

STATE AGENCY ACTION REPORT
ON APPLICATION FOR CERTIFICATE OF NEED

A. PROJECT IDENTIFICATION:

1. Applicant/CON Action No.

CCRC Development Corporation d/b/a Legacy Pointe at UCF/CON #10587

c/o Greystone Communities
225 E. John Carpenter Freeway, Suite 700
Irving, Texas 75062

Authorized Representative: Mr. Matthew Aube, V.P.
Planning and Financial Services
(972) 402-3722

2. Service District/Subdistrict

District 7/Subdistrict 7-4 (Seminole County)

B. PUBLIC HEARING:

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

Letters of Support

CON application #10587 includes no letters support.

C. PROJECT SUMMARY

CCRC Development Corporation d/b/a Legacy Pointe at UCF (CON application #10587) (also referenced as the applicant or LPUCF), a newly-created, development stage, Florida non-profit corporation, established for the purpose of developing a continuing care retirement community (CCRC), proposes to establish a 48-bed sheltered nursing facility to be constructed in Seminole County within ZIP Code 32765¹.

¹ Per the United States Postal Service website at <https://tools.usps.com/go/ZipLookupAction!input.action>, the recommended city name for ZIP Code 32765 is Oviedo (Seminole County), Florida.

Greystone Community, Inc. (also referenced as GC) is the development and management company that has responsibility for supporting development and start-up management of LPUCF, with and on behalf of the owner. The applicant points out that GC will provide management services to support the maintenance and growth of the CCRC.

LPUCF indicates that the planned community will be comprised of a total of 252 residential units:

- 172 independent living apartments and cottages
- 80 beds in assisted living and memory care

The applicant points out that the proposed 252 residential units entitles the CCRCDC to 63 sheltered nursing beds but that the proposed project seeks only 48 such beds. Section 651.118 (4), Florida Statutes, directs the Agency to approve one sheltered nursing home bed for every four proposed residential units, including those that are licensed under Part I, Chapter 429, in a continuing care facility, unless the provider demonstrates the need for a lesser number of sheltered nursing home beds based on actual utilization and demand by current residents. The applicant's request for a 48-bed skilled nursing facility (SNF) is well within the allowable ratio.

CCRCDC provides the Provisional Certificate of Authority (PCOA) #16-203537708, to CCRC Development Corporation, with original issuance on 11/10/2016 by the Florida Department of Financial Services, Office of Insurance Regulation (Exhibit 1-1 of CON application #10587).

The applicant proposes no conditions on its Schedule C and notes that this is typical of sheltered nursing beds for the following reasons:

- A sheltered nursing home is a part of a CCRC
- CCRCs are regulated by the Department of Financial Services, which ensures that contracts with residents are met
- Sheltered nursing homes are used primarily to provide care to CCRC residents

Total project cost is \$20,339,653. The project involves 73,262 gross square feet (GSF) of new construction with a total construction cost of \$15,477,154. Total project cost includes the following: land, building, equipment, project development, financing and start-up costs.

LPUCF anticipates issuance of license in December 2021 and initiation of service in January 2022 (Schedule 10 of the application).

The application was filed pursuant 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 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, the consultant, Steve Love, analyzed the application with consultation from the financial analyst, Eric West 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.

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 III of chapter 400, 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 indicates that the planned CCRC will be comprised of a total of 252 residential units: 172 independent living apartments and cottages with an additional 80 beds in assisted living and memory care. The reviewer states that entitles the applicant to a total of 63 sheltered nursing home beds but that the project seeks only 48 such SNF beds, which again is well within the allowable ratio.

According to LPUCF, it entered into a programmatic affiliation agreement with the University of Central Florida (UCF) to provide programs, facilities and services to the residents while maintaining and affiliation with UCF to create a lifetime learning environment benefitting both life care residents and students/faculty of the university. The applicant indicates that the agreement offers LPUCF residents opportunities for volunteering and life enrichments. Further details of the benefits of this agreement are described on page 1-2 of CON application #10587. The reviewer notes that the application does not include a written/signed agreement, as described.

LPUCF includes arial photographs of the proximate locations of the proposed project on page 1-3 of CON application #10587. The applicant states that the proposed project will be located in ZIP Code 32765 on a 43.6-acre about a mile from UCF on Old Lockwood Road (a north-south corridor). LPUCF notes that Old Lockwood Road intersects with three major roads:

- Mitchell Hammock Road (to the north)
- McCullough Road
- Lake Pickett Road (to the south)

The applicant indicates a 22 Zip Code target service area (14 Zip Codes in the Primary Service Area or PSA and eight Zip Codes in the Secondary Service Area or SSA). In the 14 PSA, the applicant indicates that four Zip Codes are in Seminole County and 10 Zip Codes are in Orange County. In the SSA, the applicant indicates that three Zip Codes are in Seminole County and five Zip Codes are in Orange County.

LPUCF utilizes Claritas to show that from 2019 to 2024, the age 75+ population within the total 22 Zip Code target service area will rise from 41,866 residents to 49,677 residents (3.5 percent compound annual growth rate (CAGR)). The reviewer collapses the PSA and the SSA into subtotals and does not reproduce each discreet Zip Code. See the table below.

Legacy Pointe at UCF Service Area, Population Aged 75 and Older

ZIP Codes (PSA and SSA)	2019 75+ Pop	2024 75+ Pop	CAGR
Primary Service Area			
PSA Subtotal	28,451	34,237	3.8%
Secondary Service Area			
SSA Subtotal	13,415	15,440	2.9%
Total PSA and SSA	41,866	49,677	3.5%

Source: CON application #10587, page 1-5, Table 1-1 (condensed)

The applicant comments that important to CCRC development is home value and many of the individuals within the service area have assets that would income-qualify those residents to afford the purchase of continuing care contracts. LPUCF indicates that income-qualified households, with householder aged 75+ form the basis of receipt of a PCOA. The applicant notes that in 2017, 2,489 households with the age of the householder 75+ had an annual income at \$75,000 or above. See the table below.

Estimates of Income Qualified Household for Legacy Pointe

2017 Household Income 75+	2017 # of Households 75+	2017 % of Households 75+
\$25,000+	9,548	59.5%
\$35,000+	7,225	45.0%
\$50,000+	4,715	29.4%
\$75,000+	2,486	15.5%
\$100,000+	1,406	8.8%

Source: CON application #10587, page 1-6, Table 1-2

LPUCF notes that persons who purchase continuing care contracts often have no need for nursing home care at the time of purchase, but as contract holders age in place, short-term use of SNFs typically follows an acute illness or surgical procedure. The applicant states that the expectation is that the proposed SNF will admit persons from the general public. The reviewer notes that the applicant provides differing estimates as to how long the proposed project will accept members of the general public:

- The expectation is that the nursing home, when it opens, will admit persons from the general public during ...(the reviewer notes that the sentence is blank beyond this point on page 1-7 of the application)
- The expectation is that for the first two years of operation, members of the general public will utilize the facility, ongoing contract sales will continue and as contract holders age in place, further utilization will increase among the residents (page 1-10 of the application)
- The proposed 48 sheltered beds service members of the general public for the first two years of licensure (page 1-9 of the application)
- The applicant expects that admission from the general public continues through the fifth year of licensure (page 2-2 of the application)
- For the first five years of operation, admissions to the nursing center arise from the general public (page 9-1 of the application)

The applicant provides a three-step process in forecasting utilization for the first two years of operation (CY 2022 and 2023).

- *Step 1: Identify nursing homes within the service area and their utilization for the baseline period, CY 2018.*

- *Step 2: Calculate the patient days per 1,000 persons, aged 75 years and older, using the population estimate for 2019 appearing in Table 1-1, for the baseline. Apply the rate to the 2024 population estimate to obtain future nursing home patient days for the market area.*
- *Step 3: Forecast Utilization of the 48-sheltered beds for CYs 2022 and 2023, respectively years one and two of the project.*

The reviewer notes that the applicant draws from CON application #10587 (Tables 1-1 and 1-3) to illustrate the first two years of utilization for the proposed facility. See the table below.

Results of the Forecast for the Sheltered Nursing Home

	2019	2020	2021+	2022 Year 1	2023 Year 2
Population Estimate 75+	41,866	43,323	44,831	46,391	48,006
Forecast Patient Days	750,865	776,999	804,043	832,028	860,988
Sheltered Market Share				1.3%	1.6%
Sheltered Patient Days				11,213	16,118
Sheltered Occupancy				64%	92%
Other Days				820,816	844,869
Remaining %				91.9%	94.6%
Add 132 Approved Beds				87.2%	89.7%

Source: CON application #10587, page 1-9, page 1-9, Table 1-5

The reviewer notes that according to the Agency’s Florida Community Nursing Home Bed Need Projections and Service Utilization by District and Subdistrict (for CY 2018 issued March 29, 2019), as of 2-15-2019:

- CON approved Chapter 400 SNF beds totaled 152 in Seminole County (Subdistrict 7-4)
- CON approved Chapter 400 SNF beds totaled 253 in Orange County (Subdistrict 7-2)

The Agency recognizes that the applicant’s proposed service area does not encompass the entirety of Seminole and Orange County Zip Codes.

LPUCF states that the proposed project increases access and availability of nursing home beds to the general public during the initial years of operation.

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.**

LPUCF states that the expectation is that the proposed sheltered nursing home use during the initial years of operation will admit persons from the general public and that, as continuing care contract holders age in place—this will result in admissions. The applicant expects that admission from the general public will continue through the fifth year of licensure. LPUCF maintains that there will be available capacity in the SNF so that contractees do not experience a situation in which a needed bed is not available because it is occupied by a member of the general public.

- 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.**

The applicant provides the PCOA #16-203537708, to CCRC Development Corporation, with original issuance on 11/10/2016 by the Florida Department of Financial Services, Office of Insurance Regulation (Exhibit 1-1 of CON application #10587). Criteria and standards of s. 651.118, Florida Statutes is demonstrated throughout the application.

- 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.**

LPUCF indicates an understanding of the necessity for reporting utilization and will comply, reporting the information on forms and in the manner established by the Health Council of East Central Florida, Inc.

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 seeks to establish a new 48-bed sheltered nursing home in Seminole County within Zip Code 32765. According to LPUCF, the proposed project allows CCRC contract holders to remain on campus, maintaining friendships, familiarity with staff and continuity of care.

Regarding availability, LPUCF points out that no sheltered nursing home beds exist (or are CON-approved to exist) within Subdistrict 7-4.

The applicant provides a map to indicate the location of the proposed project and the approximate number of SNF beds within the applicant's proposed service area (CON application #10587, page 3-2, Figure 3-1). LPUCF notes that for the 2,448 SNF beds in the proposed service area, the occupancy rate of 89.9 percent reflects high utilization (CY 2018).

LPUCF indicates that the closest SNF to the proposed project is the 56-bed Lutheran Haven Nursing Home, which shares the same Zip Code as the applicant's project (32765). The applicant asserts that Lutheran Haven's high occupancy rate (100 percent in CY 2018) means that the proposed facility is unlikely to cause any adverse effect on Lutheran Haven.

The applicant provides a map to indicate the location of the proposed project and the locations of hospitals and SNF in Seminole County (CON application #10587, page 3-4, Figure 3-2). LPUCF comments that Oviedo Medical Center is the nearest hospital to Legacy Pointe. The reviewer confirms through the Agency's FloridaHealthFinder.gov website at <https://www.floridahealthfinder.gov/facilitylocator/ListProximityFacilities.aspx>, that, from the proposed project:

- Oviedo Medical Center is the nearest general hospital, at 2.35 miles
- Orlando Health South Seminole Hospital is 9.64 miles
- AdventHealth Altamonte Springs is 10.53 miles

Regarding extent of utilization, the applicant emphasizes that SNFs in Seminole County report an average occupancy rate of 93 percent for CY 2018—from a low of 85 percent to a high of 96 percent. The applicant asserts that the proposed 48-sheltered bed nursing home makes additional capacity available to the general public as well as to continuing care contract holders.

LPUCF provides a narrative description of the Health Care Access Criteria, pursuant to this proposal (CON application #10587, pages 3-5 thru 3-7).

- 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 states that as a developmental stage enterprise, the proposed project is now in the presale, predevelopment stage and has no history with respect to the delivery of services.

LPUCF discusses implementation of a Quality Assurance Performance Improvement (QAPI) program, with various QAPI activities. The applicant maintains the program ensures compliance with local, state and federal laws and regulations. LPUCF notes that the QAPI includes a Quality Assurance Committee, discusses the committee's composition, what the committee addresses and the frequency of committee meetings.

The applicant indicates that its QAPI follows the model – Plan-Do-Study-Act or PDSA. The applicant provides a diagram of the PDSA process on page 4-2 of CON application #10587. According to LPUCF, the PDSA process is federally mandated and is required for all SNFs participating in the Medicare and Medicaid programs. The applicant provides a four-bulleted, five-step process in problem identification, team resolution and root cause determination on page 4-3 of CON application #10587.

Regarding resident rights, LPUCF states that the proposed facility will post a statement declaring the rights and responsibilities of the residents and the requirements for all employees to treat residents in accordance with those provisions. The applicant indicates that each patient will receive a Resident Handbook upon admission. According to LPUCF, this handbook contains information about the following six elements:

- The facility's mission
- Important names and phone numbers for departments and individuals within the facility
- Information about Medicare and Medicaid programs
- Discharge and transfer policies
- Privacy act statements
- Residents' rights

In addressing residents' rights, the applicant bullets 27 separate resident rights pertaining to choice, safety and quality of life (page 4-4 of CON application #10587). LPUCF notes that another component that embodies residents' rights arises from the pursuit of activities that engage, foster, and produce interactions with others. The applicant discusses the role of an activities director and outlines 11 functions of a certified activity professional.

The Agency provides the three-year substantiated complaint history (May 22, 2016 thru May 22, 2019) for Greystone's 26 Florida SNFs, considering that:

- Greystone is stated to be the development and management company that has responsibility for supporting development and start-up management of LPUCF, with and on behalf of the owner

- Greystone provides management services to support the maintenance and growth of the CCRC, once LPUCF is in operation

Greystone had a total of 60 substantiated complaints spread among its existing 26 Florida SNFs, for the three years ending May 22, 2019. Below is a summary of those 60 substantiated complaints, by category. A single complaint can encompass multiple complaint categories.

Greystone Substantiated Complaint History May 22, 2016 – May 22, 2019	
Complaint Category	Number Substantiated
Quality of Care/Treatment	40
Resident/Patient/Client/Rights	8
Dietary Services	5
Physical Environment	5
Admission/Transfer/Discharge Rights	4
Nursing Services	2
Resident/Patient/Client Abuse	2
Falsification of Records/Reports	1
Life Safety Code	1
Resident/Patient/Client Assessment	1

Source: Agency Complaint Records

- 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.

Historically we have compared all applicant financial ratios regardless of type to benchmarks established from financial ratios collected from Florida acute care hospitals. While not always a perfect match to a particular CON project it is a reasonable proxy for health care related entities.

Below is an analysis of the audited financial statements for the applicant, where the short-term and long-term measures fall on the scale (highlighted in gray) for the most recent year.

The audited financials bear close resemblance to a startup corporation, but the notes of significant accounting principles note the corporation has been in operation since 2005.

CCRC Development Corporation d/b/a Legacy Pointe at UCF		
	Current Year	Previous Year
Current Assets	\$220,569	\$198,867
Total Assets	\$21,291,651	\$16,325,619
Current Liabilities	\$679,060	\$422,855
Total Liabilities	\$24,590,617	\$17,625,812
Net Assets	(\$3,298,966)	(\$1,300,193)
Total Revenues	\$0	\$0
Excess of Revenues Over Expenses	(\$1,998,773)	(\$1,310,122)
Cash Flow from Operations	(\$1,574,794)	(\$1,032,095)
Short-Term Analysis		
Current Ratio (CA/CL)	0.3	0.5
Cash Flow to Current Liabilities (CFO/CL)	-231.91%	-244.08%
Long-Term Analysis		
Long-Term Debt to Net Assets (TL-CL/NA)	-724.8%	-1323.1%
Total Margin (ER/TR)	0.00%	0.00%
Measure of Available Funding		
Working Capital	(\$458,491)	(\$223,988)

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 \$184,820,732 which consists of construction of an assisted living and independent living unit (\$164,481,079) and the CON currently under review (\$20,339,653).

Schedule 3 indicates that the project will be funded by non-related company financing. The applicant provided a letter from B.C. Ziegler and Company stating that their services have been secured in providing funding from a range of sources including: sponsor equity or subordinated debt, entrance fees, and proceeds from tax-exempt bonds. While the company is confident the required funding will be secured, it should be noted that it is not guaranteed.

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 fails to meet the certified nursing assistant requirement but does meet the licensed nursing staff requirement.

CON application #10587, Schedule 6, shows that the FTEs for year one (ending December 31, 2022) total 42.1 and for year two (ending December 31, 2023) total 53.7 for the entire FTE complement, pursuant to the proposed new 48-bed sheltered nursing home proposal. See the table below.

CCRC Development Corporation d/b/a Legacy Pointe at UCF
 CON application #10587 / Staffing Pattern

Year One (ending December 31, 2022 and Year Two (ending December 31, 2023)

Staffing Category/Position	Total Number of FTEs	
	Year One Ending 12/31/2022	Year Two Ending 12/31/2023
Administration		
Administrator	1.0	1.0
Director of Nursing	1.0	1.0
Bookkeeper	1.0	1.0
Secretary	0.5	0.5
Medical Records Clerk	0.5	0.5
Other: MDS	1.0	1.0
Physicians		
Medical Director	0.0	0.0
Nursing		
RNs	2.4	3.6
LPNs	4.2	6.3
Nurses' Aides	8.4	12.6
Other: Unit Manager	1.4	1.4
Ancillary		
Physical Therapist	1.0	1.4
Speech Therapist	1.0	1.4
Occupational Therapist	1.0	1.4
Dietary		
Dietary Supervisor	1.0	1.0
Cooks	1.4	2.1
Dietary Aides	1.4	2.1
Social Services		
Social Service Director	1.0	1.0
Activity Director	1.0	1.0
Activities Assistant	1.4	2.1
Housekeeping		
Housekeeping Supervision	0.5	0.5
Housekeepers	2.4	2.8
Laundry		
Laundry Supervisor	0.5	0.5
Laundry Aides	2.4	2.8
Plant Maintenance		
Maintenance Supervisor	0.5	0.5
Maintenance Assistant	1.4	1.4
Security	2.8	2.8
TOTAL NUMBER of FTEs	42.1	53.7

Source: CON application #10587, Schedule 6

Conclusion:

Funding for the project is in question.

- 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 skilled nursing facilities as reported on Medicaid cost reports (2016 and 2017 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 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	7,475,235	464	2,269	567	322
Total Expenses	6,693,311	415	2,186	579	391
Operating Income	781,924	49	187	-10	-492
Operating Margin	10.46%		Comparative Group Values		
	Days	Percent	Highest	Median	Lowest
Occupancy	16,119	92.00%	96.94%	84.58%	37.49%
Medicaid	0	0.00%	29.84%	18.13%	0.00%
Medicare	12,895	80.00%	99.59%	29.06%	5.51%

The projected NRPD, CPD, and profit fall within the group range and are considered reasonable. The overall profitability appears achievable.

Conclusion:

This project appears to be financially feasible based on the projections provided by the applicant. It should be noted because the applicant will need additional personnel to meet the certified nursing assistant requirements this will have an impact on the CPD and profit.

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.

Conclusion:

This project is not likely to have a material impact on priced-based 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 applicant has submitted all information and documentation necessary to demonstrate compliance with the architectural review criteria. The cost estimate for the proposed project provided in Schedule 9, Table A and the project completion forecast provided in Schedule 10 appear to be reasonable. A review of the architectural plans, narratives and other supporting documents did not reveal any deficiencies that are likely to have a significant impact on either construction costs or the proposed completion schedule.

The plans submitted with this application were schematic in detail with the expectation that they will be necessarily revised and refined prior to being submitted for full plan review. The architectural review of this application shall not be construed as an in-depth effort to determine complete compliance with all applicable codes and standards. The final responsibility for facility compliance ultimately rests with the applicant owner. Approval from the Agency for Health Care Administration's Office of Plans and Construction is required before the commencement of any construction.

g. Does the applicant have a history of 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.

LPUCF notes that as a developmental stage enterprise, the proposed project is now in the presale, predevelopment stage and has no history with respect to the delivery of services.

The applicant emphasizes that the proposed facility's design accommodates short-term stays, primarily for rehabilitation for Medicare beneficiaries. LPUCF expects that for the first five years of operation, admissions from the general public and that based on experience with CCRC's, few contractees require skilled care during the initial years. The

applicant emphasizes, given that residents of the CCRC have the financial means to afford a continuing care contract, “participation in the Medicaid Program is unnecessary” (page 9-1 of CON application #10587).

The reviewer generates the following estimates of the applicant’s expected payer mix for year one (ending December 31, 2022) and for year two (ending December 31, 2023).

**CCRC Development Corporation d/b/a Legacy Pointe at UCF
CON application #10587
48-Bed Sheltered Nursing Facility**

Payer Mix	Year One Ending December 31, 2022		Year Two Ending December 31, 2023		Percent of Total Year One & Year Two Patient Days
	Admissions	Patient Days	Admissions	Patient Days	
Medicare	299	8,970	429	12,895	80.0%
Comm. Ins.	37	1,121	54	1,612	10.0%
Self-Pay	8	1,121	11	1,612	10.0%
Total	344	11,213	494	16,118	100.0%

Source: CON application #10587, Schedule 7

Notes to the applicant’s Schedule 7 indicate that self-pay represent revenues that are recognized from the applicant’s CCRC residents who are admitted to the facility’s sheltered beds.

The applicant provides no Medicaid or charity care conditions pursuant to the proposed project.

F. SUMMARY

CCRC Development Corporation d/b/a Legacy Pointe at UCF (CON application #10587), a newly-created, development stage, Florida non-profit corporation, established for the purpose of developing a CCRC, proposes to establish a 48-bed sheltered nursing facility as part of its planned CCRC, to be constructed in Seminole County within Zip Code 32765. The project is well within the ratio of one sheltered nursing home bed per four residential units required by Section 651.118(4) Florida Statutes. Based on the CCRC’s projected size, the applicant could have proposed a sheltered nursing facility of up to 63 skilled nursing beds and still have remained within the statute.

CCRCDC states that the 43.6-acre site of Legacy Pointe lies within about a mile of the UCF campus on Old Lockwood Road, a north-south corridor.

Total project cost is \$20,339,653. The project involves 73,262 GSF of new construction with a total construction cost of \$15,477,154.

The applicant proposes no conditions on its Schedule C.

Need:

The proposed project is not submitted in response to the fixed need pool and is rather subject to expedited review in accordance with Rule 59C-1.004(2)(a), Florida Administrative Code. Legacy Pointe at UCF expects to operate a new 48-bed sheltered SNF on its 43.6-acre site, within about a mile of the UCF campus.

The applicant maintains that the proposed project should be approved based on the following factors:

- From 2019 to 2024, the age 75+ population within the total 22 Zip Code target service area will rise from 41,866 residents to 49,677 residents, a 3.5 percent compound annual growth rate
- In 2017, LPUCF's PMA had 2,489 households with the age of the householder 75+ with an annual income of \$75,000 or above
- SNF total occupancy rates overall in Subdistrict 7-4 are relatively high:
 - 92.7 percent in CY 2018
 - 91 percent in CY 2017
- In CY 2018, the nearest SNF to the proposed project (the 56-bed community nursing home Lutheran Haven Nursing Home) had a total occupancy rate of 100 percent
- Generally, SNFs in the subdistrict have few bed vacancies
- Due to relatively high occupancy, the subdistrict SNFs will not likely experience any adverse impact
- LPUCF will increase access and availability of nursing home beds to the general public during the initial years of operation
- The nearest general hospital to the proposed project is Oviedo Medical Center (2.35 miles)

Quality of Care:

- Greystone (the planned provider of management services to support the maintenance and growth of the CCRC once Legacy Pointe is in operation) had a total of 60 substantiated complaints spread among its 26 Florida SNFs for the three year period ending May 22, 2019
- As a development stage enterprise, the applicant has no history in the delivery of services, however, the applicant describes a QAPI program and demonstrated the potential to deliver quality care and services

Cost/Financial Analysis:

- Based on the information provided in Schedule 6, the applicant fails to meet the certified nursing assistant requirement but does meet the licensed nursing staff requirement
- Funding for the project is in question

- This project appears to be financially feasible based on the projections provided by the applicant. It should be noted because the applicant will need additional personnel to meet the certified nursing assistant requirements, this will have an impact on the CPD and profit
- This project is not likely to have a material impact on priced-based competition to promote quality and cost-effectiveness

Medicaid/Indigent Charity Care Commitment:

- The applicant provides no Medicaid or charity care condition pursuant to the proposed project
- Schedule 7 of the application indicates that for year one (ending December 31, 2022) and for year two (ending December 31, 2023), total annual patient days are estimated as follows:
 - Medicare – 80 percent
 - Comm. Ins. – 10 percent
 - Self-Pay – 10 percent

Architectural Analysis:

The applicant has submitted all information and documentation necessary to demonstrate compliance with the architectural review criteria. A review of the architectural plans, narratives and other supporting documents did not reveal any deficiencies that are likely to have a significant impact on either construction costs or the proposed completion schedule.

G. RECOMMENDATION

Approve CON #10587 to establish a 48-bed sheltered nursing facility in District 7, Subdistrict 4, Seminole County. The total project cost is \$20,339,653. The project involves 73,262 GSF of new construction and a total construction cost of \$15,477,154.

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