

STATE AGENCY ACTION REPORT
ON APPLICATION FOR CERTIFICATE OF NEED

A. PROJECT IDENTIFICATION

1. Applicant/CON Action Number

Presbyterian Retirement Communities, Inc.
d/b/a Westminster Baldwin Park/CON #10423
80 West Lucerne Circle
Orlando, Florida 32801

Authorized Representative: Henry Keith
Chief Financial Officer
(407) 839-0707 ext. 252

2. Service District/Subdistrict

District 7/Subdistrict 2 (Orange County)

B. PUBLIC HEARING

A public hearing was not held or requested on the proposed project to construct a new 40-bed community nursing home through the delicensure and relocation of 40 beds within a 30-mile radius of the existing facility within the same subdistrict.

C. PROJECT SUMMARY

Presbyterian Retirement Communities, Inc. d/b/a Westminster Baldwin Park (CON #10423), also referred to as WBP or the applicant, proposes to establish a new 40-bed community nursing home through the delicensure of 40 community nursing home beds at Westminster Winter Park. The proposed facility, Westminster Baldwin Park, will be located within one mile of Westminster Winter Park. Westminster Winter Park agrees to voluntarily relinquish 40 community beds at the existing facility when the proposed beds are licensed. Both facilities are located in District 7/Subdistrict 2, Orange County, therefore, no new beds would be added to the subdistrict upon implementation of this project.

Westminster Winter Park (also referred to as WWP) is a 120-bed skilled nursing facility (SNF) managed by Presbyterian Retirement Communities Inc., also known as Westminster Communities of Florida. The applicant states that Presbyterian Retirement Communities Inc., is a 61-year old faith-based, non-profit organization and operates nine continuing care retirement communities (CCRCs) within Florida. Facilities including:

- Westminster Towers
- Westminster Winter Park
- Westminster Oaks
- Westminster Shores
- Westminster Woods on Julington Creek
- Westminster Suncoast
- Westminster Palms
- Westminster Manor
- Westminster Towers

The project involves 36,791 gross square feet (GSF) of new construction. The construction cost is \$9,124,800. Total project cost is \$10,455,000. Project costs include 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, Dwight Aldridge analyzed the application in its entirety with consultation from the financial analyst, Derron Hillman, Bureau of Central Services, who evaluated the financial data and Gregory Register 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.

WBP proposes to establish a new 40-bed community nursing home through the delicensure of 40 community nursing home beds at WWP. The applicant notes that both facilities would be located in District 7, Subdistrict 2, Orange County.

WWP is currently operating 92 community beds and 28 sheltered beds, although CON #10363 was recently awarded to convert 17 sheltered beds to community beds which would bring the total community beds to 109 with 11 sheltered beds. The applicant notes that under the current licensed bed complement, the project will result in WWP having 52 community and 28 sheltered beds, with 40 community beds at the proposed Baldwin Park location. The applicant indicates that the proposed facility will be constructed one mile from the existing WWP.

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

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

The reviewer confirms that the facilities are located within 30 miles of each other and the total number of nursing homes in the district does not increase. In CON #10423, 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

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.**

The applicant indicates that it will offer a variety of restorative and rehabilitative services, including:

- Physical, occupational and speech therapy
- Orthopedic rehabilitation
- Neurological rehabilitation
- Pulmonary rehabilitation
- Medical management
- Palliative care
- Hospice care
- Wound care

The applicant provides a chart on page 2-2 of CON #10423 that shows the most frequent Major Diagnostic Categories (MDC) for Orange County residents discharged from a hospital to a SNF during the period of January 1, 2014 through December 31, 2014. The applicant contends that these types of injuries and procedures require restorative and rehabilitation services including physical and occupational therapies in which WWP has in place.

WBP indicates physician orders for the resident's immediate care are obtained prior to or upon admission. The applicant maintains that it will begin the comprehensive resident assessment upon admission and will utilize an electronic health record for residents. WBP notes that a care plan will be completed within seven days of completing the resident assessment and will include measurable objectives and timetables that meet the resident's medical, nursing, mental and psychosocial needs. The applicant states a discharge plan begins with the initial assessment when patient and family needs and attributes are assessed with the admissions diagnosis specifically addressed. A detailed description of WWBs admission and discharge plan are located on pages 2-5 through 2-8 of CON #10423.

Schedule 6A shows that the FTEs for year one (ending December 31, 2018) are 32.4 and year two (ending December 31, 2019) are 16.6. The applicant provided FTEs for all Presbyterian SNFs on Schedule 6A as well as breaking out the proposed facility. The proposed facility's FTEs are shown in the table below.

Westminster Baldwin Park (CON application #10423)		
Staffing		
	Year One FTEs	Year Two FTEs
Administration		
Administrator	1.0	--
Director of Nursing	1.0	--
Admissions	0.3	0.2
Bookkeeper	0.3	0.2
Secretary	0.2	0.1
Medical Records Clerk	.04	1.2
Other: Nursing Admin	2.0	1.1
Other: Administration	0.8	0.4
Nursing		
RNs	2.2	1.2
LPNs	2.7	1.5
Nurses' Aides	11.4	6.2
Ancillary		
Physical Therapist	2.1	1.1
Speech Therapist	0.8	0.4
Occupational Therapist	1.6	0.9
Dietary		
Dietary Supervisor	0.5	0.3
Cooks	1.3	0.7
Dietary Aides	0.9	0.5
Social Services		
Social Service Director	0.3	0.1
Activity Director	0.2	0.1
Activities Assistant	0.3	0.2
Housekeeping		
Housekeeping Supervision	0.3	0.2
Housekeepers	1.5	0.8
Plant Maintenance		
Maintenance Supervisor	0.1	0.1
Maintenance Assistance	0.2	0.1
Total	32.4	16.6

Source: CON application #10423, 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 that it has not had a nursing facility license denied, revoked or suspended.

- 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 that it has not been placed into receivership.

- 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.**

WWB indicates that since there have been no violations, this provision does not apply to the applicant.

- 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.**

WWB indicates that since there have been no violations, this provision does not apply to the applicant.

- 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.**

Presbyterian Retirement Communities, Inc. indicates that it will provide the required data to the Health Planning Council of East Central Florida, Inc. and to the Agency.

3. Statutory Review Criteria

- a. **Is need for the project evidenced by the availability, quality of care, accessibility and extent of utilization of existing health care facilities and health services in the applicant's service area? ss. 408.035 (1)(b) and (e), F.S.**

Availability and Accessibility

WBP states that although the proposed project will keep the number of nursing home beds constant, availability and access will improve through the construction of a new physical plant for 40 beds, increasing the number of private rooms and accommodations for short-term rehabilitation while decompressing space at WWP to improve the care environment.

The applicant maintains that the project will improve accessibility by providing an additional 32 private rooms, including two designed as bariatric, for community residents. WBP notes that private rooms are preferred by residents and families as they align with industry trends toward more home-like environments of care. The applicant indicates that the private room proportion of the bed inventory is only 7.7 percent—313 beds of the subdistrict's 4,074 community beds are private rooms as multiple facilities still maintain three and four-bed room layouts. The applicant asserts that the addition of 32 private rooms to the bed inventory will be positive for the community.

WBP states that population estimates show that the growth in the number of elderly will drive demands for skilled care. The applicant notes that Orange County has an annual growth rate of 4.9 percent for the 65+ population in the five-year period of 2014 to 2019. WBP states that existing SNFs are operating at high occupancy rates, with 23 of the

subdistrict’s 33 facilities operating at 90 percent or higher for the period of July 1, 2014 through June 30, 2015—with 10 facilities having occupancy rates 95 percent or higher.

The applicant indicates that population growth and facility utilization within the service area support the proposed project. The applicant examined population within a 10-mile radius and notes that the five-year growth rate for the area averages 22.33 percent for persons aged 65+. WBP notes that the population within a 10-mile radius of the proposed project also includes some Zip Codes from Seminole County. The applicant indicates that Seminole County Zip Codes proximate to the proposed facility were included in the population analysis. The applicant provides the table below which shows the growth rate of the 65+ population by Zip Code for the 10-mile radius around the proposed WBP.

**Population Estimates for the 10-mile Service Area by
Zip Code for the Elderly Aged 65+
For Years 2014 and 2019**

Zip Code	County	2014 Population 65+	2019 Population 65+	Population Change	Growth Rate
32809	Orange	3,163	3,875	712	22.51%
32812	Orange	4,146	5,067	921	22.21%
32818	Orange	5,030	6,419	1,389	27.61%
32811	Orange	3,148	3,983	835	26.52%
32839	Orange	3,611	4,857	1,246	34.51%
32805	Orange	3,257	3,772	515	15.81%
32808	Orange	4,680	5,699	1,019	21.77%
32810	Orange	3,586	4,511	925	25.79%
32804	Orange	2,528	3,113	585	23.14%
32714	Seminole	4,361	5,291	930	21.33%
32806	Orange	4,103	4,879	776	18.91%
32801	Orange	2,714	2,952	238	8.77%
32803	Orange	2,364	2,896	532	22.50%
32807	Orange	3,912	4,524	612	15.64%
32789	Orange	4,776	5,633	857	17.94%
32751	Orange	3,720	4,341	621	16.69%
32814	Orange	522	754	232	44.44%
32822	Orange	7,109	8,550	1,441	20.27%
32825	Orange	5,633	7,295	1,662	29.50%
32792	Orange	7,082	8,263	1,181	16.68%
32817	Orange	3,407	4,419	1,012	29.70%
32701	Seminole	3,924	4,388	464	11.82%
32730	Seminole	951	1,070	119	12.51%
32750	Seminole	4,232	5,096	864	20.42%
32707	Seminole	5,497	6,788	1,291	23.49%
32708	Seminole	6,468	8,128	1,660	25.66%
32816	Orange	12	16	4	33.33%
32826	Orange	2,444	2,997	553	22.63%
32765	Seminole	6,555	8,578	2,023	30.86%
10-Mile		112,935	138,154	25,219	22.33%

Source: CON application #10423, page 1-8

With respect to location and accessibility, the applicant states the proposed facility will be located adjacent to Zip Codes with a high concentration of persons aged 65+. WBP states that it will be located within a five-mile radius of three acute care hospitals—Winter Park Memorial Hospital (320 beds), Florida Hospital (1,217 beds) and Florida Hospital East Orlando (265 beds). The applicant provides a map on page 3-3 to illustrate that the proposed facility is near major roadways for ease of access.

Quality of Care

The applicant contends that quality of care will be improved for residents of the subdistrict with the proposed project as the two-story facility will have 32 private and four semi-private rooms. The applicant notes that the physical plant design of the proposed project will allow for more space and equipment needed for rehabilitation, including a large therapy suite. The applicant states that the overall design fosters resident centered care and culture change to accommodate resident expectations.

WBP states that another positive aspect relating to quality of care is that the proposed project allows WWP to decompress space and provide more private patient rooms. The applicant notes that after the project is complete, WWP will have 44 private rooms and 18 semi-private rooms, as well as more space for residents in the common areas for therapy, leisure activities, nursing, storage and parking. The applicant contends that residents will benefit by having two facilities with better functional design for patient care and safety than what is currently available within the planning area.

WBP notes that of the eight SNFs in Florida owned and operated by Presbyterian Retirement Communities, Inc., half of these facilities are designated as five or four-star (five stars being the highest rating) facilities based on the most recent state inspection. The applicant concludes by stating that quality improvements for residents of the subdistrict include the following:

- Focus on rehabilitation will allow a rapid recovery program to emerge with higher staffing levels, better training and coordination of service to return patients home.
- Physical plant designed to new code, with a high ratio of private rooms will promote high patient satisfaction and quality.
- The existing facility, WWP will increase the number of private rooms from four to 44, thereby improving quality through improved functional design and patient satisfaction.

Extent of Utilization

In reference to utilization, the applicant discusses the 12-month period ending June 30, 2015, noting that Orange County nursing homes averaged 89.84 percent utilization in 4,074 community nursing home beds. WBP notes that for the same period Orange County nursing homes provided 1,335,910 resident days of care. The reviewer confirms these statistics through the October 2015 *Florida Nursing Home Bed Need Projections by District and Subdistrict* publication.

The applicant indicates that community beds located within a five-mile radius of the proposed location also include WWP, which operated with an overall 89 percent occupancy rate for calendar year (CY) 2014. WBP indicates that of the 16 SNFs offering community nursing beds within this geographic area (five-mile radius) 11 had occupancy rates in excess of 91 percent during the most recent CY—noting that one facility was at 100 percent (Commons at Orlando Lutheran Towers). The reviewer notes that the data provided by the applicant is not current and that updated information available from the October 2015 publication should have been used, the reviewer also notes that the applicant neglected to include WWP in its utilization table. The applicant provides the following chart.

Community Nursing Home Bed Utilization within a Five-Mile Radius of the Proposed Westminster Baldwin Park Location, CY 2014

Name	Zip Code	Comm. Beds	Bed Days	Patient Days	Occup.
Adventist Care Centers-Courtland	32804	120	43,800	41,966	95.81%
Avante At Orlando	32807	118	43,070	33,361	77.46%
Commons at Orlando Lutheran Towers	32801	60	21,900	21,900	100.00%
Conway Lakes Health & Rehab Center	32812	120	43,800	39,919	91.14%
Delaney Park Health & Rehab Center	32806	60	21,900	20,329	92.83%
East Orlando Health & Rehab Center	32825	120	43,800	42,274	96.52%
Manor Care Nursing & Rehab Center	32792	138	50,370	35,045	69.58%
Mary Lee Depugh Nursing Home Assoc	32789	40	14,600	13,314	91.19%
Mayflower Healthcare Center	32792	24	8,760	8,108	92.56%
Palm Garden of Orlando	32825	120	43,800	40,774	93.09%
Regents Park of Winter Park	32792	120	43,800	40,608	92.71%
Rehabilitation Center of Winter Park	32751	180	65,700	51,189	77.91%
Rio Pinar Health Care	32822	180	65,700	63,859	97.20%
Savannah Cove	32751	39	14,235	12,502	87.83%
Westminster Towers	32801	61	22,265	22,127	99.38%
Winter Park Care & Rehab Center	32792	103	37,595	32,792	87.22%
Five-mile Radius Total		1,603	585,095	520,067	88.89%

Source: CON application #10423 page 1-10

For the most recent period, July 1, 2014 through June 30, 2015, the applicant provides the table below which illustrates nursing home patient days and occupancy within a five-mile radius of the proposed location.

**Community Nursing Home Bed Utilization within a Five-Mile Radius of the
Proposed Westminster Baldwin Park Location
July 1, 2014-June 30, 2015**

Facility	Comm. Nursing Home Bed Inventory	Bed Days	Patient Days	Total Occupancy
Adventist Care Centers – Courtland, Inc.	120	43,800	42,098	96.11%
Avante at Orlando, Inc.	118	43,070	34,743	80.67%
Commons at Orlando Lutheran Towers	60	21,900	21,900	100.00%
Conway Lakes Health and Rehabilitation Center	120	43,800	39,653	90.53%
Delaney Park Health and Rehabilitation Center	60	21,900	20,194	92.21%
East Orlando Health and Rehab Center, Inc.	120	43,800	42,243	96.45%
Manor Care Nursing and Rehabilitation Center	138	50,370	34,603	68.70%
Mary Lee Depugh Nursing Home Association, Inc.	40	14,600	13,380	91.64%
Mayflower Healthcare Center	24	8,760	7,954	90.80%
Palm Garden of Orlando	120	43,800	41,421	94.57%
Regents Park of Winter Park	120	43,800	40,784	93.11%
Rehabilitation Center of Winter Park, The	180	65,700	51,345	78.15%
Rio Pinar Health Care	180	65,700	63,708	96.97%
Savannah Cove	39	14,235	12,510	87.88%
Westminster Towers	61	22,265	20,331	93.31%
Westminster Winter Park	92	33,580	27,170	80.91%
Winter Park Care and Rehabilitation Center	103	37,595	32,723	87.04%
Total	1,695	618,675	546,760	88.38%

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

WBP notes that the current utilization data shows that WWP operated the existing 92 community beds at an occupancy rate of 80.91 percent for the most recent year. The applicant states that because the delicensed beds will remain within the same county, admissions to both WWP and WBP will be coordinated with hospital discharge planners to provide the best location for placing residents once the new facility opens. The applicant indicates that to avoid resident disruption, WWP will keep all the beds operational, slowing admissions as the new facility completes construction. WBP maintains that the initial occupancy rate will rise from 30.23 percent in the first quarter to 79.49 percent by the fourth quarter, averaging 55 percent for the first year. In the second year, the applicant states that the facility projects to reach and maintain 85 percent occupancy. The applicant projects an average daily census (ADC) of 22 residents the first year and 34 residents in the second year. WBP notes that both short and long-term care stays are reflected in the ADC projections. See chart below.

**Projected Utilization of the Proposed 40-Bed Facility
First Two Years of Operation**

Period	Admissions	Patient Days	Occupancy	ADC
Year One (CY 2018)	283	8,030	55.00%	22
Year Two (CY 2019)	434	12,408	84.98%	34

- 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 states that Presbyterian Retirement Communities, Inc. currently operates eight SNFs with a total of 761 beds, as part of its life care communities. WBP provides the facility inspection ratings for the eight SNFs Presbyterian Retirement Communities, Inc. operates.

**Presbyterian Retirement Communities, Inc.
Skilled Nursing Facility Inspection Ratings**

Facility	District	Rating	Comm. Beds	Sheltered Beds
Westminster Manor (Bradenton)	6	4 Stars	42	17
Westminster Towers (Bradenton)	6	5 Stars	55	65
Westminster Towers (Orlando)	7	3 Stars	61	59
Westminster Oaks (Tallahassee)	2	4 Stars	48	72
Westminster Woods (Jacksonville)	4	3 Stars	57	3
Westminster Suncoast (St. Pete)	5	5 Stars	120	0
Westminster Palms (St. Pete)	5	4 Stars	42	42
Westminster Winter Park (Winter Park)	7	2 Stars	92	92

Source: CON application #10423, page 4-2.

WBP states that it will join its affiliates in participating in a national quality initiative that will provide additional tools and resources to continuously improve the quality of care provided at its Health Center. The applicant states the proposed facility will implement a Quality Assurance (QA) program that will ensure consistent, high-quality care is provided to all residents. In addition to QA activities, WBP maintains that it will operate Westminster Communities of Florida's Quality First program. The applicant states the elements of this program are:

- Commitment
- Governance and accountability
- Leading edge care and services
- Community involvement
- Continuous quality improvement
- Human resource development
- Consumer-friendly information
- Consumer participation
- Research findings
- Education and public trust
- Consumer confidence

The applicant indicates the proposed facility's QA program will require continuous monitoring and assessing resident care practices, identifying and investigating potential problems or concerns, and implementing

appropriate actions to reduce or eliminate problems. WBP notes that each department that has an impact upon resident care and services will be actively involved in the QA program. A detailed description of Presbyterian Retirement Communities, Inc.’s Quality Assurance and Performance Improvement Plan (QAPI), Quality Assurance Program, and Florida Nursing Home Inspection Ratings can be found on pages 4-1 through 4-9 of CON #10423.

WWP is not a Gold Seal Program and is presently on the Nursing Home Watch List¹. The most recent Agency inspection indicates WWP received an overall two-star rating out of a possible five stars. The Agency’s Nursing Home Guide was last updated November 2015.

Agency complaint records indicate that the affiliated nursing homes associated with the parent company, for the three-year period ending December 15, 2015, had eight substantiated complaints at four facilities. A single complaint can encompass multiple complaint categories. The substantiated complaint categories are listed below:

Presbyterian Retirement Communities Inc. Complaints	
Substantiated Complaint Categories for the Past 36 Months	
Complaint Category	Number Substantiated
Physical Environment	1
Quality of Care/Treatment	3
Resident/Patient/Client Rights	1
Dietary Services	1
Admission, Transfer & Discharge Rights	1
Nursing Services	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.

Analysis:

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

¹ Westminster Winter Park was placed on conditional status from April 3, 2014 until May 3, 2014 under tag #N0201 pursuant to 400.022 (1) (l), F.S.—the right to receive adequate and appropriate health care and protective support services, including social services; mental health services, if available, planned recreational activities; and therapeutic and rehabilitative services consistent with the resident care plan, with established and recognized practice standards within the community, and with rules as adopted by the Agency.

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 as benchmarks 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 The Obligated Group, which includes Presbyterian Retirement Communities, Inc., and where the two short-term and long-term measures fall on the scale (highlighted in gray) for the most recent year.

The Obligated Group		
	Mar-15	Mar-14
Current Assets	\$45,285,284	\$41,136,157
Total Assets	\$519,713,670	\$492,039,073
Current Liabilities	\$32,405,092	\$37,907,101
Total Liabilities	\$384,787,375	\$370,423,433
Net Assets	\$134,926,295	\$121,615,640
Total Revenues	\$160,783,154	\$146,805,324
Excess of Revenues Over Expenses	(\$5,078,222)	(\$8,668,953)
Cash Flow from Operations	\$37,966,945	\$44,814,878
Short-Term Analysis		
Current Ratio (CA/CL)	1.4	1.1
Cash Flow to Current Liabilities (CFO/CL)	117.16%	118.22%
Long-Term Analysis		
Long-Term Debt to Net Assets (TL-CL/NA)	261.2%	273.4%
Total Margin (ER/TR)	-3.16%	-5.91%
Measure of Available Funding		
Working Capital	\$12,880,192	\$3,229,056

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 \$180,346,468 which includes this project, CON #10363, routine capitalization, and other capitalization. The applicant indicates on Schedule 3 of its application that funding for the project will be provided by cash on hand. The applicant submitted their audited financial statements as proof of available funding. The long and short-term analysis of the 3/31/2015 financial statements, indicate that the applicant may have difficulties securing additional debt. However, the applicant has \$12.4 million in cash and cash equivalents, and \$37.9 million in cash flow from operations. The applicant also has \$12.8 million in working capital.

The project subject to this review is \$10,405,000 and sufficient cash and cash equivalents should available for the project. As stated above, the applicant is projecting total capital projects of \$180,346,468. Schedule 2 indicates that these projects will be funded by amounts on hand (\$140,068,436) and other funding assured, but not on hand (\$40,278,032). The audited financial statements indicate the availability of \$104,384,327 of which \$12,403,306 is cash or cash equivalents and \$91,981,021 are unrestricted investments, leaving the applicant \$35,684,109 short of the amount indicated as being on hand and available.

Conclusion:

Funding for this project should be available as needed. However, funding for the entire capital budget is in question.

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

Analysis:

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 3rd 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	4,859,200	392	1,733	437	294
Total Expenses	4,635,800	374	1,643	425	300
Operating Income	223,400	18	186	23	-173
Operating Margin	4.60%		Comparative Group Values		
	Days	Percent	Highest	Median	Lowest
Occupancy	12,408	84.99%	97.64%	90.75%	55.01%
Medicaid	3,103	25.01%	38.34%	30.43%	20.69%
Medicare	4,964	40.01%	62.12%	38.55%	10.01%

The applicant nursing home is part of a Continuing Care Retirement Community (CCRC). A CCRC is made up of residential units, an assisted living facility, and a nursing home and is regulated as a type of insurance arrangement. The idea is that CCRC residents buy into the community and transition through life from residential, to assisted living, and finally to skilled nursing. Skilled nursing is also available for rehabilitation to residents. The business model for a CCRC in general shows the skilled nursing component as a loss with the residential living and assisted living generating enough profit to cover the loss. In this case, the applicant projected an overall profit both with and without the net earnings of the rest of the CCRC.

CCRCs are regulated by the Florida Office of Insurance Regulation (OIR). OIR requires CCRCs to maintain a minimum liquid reserve and file financial statements on a regular basis. The existence of a Certificate of Authority issued by OIR and maintenance of a minimum liquid reserve indicates stability of the CCRC. The applicant CCRC has both.

NRPD, CPD, and operating income each fall within the group range and is considered reasonable. In addition, the total cost appears to include at least the minimum staffing required. Therefore, the overall profitability of the nursing home on a stand-alone basis appears reasonable.

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 nursing staffing and nursing assistant staffing meet this requirement.

Conclusion:

This project appears to be financially feasible as part of the larger CCRC model.

- e. Will the proposed project foster competition to promote quality and cost-effectiveness? ss. 408.035 (1)(e) and (g), F.S.**

Analysis:

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.**

The applicant states that WWP provides Medicaid-funded long term care services through its community beds. The reviewer provides the chart below which shows a five-year history of Medicaid patient days and occupancy for WWP, the subdistrict, district and state.

**Medicaid Patient Days & Medicaid Occupancy Rates
Westminster Winter Park
Subdistrict 7-2, District 7, and Florida
Calendar Years 2010-2014**

Medicaid Patient Days					
Facility/Area	2010	2011	2012	2013	2014
Westminster Winter Park	10,379	11,400	11,880	13,207	9,949
Subdistrict 7-2	814,845	828,454	824,000	826,827	834,464
District 7	1,762,965	1,771,754	1,768,611	1,758,966	1,774,373
Florida	15,530,575	15,612,015	15,733,318	15,700,197	15,875,092
Medicaid Occupancy					
Facility/Area	2010	2011	2012	2013	2014
Westminster Winter Park	35.85%	40.44%	43.99%	49.44%	36.62%
Subdistrict 7-2	61.67%	62.41%	62.32%	62.09%	62.46%
District 7	60.05%	60.18%	60.26%	60.14%	59.99%
Florida	61.33%	61.56%	61.85%	61.66%	61.88%

Source: Florida Nursing Home Bed Need Projections by District and Subdistrict 2010-2014

The applicant states that the Medicaid forecast reflects a change in the way in which nursing homes function, and the programs and services that are provided with the expectation that higher levels of rehabilitation and restorative care will be provided for shorter stays as residents return home, including what would be Medicaid recipients. The applicant provides the following projected payer mix for the proposed 40-bed community nursing home and forecasted resident days based on payer mix.

**Westminster Baldwin Park 40-bed New Nursing Home
Forecast Payer Mix
First Two Years of Operation**

Payer	Year One: CY 2018	Year Two: CY 2019
Medicaid Managed Care	25.0%	25.0%
Medicare Part A	23.0%	23.0%
Medicare Part C	17.0%	17.0%
Private Pay	25.0%	25.0%
Other	10.0%	10.0%
Total	100%	100%

Source: CON application #10423, Schedule 7

**Westminster Baldwin Park 40-bed New Nursing Home
Forecast of Resident Days
First Two Years of Operation**

Payer	Year One: CY 2018	Year Two: CY 2019	Percent of Days
Medicare	1,847	2,854	23.0%
Medicare Managed Care	1,365	2,110	17.0%
Medicaid Managed Care	2,008	3,103	25.0%
Private Pay	2,008	3,103	25.0%
Other	802	1,238	10.0%
Total	8,030	12,410	100%

Source: CON application #10423, page 9-4

The applicant states Presbyterian Retirement Communities Inc. currently operates two CCRC's within Orange County, WWP and Westminster Towers. Both of these facilities currently provide Medicaid services through their respective community beds. The applicant notes that for CY 2014, WWP had a Medicaid occupancy rate of 43 percent while Westminster Towers had a 63.5 percent Medicaid occupancy rate. The reviewer notes, for the most recent data available (July 1, 2014 through June 30, 2015), WWP had a Medicaid occupancy rate of 36.62 percent while Westminster Towers had a 67.26 percent Medicaid occupancy rate. The applicant assures that individuals with Medicaid will have access to its facilities and states the new facility will be both Medicare and Medicaid certified.

F. SUMMARY

Presbyterian Retirement Communities Inc. d/b/a Westminster Baldwin Park (CON #10423) proposes to establish a new 40-bed community nursing home through the delicensure of 40 community nursing home beds at WWP. The proposed facility, will be located within one mile of WWP. WWP agrees to voluntarily relinquish 40 licensed community beds once the proposed facility is licensed. Both facilities are located in District 7/Subdistrict 2, Orange County.

The project involves 36,791 GSF of new construction. The construction cost is \$9,124,800. Total project cost is \$10,455,000. Project cost includes land, building, equipment, project development, financing and start-up costs.

The applicant proposes no conditions to the approval of the proposed project.

Need

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

The applicant states the objectives of the project are to:

- Continue to assure that both members of the public and continuing care contract holders have access to high-quality skilled nursing care on the campus at WWP or WBP.
- Better align the facility within the community to accommodate demand for rehabilitation, providing additional space and equipment for intensive therapy services.
- Improve operations and functionality of existing licensed beds for both members of the public and contract holders.
- Offer two bariatric beds.
- Increase the number of private rooms within the community bed inventory.
- Construct a new state-of-the-art facility for nursing home care with more private rooms and amenities.

Quality of Care

WWP received a two out of five star overall inspection quality rating during its most recent rating period in the Agency's Nursing Home Guide. The reviewer notes that the applicant is not a Gold Seal facility and is presently on the Nursing Home Watch List.

WWP had one substantiated complaint during the three-year period ending December 15, 2015. Presbyterian Retirement Communities Inc. had eight substantiated complaints at four of its Florida SNFs during the same three-year period.

The applicant demonstrated the ability to provide quality care.

Financial Feasibility/Availability of Funds

Funding for this project should be available as needed. However, funding for the entire capital budget is in question.

This project appears to be financially feasible as part of the larger CCRC model.

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

Medicaid/Charity Care

WBP states the facility's 40 beds will be dually Medicaid-Medicare certified. The applicant plans to contract with at least one Medicaid managed care plan operating within the subdistrict.

WBP projects Medicaid will comprise 25.0 percent for both year one (2018) and year two (2019) patient days. The applicant does not propose a Medicaid condition for the proposed project.

Architectural:

The architectural 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 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.

G. RECOMMENDATION

Approve CON #10423 to establish a new 40-bed community nursing home in Orange County, District 7, Subdistrict 2 through the delicensure of 40 community nursing home beds at Westminster Winter Park. The total project cost is \$10,455,000. The project involves 36,791 GSF of new construction and a construction cost of \$9,124,800.

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