

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

**A. PROJECT IDENTIFICATION**

**1. Applicant/CON Action Number**

**Surrey Place of Bradenton, LLC**  
**d/b/a Surrey Place Healthcare and Rehabilitation**  
2123 Centre Pointe Boulevard  
Tallahassee, FL 32308

Authorized Representative: Joseph Mitchell, C.P.A.  
(850) 386-2522

**2. Service District/Subdistrict**

District 6/ Subdistrict 2 (Manatee County)

**B. PUBLIC HEARING**

A public hearing was not held or requested on the proposed project to add 9 community nursing home beds to Surrey Place Healthcare and Rehabilitation in District 6, Nursing Home Subdistrict 6-2 through the delicensure of 9 community nursing home beds at Gulf Coast Health Care, Inc. d/b/a Inn at Sarasota Bay Club in District 8, Nursing Home Subdistrict 8-6, Sarasota County.

**C. Project Summary**

**Surrey Place of Bradenton, LLC d/b/a Surrey Place Healthcare and Rehabilitation (CON #10447)**, also referenced as Surrey Place or the applicant, a private for-profit nursing home, proposes to add nine community skilled nursing home beds to Surrey Place Healthcare and Rehabilitation in District 6, Nursing Home Subdistrict 6-2, through delicensing nine beds at Gulf Coast Health Care, Inc. d/b/a Inn at Sarasota Bay Club in District 8, Nursing Home Subdistrict 8-6, Sarasota County.

Surrey Place is a 65-bed skilled nursing facility in District 6, Nursing Home Subdistrict 6-2. The applicant provides a notarized letter in

Exhibit 1-1 from Steve Roskamp, authorized representative of Gulf Coast Health Care Inc. that declares intent to voluntarily relinquish nine beds, upon CON approval of the proposed project.

The applicant states that the addition of the nine beds will result in 36 private rooms and 19 semi private rooms from a previous configuration of 45 private rooms and 10 semi-private rooms. The applicant does not anticipate that the proposed project will require construction costs, but expects minor renovations e.g. finishing work associated with over-head bed light, a cubicle curtain track and curtain, and nurse call installation and additions to electrical work.

Associated renovation costs are \$18,000 for 2,637 gross square feet (GSF). The applicant states that each room will be 293 GSF which exceeds minimum requirements. Total project cost will be \$112,008, or, \$12,445 per bed. The applicant expects the project to be implemented on or before January 1, 2018.

In accordance with Florida Statute 408.036(2)(d), the proposal does not result in the addition of new beds or the creation of a new nursing home facility. Additionally, relocation of the beds occurs within a 30-mile radius of a contiguous district. All confirmed by the reviewer.

The applicant does not propose any Schedule C conditions.

#### **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, Bianca Eugene analyzed the application with consultation from the financial analyst, Derron Hillman, Bureau of Central Services, who evaluated the financial data and Scott Waltz of the Office of Plans and Construction, who reviewed the application for conformance with the architectural criteria.

**E. CONFORMITY OF PROJECT WITH REVIEW CRITERIA**

The following indicate the level of conformity of the proposed project with the criteria and application content requirements found in F.S., sections 408.035 and 408.037; applicable rules of the State of Florida, Chapter 59C-1 and 59C-2, F.A.C.

**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.**

The applicant has submitted CON #10447 as an expedited review and not in response to a fixed need pool. The applicant also does not seek beds and services in excess of the fixed need pool.

The applicant proposes to add nine community skilled nursing home beds to Surrey Place by delicensing nine community nursing home beds at The Inn at Sarasota Bay Club. Surrey Place is located in Manatee County (Subdistrict 6-2) and The Inn at Sarasota Bay Club of Gulf Coast Healthcare is located in Sarasota County (Subdistrict 8-6).

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

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

In Exhibit 1-1, CON #10447, the applicant provides a notarized letter from Gulf Coast Health Care Inc., the authorized licensee of The Inn at Sarasota Bay Club, consenting to relocate nine community nursing home beds to Surrey Place upon CON approval.

**a. Relocation of a portion of the nursing home’s licensed beds to a licensed facility within the same district, if the relocation is within a 30-mile radius of the existing facility and the total number of**

**nursing home beds in the district does not increase. (Rule 59C-1.004 (2) (e) F.A.C.).**

Surrey Place is located at: 5525 21st Ave West, Bradenton, Florida 34209 (Manatee County, District 6, Nursing Home Subdistrict 6-2). The Inn at Sarasota Bay Club is located at: 1303 North Tamiami Trail, Sarasota, Florida 34236 (Sarasota County, District 8, Nursing Home Subdistrict: 8-6). FloridaHealthFinder, computes the two addresses within a 15-mile radius, thereby satisfying the requirements.

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

The applicant includes a notarized letter from Steve Roskamp, authorized representative of Gulf Coast Health Care, Inc., licensee of The Inn at Sarasota Bay Club which provides an agreement to relinquish nine community nursing home beds upon approval of the proposed project (Exhibit 1-1, CON#10447).

- c. The relocation of beds under this paragraph shall be limited to a portion of beds such that the occupancy rate of the remaining licensed beds of the facility from which beds are being relocated does not exceed 92 percent. (Rule 59C-1.004 (2) (e) 2. F.A.C.).**

For the 12-month period ending December 31, 2015 The Inn at Sarasota Bay Club reported 16,907 patient days, an occupancy rate of 77.20 percent, and 60 licensed community nursing home beds<sup>1</sup>. The delicensure of nine beds from The Inn at Sarasota Bay Club would result in 51 licensed community nursing home beds, 16,907 patient days, and an occupancy rate of 90.83 percent. The reviewer includes the algorithm below. Notably, the applicant computes its own anticipated occupancy rate of 88.64 percent based off of 51 licensed community beds and 18,666 patient days (Exhibit 2-1, CON #10447, Page 2-3). The applicant is in compliance with this rule based on Agency reports.

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<sup>1</sup> Florida Nursing Home Bed Need Projections by District and Subdistrict, issued April 1, 2016

*Total # of licensed beds × 365 \* Occupancy Rate = # of patient days*

Starting: 60 licensed beds \* 365 \* .7720 = 16,907 patient days

Ending: 51 licensed beds \* 365 \* (occupancy rate) = 16,907 patient days

*occupancy rate = .9083*

- d. Utilization Reports. Within 45 days after the end of each calendar quarter, facilities with nursing facility beds licensed under Chapter 400, F.S. shall report to the agency, or its designee, the total number of patient days which occurred in each month of the quarter and the number of such days which were Medicaid patients. (Rule 59C-1.035 (5) F.A.C.).**

Surrey Place maintains it will provide the required data to the Health Council of West 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

The applicant evaluates availability for the proposed project as a function of geographic factors, utilization, and resident facility preferences.

As the net number of nursing home beds will not change with the implementation of the project, Surrey Place notes that population growth is expected to increase demand. The applicant cites that population growth within the 65+ cohort in Manatee County (Subdistrict 6-2) is predicted to increase by 18.9 percent based on Agency population estimates for July 2015 and July 2020.<sup>2</sup>

Surrey Place indicates that Agency population projections for 2015 and 2018 were used to obtain beds per 1,000 elderly before and after project implementation with community beds available as of April 2016. The applicant computes that bed availability will change from 23 beds per 1,000 elderly people in 2015 to 21 beds per 1,000 elderly people in 2018 in Sarasota County. Surrey Place states that bed availability in Manatee County is expected to change from 16 beds per 1,000 elderly people in

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<sup>2</sup> Office of the Governor Florida Population Estimates and Projections (By AHCA District), February 2015

2015 to 15 beds per 1,000 elderly people in 2018 (CON #10447, Health Planning Factors, page 3-2).

The reviewer computes community bed availability per elderly in Sarasota and Manatee Counties in 2015 and 2018 based on two sources: Florida Population Estimates and Projections by AHCA District 2010 to 2030 (February 2015) and Florida Nursing Home Utilization by District and Subdistrict January 2015 – December 2015 (April 2016). The elderly population used in the reviewer’s computed projections is based off of the 65+ population indicated for July 1, 2015 and July 1, 2018. The computed bed availability is presented in the table below.

**Community Bed Availability in Manatee and Sarasota Counties in 2015 and 2018**

<b>County</b>	<b>Number of Community Beds</b>	<b>Pop. 65+ (July 1, 2015)</b>	<b>Pop. 65+ (July 1, 2018)</b>	<b>Community Bed Availability per 1,000 (2015)</b>	<b>Community Bed Availability per 1,000 (2018)</b>
Manatee	1,384	84,237	93,754	16.4	14.8
Sarasota	2,973	128,477	140,107	23.1	21.2

Source: Florida Population Estimates and Projections by AHCA District 2010 to 2030 (February 2015); Florida Nursing Home Utilization by District and Subdistrict January 2015 – December 2015 (April 2016)

Moreover, the applicant anticipates that the redistribution of nursing home beds from Subdistrict 8-6 to Subdistrict 6-2 will result in increased access to beds in an area of lower availability.

In analysis and description of accessibility, the applicant considers geographic impediments, distance and time, eligibility and financial costs. The applicant includes a map depicting the elderly population over the age of 65 with distances from health facilities in 5, 10, and 15 mile radii within Sarasota and Manatee Counties. Surrey Place notes that the map depicts a greater density of acute care hospitals and nursing homes in Sarasota County than Manatee County.

Quality of Care

The applicant expects that resident comfort and quality of services will be improved as a result of the increased supply of beds that will result from implementation of the proposed project. The applicant also boasts its utilization history and community support in demonstration of its quality record. The applicant provides a full description of its historical provision and capacity to provide quality care in Tab 4 (Quality) of the application.

Agency inspection ratings are presented which identify the applicant (Surrey Place of Bradenton) as high-performing provider in comparison to affiliate nursing homes.

**Summit Care Facilities, Locations and Quality Ratings**

Facility Name	District	County	City	Beds	Quality Star Ratings
Century Health and Rehab Center	1	Escambia	Century	88	2
Sandy Ridge Health and Rehabilitation	1	Santa Rosa	Milton	60	3
Santa Rosa Health & Rehab Center	1	Santa Rosa	Milton	110	2
Madison Health and Rehab. Center	2	Madison	Madison	60	4
Seven Hills Health & Rehab Center	2	Leon	Tallahassee	156	2
Diamond Ridge Health & Rehab Center	3	Citrus	Lecanto	120	4
Northbrook Health & Rehab Center	3	Hernando	Brooksville	120	4
Springs at Boca Ciega Bay, The	5	Pinellas	South Pasadena	109	5
Surrey Place Healthcare & Rehab.	6	Manatee	Bradenton	60	5
Valencia Hills Health and Rehab Center	6	Polk	Lakeland	300	4
Ybor City Healthcare and Rehab. Center	6	Hillsborough	Tampa	80	5
Springs at Lake Pointe Woods, The	8	Sarasota	Sarasota	119	1

Source: CON#10447, Health Planning Factors, Page 3-3

The reviewer notes that the subheading “Quality Star Ratings” in Table 3-1 represents an overall performance measure. The agency scores nursing home performance using stars which the reviewer includes below:

- ★★★★★ Means that for this measure this facility ranked better than 81% to 100% of the facilities in its region. That is, five stars means that the facility ranked in the top 20% of facilities in its region.
- ★★★★ Means that for this measure this facility ranked better than 61% to 80% of the facilities in its region.
- ★★★ Means that for this measure this facility ranked better than 41% to 60% of the facilities in its region.
- ★★ Means that for this measure this facility ranked better than 21% to 40% of the facilities in its region.
- ★ Means that for this measure this facility ranked better than 0% to 20% of the facilities in its region. That is, a single star means that the facility ranked in the bottom 20% of facilities in its region.

Providers are evaluated on eight inspection areas: quality of care, quality of life, administration, nutrition and hydration, restraints and abuse, pressure ulcers, decline, and dignity. An overall inspection rating is listed in a separate category, which is reflected in the applicant’s table under the “Quality Star Ratings” subheading. <sup>3</sup>

Extent of Utilization

The applicant identifies facility-specific need as a contributing factor in

<sup>3</sup> Nursing Home Guide, FloridaHealthFinder.gov

support of the proposed project. In illustration of utilization, the average daily census (ADC) for the six-month period ending December 31, 2015 for Surrey Place is reported: 61/65 beds and an average occupancy rate of 93.55 percent noted as a threshold for bed expansion. Variations in ADC and seasonal fluctuations in discharges that require short-term rehabilitation are also presented as justification for the proposed project which will add nine beds to the facility’s long-term care division. The applicant expects that implementation of the proposed project will result in an increased capacity to meet admission demands of the local community.

Agency utilization records for Manatee County facilities are included as a tabled supplement which represents the number of community beds, patient days, and occupancy for calendar year 2015. The applicant excludes sheltered beds. Surrey Place of Bradenton has the 3<sup>rd</sup> highest occupancy rate of 91.38 percent, which the applicant notes as a factor which contributes to the need for increased capacity.

**2015 Community Nursing Home Utilization for Subdistrict 6-2, Manatee County**

Facility Name	Comm. Beds	Patient Days	Occupancy
Westminster Towers and Shores of Bradenton	55	20,075	100.00%
Bradenton Health Care	105	37,027	96.61%
Surrey Place Healthcare and Rehabilitation	65	21,612	91.38%
Greenbriar Rehabilitation and Nursing Center	79	25,695	89.11%
Westminster Communities of Bradenton, Westminster Manor	42	13,356	87.12%
Casa Mora Rehabilitation and Extended Care	240	76,241	87.03%
Woods at Manatee Springs, The	120	37,374	85.33%
Heritage Park Care and Rehabilitation Center	120	36,152	82.54%
Riviera Palms Rehabilitation Center	120	35,937	82.05%
Life Care Center of Sarasota	120	33,279	75.98%
Braden River Rehabilitation Center, LLC	208	56,983	75.06%
Bay Vue Nursing and Rehabilitation Center	110	25,352	63.14%
Subdistrict 6-2 Total	1384	419,083	82.97%

Source: CON #10447, Health Planning Factors, Page 3-6

- 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 boasts the historical record of Summit Care, the health consulting firm affiliated with its authorized representative. Summit Care specializes in assisted living care and nursing, operates 12 Florida nursing homes and one assisted living facility with its affiliates, and participates in quality initiatives developed through the Florida Health Care Association. Summit Care innovates quality measures based on



state standards and includes resident (patient) insights as a part of care assessments. The applicant cites the overall 5-star inspection rating of Surrey Place of Bradenton, indicating that the facility ranked in the top 20 percent of facilities in its region. <sup>4</sup>

The applicant also includes a description of several quality systems and performance measures facilitated by Summit Care which include:

- Summit Care Help Line
- Risk Management and Quality Improvement Program (Quality Assessment and Assurance Program)
- Quality Assurance through Resident Council

The applicant also includes Quality Inspection results from a number of Agency and external sources and a copy of its AHCA/NCAL Bronze National Quality Award from June 2016 (CON #10447, Exhibit 4-1, Page 4-8).

There were no substantiated complaints against the facility for the three year period between August 10, 2013 and August 9, 2016.

**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 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 Summit Care Group, parent of the applicant, and where the two short

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<sup>4</sup> Nursing Home Guide, FloridaHealthFinder

term and long term measures fall on the scale (highlighted in gray) for the most recent year.

<b>Summit Care Group</b>		
	<b>Dec-15</b>	<b>Dec-14</b>
Current Assets	\$22,142,983	\$21,325,340
Total Assets	\$41,387,054	\$35,564,282
Current Liabilities	\$15,273,149	\$13,021,982
Total Liabilities	\$32,105,613	\$29,810,223
Net Assets	<b>\$9,281,441</b>	<b>\$5,754,059</b>
Total Revenues	\$124,839,159	\$117,219,334
Excess of Revenues Over Expenses	\$6,149,541	\$7,287,669
Cash Flow from Operations	\$6,557,855	\$7,174,556
<b>Short-Term Analysis</b>		
Current Ratio (CA/CL)	1.4	1.6
Cash Flow to Current Liabilities (CFO/CL)	42.94%	55.10%
<b>Long-Term Analysis</b>		
Long-Term Debt to Net Assets (TL-CL/NA)	181.4%	291.8%
Total Margin (ER/TR)	4.93%	6.22%
<b>Measure of Available Funding</b>		
Working Capital	<b>\$6,869,834</b>	<b>\$8,303,358</b>

<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 \$405,008 which includes this project, and other capitalization. The applicant indicates on Schedule 3 of its application that funding for the project will be provided by related company financing. The parent submitted their audited financial statements as proof of available funding. The long and short-term analysis of the 12/31/2015 financial statements, indicate that the parent may have difficulties securing additional debt. However, the applicant has \$6.9 million in cash and cash equivalents, and \$6.6 million in cash flow from operations. The applicant also has \$6.9 million in working capital.

**Conclusion**

Funding for this project and the entire capital budget 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 (2014, 2015 and 2016 cost report years). For our comparison group, we selected skilled nursing facilities with similar Medicaid utilizations to the utilization projected by the applicant on a per patient day basis (PPD). Comparison group data was adjusted for inflation to match the second year projection (inflation factor was based on the New CMS Market Basket Price Index as published in the 2nd Quarter 2016, 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	10,793,093	435	1,930	421	272
Total Expenses	9,586,748	386	1,731	405	259
Operating Income	1,206,345	49	173	9	-123
Operating Margin	11.18%		<b>Comparative Group Values</b>		
	Days	Percent	Highest	Median	Lowest
Occupancy	24,820	91.89%	96.45%	89.28%	59.51%
Medicaid	9,778	39.40%	49.90%	40.68%	30.09%
Medicare	11,263	45.38%	54.70%	32.63%	5.39%

NRPD, CPD and operating income 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.

**FTE Staff Added by Nine Bed Addition to Surrey Place**

<b>Staffing</b>	<b>FTE: Year Ending Dec. 31, 2018</b>	<b>FTE: Year Ending Dec. 31, 2019</b>
R.N.'s	0.41	0.52
L.P.N.'s	1.79	2.25
Nurses Aides	3.42	4.31
<b>Total</b>	5.62	7.08

Source: CON Application#10447, Schedule 6A

**Conclusion**

This project appears to be financially feasible.

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

Strictly from a financial perspective, 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. Approval from the Agency for Health Care Administration's Office of Plans and Construction is required before the commencement of any construction involving a hospital, nursing home, or intermediate care facility for the developmentally disabled (ICF/DD).

- g. Does the applicant have a history of and propose the provision of health services to Medicaid patients and the medically indigent? Does the applicant propose to provide health services to Medicaid patients and the medically indigent? ss. 408.035 (1) (i), F.S.**

A five-year history of Medicaid patient days and occupancy for Surrey Place is provided by subdistrict, district, and state for calendar years 2011- 2015.

**Medicaid Patient Days and Medicaid Occupancy at Surrey Place  
Subdistrict 6-2, District 6, and Florida  
Calendar Years 2011 thru 2015**

Medicaid Patient Days					
Facility/Area	2011	2012	2013	2014	2015
Surrey Place	5,455	5,894	6,698	7,394	6,751
Subdistrict 6-2	246,146	252,488	248,979	248,022	252,409
District 6	1,677,535	1,682,525	1,679,009	1,664,262	1,673,232
Florida	15,612,015	15,733,318	15,700,197	15,932,613	15,959,939
Medicaid Occupancy					
Facility/Area	2011	2012	2013	2014	2015
Surrey Place	27.63%	31.17%	32.80%	36.73%	31.24%
Subdistrict 6-2	58.94%	59.21%	59.79%	60.10	60.23%
District 6	59.91%	59.06%	59.33%	59.69%	60.21%
Florida	61.56%	61.85%	61.66%	62.17%	62.18%

Source: AHCA's Florida Nursing Home Utilization by District and Subdistrict, January-December, 2011-2015

The reviewer notes that the Medicaid occupancy rate for the applicant has been consistently lower than the subdistrict, district and state occupancy rates from 2011-2015, but has grown during the same period. The applicant attributes growth in the Medicaid occupancy rate from 2011-2015 to facility renovations in 2012 which have contributed to the applicant's capacity to provide short-term rehabilitation and long-term care. Surrey Place maintains that low Medicaid occupancy rates are also attributed to the facility's proximity to Blake Medical Center which the applicant suspects contributes to short-term referrals.

The applicant expresses a commitment to serving all patients from all payer sources and includes a projection by payor source following implementation.

**Forecasted Patient Days for Surrey Place Healthcare and Rehabilitation  
First Two Years of the 9-bed Addition (Total Facility of 74 Beds)**

Payer	Year 1: CY 2018			Year 2: CY 2019		
	Admissions	Patient Days	Percent of Total Days	Admissions	Patient Days	Percent of Total Days
Medicare	404	10,911	45.05%	404	10,911	43.96%
Medicare HMO	2	352	1.45%	2	352	1.42%
Medicaid HMO	9	9,178	37.89%	9	9,778	39.40%
Comm. Insurance	12	14	0.06%	12	14	0.06%
Self Pay	8	2,081	8.59%	8	2,081	8.38%
Other	2	1,684	6.95%	2	1,684	6.78%
<b>Total</b>	<b>437</b>	<b>24,220</b>	<b>100.00%</b>	<b>437</b>	<b>24,820</b>	<b>100.00%</b>

Source: CON#10447, Conformity with Medicaid & Charity Criteria, Page 9-3

The applicant projects that allocating nine beds to Medicaid will result in the payer-mix represented in the table above and that the depicted payer-mix represents demographics served by Surrey Place. The applicant indicates that it will maintain Medicare and Medicaid certification for all beds and future projections will be dictated by Medicaid Managed Care Organizations and the Medicaid Long-Term Managed Care Program.

**F. SUMMARY**

**Surrey Place of Bradenton, LLC d/b/a Surrey Place Healthcare and Rehabilitation (CON #10447)**, a private for-profit nursing home, proposes to add nine community skilled nursing home beds to Surrey Place in District 6, Nursing Home Subdistrict 6-2, through delicensing nine beds at Gulf Coast Health Care, Inc. d/b/a The Inn at Sarasota Bay Club in District 8, Subdistrict 8-6, Sarasota County. Surrey Place is currently a 65-bed skilled nursing facility in Nursing Home Subdistrict 6-2. The applicant will use the addition of nine beds to configure 36 private rooms and 19 semi-private rooms from a previous configuration of 45 private rooms and 10 semi-private rooms upon CON approval.

The applicant does not anticipate that the proposed project will require construction costs, but expects minor renovations. Associated renovation costs are estimated at \$18,000 with 2,637 GSF of renovation. Total project cost will be \$112,008, or, \$12,445 per bed.

The applicant does not propose any Schedule C conditions.

**Need**

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

Surrey Place evaluates need for the proposed project as a function of geographic factors, utilization, and resident facility preferences. Accessibility is included as a component of need with respect to geographic impediments, distance and time, eligibility, and financial costs. Population growth is expected to increase demand as the net number of beds will remain unchanged in the state with approval of the project. Population growth within the 65 and older cohort in Manatee County (Subdistrict 6-2) is predicted to increase by 18.9 percent based on Agency population estimates for July 2015 and July 2020.

The applicant anticipates that the redistribution of nursing home beds from Subdistrict 8-6 to Subdistrict 6-2 will result in increased access to

beds in an area of lower bed availability and density of acute care hospitals and nursing homes.

**Quality of Care**

For the most recent rating period, the existing facility had an overall inspection rating of five out of five possible star ratings, indicating that the facility ranked better than 81 to 100 percent of the facilities in its region.

The applicant is an affiliate of Summit Care which specializes in assisted living care and nursing and participates in quality initiatives developed through the Florida Health Care Association. Summit Care innovates quality measures based on state standards and includes resident (patient) insights as a part of care assessments.

The applicant was also awarded an AHCA/NCAL Bronze National Quality Award in June 2016. There were no substantiated complaints against the facility for the three year period between August 10, 2013 and August 9, 2016.

The applicant demonstrates the ability to provide quality care.

**Financial Feasibility/Availability of Funds**

Funding for this project and the entire capital budget should be available as needed. 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**

Surrey Place does not condition project approval upon any percentage of Medicaid days.

The applicant's Schedule 7 indicates that Medicaid/Medicaid HMO and self-pay represent 100.0 percent of patient days (2,321) allocated from the addition of nine beds in Year one. In Year two self-pay and Medicaid/Medicaid HMO represents 100.0 percent of patient days (2,921) allocated from the addition of 9 beds.

**Architectural:**

The cost estimate for the proposed project provided in Schedule 9, Table A and the project completion forecast provided in Schedule 10 appear to be reasonable. A review of the architectural plans, narratives and other



supporting documents did not reveal any deficiencies that are likely to have a significant impact on either construction costs or the proposed completion schedule.

**G. RECOMMENDATION**

Approve CON#10447 to add nine community skilled nursing home beds to Surrey Place Healthcare and Rehabilitation in District 6, Nursing Home Subdistrict 6-2, through delicensing nine beds at Gulf Coast Health Care, Inc. d/b/a Inn at Sarasota Bay Club in District 8, Subdistrict 8-6, Sarasota County. Associated renovation costs are estimated at \$18,000 with 2,637 GSF of renovation without construction costs. Total project cost will be \$112,008, or, \$12,445 per bed.

The applicant does not propose any Schedule C conditions.

**AUTHORIZATION FOR AGENCY ACTION**

Authorized representatives of the Agency for Health Care Administration adopted the recommendation contained herein and released the State Agency Action Report.

DATE: \_\_\_\_\_

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Marisol Fitch  
**Health Administration Services Manager**  
**Certificate of Need**