

STATE AGENCY ACTION REPORT
ON APPLICATION FOR CERTIFICATE OF NEED

A. PROJECT IDENTIFICATION

1. Applicant/CON Action Number

Florida International Medical Center, LLC/CON #10476

955 NW 3rd Street
Miami, Florida 33128

Authorized Representative: Richard Stacey
(305) 926-0960

2. Service District/Subdistrict

District 11, Subdistrict 11-1 (Miami – Dade County)

B. PUBLIC HEARING

No public hearing was held regarding the proposed project and no letters of support were submitted.

C. PROJECT SUMMARY

Florida International Medical Center, LLC (CON application #10476) also referenced as FIMC or the applicant, a newly formed entity, seeks to transfer Exemption #160022¹ from Florida Medical Systems, LLC to Florida International Medical Center, LLC for the purpose of creating a 213-bed skilled nursing facility (SNF). Florida International Medical Center, LLC is a newly formed entity under the controlling interest of Richard Stacey. Mr. Stacey is also the registered agent of Florida Medical Systems, LLC.

The applicant identifies an affiliation with the following SNFs in Miami-Dade County:²

- Riverside Care Center
- Riviera Health Resort
- Victoria Nursing and Rehabilitation Center

¹ Composed of two CONs: #10343 and #10368.

² FloridaHealthFinder.gov

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CON #10343 was issued to Florida Medical Systems, LLC on June 22, 2015 to establish a 168-bed SNF in Subdistrict 11-1, Miami-Dade County. CON #10368 was issued to Florida Medical Systems, LLC on September 16, 2015 to add 45 community nursing home beds to the nursing home project approved in CON #10343 for the creation of a 213-bed SNF in Subdistrict 11-1, Miami-Dade County. CON #10368 was conditioned upon the establishment of a 24-bed ventilator unit. Exemption #160022 was approved to combine nursing home beds from CON #10343 and CON #10368 to create a 213-bed skilled nursing facility on September 26, 2016.

The total project cost for the transfer CON is \$32,695,514. The applicant expects issuance of licensure in June 2019 and initiation of service in July 2019. The project will include 144,071 gross square feet (GSF).

The applicant includes (CON application #10476, Exhibit 1-3) a signed and notarized Schedule 12-Trn/Affidavit by the Transferor, dated February 6, 2017, to transfer CON #s 10343, 10368, and Exemption #E160022 to another entity who will be an applicant for approval of the transfer.

The applicant includes the following Schedule C Condition:

- The establishment a 24-bed ventilator unit for the 213-bed facility

Should the proposed project be approved, the applicant's condition would be reported in the annual condition compliance report, as required by Rule 59C-1.013 (3), Florida Administrative Code.

D. REVIEW PROCEDURE

The evaluation process is structured by the certificate of need review criteria found in Section 408.035, Florida Statutes. 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 assessing the responses 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 best meet the review criteria.

Section 59C-1.010(3)(b), Florida Administrative Code, allows no application amendment information subsequent to the application being 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 in its entirety 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, 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 sections 408.035, and 408.037, Florida Statutes, and applicable rules of the State of Florida, Chapters 59C-1 and 59C-2, Florida Administrative Code.

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), Florida Administrative Code.

The applicant has submitted the application to transfer Exemption #E160022 for expedited review and not in response to the fixed need pool. The number of licensed and approved nursing home beds in Subdistrict 11-1 will remain unchanged as a result of the proposed transfer.

1. 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)(a) and (b), Florida Statutes.

The applicant states that the transfer application is being filed in pursuit of an affiliation agreement with Florida International University (FIU). As a result of this affiliation agreement, the applicant anticipates that additional learning opportunities for students and a nursing home located near FIU health training facilities. FIMC states that the nursing home will be located in the mid-county area of Miami-Dade in an area bounded by U.S. 41, State Road 976, State Road 821 and State Road

973. The applicant additionally describes how the new location will allow access to Doral and Sweetwater populations (areas projected to have the highest population growth rates of all cities within the county) and service to the elderly population in western Miami-Dade County.

The applicant provides a list of benefits of the proposed project which includes:

- Hands-on owner/manager local to the area enables the facility to
 - Quickly address issues that arise for continuous quality improvement
 - Maintain relationships with physicians, discharge planners and other health service providers
 - Have knowledge of the service area to adapt to changing needs
- Proven quality with affiliated facilities and high occupancy rates
- High intensity services such as respiratory ventilator care, tracheotomy care and rehabilitation services
- Creates jobs and provides training for health care workers
 - The facility will provide in-depth training in long-term care for physicians, nurses and therapists

The applicant states that the room configuration of the proposed project will consist of 113 private patient rooms and 50 semi-private rooms within a six-story structure of 144,071 GSF. The applicant maintains that all patient rooms will be 100 percent accessible with enhanced accessibility features and that the building will be equipped for a range of needs.

A list of infrastructural and facility components of the proposed facility is included below:

- Mediterranean design (similar to that of Riviera Health Resort)
- High intensity programs—dedicating an entire floor to respiratory care with ventilator support and tracheotomy care (modeled after the respiratory ventilator program at Victoria Nursing and Rehabilitation Center)
- Provides a majority of private rooms and amenities sought after in today's market
- Will provide educational opportunities, building upon existing relationships with universities and colleges throughout Miami-Dade to educate tomorrow's nurses, nursing assistants, and therapists

In evaluation of nursing home bed availability within Subdistrict 11-1 the applicant notes that the average occupancy for facilities in Miami-Dade County was 90.65 percent from July 2015-June 2016. The applicant additionally determines that the majority of nursing homes are clustered in the northern portion of Miami-Dade County and includes a map depicting the distribution of nursing homes within a 10-mile radius

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of FIU Campus (page 1-7 of CON application #10476). The applicant intends to locate the proposed nursing home near FIU health facilities in anticipation of the expansion of learning opportunities for students pursuing health professions in collaboration with the local university. In consideration of need for the proposed transfer project, the applicant cites the historical provision of quality care among SNFs under the operation of authorized representative of the proposed project, Richard Stacey. The applicant notes that three facilities within Miami-Dade County including Riverside Care Center, Victoria Nursing and Rehabilitation Center and Riviera Health and Resort maintain high occupancy and high scores on licensure surveys. The applicant additionally describes Mr. Stacey's experience with addressing facility issues, implementing care plans and innovating policy development for elderly individuals. In an effort to provide quality care, the applicant states that the facility will possess a pleasant environment and that staff of the facility will receive special training for resident-centered care with a variety of other amenities and services will be implemented to ensure quality care.

Geographic restrictions, eligibility criteria for qualifying service, cost considerations, methods of reimbursement and bed availability were accessibility factors identified by the applicant influencing how easily targeted populations can access the proposed project. The applicant notes that the density of nursing homes within the subdistrict are clustered towards the northeastern portion of Miami-Dade County and that nursing home access is limited to the north, south and west of the intended location of the proposed project.

The applicant contends that bed availability, as determined by the average occupancy within the service area, may affect the accessibility of skilled nursing care. The applicant states that 213 of the 344 approved nursing home beds within Subdistrict 11-1 are held by the applicant and that the remaining approved beds are not proximal to the proposed location of the applicant's project. The applicant expresses an intent to serve elderly patients from a variety of payment sources including: Medicare, Medicaid Managed Care, private payment sources and charity care. The applicant reiterates that the intended location of the proposed project is in a location which lacks proximity to any nursing homes.

FIMC states that the area within the 10-mile radius of the proposed location is comprised of three of the largest zip codes inhabited by the 65+ population within Miami-Dade: 33155, 33165, and 33175. Based on the predicted 65+ population and number of licensed beds within Miami-Dade County the applicant determines that there are 21 beds per 1,000 population (January 1, 2016 for the 65+ population). Furthermore within the 10-mile radius of the proposed location the 65+ population is

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expected to consist of approximately 240,840 residents by 2019. The applicant expects that the proposed location of beds will provide improved access for area residents where there is an identified shortage of community nursing beds.

The applicant references the July 2015 – June 2016, Florida Nursing Home Utilization by District and Subdistrict publication and notes that occupancy within the subdistrict is 90.7 percent while the occupancy of facilities located within the 10-mile radius of the proposed location is 95.6 percent. Population growth in Miami-Dade is also evaluated for elderly aged 65+ within the 10-mile radius noting that the compound annual growth rate is expected to increase by 2.7 percent from January 2017 – January 2022 (more than one-third of the total population change for the five-year period). The predicted bed use rate is 6,984 per 1,000 persons—a rate predicted to be higher than the state bed use rate.

Tables depicting the nursing home utilization rate within a 10-mile radius of the proposed location and Miami-Dade County’s five-year projected population change are reproduced below as they appear on pages 1-13 and 1-14 of CON application #10476.

Nursing Home Utilization within a 10-Mile Radius of the Proposed Location

Facility	Beds	Total Days	Resident Days	Occupancy
Coral Reef Nursing & Rehab Center	180	65,880	62,463	94.8%
Fair Havens Center	269	98,454	97,791	99.3%
Floridean Nursing Home	90	32,940	32,184	97.7%
Harmony Health Center	203	74,298	74,194	99.9%
Heartland Health Care Center - Kendall	120	43,920	41,313	94.1%
Hialeah Nursing & Rehab Center	276	101,016	96,592	95.6%
Jackson Memorial Long Term Care Center	180	65,880	61,842	93.9%
Palace at Kendall Nursing & Rehab Center	180	65,880	62,969	95.6%
Palmetto Rehab & Health Center	90	32,940	30,902	93.8%
Palmetto Sub Acute Care Center	95	34,770	33,291	95.8%
Riviera Health Resort	223	81,618	78,084	95.7%
Signature Healthcare Center Waterford	214	78,324	75,943	97.0%
Susanna Wesley Health Center	120	43,920	38,136	86.8%
Villa Maria West Skilled Nursing	27	9,882	8,672	87.8%
West Gables Health Care Center	120	43,920	40,966	93.3%
Total	2,387	873,642	835,342	95.6%

Source: CON application #10476, Page 1-13³

³ Source: Agency for Health Care Administration, Florida Nursing Home Utilization by District and Subdistrict July 2015- June 2016

**Miami – Dade County Population
Five-Year Projected Change**

	1/1/2017	1/1/2022	Change	CAGR
Miami-Dade County				
Total Population	2,686,923	2,840,748	153,825	1.1%
65+ Population	412,764	470,932	58,168	2.7%

Source: CON application #10476, Page 1-14⁴

The applicant predicts that by FY 2021, the average daily census will be 8,602 for all facilities excluding the applicant’s bed days and that there will be insufficient nursing home beds in FY 2021. Even with the addition of beds from other projects within the subdistrict, the applicant estimates that there will be need for an additional 15 nursing home beds per day based on the 65+ population growth and the existing nursing home use rate.

Analyses of the nursing home use rate within the subdistrict are also included in the tables recreated below.

Miami-Dade Nursing Home Use Rate

	FY 2016 Resident Days	Jan. 1, 2016 65+ Pop	Rate per 1,000
Subdistrict 11-1	2,805,372	401,670	6,984
State	25,661,894	3,751,848	6,840

Source: CON application #10476, Page 1-15⁵

Miami-Dade County Projected Nursing Home Use FY 2021

Resident Days July 1, 2015 to June 30, 2016	2,805,372
Average Daily Census, FY 2016	7,665
Miami-Dade County Population 65+, Jan. 1, 2016	401,670
Days Per 1,000 Persons, 65+, Jan. 1, 2016	6,984
Miami - Dade County Population 65+, Jan. 1, 2021	459,853
Resident Days Forecasted for FY 2021	3,209,852
Average Daily Census, FY 2021	8,794
New Fl. Int. Med. Ctr. Days @ 90%	69,971
Deduct Fl. Int. Med. Ctr. Resident Days from Forecast	3,139,882
Average Daily Census, FY 2021, Remaining Days	8,602

Source: CON application #10476, Page 1-16

⁴ Source: Agency for Health Care Administration, Florida Population Estimates and Projections by AHCA District 2010 to 2030, February 2015

⁵ Source: AHCA publications Florida Population Estimates and Projections by AHCA District 2010 to 2030, published February 2015 and Florida Nursing Home Utilization by District and Subdistrict, July 2015 – June 2016

b. Does the applicant have a history of providing quality care? Has the applicant demonstrated the ability to provide quality care? ss. 408.035(1)(c), Florida Statutes.

As a newly formed entity, the applicant has no operating history. However, the applicant reiterates the managerial and operational experience of the principal and authorized representative for the proposed project, Richard Stacey, as evidence of the capacity to provide care in the proposed project. The applicant notes that three skilled SNFs—Riverside Care Center, Riviera Health Resort and Victoria Nursing and Rehabilitation Center—share common ownership under Richard Stacey have achieved high ratings on inspection components. Exhibit 2-2 includes a table depicting Nursing Home Inspection Ratings for Riverside Care Center, Riviera Health Resort, and Victoria Nursing & Rehabilitation Center. The inspection areas for which facilities are rated include: overall inspection, quality of care, quality of life, administration, nutrition and hydration, restraints and abuse, pressure ulcers, decline and dignity.⁶ The overall inspection rating for Riverside Care Center was five stars, the overall inspection rating for Riviera Health Resort was three stars, and the overall inspection rate for Victoria Nursing and Rehabilitation Center was four stars.

The reviewer notes that the current rating period available on FloridaHealthFinder.gov is for July 2014-December 2016. Via FloridaHealthFinder.gov, nursing home inspection ratings are defined as:

- ★★★★★ Means that for this measure this facility ranked better than 81 percent to 100 percent of the facilities in its region. That is, five stars means that the facility ranked in the top 20 percent of facilities in its region.
- ★★★★ Means that for this measure this facility ranked better than 61 percent to 80 percent of the facilities in its region.
- ★★★ Means that for this measure this facility ranked better than 41 percent to 60 percent of the facilities in its region.
- ★★ Means that for this measure this facility ranked better than 21 percent to 40 percent of the facilities in its region.
- ★ Means that for this measure this facility ranked better than 0 percent to 20 percent of the facilities in its region. That is, a single star means that the facility ranked in the bottom 20 percent of facilities in its region.
- NR Means that a rank is not available for this facility. This is typically because the facility just recently opened.

⁶ FloridaHealthFinder.gov

Substantiated Complaint History - Riviera Health Resort

Category	# Substantiated
Physical Environment	1
Admission, Transfer & Discharge Rights	1

Source: Agency Complaint Records – March 23, 2014 – March 23, 2017

Within the three-year period between March 23, 2014 and March 24, 2017 the affiliate facility, Riviera Health Resort, had two substantiated complaints. The other two affiliate facilities, Riverside Care Center and Victoria Nursing and Rehabilitation Center, did not have substantiated complaints within the same three-year period.

Moreover the applicant reiterates that the proposed facility will operate with medical care in a hotel environment, staff will receive training from the Ritz-Carlton, and the environment will promote comfort and encouragement for family to visit frequently.

The applicant states to maintain policies and procedures in place for continuous quality improvement. The applicant provides a summary of Federal Compliance with Quality Assurance Performance Improvement standards which will be used to assure quality. This list includes:

- Step 1: Leadership, responsibility, and accountability
- Step 2: Develop a deliberate approach to teamwork
- Step 3: Take your QAPI “Pulse” with a self-assessment
- Step 4: Identify your organization’s guiding principles
- Step 5: Develop your QAPI plan
- Step 6: Conduct a QAPI awareness campaign
- Step 7: Develop a strategy for collecting & using QAPI data
- Step 8: Identify your gaps and opportunities
- Step 9: Prioritize quality opportunities and charter performance improvement (PIPs)
- Step 10: Plan, conduct, and document PIPs
- Step 11: Get to the “root” of the problem
- Step 12: Take systemic action

In addition to these measures, the applicant expresses an intent to use Abaqis Providigm, a Quality Indicator Survey tool used to provide data in combination with resident interviews, observations and recorded reviews—all of which are used to identify opportunities for improvement.

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The applicant highlights assessment components of the Abaqis Providigm tool which includes:

- Readmissions
- Consumer Satisfaction
- Providigm QAPI Accreditation Program
- Electronic Medical Record
- Trazer

The applicant also outlines aspects of its Continuous Quality Improvement (CQI) process. The applicant states that the aim of the CQI is to provide quality services for every resident every day. The applicant states that the CQI is implemented through a CQI committee which is chaired by an administrator. A narrative description of ethical employee guides to quality care in the work environment is included on pages 2-7 – 2-8 of the transfer application. A table summarizing CQI tools used by the applicant is reproduced below.

CQI Tools and Applications

Planning Stage	Activities	Tools Applied
Problem Identification	Identify needs Consider options Narrow the field Develop objective	Brainstorming List Five whys Visualization
Problem Analysis	Look at situation from many points of view Determine the root cause	Graphic tools
Planning	Set goals Generate potential actions Develop action plans	Gantt chart Barriers and aids Cost of quality Contingencies Decision Matrix
Data Collection	Plot indicators Monitor progress	Graphic tools
Data Interpretation	Interpret results	Graphic tools
Action	Do it now	Objective statement Brainstorming Decision Matrix Five whys
Appraisal	Compare results to objectives	Objective statement Graphic tools The story

Source: CON application #10476, Page 2-8

Additional descriptions of methods of delivering care and the leadership processes used in implementing quality are included on page 2-9 of CON application #10476. Residents’ Rights are also included on page 2-10 which encompass physical, sexual, emotional, verbal, neglect, financial and misappropriation of property.

The applicant states to provide a variety of activities to enhance treatments for patients which are designed to accomplish the following objectives:

- To provide a planned range of meaningful, purposeful activities that reflect the residents' interests, skills and enjoyments
- To promote adaptation and restoration of functions
- To continue the fostering of individual interests and pursuits of enjoyment, for creativity, for mastery and for purpose
- To maximize the expression of individualism through groups and family involvement, spiritual development and independence

FIMC maintains that daily activity programs will be available to target each resident's individual needs.

- 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), Florida Statutes.**

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 applicant is a development stage company, meaning there is no operational data to be analyzed for the purposes of this review. The applicant indicated that funding will be provided by a third party source.

Capital Requirements and Funding:

The applicant indicates on Schedule 2 capital projects totaling \$32,695,514 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 submitted a letter from MidCap Financial Services expressing interest in providing financing for the cost of the project. A letter of interest is not considered a firm commitment to lend. However, the letter outlined an existing relationship with the applicant's representative.

Given that the funding is supported by a letter of interest, we have no basis to conclude that funding will be available for this project.

Conclusion:

Funding for this project is in question.

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

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 through 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 3rd 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	30,000,733	429	672	458	253
Total Expenses	28,224,392	404	708	445	344
Operating Income	1,776,341	25	13	-28	-128
Operating Margin	5.92%		Comparative Group Values		
	Days	Percent	Highest	Median	Lowest
Occupancy	69,943	89.96%	94.18%	85.04%	62.06%
Medicaid	17,486	25.00%	38.46%	25.05%	10.14%
Medicare	38,468	55.00%	62.31%	25.59%	12.19%

Staffing:

Section 400.23(3)(a)(1), Florida Statutes, specifies a minimum certified nursing assistant staffing of 2.5 hours of direct care per resident per day and a minimum licensed nursing staffing of 1.0 hour of direct resident care per resident day. Based on the information provided in Schedule 6, the applicant’s projected staffing meets this requirement.

The projected NRPD, CPD and profit fall within the group range and are considered reasonable. In addition, the total cost appears to include at least the minimum staffing required. Therefore, the overall profitability appears achievable.

Conclusion: This project appears to be financially feasible based on the projections provided by the applicant.

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

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.

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), Florida Statutes; Ch. 59A-4, Florida Administrative Code.

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 significant impact on either construction costs or the proposed completion schedule. It is noted that inconsistencies between the written material and plans were found. These inconsistencies involve out-of-date code reference and misidentification of the construction type in the written summary. Despite these issues, no significant deficiencies were observed.

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 providing 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) Florida Statutes.**

The applicant provides historical Medicaid utilization in a table for Riverside Care Center, Riviera Health Resort, and Victoria Health and Rehabilitation Center, District 11 and Florida FY 2014 – 2016. The applicant notes the three affiliate facilities share common ownership under authorized representative Richard Stacey. The table is reproduced below.

**Historical Medicaid Utilization: Affiliate Facilities, District 11, and Florida
FY 2014 – 2016**

Total Occupancy	FY 2016	FY 2015	FY 2014
Riverside Care Center	98.49%	98.64%	98.71%
Riviera Health Resort	95.67%	95.58%	94.80%
Victoria Nursing & Rehab	97.86%	96.78%	97.26%
District 11	89.89%	88.75%	87.25%
Florida	87.25%	87.80%	87.35%
Medicaid Days	FY 2016	FY 2015	FY 2014
Riverside Care Center	36,175	36,877	37,225
Riviera Health Resort	36,636	34,777	31,210
Victoria Nursing & Rehab	60,981	60,395	60,724
District 11	196,731	1,880,289	1,824,185
Florida	16,097,612	15,875,092	15,837,261
Medicaid Occupancy	FY 2016	FY 2015	FY 2014
Riverside Care Center	83.63%	85.36%	86.10%
Riviera Health Resort	46.92%	44.70%	40.45%
Victoria Nursing & Rehab	64.49%	64.76%	64.79%
District 11	68.77%	66.84%	66.06%
Florida	62.73%	61.88%	62.05%

Source: CON application #10476, Page 7-17

As a newly formed entity, Florida International Medical Center, LLC does not possess a history of providing care. However, the applicant does provide projected utilization by payer for the proposed project in a table which is reproduced on the following page.

**Projected Utilization by Payer at Florida International Medical Center, LLC –
First Two Years of Operation**

Payer	Year One: 7/19 - 6-20 Resident Days	Year Two 2: 7/20 - 6/21 Resident Days	Percent of Days	ADC Year One	ADC Year Two
Medicare	8,765	15,387	22.0%	24	42
Medicare Managed Care	13,147	23,081	33.0%	36	63
Medicaid Managed Care	9,960	17,486	25.0%	27	48
Private Pay	7,968	13,989	20.0%	22	38
Total	39,840	69,943	100.0%	109	191
Occupancy	51.24%	89.96%			

Source: CON application #10476, Schedule 7, Page 7-2

Based on the projected revenues listed in Schedule 7 Medicaid will constitute 25 percent of projected utilization by payer in years one and two of operation and self-pay (noted private-pay) will constitute 20

⁷ Data Source: AHCA’s Florida Nursing Home Utilization by District and Subdistrict, for the years indicated.

percent of projected utilization by payer in years one and two of operation. The applicant notes that the Schedule 7 including in CON application #10476 indicates \$317,018 for the provision of charity care in year one and \$569,497 for the provision of charity care in year two.

F. SUMMARY

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The applicant includes the following Schedule C Condition:

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applicant notes that three skilled nursing facilities, Riverside Care Center, Riviera Health Resort and Victoria Nursing and Rehabilitation Center share common ownership under Richard Stacey have maintained high occupancy and achieved high ratings on inspection components. Moreover the applicant reiterates that the proposed facility will operate with medical care in a hotel environment with staff receiving training from the Ritz-Carlton and that the environment will promote comfort and encouragement for family to visit frequently.

Within the three-year period between March 23, 2014 and March 24, 2017 the affiliate facility, Riviera Health Resort, had two substantiated complaints. The other two affiliate facilities, Riverside Care Center and Victoria Nursing and Rehabilitation Center, did not have substantiated complaints within the same three-year period.

The applicant states to maintain policies and procedures in place for CQI and provides a summary of Federal Compliance with Quality Assurance Performance Improvement standards which will be used to assure quality. In addition to these measures, the applicant expresses an intent to use Abaqis Providigm, a Quality Indicator Survey tool used to provide data in combination with resident interviews, observations and recorded reviews. The applicant also describes aspects of the CQI Process that will be used to provide quality services to residents every day and Resident's Rights to be in place at the proposed facility.

Cost/Financial Analysis

Funding for this project is in question. This project appears to be financially feasible based on the projections provided by the applicant. 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. This project is not likely to have a material impact on competition to promote quality and cost effectiveness.

Architectural Analysis

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 significant impact on either construction costs or the proposed completion schedule.

Medicaid/Indigent Care Commitment

Medicaid will constitute 25 percent of projected utilization by payer in years one and two of operation and self-pay (noted private-pay) will constitute 20 percent of projected utilization by payer in years one and two of operation. The applicant notes that the Schedule 7 included in CON #10476 indicates \$317,018 for the provision of charity care in year one and \$569,497 for the provision of charity care in year two.

The applicant offers not Medicaid condition to the proposed project.

G. RECOMMENDATION

Approve CON #10476 to transfer Exemption #E160022 from Florida Medical Systems, LLC to Florida International Medical Center, LLC for the purpose of creating a 213-bed SNF. The total project cost for the transfer CON is \$32,695,514. The proposed project will include 144,071 GSF.

CONDITION: The establishment of a 24-bed ventilator unit for the 213-bed facility.

AUTHORIZATION FOR AGENCY ACTION

The authorized representative 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