

STATE AGENCY ACTION REPORT
ON APPLICATION FOR CERTIFICATE OF NEED

A. PROJECT IDENTIFICATION

1. Applicant/CON Action Number

CC-Naples, Inc. d/b/a Bentley Care Center/CON #10493

71 South Wacker Drive, Suite 900
Chicago, Illinois 60606

Authorized Representative: Stephanie Fields
(312) 803-8520

2. Service District/Subdistrict

District 8, Subdistrict 8-2 (Collier County)

B. PUBLIC HEARING

A public hearing was not held regarding the proposed project and no letters of support were submitted.

C. PROJECT SUMMARY

CC-Naples, Inc. d/b/a Bentley Care Center (CON application #10493) also referenced as BCC or the applicant is an existing skilled nursing provider in District 8, Subdistrict 8-2, Collier County seeking to transfer CON application #10406 from SRGL Naples, LLC which approved the establishment of a new 38-bed community nursing home in Collier County. The transfer project will result in the addition of 38 beds to BCC through the conversion of 38 sheltered beds. The existing licensed bed inventory at BCC consists of seven community beds and 93 sheltered beds. The applicant states that the facility currently has a five-year extension on 30 licensed sheltered beds which are used to serve members of the community. The proposed project will result in the permanent conversion of 38 sheltered beds at the facility to community beds to serve members of the community.¹ The applicant states that the facility currently has a five-star Nursing Home inspection rating, thus

¹Bentley Care Center currently has a sheltered bed extension for 30 beds, authorized from January 1, 2017 – December 31, 2021 pursuant to 651.118 (7), Florida Statutes.

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members of Collier and adjacent Lee County will benefit from improved access to a quality facility. The applicant maintains that a benefit of this project is the minimal cost associated with the bed conversion.

The project does not involve any construction. The total project cost for the transfer CON is \$120,111 (Schedule 1-Trn).

The applicant includes a signed and notarized affidavit in Schedule 12-Trn/Affidavit by the Transferor, dated August 22, 2017 to transfer CON application #10406 to CC-Naples, Inc. d/b/a Bentley Care Center.

Approval of CON application #10406 was conditioned upon the following Schedule C conditions:

- The acquisition of five-acre parcel to the east of the current structures to assure access and availability to nursing home care for all residents of the area
- Medicaid managed care expected to be 28 percent of the total resident days of care
- Inclusion of resident and employee satisfaction surveys to be incorporated into the nursing home as part of Quality Assurance and Performance Improvement (QAPI) process
- All private rooms to house the 38 community nursing home beds
- Assignment of a portion of the five-acre parcel to accommodate a fire station as part of the North Collier Fire Control and Rescue District

The applicant does not condition the proposed project to any Schedule C conditions.

The applicant expects issuance of licensure in June 2018 and initiation of service in July 2018.

Should the proposed project be approved, the applicant's conditions would be reported in the annual condition compliance report, as required by Rule 59C-1.013(3), Florida Administrative Code. The Agency will not impose conditions on already mandated reporting requirements.

Project Cost of CON application #10493				
Applicant	Number of Beds	GSF	Costs \$	Cost Per Bed
CC-Naples, Inc. d/b/a Bentley Care Center	38	0	\$120,111	\$3,160.82

Source: Schedule 1, Schedule 9, CON application #10493

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 Eric West, 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 CON application #10406 for expedited review and not in response to the fixed need pool

which was published on September 29, 2017, which projected need for 0 community beds in Subdistrict 8-2. CON application #10406 was issued to SRGL Naples, LLC. The number of approved nursing home beds in Nursing Home Subdistrict 8-2 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 proposed transfer of CON application #10406 from SRGL Naples, LLC to CC-Naples, Inc., will result in the addition 38 community nursing home beds at BCC through the conversion of 38 sheltered beds to community beds. BCC is located on the campus of VI at Bentley Village, a continuing care retirement community (CCRC). The licensed inventory of BCC consists of seven community and 93 sheltered beds.

The applicant describes VI at Bentley Village as a 156-acre CCRC that offers a resort style retirement living and the ability to age in place with floor plans that allow residents access to assisted living and skilled nursing care as needed. VI also operates ten CCRCs nationally and provides a description of housing and other infrastructural amenities available through its campus on pages 3-2 through 3-3 of CON application #10493.

BCC describes the quality care and services provided at its skilled nursing facility and notes that with the facility's current licensed inventory, several rooms are vacant. The applicant intends for the proposed project to provide quality access to care within the community. The applicant describes how the proposed project will make use of existing resources in an area of proven need and allow for beds to be utilized within months.²

The applicant provides additional descriptions of the proposed transfer project's conformity with health access criteria on pages 3-17 through 3-19 of CON application #10493.

Availability³

BCC defines availability as "how much of a resource exists". The applicant describes the existing service availability of District 8 and identifies 60 community nursing homes and 10 nursing homes on CCRC

² The applicant expects issuance of licensure in June 2018 and initiation of service in July 2018.

³ Italicized subheadings appear as presented in CON application #10493

campuses with sheltered and community beds (7,225 community beds and 508 sheltered beds within District 8) and seven community and four sheltered nursing homes within Subdistrict 8-2 (755 community beds and 204 sheltered beds). The applicant notes that adjacent to Collier County, Lee County contains 16 community and three sheltered facilities with a total of 2,027 community beds and 203 sheltered beds. The applicant states that a large concentration of retirement communities and sheltered beds are located within the two subdistricts served by the applicant, BCC underscores the importance of how the availability of community beds within Collier and Lee Counties is vital to serving elderly populations.

A map depicting the distribution of nursing homes within a 30-mile radius of BCC (Subdistricts 8-2 through 8-5) is provided on page 3-5 of CON application #10493. The applicant notes that most facilities border the coastline and describes how BCC’s location within Naples near the border of Collier County improves availability to residents of Lee County.

The applicant notes that the community bed to population ratio within District 8, 14.9 beds per 1,000 elders (65+) is lower than the statewide ratio of 20.7 community beds per 1,000 elders. Collier County and Lee County are identified as having the lowest community bed to population ratios within District 8.

The applicant provides the following table depicting the District 8 available bed to population ratios which is reproduced below.

District 8 Available Beds per 1,000 Population Age 65 and Over By District							
Subdistrict	County	Licensed Beds			2017 Pop. 65+	Beds per 1,000	
		Community	Sheltered	Total		Community	Total
1	Charlotte	1,120	0	1,120	61,112	18.3	18.3
2	Collier	755	204	959	99,861	7.6	9.6
3	Desoto	118	0	118	6,659	17.7	17.7
4	Glades & Hendry	248	0	248	8,222	30.2	30.2
5	Lee	2,027	203	2,230	174,717	11.6	12.8
6	Sarasota	2,957	101	3,058	134,175	22.0	22.8
District 8	Total	7,225	508	7,733	484,746	14.9	16.0
2 & 5	Collier & Lee	2,782	407	3,189	274,578	10.1	11.6

Source: CON application #10493, page 3-6

The applicant maintains that BCC promotes “whole-person wellness” by allowing patients to remain socially active, fit and engaged which results in residents avoiding or delaying the need for assisted living or long-term care (CON application #10493, Page 3-6). For this reason the applicant maintains that the current bed complement is more than sufficient to serve resident needs within the retirement community. BCC indicates that the current patient census is 56 residents (46 life care residents),

which is indicated to reflect available beds that improves access to the general population once 38 sheltered beds are converted to community beds, the ultimate bed complement of the proposed project will result in a licensed bed ratio that the applicant describes as “a more even balance” (CON application #10493, Page 3-6). BCC also anticipates that neither construction nor renovations will be required for the proposed project and expects for implementation to occur within a few weeks of CON approval. The applicant notes that Schedule 5 of CON application #10493 projects implementation of the proposed project by July 1, 2018.

Quality

With respect to quality, the applicant states that the BCC campus offers landscaped grounds and resort style amenities that provide a comfortable environment for residents recovering from surgery or illness and those with long-term health needs. BCC notes that the facility consists of 44 private rooms and 28 semi-private rooms, all with a bathroom and shower. The applicant states that private rooms provide generous space for additional furnishings and accommodate family visits. The applicant expresses a commitment to provide the highest quality of care to residents and notes that Bentley Care Center received a five-star nursing home inspection rating from the Agency, which distinguishes the facility is being ranked in the top 20 percent of facilities in its region. The addition of community beds to the skilled nursing facility is expected to result in an improvement in the availability of quality skilled nursing services to the community. The applicant indicates that the facility’s quality scores reflect that the company has the ability to consistently provide high-quality services for the care of nursing home residents. The applicant provides a chart depicting the nursing home inspection ratings for nursing homes in Collier County and highlights the inspection ratings of CCRCs within Collier County, which the applicant notes all have five-star overall inspection ratings (CON application #10493, Page 3-8).

Access

The applicant states that access to care consists of geographic access, eligibility for the service, payers for a service and use of a service. BCC notes that the current bed to elderly population ratio in the district underscores the importance of increasing the supply of community nursing home beds within the area, which is limited by the presence of sheltered beds. The applicant reiterates that the conversion of sheltered beds to community beds will improve access to services without delay.

The proposed project is expected to increase access to skilled nursing services for residents of Collier County and Lee County. The applicant notes that Collier County and Lee County account for the largest proportion of elderly in District 8, population growth rates within the elderly demographic of these two counties. BCC maintains that its current location is ideal for improving access as the surrounding population accounts for 65.0 percent of the total increase in the 65+ population within the district and over 50.0 percent of the 65+ population within the district.

A table depicting the population and population growth in District 8 for January 2017 – January 2020 is provided on page 3-10 of CON application #10493. The table is reproduced below.

2017 and 2020 Projected Population Estimates, Increase and Growth Rate For District 8 by Subdistrict and Age Cohort							
Subdistrict	County	2017 Population Estimates			2020 Population Estimates		
		0-64	65+	Total	0-64	65+	Total
1	Charlotte	108,270	61,112	169,382	108,622	65,150	173,772
2	Collier	257,276	99,861	357,137	267,500	109,894	377,394
3	Desoto	28,035	6,659	34,694	28,000	7,010	35,010
4	Glades & Hendry	43,420	8,222	51,642	43,626	8,821	52,447
5	Lee	530,892	174,717	705,609	558,063	196,575	754,638
6	Sarasota	268,287	134,175	402,462	270,341	145,983	416,324
District 8	Total	1,236,180	484,746	1,720,926	1,276,152	533,433	1,809,585
2 & 5	Collier & Lee	788,168	274,578	1,062,746	825,563	306,469	1,132,032
Subdistrict	County	Three-Year Increase			Three-Year Growth Rate		
		0-64	65+	Total	0-64	65+	Total
1	Charlotte	352	4,038	4,390	0.3%	6.6%	2.6%
2	Collier	10,224	10,033	20,257	4.0%	10.0%	5.7%
3	Desoto	-35	351	316	-0.1%	5.3%	0.9%
4	Glades & Hendry	206	599	805	0.5%	7.3%	1.6%
5	Lee	27,171	21,858	49,029	5.1%	12.5%	6.9%
6	Sarasota	2,054	11,808	13,862	0.8%	8.8%	3.4%
District 8	Total	39,972	48,687	88,659	3.2%	10.0%	5.2%
2 & 5	Collier & Lee	37,395	31,891	69,286	4.7%	11.6%	6.5%

Source: CON application #10493, Page 3-10.

The proposed project is expected to increase community bed need in population areas where access is most needed.

The applicant provides a map depicting the 65+ population estimates by Zip Code for Lee and Collier Counties. The applicant notes that the highest concentrations of elderly are within a 45-minute drive of BCC, covering an approximate 30-mile radius.⁴ The applicant also notes that the facility is easily accessible along I-75 which ensures access within the planning area to residents of Collier and Lee Counties.

The applicant additionally provides a map depicting nursing homes and acute care hospitals within a 10 and 20-mile radius of BCC on page 3-12 of CON application #10493. BCC describes how nursing homes provide a wide array of medical and nursing services that residents require upon hospital discharge. The applicant indicates that BCC can relieve the demand for rehabilitation care following acute care hospital stays with existing referral arrangements. BCC notes that the campus is staffed and equipped to care for those with medically intensive services that Medicare covers and private-pay sources where long-term care occurs.

Charts detailing hospital discharges for District 8 to nursing homes by hospital and resident county are provided on page 3-13. The applicant notes that 21.0 percent of elderly discharged from a hospital in 2016 required nursing home post-acute care and discharges from Lee and Collier County accounted for 97.0 percent of discharges to nursing homes within the district and expects for the proposed project to improve community access to skilled nursing services.

⁴ The reviewer notes that in description of the availability of services within the service area the applicant identified that 204 of 508 sheltered beds within District 8 were within Collier County and 203 of 508 sheltered beds within District 8 were located in Lee County; the density of CCRC campuses affects the proportion of elderly aged 65 and older in Collier and Lee County

2016 Hospital Discharges for District 8 Residents Age 65 and Over to Nursing Homes By Hospital and County								
Hospital Name	Charlotte	Collier	Desoto	Glades	Hendry	Lee	Sarasota	Total
Cape Coral Hospital	14	3	3	0	5	1,603	1	1,629
Gulf Coast Medical Center - Lee Memorial Health System	16	41	1	15	77	2,203	2	2,355
HealthPark Medical Center	6	22	1	0	6	1,337	2	1,374
Landmark Hospital of SW Fla.	1	37	0	0	0	18	1	57
Lee Memorial Hospital	33	37	2	5	31	1,649	2	1,759
Lehigh Regional Medical Center	1	4	0	2	20	211	0	238
Naples Community Hospital	2	1,818	0	1	3	233	4	2,061
NCH H.C. Sys. N. Naples	0	703	0	0	0	369	0	1,072
Physicians Regional Medical Center - Collier Blvd.	0	359	0	0	3	28	1	391
Physicians Regional Medical Center - Pine Ridge	1	579	0	0	2	137	0	719
Promise Hospital of Fort Myers	6	6	0	0	0	57	0	69
Total Discharges to SNF	81	3,623	7	23	149	7,903	16	11,802
Total All Discharges	473	16,689	32	98	848	38,347	106	56,593
Percent of Discharges to SNF	17.1%	21.7%	21.9%	23.5%	17.6%	20.6%	15.1%	20.9%

Source: CON application #10493, page 3-13.

The reviewer notes that the sum of discharges by county for values shaded in gray does not equal the sum of discharges by hospital

The applicant additionally provides a chart depicting discharges to skilled nursing facilities by payer within the district which is reproduced below:

District 8 Discharges to SNF by Payer		
Payer	Number	Percent
Commercial Health Insurance	124	1.1%
Commercial Liability Coverage	66	0.6%
Medicaid Managed Care	34	0.3%
Medicare	8,964	76.0%
Medicare Managed Care	2,499	21.2%
Other	5	0.0%
Other State/Local Government	2	0.0%
Self-Pay	5	0.0%
TriCare/Federal Gov't./CHAMPUS	73	0.6%
VA	22	0.2%
Workers Compensation	8	0.1%
Grand Total	11,802	100.0%

Source: CON application #10493, Page 3-13

The applicant states that BCC participates in Medicare and accepts other insurance payers and private payers to promote financial access.

Extent of Utilization

The applicant notes that for CY 2016, sheltered bed occupancy was on average below 50.0 percent while community bed occupancy was 88.20 percent in Collier County. Sheltered bed occupancy for CY 2016 was noted at 84.43 percent in Lee County and 84.76 for the district. Tables depicting the community and sheltered occupancy for CY 2016 for Collier and Lee County are provided on pages 3-14 and 3-15 of CON application #10493. The reviewer notes that the proposed transfer project was approved to add 38 community nursing home beds in Subdistrict 8-2, Collier County.

The chart depicting nursing home utilization in Collier County for CY 2016 is reproduced below.

Collier County Nursing Home Utilization: CY 2016								
Collier County Facilities	Community			Sheltered Days	Total Days	Community Occupancy	Sheltered Occupancy	Total Occupancy
	Community Beds	Sheltered Beds	Patient Days					
Arlington, The	0	44	0	9023	9,023	0.00%	56.03%	56.03%
Bentley Care Center	7	93	2,562	18,109	20,671	100.00%	53.20%	56.48%
Harborchase of Naples	40	0	10,715	0	10,715	73.19%	0.00%	73.19%
Heritage Health Care Center/Naples HC	97	0	32,485	0	32,485	91.50%	0.00%	91.50%
Lakeside Pavilion	120	0	37,908	0	37,908	86.31%	0.00%	86.31%
Manor Care at Lely Palms	117	0	39,572	0	39,572	92.41%	0.00%	92.41%
ManoreCare Health Services	120	0	35,634	0	35,634	81.13%	0.00%	81.13%
Moorings, Inc., The	60	46	18,480	16,386	34,866	84.15%	97.33%	89.87%
Premier Place at the Glenview	21	21	5,704	1,794	7,498	74.21%	23.34%	48.78%
Solaris Healthcare Imperial	113	0	33,449	0	33,449	80.88%	0.00%	80.88%
Solaris Healthcare North Naples (Aristocrat)	60	0	18,184	0	18,184	82.81%	0.00%	82.81%
Collier Total	755	204	243,716	36,289	280,005	88.20%	48.60%	79.77%

Source: CON application #10493, page 3-14
 The reviewer has shaded incorrect totals gray

The applicant states that the community bed occupancy rates in Districts 8-2 and 8-5 underscore the demand for the 38 community-bed transfer. The applicant states that for sheltered facilities, balancing a mix of sheltered and community beds keep facilities financially viable while offering non-life care residents a chance to experience a life care community. The applicant notes that the proposed project would permanently convert 38 sheltered beds to community status at BCC as opposed to serving community patients on a limited basis through a five-year extension.

BCC provides a table depicting the LifeCare and Non-LifeCare Utilization for selected time periods, which is reproduced below.

Bentley Care Center Lifecare and Non-Lifecare Utilization			
Lifecare Days by Payer	CY 2015	CY 2016	YTD June 2017
Medicare	18,319	15,249	6,593
Commercial Insurance	2,890	2,787	1,343
	490	375	78
Subtotal Lifecare	21,699	18,411	8,014
Lifecare ADC	59	50	44
Non-Lifecare Days by Payer			
Private Pay	2,589	1,235	466
Medicare	2,727	2,675	1,616
Commercial Insurance	96	183	9
Subtotal Non-Lifecare Days	5412	4093	2091
Non-Lifecare ADC	15	11	12
Total Patient Days	27,111	22,504	10,105
Total ADC	74	61	56

CON application #10493, Page 3-16, Source: Vi.

The applicant states that the life care census at BCC has been on decline in recent years and the conversion of 38 sheltered beds at the facility will relieve the 100.0 percent continuous occupancy of the seven licensed community beds at BCC.

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.

The applicant describes BCC’s capacity to provide the highest quality care to its residents and discusses how care is closely monitored and held accountable for the delivery of all levels of services. The reference statement for VI at Bentley Village is provided below and states:

VI is dedicated to providing quality environments, services and programs to enrich the lives of older adults.

CON application #10493, Page 4-1

The applicant discusses the provision of services at VI at Bentley Village, its adjoining continuing care retirement community and describes how quality success is measured through resident satisfaction surveys. The applicant notes that in 2014, 90 percent of residents responded to the satisfaction survey. Ninety one percent of residents reported overall satisfaction, 93 percent of respondents indicated they would recommend their community to a family or friend and 83 percent of residents had already made a referral. The reviewer notes that 2015 or 2016 satisfaction survey results were not discussed.

A list of long-term and short-term skilled nursing care services is provided on pages 4-1 – 4-3 of CON application #10493.

In description of the historical provision of quality at BCC, the applicant indicates that it has been in operation since June 23, 1992 and is licensed for 100 beds (seven community and 93 sheltered beds) and an assisted living facility licensed for 132 beds that includes memory care. The applicant notes that BCC for the January 2015 – June 2017 reporting period, received an overall inspection rating of five quality stars (Last Updated: August 2017).

Bentley Care Center’s Nursing Home Inspection Ratings from this period are below:

Facility / City	Region	Inspection				Inspection Components				
		Overall Inspection	Quality of Care	Quality of Life	Administration	Nutrition & Hydration	Restraints & Alarms	Pressure Ulcers	Decline	Dignity
BENTLEY CARE CENTER NAPLES	Region B Sarasota/Pt. Myers	★★★★★	★★★★★	★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★

Nursing Home Inspection Ratings: Bentley Care Center, January 2015 – June 2017 (Last Updated: August 2017)⁵

⁵ <http://www.floridahealthfinder.gov/CompareCare/CompareFacilities.aspx?NHIR=28943>

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.

The applicant also states that BCC has a comparable CMS nursing home compare rating, the reviewer notes that per Medicare.gov, Bentley Care Center has a five-star overall rating (much above average) (CON application #10493, Exhibit 4-1, Page 4-8).⁶ BCC indicates that the facility also has lower re-hospitalization rates (19.7 percent) when evaluating detail based on claims-based measures in comparison to state (23.0 percent) and national (21.1 percent) rates.

BCC indicates that it employs a Quality Assurance Program and provides a sample of program policy and protocol in Exhibit 4-2 of the application. The applicant states that staff receive training that focuses on resident directed care to improve resident satisfaction and the nursing facility is equipped with the appropriate policies and procedures to provide the required services, patient assessment tools, admission and discharge policies.

The applicant indicates that the Patient Protection Affordable Care Act possesses directives that promote quality in the provision of health care services through mobilizing best practices in nursing home Quality Assurance Performance Improvement (QAPI). The applicant also indicates that national directives foster consistency and uniformity through the application of standards that apply to all nursing homes participating in Medicare and Medicaid programs. The applicant outlines

⁶<https://www.medicare.gov/nursinghomecompare/profile.html#profTab=0&ID=106062&state=FL&lat=0&lng=0&name=Bentley%2520Care%2520Center&Distn=0.0>

the 12 steps of quality assurance and performance improvement evaluation in nursing homes as outlined by CMS which is reproduced below:

- 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

Specific to BCC’s Performance Improvement Plan, the applicant states that a corporate Executive Management Team advocates quality resident care through establishing and supporting a Quality Assurance/ Performance Committee. The applicant states that the purpose of the committee is to identify problems indirectly or directly related to resident care and to establish criteria and standards of practice of professional organizations as applicable to the institution internal and external to the department.

The QAPI plan is stated to be derived from the mission, philosophy, vision, core values, standards of conduct of the company, demonstrating responsibility and accountability for quality in the delivery of care.

The applicant states that each community within the CCRC has its own QAPI team composed of individuals from various departments that implement performance improvement practices which improve specific work processes or business practices. A department manager within the team is responsible for evaluating the quality of services and care functions of their department. The QAPI team is comprised of corporate leadership across a variety of disciplines that manages and coordinates corporate quality assurance and performance improvement efforts. The committee also makes use of performance measurement and data collection which focuses on processes, outcomes, and use of a comprehensive set of indicators. Resolution actions are taken based on recommendations from the Quality Assurance Committee to address identified problems and include educational programs, new or revised

policies and procedures, staffing changes, equipment changes, an adjustment in admission practices or transfer practices or enhancement of services.

The applicant states that the QAPI plan achieves the following objectives:

- Company leaders monitor compliance with standards and resident outcomes and promote quality of care and services using performance improvement activities
- Appoint the QAPI committee, comprised of members representing the various departments or functions within the organization
- Establish standards, policies, protocols, and procedures that impact the quality of care and service, and resident outcomes and satisfaction
- Comply with applicable federal, state and local healthcare laws, regulations, and ordinances
- Provide a means for communicating the standards and procedures that all are expected to follow
- Systemically evaluate the quality of care and service provided
- Analyze the appropriateness of actions taken when performance does not meet expectations; and
- Contribute to the creation of an education program based upon approved QAPI principles and requirements.

A narrative description of ongoing resident activities conducted at VI at BCC is provided on page 4-6 of CON application #10493. The applicant indicates that Activities are facilitated by an Activity Coordinator who discusses resident interests and activities focus on the physical, social, emotional and spiritual well-being of individuals being served. A sample of activities, calendars and programming is included in Exhibit 4-3 of CON application #10493. BCC maintains that the applicant possesses the knowledge and capability to implement programs of the highest quality of care and ensures that these services meet state and federal requirements.

The substantiated complaint history for BCC for the three-year period ending on October 23, 2017 is included below:

Bentley Care Center, Three-Year Substantiated Complaint History: October 23, 2014 – October 23, 2017	
Complaint Category	Number Substantiated
Nursing Services	1
Total	1

Source: Florida Agency for Healthcare Administration Complaint Records, October 23, 2014–October 23, 2017
Note that a single complaint can encompass multiple substantiated complaint categories.

- 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.

Our review includes an analysis of the short and long-term position of the applicant, parent, or other related parties who will fund the project. The analysis of the short and long-term position is intended to provide some level of objective assurance on the likelihood that funding will be available. The stronger the short-term position, the more likely cash on hand or cash flows could be used to fund the project. The stronger the long-term position, the more likely that debt financing could be achieved if necessary to fund the project. We also calculate working capital (current assets less current liabilities) a measure of excess liquidity that could be used to fund capital projects.

Historically we have compared all applicant financial ratios regardless of type to bench marks established from financial ratios collected from Florida acute care hospitals. While not always a perfect match to a particular CON project it is a reasonable proxy for health care related entities. The below is an analysis of the audited financial statements of CC-Naples, Inc. and Subsidiary, (The applicant) and where the two short term and long-term measures fall on the scale (highlighted in gray) for the most recent year.

CC-Naples, Inc. and Subsidiary		
	Dec-16	Dec-15
Current Assets	\$29,077,709	\$20,077,273
Total Assets	\$183,687,279	\$138,684,989
Current Liabilities	\$21,811,882	\$13,612,742
Total Liabilities	\$189,137,257	\$127,965,525
Net Assets	(\$5,449,978)	\$10,719,464
Total Revenues	\$47,788,895	\$47,524,049
Excess of Revenues Over Expenses	(\$2,532,174)	\$967,954
Cash Flow from Operations	\$25,995,073	\$20,730,320
Short-Term Analysis		
Current Ratio (CA/CL)	1.3	1.5
Cash Flow to Current Liabilities (CFO/CL)	119.18%	152.29%
Long-Term Analysis		
Long-Term Debt to Net Assets (TL-CL/NA)	-3070.2%	1066.8%
Total Margin (ER/TR)	-5.30%	2.04%
Measure of Available Funding		
Working Capital	\$7,265,827	\$6,464,531

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 \$5,696,551 which includes this project and capital expenditures. The applicant indicates on Schedule 3 of its application that funding for the project will be provided by cash on hand. The applicant's audited financial schedules show sufficient cash for this project and all planned capital expenditures.

Conclusion:

Funding for this project should be available as needed.

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

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 (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 1st Quarter 2017, Health Care Cost Review).

NRPD, CPD, and profitability or operating margin that fall within the group range are considered reasonable projections. Below is the result of our analysis.

	PROJECTIONS PER APPLICANT		COMPARATIVE GROUP VALUES PPD		
	Total	PPD	Highest	Median	Lowest
Net Revenues	15,830,476	497	2,022	572	352
Total Expenses	15,263,786	480	1,925	550	355
Operating Income	566,690	18	218	12	-196
Operating Margin	3.58%		Comparative Group Values		
	Days	Percent	Highest	Median	Lowest
Occupancy	31,824	87.19%	96.94%	87.05%	34.05%
Medicaid	0	0.00%	29.49%	18.31%	0.00%
Medicare	13,799	43.36%	99.41%	31.61%	9.69%

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 seems feasible.

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:

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.

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 Office of Plans and Construction notes that the codes and standards regulating the design and construction of SNFs are the same for beds licensed as sheltered beds and community beds.

It is the position of the Office of Plans and Construction that a review of the architectural submissions for this project is unnecessary since the existing nursing beds have already been reviewed and approved by the Agency for use as skilled nursing beds in accordance with Florida Statutes 400.232 and Florida Administrative Code 59A-4.133.

The reviewer notes that any modifications or alterations of the physical plant due to a conversion would need to be reviewed by the Office of Plans and Construction.

- 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.**

BCC states that CC-Naples, Inc. was created to develop a CCRC (Vi at Bentley Village) and that a nursing home is an important element to providing continuum of care as an insurance product offering life care contracts. BCC provides skilled nursing services as a part of continuing care contracts and participates in the Medicare Program, the applicant indicates that existing covenants and resident care contracts do not allow the facility to participate in the Medicaid Program and for this reason does not have a history of providing health services to Medicaid recipients. With implementation of the transfer project, the applicant states that the current proposal extends the mission to provide the general public with additional community beds. CC-Naples, Inc. indicates that the 38 community beds added as a result of the proposed project will focus on short-term rehabilitation reimbursed by Medicare and Medicare HMO with private pay for longer stays.

The applicant does not include Medicaid in its projected payer-mix for the proposed transfer project, but notes that Schedule 7 includes an allowance of \$1,138,514 (year two) for charity care and related uncollected amounts, two percent of gross revenues. The applicant states that the proposal ensures access to residents of Nursing Home Subdistrict 8-2 and describes how Florida's major changes to the Medicaid Program and the expansion of Statewide Medicaid Managed Care Plans assures access through the plans and facilities that contract with Medicaid plans. The 38-bed transfer project is projected to increase the total occupancy of the facility from 56.5 percent (56.6 percent, Schedule 7) with the current bed complement to 86.9 percent following the addition of the 38 community beds.

The applicant provides the following forecast for the proposed transfer project which is reproduced below.

CC-Naples, Inc. Projected Payer Mix							
Payer Group	38-Bed Project			100 Bed Facility			
	Year One Patient Days	Year Two Patient Days	Percentage (%)	Year One Patient Days	Year One Percentage (%)	Year Two Patient Days	Year Two Percentage (%)
Self-Pay	1,907	2,774	25.0%	3,700	13.1%	4,572	14.4%
Medicare	4,577	6,658	60.0%	10,039	35.5%	12,135	38.1%
Medicare HMO	1,144	1,664	15.0%	1,144	4.0%	1,664	5.2%
Life Care Patients				13,416	47.4%	13,453	42.3%
Total	7,628	11,096	100.0%	28,299	100.0%	31,824	100.0%

Source: CON application #10493, Page 9-2, Schedule 7.

The table provided on page 9-2 of CON application #10493 indicates that for the 38-bed project, the community bed project is forecasted to operate at 55.0 percent at the end of year one and 79.8 percent at the end of year two. For the total 100-bed facility, the applicant projects 77.5 percent occupancy in year one and 86.9 percent in year two. The reviewer notes that the self-pay group in Schedule 7 is labeled private pay in the table provided on page 9-2.

F. SUMMARY

CC-Naples, Inc. d/b/a Bentley Care Center (CON application #10493) is an existing skilled nursing provider in District 8, Subdistrict 8-2, Collier County seeking to transfer CON application #10406 from SRGL Naples, LLC. The transfer project will result in the addition of 38 beds to BCC through the conversion of 38 sheltered beds. The existing licensed bed inventory at BCC consists of seven community beds and 93 sheltered beds. The applicant states that the facility currently has a five-star Nursing Home Inspection Rating, thus members of Collier and adjacent Lee County will benefit with improved access to a quality facility. The applicant maintains that a benefit of this project is the minimal cost associated with the bed conversion as the beds will be under continuous use; the applicant states that the proposed project will not require review by the Office of Plans and Construction.

The project does not involve any construction. The total project cost for the transfer CON is \$120,111 (Schedule 1-Trn).

The applicant does not condition the proposed project to any Schedule C conditions. The applicant expects issuance of licensure in June 2018 and initiation of service in July 2018.

Need

The applicant has submitted the application to transfer CON application #10406 for expedited review and not in response to the fixed need pool which was published on September 29, 2017, which projected need for 0 community beds in Subdistrict 8-2. CON application #10406 was issued to SRGL Naples, LLC, to establish a 38-bed community nursing home in Collier County from the Fixed Need Pool published on October 2, 2015.

The number of approved nursing home beds in Nursing Home Subdistrict 8-2 will remain unchanged as a result of the proposed transfer.

Quality of Care

The applicant states that Bentley Care Center possesses the capacity to provide the highest quality care to its residents and monitors care delivery through a number of quality reporting mechanisms.

BCC employs a Quality Assurance Program and staff receive training that focuses on resident directed care to improve resident satisfaction; the nursing facility is also equipped with the appropriate policies and procedures to provide the required services, patient assessment tools, admission and discharge policies.

Specific to BCCs Performance Improvement Plan, the applicant states that a corporate Executive Management Team advocates quality resident care through establishing and supporting a Quality Assurance/ Performance Committee. The applicant states that the purpose of the committee is to identify problems indirectly or directly related to resident care and to establish criteria and standards of practice of professional organizations as applicable to the institution internal and external to the department.

The applicant maintains that it possesses the knowledge and capability to implement programs of the highest quality care and ensures that these services meet state and federal requirements.

Within the three-year period between October 23, 2014-October 23, 2017 (the most recent data available) BCC had one substantiated complaint.

Cost/Financial Analysis

Funding for this project should be available as needed. Based on the information provided in Schedule 6, the applicant's projected staffing meets requirements. This project appears to be financially feasible based on the projections provided by the applicant.

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

Architectural Analysis

The applicant indicates that due to the conversion of existing sheltered beds to community beds there is no anticipated construction involved to implement the transfer certificate of need.

The Office of Plans and Construction notes that the codes and standards regulating the design and construction of skilled nursing facilities are the same for beds licensed as sheltered beds and community beds.

Therefore, a review of the architectural submissions for this project is unnecessary since the existing nursing beds have already been reviewed and approved by the Agency for use as skilled nursing beds in accordance with Florida Statutes 400.232 and Florida Administrative Code 59A-4.133.

Medicaid/Indigent Care Commitment

The applicant indicates that existing covenants and resident care contracts do not allow the facility to participate in the Medicaid Program and for this reason does not have a history of providing health services to Medicaid recipients. The applicant does not include Medicaid in its projected payer-mix for the proposed transfer project, but notes that Schedule 7 includes an allowance of \$1,138,514 (year two) for charity care and related uncollected amounts, two percent of gross revenues.

The applicant states that the proposal ensures access to residents of Nursing Home Subdistrict 8-2 and anticipates that the 38-bed transfer project is projected to increase the total occupancy of the facility from 56.6 percent with the current bed complement to 86.9 percent following the addition of the 38 community beds. CC-Naples, Inc. indicates that the 38 community beds added as a result of the proposed project will focus on short-term rehabilitation reimbursed by Medicare and Medicare HMO and private pay residents for longer stays.

G. RECOMMENDATION

Approve CON #10493 to transfer CON #10406 from SRGL Naples, LLC to CC-Naples, Inc. to add 38 community nursing home beds to Bentley Care Center in District 8, Subdistrict 2, Collier County through the conversion of 38 sheltered nursing home beds. The total project cost for the transfer CON is \$120,111. The project does not involve any construction.

CONDITION: The applicant shall provide a minimum of two percent of gross revenues for the 100-bed facility as charity care to the indigent or Medicaid population starting in the second year of licensure for the converted beds.

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