposed area. The applicant contends that the proposed facility offers a better bed dispersion for Pasco and Pinellas Counties. See the table below.

**Ratio of Community Skilled Nursing Beds to Population Age 65 and Over Within a 10-Mile Radius of the Current and Proposed Location, Before and After the Project**

Area	Before Move			After Move			Net Beds Added
	2014 Beds	2014 Pop 65+	Beds per 1,000	2019 Beds	2019 Pop 65+	Beds per 1,000	
Trinity 10-Mile Radius	1,992	85,520	23	2,162	98,476	22	170
Concordia 10-Mile Radius	4,394	89,268	49	4,277	104,073	41	-117
Pasco County, Subdistrict 5-1	1,938	102,202	19	2,108	119,837	18	170
Pinellas County, Subdistrict 5-2	7,777	211,475	37	7,660	234,697	33	-117
District 5 Total	9,715	313,677	31	9,768	354,534	28	53
Zip Code 34655	120	10,508	11	290	12,346	23	170
<b>Florida</b>	<b>80,063</b>	<b>3,583,511</b>	<b>22</b>	<b>83,238</b>	<b>4,212,806</b>	<b>20</b>	<b>3,175</b>

Source: CON application #10396, page 1-30

The applicant maintains that the data shows the age 65+ population is growing at a fast rate in both Pasco and Pinellas Counties. Concordia Manor indicates that by 2019, the second year of the project, a 10-mile radius around the current location in St Petersburg (Pinellas County District 5, Subdistrict 5-2) will have 41 beds per 1,000 elderly, while the 10-mile radius of the new proposed area will only have 22 beds per 1,000 (including the 170-bed move from Pinellas County). The applicant reiterates that this will put the bed counts closer to the state average (20 beds per 1,000), while not over-bedding Pasco County. Concordia Manor states that constructing the replacement facility in the Trinity area where average occupancy levels are the highest will improve accessibility and access.

The applicant analyzed the current utilization of five-mile radii around the current and proposed area for CY 2014, finding that the data results in an 85.89 percent occupancy rate for the current location, and a 94.88 percent occupancy rate for the proposed area. Concordia Manor emphasizes that four of the five facilities in the Trinity, Florida area have occupancy rates exceeding the threshold for statute and rule that allows them to add capacity under exemption, yet none have applied. The applicant also states that need has been published twice for Pasco County without any applicants applying to utilize those beds.

Concordia Manor contends that there is pent-up demand for Pasco County community nursing homes. To illustrate this and future utilization, the applicant included the following tables with the state use rate applied. See the tables below.

<b>Concordia Manor Projected Pasco Patient Days Year One (CY 2018) and Year Two (CY 2019) of Operation</b>		
<b>Baseline Statistics</b>	<b>Pasco</b>	<b>Florida</b>
Licensed Community Beds	1,938	80,063
Projected Licensed Beds, CY 2018	2,108	83,238
Community Patient Days, CY 2014	643,470	25,629,204
Average Daily Census, CY 2014	1,763	70,217
Average Occupancy	90.97%	87.80%
July 1, 2014 Population 65+	102,202	3,583,511
Pasco Use Rate (days per 1,000)	6,296	7,152

<b>Pasco County, Subdistrict 5-1</b>	<b>Year One CY 2018</b>	<b>Year Two CY 2019</b>
Population 65+ (July 2018 & 2019)	116,169	119,837
Projected Days (Pasco Use Rate)	731,407	754,501
Average Daily Census	2,004	2,067
Occupancy in 1,938 currently Licensed Beds	103.40%	106.66%
Occupancy in 2,108 proposed beds	95.06%	98.06%
Projected Days (State Use Rate)	830,839	857,072
Average Daily Census	2,276	2,348
Occupancy in 1,938 currently licensed beds	117.45%	121.16%
Occupancy in 2,108 proposed beds	107.98%	111.39%

Source: CON application #10396 page 1-40, table 1-11

Concordia Manor identifies several benefits of the proposed project, emphasized below:

- Reallocate existing beds from an area of high concentration to an area which has few beds proportionally to the population it serves
- Maintaining the status quo without adding beds to District 5
- Enhancing access through redistribution of SNF beds
- Addition of more private rooms, more common areas, larger therapy room, storage space that creates (resident choices, resident independence)
- Improving the quality of care and functionality of the facility
- Positive impact on residents with no adverse impact on other SNFs
- Not over-bedding the area but relocating to an area that has pent-up demand
- Of all the zip codes in Pasco County zip codes 34655 has the largest number of seniors, and will represent 29 percent of the total population in 2019

**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 Alpine Health, Concordia Manor and South Heritage’s current room configuration and limited space, impedes the resident’s privacy. Concordia Manor indicates that four bed wards sharing one shower room is undesirable for residents.

Concordia Manor states that the proposed 170-bed replacement facility will operate under Concordia Manor’s mission statement and vision found on page 4-2 of CON application #10396. The applicant includes Concordia Manor’s QAPI (Quality Assurance Performance Improvement)

policy that will be utilized at the new location by employees, residents and families. The reviewer notes that the QAPI can be found on pages 4-9 through 4-10 Exhibit 4-2.

Concordia Manor states a residents’ rights brochure provided by Florida’s Long-Term Care Ombudsman Program is presented to each admission to Concordia Manor. Additionally, Concordia Manor notes that every employee is given their own copy. The applicant indicates that Residents’ rights will be publicly posted in the facility.

The applicant emphasizes that Alpine Health, Concordia Manor and South Heritage all became Gold Seal eligible based on the inspection data on July 1, 2012. The applicant states that Alpine Health and Concordia Manor both became Gold Seal Programs in March 2015. The reviewer confirms that both facilities are Gold Seal recipients. The applicant points out that Alpine Health and South Heritage are both rated with five stars on the five-star scale, while Concordia Manor received a four-star rating. The reviewer confirms on FloridaHealthFinder.gov that that South Heritage and Alpine received a five-star rating and Concordia Manor received a four-star rating.

Agency Data indicates that Alpine Health had one, Concordia Manor two and South Heritage three substantiated complaints during the three-year period ending October 21, 2015. A single complaint can encompass multiple complaint categories. The substantiated complaint categories are listed below:

**Alpine Health and Rehabilitation Center**

<b>Substantiated Complaint Categories for the Past 36 Months</b>	
<b>Complaint Category</b>	<b>Number Substantiated</b>
Administration/Personnel	1

Source: Florida Agency for Health Care Administration Complaint Records

**Concordia Manor**

<b>Substantiated Complaint Categories for the Past 36 Months</b>	
<b>Complaint Category</b>	<b>Number Substantiated</b>
Admission, Transfer & Discharge Rights	1
Nursing Services	1

Source: Florida Agency for Health Care Administration Complaint Records

**South Heritage Health and Rehabilitation Center**

<b>Substantiated Complaint Categories for the Past 36 Months</b>	
<b>Complaint Category</b>	<b>Number Substantiated</b>
Quality of Care/Treatment	2
Dietary Services	1

Source: Florida Agency for Health Care Administration Complaint Records

Senior Health South-EX, LLC owns and operates seven SNFs in Florida. For the three-year period ending October 21, 2015, Agency complaint records indicate that Senior Health South-Ex, LLC affiliated SNFs had 32 substantiated complaints at seven facilities.

**Senior Health South-EX Management Corporation Complaints**  
**Substantiated Complaint Categories for the Past 36 Months**

Complaint Category	Number Substantiated
Quality of Care/Treatment	12
Physical Environment	5
Infection Control	4
Administration/Personnel	3
Admission, Transfer & Discharge Rights	2
Resident/Patient/Client Assessment	2
Dietary Services	1
Life Safety Code	1
Nursing Services	1
Resident/Patient/Client Rights	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. The table below is an analysis of the audited financial statements of Omega Healthcare Investors, Inc., (3<sup>rd</sup> party) and where the two short-term and long-term measures fall on the scale (highlighted in gray) for the most recent year.



<b>Omega Healthcare Investors</b>		
	<b>Dec-14</b>	<b>Dec-13</b>
Current Assets	\$172,665,000	\$150,120,000
Total Assets	\$3,921,645,000	\$3,462,216,000
Current Liabilities	\$0	\$5,000,000
Total Liabilities	\$2,520,318,000	\$2,162,113,000
Net Assets	\$1,401,327,000	\$1,300,103,000
Total Revenues	\$504,787,000	\$418,714,000
Excess of Revenues Over Expenses	\$221,349,000	\$172,521,000
Cash Flow from Operations	\$337,540,000	\$279,949,000
<b>Short-Term Analysis</b>		
Current Ratio (CA/CL)	N/A	30.0
Cash Flow to Current Liabilities (CFO/CL)	N/A	5598.98%
<b>Long-Term Analysis</b>		
Long-Term Debt to Net Assets (TL-CL/NA)	179.9%	165.9%
Total Margin (ER/TR)	43.85%	41.20%
<b>Measure of Available Funding</b>		
Working Capital	\$172,665,000	\$145,120,000

<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 indicates on Schedule 2 capital projects totaling \$24,841,500 which includes this project. The applicant indicates on Schedule 3 of its application that funding for the project will be provided by non-related company financing. The applicant provided a letter from Omega committing to funding this project. Omega submitted their audited financial statements as proof of available funding. Overall, Omega has a strong financial position and is likely to either fund through existing capital or raise the capital necessary to meet the commitments set forth.

**Conclusion:**

Funding for this project should be available as needed.

**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, 2013, and 2014 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	18,288,500	343	438	372	297
Total Expenses	16,364,600	307	420	361	301
Operating Income	1,923,900	36	44	8	-22
Operating Margin	10.52%		<b>Comparative Group Values</b>		
	Days	Percent	Highest	Median	Lowest
Occupancy	53,364	86.00%	99.48%	89.88%	62.35%
Medicaid/MDCD HMO	26,682	50.00%	60.04%	52.33%	40.72%
Medicare/ MDCR HMO	17,077	32.00%	42.37%	25.09%	10.76%

**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. 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.

**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.**

Concordia Manor asserts that it has a history of service to Medicaid recipients within Pinellas County. The applicant insists that the replacement facility will operate similarly to the existing facilities and will continue to serve the Medicaid recipients and others.

The applicant indicates that Concordia Manor’s and the two sister facilities historical Medicaid utilization is shown in the table below, along with the total utilizations of Pinellas and Pasco Counties. Concordia Manor notes that for the last four years, all three facilities have had a Medicaid occupancy rate that is higher than the average for both counties. See the table below:

**2010-2014 Medicaid Utilization for Replacement facilities,  
Pasco County and Pinellas County**

Facility/Area	Medicaid Days				
	2010	2011	2012	2013	2014
Concordia Manor	9,491	9,937	8,811	9,989	10,001
Alpine Health and Rehab Ctr.	13,512	16,575	16,732	15,737	15,801
South Heritage Health and Rehab Ctr.	17,983	19,222	17,973	18,318	16,383
Pinellas County	1,602,750	1,647,332	1,639,958	1,610,985	1,642,165
Pasco County	357,044	378,787	386,345	378,460	375,276
Facility/Area	Medicaid Occupancy				
	2010	2011	2012	2013	2014
Concordia Manor	80.43%	77.25%	77.97%	81.41%	83.68%
Alpine Health and Rehab Ctr.	84.60%	89.63%	91.16%	86.08%	83.87%
South Heritage Health and Rehab Ctr.	84.89%	89.63%	91.34%	94.24%	96.40%
Pinellas County	63.83%	64.99%	65.47%	64.35%	65.20%
Pasco County	56.57%	59.80%	60.41%	58.98%	58.32%

Source: CON application #10396, page 9-4, based on the Agency’s Florida Nursing Home Utilization by District and Subdistrict, for the years indicated

Concordia Manor contends 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. Concordia Manor asserts that recent 2015 data for enrollees in Pasco County show that of Medicare enrollees of 114,454 eligible individuals, there are 61,078 persons enrolled in Advantage plans, yielding a penetration rate of 53.36 percent.

The reviewer compiled the following Medicaid occupancy data for Senior Health South Florida facilities for July 1, 2014 to June 30, 2015--the most recently published Agency data available at the time the application was submitted. See the table below.

**Senior Health South Florida Medicaid Occupancy  
July 1, 2014-June 30, 2015**

<b>Facility Name</b>	<b>Medicaid Days</b>	<b>Total Patient Days</b>	<b>Medicaid Occupancy</b>
Alpine Health and Rehabilitation Center	15,630	18,783	83.21%
Community Convalescent Center	28,414	42,490	66.87%
Concordia Manor	10,386	12,221	84.98%
First Coast Health and Rehabilitation Center	25,745	32,846	78.38%
South Heritage Health and Rehabilitation Center	15,915	17,627	90.29%
Treasure Isle Care Center	48,954	56,008	87.41%
Winter Haven Health and Rehabilitation Center	36,918	47,931	77.02%
<b>Total</b>	<b>181,962</b>	<b>227,906</b>	<b>79.84%</b>

Source: Florida Nursing Home Bed Need Projections by District and Subdistrict, October 2015 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.

**New Nursing Home Forecast of Resident Days Senior Health Concordia, LLC  
First Two Years of Operation**

<b>Payer</b>	<b>Admissions</b>		<b>Resident Days</b>		<b>Percent of Days</b>
	<b>Year One: 2018</b>	<b>Year Two: 2019</b>	<b>Year One: 2018</b>	<b>Year Two: 2019</b>	
Medicare	202	401	4,038	8,005	15.0%
Medicare Managed Care	255	504	4,576	9,072	17.0%
Medicaid Managed Care	37	74	13,460	26,682	50.0%
Self-Pay	36	72	2,154	4,269	8.0%
Commercial Insurance	45	89	2,693	5,336	10.0%
<b>Total</b>	<b>575</b>	<b>1,140</b>	<b>26,921</b>	<b>53,364</b>	<b>100.0%</b>
<b>Percent Occupancy</b>			<b>43.39%</b>	<b>86.00%</b>	

Source: CON application #10396, page 9-5

The applicant's Schedule 7 indicates that Medicaid and self-pay represent 40.7 percent and 6.9 percent, respectively, of year one and 40.2 percent and 7.0 percent, respectively, of year two annual total patient days.

**F. SUMMARY**

**Senior Health – Concordia, LLC d/b/a Concordia Manor (CON application #10396)**, proposes to replace and relocate the following SNFs--Alpine Health and Rehabilitation Center (licensed 57 beds), Concordia Manor (licensed 39 beds) and South Heritage Health and Rehabilitation Center (licensed 74 beds). These facilities combining will result in a 170-bed community nursing home within 30 miles from Concordia Manor located at 321 13<sup>th</sup> Avenue North, St. Petersburg, Florida, 33701. The reviewer notes that the applicant combined these three facilities by exemption on September 18, 2015 through Exemption #150034. The applicant indicates that the existing nursing homes are currently located in Subdistrict 5-2, Pinellas County, Florida and are proposing to move to Subdistrict 5-1, Pasco County, Florida.

The project involves 99,457 gross square feet (GSF) of new construction. The construction cost is \$18,959,000. Total project cost is \$24,841,500. Project costs include land, building, equipment, project development, financing and start-up costs.

The applicant indicates that if the proposed project is approved, Concordia will be applying for an exemption pursuant to 408.036 (3) (f) to add 10 more beds to the proposed facility, for a total bed complement of 180.

The applicant proposes no conditions on its Schedule C.

**Need**

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

Concordia Manor identifies several benefits of the project, emphasized below:

- Replaces a SNF's physical plant whose useful life is at its end
- Increases the availability of community SNF beds within Trinity, Florida 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 Pinellas County and increases the bed supply in Pasco County, improving access and availability for District 5
- Reduces the concentration of SNF beds in Pinellas County and improves it in Pasco County

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

- It lies within Pasco County, north of an existing cluster of SNFs
- It represents a dispersion since the proposed area has 17 facilities within a 10-mile radius, and its current location has 39 facilities
- It enhances access by placing the facility within ZIP code 34655, where only one SNF exists

The applicant indicates on its Schedule 7 that the ALOS will be 46.8 days for year one and year two of operation.

### **Quality of Care**

Concordia Manor points out that South Heritage and Alpine Health both received a five-star rating, while Concordia Manor received a four-star rating, on FloridaHealthFinder.gov. Concordia Manor and Alpine Health are both Gold Seal facilities. The applicant indicates that South Heritage is Gold Seal eligible.

Concordia Manor, Alpine Health and South Heritage had seven substantiated complaints during the three-year period ending October 21, 2015. Senior Health South had 32 substantiated complaints at seven 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.

Concordia Manor notes that for the last four years, all three facilities have had a Medicaid occupancy rate that is higher than the district average.

The applicant's Schedule 7 indicates that Medicaid and self-pay represent 40.7 percent and 6.9 percent, respectively, of year one and 40.2 percent and 7.0 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 #10396 to replace Concordia Manor (39 beds), Alpine Health and Rehabilitation Center (57 beds) and South Heritage Health and Rehabilitation (74 beds) with a new 170-bed community nursing home to be located in Pasco County, District 5, Subdistrict 5-1, within 30 miles of Concordia Manor. The total project cost is \$24,841,500. The project involves 99,457 GSF of new construction and a construction cost of \$18,959,000.



**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 Administration Services Manager**  
**Certificate of Need**