

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

**A. PROJECT IDENTIFICATION:**

1. Applicant/CON Action No.

**Wesley Manor, Inc. d/b/a Westminster Woods on Julington Creek/CON #10586**

80 West Lucerne Circle  
Orlando, Florida 32801

Authorized Representative: Mr. Henry Keith, CFO  
(407) 839-0707

2. Service District/Subdistrict

District 4/Subdistrict 3 (St. Johns and Southeast Duval Counties)

**B. PUBLIC HEARING:**

No public hearing was held or requested regarding the proposed project.

**Letters of Support**

Tab 10 of CON application #10586 includes eight letters of support and "A Poem To Be Read and Danced". The letters are individually composed and have positive compliments for employees regarding the care and services received at the applicant's facilities. This tab also includes various "Creating Legends" forms used by patients/patient family members to nominate and cite facility personnel for quality care they provided.

**C. PROJECT SUMMARY**

**Wesley Manor, Inc. d/b/a Westminster Woods on Julington Creek (CON application #10586)** (also referred to as the applicant or WWJC), a Florida not-for-profit, continuing care retirement community (CCRC), proposes to add seven sheltered nursing home beds to the existing 60-bed skilled nursing facility (SNF) with a current bed complement of 52 community nursing home beds and eight sheltered nursing home beds.

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The applicant indicates this project seeks to replace the seven community beds that are to be transferred to Westminster Pines, Inc. d/b/a Westminster St. Augustine via CON Exemption #190005. Since Westminster St. Augustine will add the seven community beds by converting sheltered beds at its SNF, the overall District 4-3 sheltered and community bed count will not increase.

WWJC is one of 10 CCRCs operated by Westminster Retirement Communities, Inc. Facilities include:

- Westminster Towers
- Westminster Oaks
- Westminster St. Augustine
- Westminster Winter Park
- Westminster Suncoast
- Westminster Palms
- Westminster Pointe Pleasant
- Westminster Manor of Bradenton
- Westminster Baldwin Park
- Westminster Woods on Julington Creek

As previously stated, the applicant's sister facility, Westminster Pines, Inc. d/b/a Westminster St. Augustine, was recently approved to transfer seven community beds from WWJC through Exemption #190005. WWJC is seeking to keep a 60-bed inventory after the implementation of Exemption #190005 through the proposed addition with a bed complement of 45 community nursing home beds and 15 sheltered nursing home beds.

WWJC received its certificate of authority (COA) from the Department of Financial Services to operate a CCRC in Florida, regulated under Chapter 651, Florida Statutes, with a COA issuance date of April 4, 1991. The applicant includes its COA in Exhibit 1-1 of CON application #10586. The CCRC presently consists of 284 independent living units, an 80-bed licensed assisted living facility (ALF), eight sheltered beds and 52 community nursing home beds. The facility is well within the one sheltered nursing home bed per four residential unit ratio in statute with the proposed seven-bed addition.

The applicant proposes no conditions on its Schedule C.

Total project cost is \$47,555. The project involves zero gross square feet (GSF) of new construction or renovation. Total project cost includes project development costs.

The applicant anticipates issuance of license on June 30, 2019 and initiation of service on July 1, 2019. The reviewer notes the applicant does not comply with the requirement to submit the application at least 90 days prior to implementation of the project as required in Rule 59C-1.010(4)(a) Florida Administrative Code. However, as these are existing beds this should not be an issue in the project's implementation.

The application was filed in accordance to Rule 59C-1.004(2)(a), Florida Administrative Code, which allows applications for sheltered nursing home beds to be reviewed as expedited applications rather than competitive batch review applications.

*Issuance of a CON is required prior to licensure of certain health care facilities and services. The review of a CON application and ultimate approval or denial of a proposed project is based upon the applicable statutory criteria in the Health Facility and Services Development Act (408.031-408.045, Florida Statutes) and applicable rule criteria within Chapters 59C-1 and 59C-2, Florida Administrative Code. An approved CON does not guarantee licensure of the proposed project. Meeting the applicable licensure requirements and licensure of the proposed project is the sole responsibility of the applicant.*

**D. REVIEW PROCEDURE**

The evaluation process is structured by the certificate of need review criteria found in Section 408.035, Florida Statutes; and applicable rules of the State of Florida Chapters 59C-1 and 59C-2, Florida Administrative Code. 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 (subdistrict), applications are comparatively reviewed to determine which applicant(s) best meet(s) the review criteria.

Rule 59C-1.010(3) (b), Florida Administrative Code, 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, James B. McLemore analyzed the application with consultation from the financial analyst, Derron Hillman of the Bureau of Central Services, who reviewed 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 pages indicate the level of conformity of the proposed project with the review criteria and application content requirements found in Sections 408.035 and 408.037, Florida Statutes; and Chapters 59C-1 and 59C-2, Florida Administrative Code. Sheltered nursing homes are regulated under Chapter 651, Florida Statutes. Section 651.118 gives instruction to the Agency for review of any proposal for sheltered nursing beds.

Pursuant to s. 651.118 (2), Florida Statutes: *The Agency for Health Care Administration shall issue a certificate of need to any holder of a provisional certificate of authority pursuant to s. 651.022 to construct nursing home beds for the exclusive use of the prospective residents of the proposed continuing care facility if the holder of the provisional certificate of authority meets the Agency's applicable review criteria, utilizing the bed need provisions of subsection (4).*

Subsection (4) contains the following language: *The Agency for Health Care Administration shall approve one sheltered nursing home bed for every four proposed residential units, including those that are licensed under part I of chapter 429, in the continuing care facility unless the provider demonstrates the need for a lesser number of sheltered nursing home beds based on proposed utilization by prospective residents or demonstrates the need for additional sheltered nursing home beds based on actual utilization and demand by current residents.*

**1. Fixed Need Pool**

**a. Does the project proposed respond to need as published by a fixed need pool? Ch. 59C-1.008(2), Florida Administrative Code.**

As noted above, this project is being reviewed under Rule 59C-1.004(2)(a), Florida Administrative Code. Expedited reviews may be submitted at any time and do not respond to fixed need pool

publications. The applicant proposes to add seven sheltered nursing home beds to its existing 60-bed campus (eight sheltered and 52 community nursing home beds).

Pursuant to Rule 59C-1.037(1)(b), Florida Administrative Code, based on WWJC’s 284 independent living units and 80 licensed ALF beds (a total of 364 units), the CCRC qualifies for 91 sheltered nursing home beds. With eight currently licensed sheltered beds, the applicant may request approval for up to 83 sheltered beds but is requesting eight, well within the one sheltered nursing home bed per four residential unit ratio in statute.

The applicant states that the objectives of the proposal are as follows:

- Continue to assure that both members of the public and continuing care contract holders have access to a five-star SNF
- Maintain continuous operations—adding seven sheltered beds allows the facility to change the license to 15 sheltered beds upon the relocation of seven community beds to its affiliated entity Westminster St. Augustine
- Continue to operate a 60-bed facility—the number of beds at the facility remains at 60, even with the relocation of seven community beds to Westminster St. Augustine

The applicant notes St. Johns County contains 10 Zip Codes, WWJC’s location is in Zip Code 32259 and no other SNFs are located in that Zip Code. WWJC asserts that a sizeable 65+ population exists in Zip Code 32259—7,037 elderly residents currently with the expectation to grow to 9,522 by 2024 (a compound annual growth rate of 6.2 percent). See the table below.

<b>St. Johns County Population Estimates by Zip Code for the 65+ Population</b>			
<b>Zip Code</b>	<b>65+ Population 2019</b>	<b>65+ Population 2024</b>	<b>CAGR</b>
32033	1,660	1,962	3.4%
32080	8,093	9,675	3.6%
32081	2,220	2,860	5.2%
32082	9,085	11,095	4.1%
32084	7,080	8,430	3.6%
32086	8,243	9,781	3.5%
32092	5,308	6,377	3.7%
32095	2,177	2,790	5.1%
32145	1,044	1,311	4.7%
32259	7,037	9,522	6.2%
<b>Total</b>	<b>51,947</b>	<b>63,803</b>	<b>4.2%</b>

Source: CON application #10586, page 1-8

Note: The applicant’s table included total population but the reviewer included only the 65+ population.

WWJC states that it is located within a 20-minute drive of two acute care hospitals (Baptist Medical Center South and St. Vincent’s Medical Center Southside) and nine SNFs. Per the applicant, the two identified hospitals

represent 407 discharges to nursing homes. WWJC indicates that of the 407 discharges, 27.8 percent are for conditions associated with the musculoskeletal system and 13.3 percent are for conditions associated with the respiratory system. The applicant maintains that the existing facility's clinical staff regularly works with residents recovering from these types of conditions.

The applicant indicates that utilization within Subdistrict 4-3 varied greatly, from 46 percent to 97 percent with an overall occupancy of 84.9 percent and most facilities operating at over 85 percent occupancy during the 12 months ending June 30, 2018. The occupancy for the same period of time at WWJC was 86.2 percent.

WWJC maintains that for the most recent 12-month period (CY 2018), the distribution of nursing home resident days at WWJC between life care residents and the public was 13,035 days or 64.8 percent life care and 35.2 percent (7,086 resident days) public. The applicant contends that the proposed seven sheltered bed addition is supported by the current utilization data. WWJC indicates that retaining both community and sheltered beds provides the existing facility with the flexibility to serve both life care residents and residents within Subdistrict 4-3 in need of skilled nursing services.

The applicant calculates a nursing home use rate of 47 discharges to SNFs per 1,000 population for Zip Code 32259 (the location of WWJC). WWJC maintains that this use rate is considerably higher than the use rate for St. Johns County which is 41 discharges per 1,000 population, thereby indicating the need to keep the applicant's current bed complement intact.

WWJC notes that the addition of seven sheltered beds does not change the current plans of operation and that the facility will continue to provide a range of therapeutic programs within the existing SNF. The applicant asserts that it updates protocols, equipment and programs as needed to ensure residents receive care tailored to their individual care plan.

The applicant maintains that it has provided a detailed narrative about the proposed project including factors such as population demographics/dynamics, availability/utilization/quality of like services, medical treatment trends and market conditions to illustrate the proposed addition's impact on Subdistrict 4-3 and elderly residents in need of SNF services.

WWJC provides a table illustrating the projected forecast for the proposed seven sheltered beds of 100 percent for the first and second year of operation. See the table below.

<b>Utilization at WWJC for the First Two Years of Operation Seven Sheltered Beds</b>			
<b>Payer</b>	<b>Year 1 Patient Days</b>	<b>Year 2 Patient Days</b>	<b>% of Total</b>
Medicare	454	453	17.7%
Medicare HMO	85	85	3.3%
Medicaid	463	462	18.1%
Self-Pay	1,161	1,158	45.3%
Other	398	397	15.6%
<b>Total</b>	<b>2,561</b>	<b>2,555</b>	<b>100.0%</b>

Source: CON application #10586, page 1-15

**2. Agency Rule Preferences**

- a. Use of Sheltered Nursing Home Beds. Under subsection 651.118(7), Florida Statutes, sheltered nursing home beds may be used for persons who are not residents of the continuing care facility, and who are not a party to a continuing care contract, for a period of up to five years from the date of issuance of the initial nursing home license for sheltered beds constructed in conjunction with the non-nursing home portion of the continuing care facility. Applicants applying at a later time for additional sheltered nursing home beds without increasing the number of residential units shall restrict the use of the additional sheltered beds to continuing care residents. Applicants who are adding additional residential units shall be allowed to apply for additional sheltered nursing home beds not exceeding a ratio of one nursing home bed per four residential units. Nursing home beds approved under this condition may be used for community residents for a period of up to five years from the date of issuance of the initial license of these beds.**

The reviewer notes that based on its existing 364 residential units the applicant is eligible for 91 sheltered nursing home beds. WWJC is presently licensed for and operates 52 community nursing home beds and eight sheltered beds. The applicant is seeking approval to add seven sheltered nursing home beds.

- b. Criteria and Standards. In addition to meeting the applicable review criteria in Section 408.035, Florida Statutes, and the provisions in this rule, applicants for certificates of need for sheltered nursing home beds shall comply with the criteria and standards outlined under Section 651.118, Florida Statutes.**

Wesley Manor, Inc. d/b/a Westminster Woods on Julington Creek received its COA from the Department of Financial Services to operate a CCRC in Florida, regulated under Chapter 651, Florida Statutes, with a COA issuance date of April 4, 1991. The COA is #00-59-0872675. The applicant includes its COA in Exhibit 1-1 of CON application #10586.

- c. Data Collection and Reporting Procedures. Continuing care providers shall submit to the Agency, or its designated Agency, semi-annual bed utilization reports for the purpose of determining community and sheltered nursing home bed utilization based on historical use by residents and non-residents of the continuing care facility. Bed utilization data shall be reported on July 30 for the period of January 1 through June 30, and on January 30 for the period of July 1 through December 31 of each calendar year. Bed utilization data shall include:**

- (a) Total number of resident admissions during the six-month reporting period.**
- (b) Total number of non-resident admissions during the six-month reporting period.**
- (c) Total admissions for the six-month reporting period.**
- (d) Total resident patient days for the six-month reporting period.**
- (e) Total non-resident patient days for the six-month reporting period.**
- (f) Total patient days for the six-month reporting period.**

The applicant indicates that it currently reports admission and resident days to the local health council (Health Planning Council of Northeast Florida, Inc.) and will continue to report data as required with the addition of seven sheltered beds.

**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? Section 408.035(1) (a) and (b), Florida Statutes.**

The applicant notes that St. Johns County has five SNFs with 537 community nursing home beds and an overall occupancy of 79.6 percent for the most recent 12-month period (July 1, 2017-June 30, 2018).

WWJC indicates that it had an overall occupancy of 86.2 percent for the same time-period. The applicant states that there are three CCRCs in St. Johns County which operate 93 total sheltered beds.<sup>1</sup>

WWJC contends that availability issues are tied to resident choice and preferences for a private room. The applicant indicates that it provides the largest inventory of private rooms within the county—36 total private rooms. WWJC notes that if a private room is not available, a delay in placement can occur with negative consequences which can result in declines in a person’s condition if treatments are not started timely.

In terms of quality, the applicant maintains that it is both an Agency and CMS five-star rated facility.

WWJC states that it provides care for community residents with Medicare, Medicaid and other forms of insurance to ensure financial accessibility. The applicant states that “life care residents by virtue of their life care contract also access the (SNF)”.

- b. Does the applicant have a history of providing quality of care? Has the applicant demonstrated the ability to provide quality care? Is the applicant a Gold Seal Program nursing facility that is proposing to add beds to an existing nursing home? Section 408.035(1)(c) and (j), Florida Statutes.**

The applicant indicates that Westminster Retirement Communities, Inc. currently operates nine SNFs with a total of 711 beds as part of its life care communities. However, it appears that the applicant does not include one of Westminster Retirement Communities, Inc.’s facilities in its facilities and bed count. The reviewer finds ten SNFs with a total of 821 beds, as part of Westminster’s life care communities. With the exception of Westminster Baldwin Park, WWJC provides the following facility inspection ratings for these SNFs.

<sup>1</sup> The reviewer notes that St. Johns County’s 537 SNF beds averaged 83.37 percent and WWJC averaged 91.16 percent occupancy in CY 2018 and confirms that St. Johns County had 93 and Subdistrict 4-3 had 163 sheltered beds during CY 2018.

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

<b>Facility</b>	<b>District/ Subdistrict</b>	<b>Rating</b>	<b>Comm. Beds</b>	<b>Sheltered Beds</b>
Westminster Manor of Bradenton	6-2	1 Star*	42	17
Westminster Pointe Pleasant* (Bradenton)	6-2	3 Stars*	91*	29*
Westminster Towers (Orlando)	7-2	4 Stars*	115	5
Westminster Oaks (Tallahassee)	2-4	4 Stars*	60*	60*
Westminster St. Augustine*	4-3	5 Stars*	5*	25
Westminster Suncoast (St. Petersburg)	5-2	5 Stars	120	0
Westminster Palms (St. Petersburg)	5-2	5 Stars	42	0
Westminster Woods on Julington Creek (St. Johns)	4-3	5 Stars	52	8
Westminster Baldwin Park	7-2	5 Stars*	40	0
Westminster Winter Park	7-2	4 Stars*	80	0

Source: CON application #10586, page 4-2 & FloridaHealthFinder.gov. NH Compare records as of 5/22/19  
Note: \* The CON reviewer updated the facility names, bed counts and ratings where appropriate.

WWJC notes that it has a five-star rating from both the Agency’s and CMS’s nursing home compare. The applicant indicates that it participates in the Health Services Advisory Group as part of the Florida National Nursing Home Quality Collaboration. WWJC states that it received the American College of Health Care Administrators (ACHCA) Eli Pick Facility Leadership Award for CY 2018 for achieving excellence beyond the five-star nursing home rating system and that only 11 percent of facilities in the U.S. meet the criteria for this award. WWJC was also featured in *U.S. News and World Report’s* list of America’s Best Nursing Homes. The applicant includes the ACHCA letter confirming the Eli Pick award criteria in Exhibit 4-1 and *U.S. News and World Report’s* 2018-19 America’s Best Nursing Homes plaque in Exhibit 4-2 of CON application #10586.

The applicant states that it utilizes an electronic health record for long-term care facilities offered by American HealthTech which allows for eprescribing, documentation of care plans, tracking of “Minimum Data Set” measures and quality functions.

WWJC asserts that it has implemented a Quality Assurance (QA) program that ensures consistent, high-quality care is provided to all residents. The applicant indicates that the existing QA program requires continuous monitoring and assessing resident care practices, identifying/investigating potential problems and implementing appropriate actions to reduce/eliminate problems. The applicant notes that each department that has an impact upon resident care and is actively involved in the QA program.

The applicant maintains that residents enjoy activities both within and outside the facility for a variety of interesting activities to promote their health and well-being. The applicant includes WWJC’s February 2019 calendar in Exhibit 4-3 of CON application #10586. WWJC indicates

that it reviews resident activities to ensure they meet all aspects of a quality activities program—activities are included as part of the “Continuous Quality Improvement” process under the area of quality of life.

WWJC is not a Gold Seal Program and is not presently on the Nursing Home Watch List. The most recent Agency inspection indicates WWJC received an overall five-star rating out of a possible five stars for the period of October 2016 through March 2019. The inspection rating was last updated April 2019.

Agency licensure records indicate that WWJC had no substantiated complaints for the three-year period ending April 22, 2019. Agency complaint records indicate that the affiliated nursing homes associated with the parent company, for the three-year period ending April 22, 2019, had 10 substantiated complaints at its facilities in 11 complaint categories—quality of care/treatment (six), resident/patient/client rights (two) and one each in elopement, administration/personnel and unqualified personnel.

- c. What resources, including health manpower, management personnel, and funds for capital and operating expenditures are available for project accomplishment and operation? Section 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 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.

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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 applicant provided audited financial statements for The Obligated Group, where the short-term and long-term measures fall on the scale (highlighted in gray) for the most recent year.

<b>The Obligated Group</b>		
	<b>Mar 18</b>	<b>Mar 17</b>
Current Assets	\$54,593,853	\$45,417,725
Total Assets	\$781,230,509	\$761,994,754
Current Liabilities	\$41,850,402	\$46,767,268
Total Liabilities	\$645,480,218	\$627,673,452
Net Assets	<b>\$135,750,291</b>	<b>\$134,321,302</b>
Total Revenues	\$181,676,874	\$172,344,068
Excess of Revenues Over Expenses	<b>(\$15,370,939)</b>	<b>(\$6,751,871)</b>
Cash Flow from Operations	\$59,398,071	\$39,759,927
<b>Short-Term Analysis</b>		
Current Ratio (CA/CL)	1.3	1.0%
Cash Flow to Current Liabilities (CFO/CL)	141.93%	85.02%
<b>Long-Term Analysis</b>		
Long-Term Debt to Net Assets (TL-CL/NA)	444.7%	432.5%
Total Margin (ER/TR)	-8.46%	-3.92%
<b>Measure of Available Funding</b>		
Working Capital	\$12,743,451	<b>(\$1,349,543)</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 \$3,090,433, which includes this project of \$47,555 and other capitalization. The applicant states on Schedule 3 that funding for this project will come from cash on hand. The applicant provided audited financial statements showing over \$29 million in cash and cash equivalents, and over \$12 million in working capital.

**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 6A, the applicant meets this requirement.

Schedule 6A shows that the 92.73 FTEs are projected for the 60-bed facility in both year one (ending June 30, 2020) and year two (ending June 30, 2021). The applicant indicates that the addition of seven sheltered beds will not change any current staffing. See the table below.

<b>Westminster Woods on Julington Creek Existing Staffing 60 beds</b>		
<b>Position</b>	<b>Year One Ending 6/30/2020 FTEs</b>	<b>Year Two Ending 6/30/2021 FTEs</b>
<b>Administration</b>		
Administrator	1.00	1.00
Director of Nursing	1.00	1.00
Admissions Director	1.00	1.00
Bookkeeper	1.00	1.00
Secretary	1.00	1.00
Medical Records Clerk	1.00	1.00
Other: Marketing	1.00	1.00
Other Nursing Admin	3.00	3.00
<b>Total</b>	<b>10.00</b>	<b>10.00</b>
<b>Physicians</b>		
Medical Director (Contracted)	1.00	1.00
<b>Nursing</b>		
RN	7.23	7.23
LPN	5.92	5.92
Nurses' Aides	29.11	29.11
<b>Total</b>	<b>42.27</b>	<b>42.27</b>
<b>Ancillary</b>		
Physical Therapist	4.09	4.09
Speech Therapist	0.90	0.90
Occupational Therapist	2.26	2.26
<b>Total</b>	<b>7.26</b>	<b>7.26</b>
<b>Dietary</b>		
Dietary Supervisor	2.02	2.02
Cooks	8.84	8.84
Dietary Aides (includes servers)	8.84	8.84
<b>Total</b>	<b>19.70</b>	<b>19.70</b>
<b>Social Services</b>		
Social Services Director and Assistant	1.36	1.36
Activity Director	1.00	1.00
Activities Assistant	1.89	1.89
<b>Total</b>	<b>4.25</b>	<b>4.25</b>
<b>Housekeeping</b>		
Housekeeping Supervisor	1.01	1.01
Housekeepers	5.17	5.17
<b>Total</b>	<b>6.18</b>	<b>6.18</b>
<b>Plant Maintenance</b>		
Maintenance Supervisor	0.43	0.43
Maintenance Assistance	1.65	1.65
<b>Total</b>	<b>2.09</b>	<b>2.09</b>
<b>Grand Total</b>	<b>92.73</b>	<b>92.73</b>

Source: CON application #10586, Schedule 6A

The reviewer notes that the applicant’s Schedule 6A totals to 92.72 FTEs with the Nursing total actually 42.26 (not 42.27) Ancillary total at 7.25 FTEs (not 7.26 as shown) and Plant Maintenance at 2.08 FTEs (not 2.09 as shown).

**Conclusion:**

Funding for this project is likely.

**d. What is the immediate and long-term financial feasibility of the proposal? Section 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 SNFs as reported on Medicaid cost reports (2016, and 2017 cost report years). For our comparison group, we selected SNFs 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 2018, 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	7,237,500	367	2,096	524	298
Total Expenses	7,058,100	358	2,020	535	361
Operating Income	179,400	9	187	-10	-492
Operating Margin	2.48%		<b>Comparative Group Values</b>		
	Days	Percent	Highest	Median	Lowest
Occupancy	19,697	89.94%	96.94%	84.58%	37.49%
Medicaid	3,560	18.07%	29.84%	18.13%	0.00%
Medicare	4,147	21.05%	99.59%	29.06%	5.51%

The projected NRPD, CPD and profit fall within the group range and are considered reasonable. The projected CPD is lower than the lowest in the control group, and may be understated. 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? Section 408.035(1)(g), Florida Statutes.**

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? Section 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, although highly unlikely, 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? Section 408.035(1)(i), Florida Statutes.**

A five-year history of Medicaid patient days and Medicaid occupancy for the subdistrict, district and state (for the five-year period ending December 31, 2018) is provided in the table below.

**Medicaid Patient Days and Medicaid Occupancy  
in Subdistrict 4-3, District 4 and Florida**

<b>Medicaid Patient Days</b>					
<b>Area</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Subdistrict 4-3	499,185	489,088	497,241	484,962	502,007
District 4	1,849,792	1,821,961	1,859,116	1,845,920	1,837,959
Florida	15,932,613	15,959,939	16,144,618	15,990,448	15,937,814
<b>Medicaid Occupancy</b>					
<b>Area</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Subdistrict 4-3	55.85%	55.12%	60.98%	56.86%	57.27%
District 4	61.28%	60.70%	62.34%	62.51%	62.39%
Florida	62.17%	62.18%	63.13%	63.18%	63.92%

Source: Florida Nursing Home Bed Need Projections by District and Subdistrict, published March 2015-2019

The applicant states that as a CCRC it offers skilled nursing to life care residents as well as elderly persons outside the retirement community. WWJC indicates that it is dually-certified to provide both Medicare and Medicaid skilled nursing services. The applicant indicates that for the most recent period available (CY 2018), WWJC provided 4,868 Medicaid days representing 24.2 percent of all bed days. The reviewer notes that Medicaid accounted for 4,061 days or 22.52 percent of the facility's 52 community nursing home beds total CY 2018 patient days.

WWJC provides tables illustrating projected forecast for the proposed seven sheltered beds of 100 percent for the first and second year of operation and the total 60-bed facility. The reviewer combined the tables in the table below.

<b>Utilization at WWJC for the First Two Years of Operation Ending June 30, 2020 &amp; June 30, 2021 Seven Sheltered Beds &amp; Total 60-Bed Facility</b>							
	<b>Seven Sheltered Beds</b>				<b>Total 60-Beds</b>		
<b>Payer</b>	<b>Year 1 Patient Days</b>	<b>Year 2 Patient Days</b>	<b>% of Total</b>		<b>Year 1 Patient Days</b>	<b>Year 2 Patient Days</b>	<b>% of Total</b>
Medicare	454	453	17.7%		3,502	3,493	17.7%
Medicare HMO	85	85	3.3%		656	654	3.3%
Medicaid	103	103	4.0%		796	794	4.0%
Medicaid HMO	360	359	14.1%		2,774	2,766	14.1%
Self-Pay	1,161	1,158	45.3%		8,951	8,927	45.3%
Other	398	397	15.6%		3,072	3,063	15.6%
<b>Total</b>	<b>2,561</b>	<b>2,555</b>	<b>100.0%</b>		<b>19,751</b>	<b>19,697</b>	<b>100.0%</b>

Source: CON application #10586, page 9-2 and Schedule 7

Note: The applicant rounded up on the total facility Medicaid HMO days from 14.04 percent to 14.1 percent.

WWJC proposes no conditions on Schedule C.

**F. SUMMARY**

**Wesley Manor, Inc. d/b/a Westminster Woods on Julington Creek (CON application #10586)** a Florida not-for-profit CCRC proposes to add seven sheltered nursing home beds to the existing 60-bed SNF, which has a bed complement of 52 community nursing home beds and eight sheltered nursing home beds.

The applicant’s sister facility, Westminster Pines, Inc. d/b/a Westminster St. Augustine, was recently approved to transfer seven community beds from WWJC through Exemption #190005. WWJC is seeking to keep a 60-bed inventory after the implementation of Exemption #190005 through the proposed addition with a bed complement of 45 community nursing home beds and 15 sheltered nursing home beds.

WWJC received its COA from the Department of Financial Services to operate a CCRC in Florida with an issuance date of April 4, 1991. The CCRC presently consists of 284 independent living units, 80 licensed ALF beds, eight sheltered beds and 52 community nursing home beds. The facility is well within the one sheltered nursing home bed per four residential unit ratio in statute—with the proposed seven-bed addition the facility will have 15 sheltered beds total.

Total project cost is \$47,555. The project involves zero GSF of new construction or renovation. Total project cost includes project development costs.

The applicant proposes no conditions on its Schedule C.

*After weighing and balancing all relevant criteria, the following issues are presented:*

**Need:**

The proposed project is not submitted in response to the fixed need pool. By adding seven sheltered nursing home beds the applicant expects to maintain the current bed complement after an approved transfer of seven community nursing home beds to its sister facility Westminster St. Augustine.

The applicant states that the objectives of the proposal are as follows:

- Continue to assure that both members of the public and continuing care contract holders have access to a five-star SNF
- Maintain continuous operations—adding seven sheltered beds allows the facility to change the license to 15 sheltered beds upon the relocation of seven community beds to its affiliated entity Westminster St. Augustine
- Continue to operate a 60-bed facility—the number of beds at the facility remains at 60, even with the relocation of seven community beds to Westminster St. Augustine

**Quality of Care:**

- WWJC received an overall five-out-of-five nursing home rating by both the state and CMS for the most recent inspection rating time period
- Agency licensure records indicate that WWJC had no substantiated complaints for the three-year period ending April 22, 2019
- Agency complaint records indicate that the 10 affiliated nursing homes associated with the parent company, for the three-year period ending April 22, 2019 had 10 substantiated complaints in 11 complaint categories
- The applicant demonstrates the ability to provide quality care

**Cost/Financial Analysis:**

- Funding for this project is likely
- This project appears to be financially feasible based on the projections provided by the applicant
- Staffing meets the requirements of s. 400.23(3)(a)1. Florida Statutes
- Strictly based on financial schedules, this project is not likely to have a material impact on competition to promote quality and cost-effectiveness

**Medicaid/Indigent Care:**

- The applicant provides no Medicaid/Medicaid managed care or charity care conditions pursuant to the proposed project
- Schedule 7 of the application indicates that for year one (ending June 30, 2020) and for year two (ending June 30, 2021), self-pay represents 45.3 percent and Medicaid/Medicaid HMO represents 18.1 percent of annual total patient days for each year for the seven sheltered bed addition and the 60-bed total facility

**Architectural Analysis:**

- The Office of Plans and Construction notes that the codes and standard regulating the design and construction of skilled nursing facilities are the same for beds licensed as sheltered beds and community beds
- A review of the architectural submissions for this project was deemed unnecessary as 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

**G. RECOMMENDATION**

Approve CON #10586 to add seven sheltered nursing home beds. The total project cost is \$47,555. The project involves zero GSF of new construction or renovation.

**AUTHORIZATION FOR AGENCY ACTION**

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

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

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