

STATE AGENCY ACTION REPORT
ON APPLICATION FOR CERTIFICATE OF NEED

A. PROJECT IDENTIFICATION

1. Applicant/CON Action Number

Sabal Palm Nursing and Rehab Center, LLC/CON #10641
P.O. Box 3376
Ridgeland, Mississippi 39158

Authorized Representative: Donald E. Eicher, III, JD
In-house Counsel
(601) 853-2667

2. Service District/Subdistrict

District 6, Subdistrict 6-1 (Hillsborough County)

B. PUBLIC HEARING

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

C. PROJECT SUMMARY

Sabal Palm Nursing and Rehab Center, LLC (CON application #10641), also referenced as Sabal Palm or the applicant, a newly formed Florida entity, is seeking the transfer of CON #10552 from Hillsborough County Nursing and Rehab Center, LLC to establish a 67-bed community nursing home in District 6-1 (Hillsborough County). Sabal Palm indicates that the new 67-bed community nursing home will have all-private/single-occupancy rooms with bathrooms and showers in each room.

The applicant and Hillsborough County Nursing and Rehab Center, LLC are affiliates of Briar Hill Management, LLC (or Briar Hill), a Mississippi-based health care services management company that manages six Mississippi skilled nursing facilities (SNFs) and will manage the proposed facility. The application includes a signed and notarized Schedule 12-Trn Affidavit by the Transferor, dated November 13, 2020 to transfer CON #10552 to Sabal Palm Nursing and Rehab Center, LLC.

CON Action Number: 10641

The total project cost is \$16,406,085. The project involves 61,084 gross square feet (GSF) of new construction. The project cost includes land, building, equipment, project development, financing and start-up costs.

The applicant does not propose any conditions to project approval and the original CON #10552 has no Schedule C conditions. Sabal Palm expects issuance of license in December 2022 and initiation of service in January 2023.

Project Cost of CON application #10641				
Applicant	#Beds	GSF	Costs \$	Cost Per Bed
Sabal Palm Nursing and Rehab Center, LLC	67	61,084	\$16,406,085	\$244,867

Source: Schedule 1-Trn, Schedule 9, CON application #10641

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 Steve Love analyzed the application in its entirety with consultation from the financial analyst Everett (Butch) Broussard, 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 submitted the application to transfer CON #10552 for expedited review and not in response to the fixed need pool. The fixed need pool published on September 28, 2018 forecasted need for 73 additional community nursing home beds in Subdistrict 6-1 for the July 2021 Planning Horizon was addressed in the initial CON #10552 application. Expedited reviews may be submitted at any time and do not respond to fixed need pool publications.

As of the publication date of the fixed need pool (September 28, 2018) for the July 2021 Planning Horizon, there have been the two exemptions approved in Subdistrict 6-1 (Hillsborough County) #E190003/Palm Garden of Sun City to add 12 community nursing home beds and E190010/PruittHealth-Hillsborough County, LLC to combine CON #10509P (84 beds) and CON #10553 (six beds) to establish a 90-bed community nursing home. PruittHealth – 6-1, LLC also has CON #10585 to establish a 119-bed community nursing home. The number of approved nursing home beds in Nursing Home Subdistrict 6-1 will remain unchanged as a result of the proposed transfer.

1. Is need for the project evidenced by the availability, quality of care, accessibility and extent of utilization of existing health care facilities and health services in the applicant's service area? ss. 408.035(1)(a) and (b), Florida Statutes.

Sabal Palm states it will establish the new 67-bed community nursing home in the Riverview area, within ZIP Codes 33534, 33569, 33578 and 33579. The applicant notes these four ZIP Codes encompass the south central portion of Hillsborough County, are south of Brandon and north of Sun City Center. Sabal Palm maintains that while the facility will serve all residents of the subdistrict, there are benefits to the Riverview location which are summarized below (pages 2-ii and 1-2 of the application):

CON Action Number: 10641

- Riverview currently has no nursing home and the project will provide an access point to residents in the central and southern portions of Hillsborough County
- The nearest nursing homes in Brandon and Sun City Center are highly utilized with occupancy rates exceeding 90 percent in recent years
- The elderly population within the target ZIP Codes is growing at a faster pace than the subdistrict as a whole

The United States Postal Service ZIP Code Look Up website¹ shows these ZIP Codes are designated as:

- 33534-Gibsonton, FL
- 33569-Riverview, FL
- 33578-Riverview, FL
- 33579-Riverview, FL

The reviewer also confirms that per the Agency's website there are currently no licensed SNFs located in these four ZIP Codes.²

Figure 1-1 (CON application #10641, page 1-3) depicts a map showing target ZIP Codes that are straddled by clusters of nursing homes to the north in Brandon and to the south in Sun City Center. It also depicts general hospitals in Riverview and the surrounding area. The reviewer confirms through the Agency's website St. Joseph's Hospital South is located in ZIP Code 33578. Figure 1-1 also includes estimated 2025 population age 65 and over by ZIP Code, which indicates that the highest age 65+ populations are located to the south and to the north/northeast of the four ZIP Code target area.

Figure 1-2 (CON application #10641, page 1-4) depicts a satellite view of the targeted ZIP Codes and the surrounding area with major roadways to demonstrate ease of access as well as proximity to area hospitals. The applicant's Figure 1-2 identifies four general hospitals within close proximity to its four ZIP Codes – Brandon Regional Hospital, St. Joseph's Hospital South, South Bay Hospital and Tampa General Hospital.

Sabal Palm points out that its proposed all-private, single occupancy and own bathroom with shower in each room arrangement ensures that residents can safely isolate when necessary for infection control. Further, a full array of comprehensive care, including restorative care and rehabilitation services, for both short and long-term residents is discussed and the applicant bullets 28 proposed services and amenities (CON application #10641, page 1-5).

¹ Source - <https://tools.usps.com/zip-code-lookup.htm?citybyzipcode>

² Source - <https://www.floridahealthfinder.gov/facilitylocator/ListFacilities.aspx>

Availability

Sabal Palm defines availability as how much of a resource exists and states that roughly 40 percent of all nursing homes and community beds in District 6 are within Subdistrict 6-1 (Hillsborough County).

As of August 21, 2020, District 6 has 9,023 licensed community beds in 73 nursing homes, while Hillsborough County has 29 community nursing homes with 3,791 licensed beds and 294 CON approved beds. The reviewer confirms these totals per the Agency's Florida Nursing Home Bed Need Projections by District and Subdistrict, for the July 2023 Planning Horizon, issued October 2, 2020.

Claritas Population Estimates by County and ZIP Code, 2020 Update, are provided to show a comparison of the number of elderly, ages 65+ and 85+, over each subdistrict in District 6 and for the Riverview Area ZIP Codes (33534, 33569, 33578 and 33579) for the current year (2020) and for the five-year projected period (2025). Based on Claritas data, Sabal Palm contends that not only does Hillsborough County have the majority of the population, but the elderly are increasing in greater proportion than in other subdistricts and the elderly age cohorts within the four ZIP Codes increase at a greater rate than for Hillsborough County as a whole.

The four ZIP Code area's five-year (2020 to 2025) growth rate for the age 65+ population is expected to increase by 27.6 percent compared to 21.1 percent in Hillsborough County (SD 6-1) and 18.2 percent in District 6 and the area's age 85+ population is expected to increase by 22.6 percent compared to Hillsborough County's 11.5 percent and District 6's 12.7 percent.

The reviewer reproduces the estimates (2020-2025) for each of the ZIP Codes in the target area and the corresponding target area total estimates in the table below:

CON Action Number: 10641

**Current (2020) and Projected (2025) Population Estimates by Age Cohort
for Target ZIP Codes**

2020 Population Estimates		
Target ZIP Codes	Age 65+	Age 85+
33534	1,556	104
33569	3,811	312
33578	5,083	358
33579	3,148	181
Target Total ZIPs	13,598	955
2025 Population Estimates		
Target ZIP Codes	Age 65+	Age 85+
33534	1,938	130
33569	4,772	367
33578	6,564	443
33579	4,075	231
Target Total ZIPs	17,349	1,171
Five-Year Increase		
Target ZIP Codes	Age 65+	Age 85+
33534	382	26
33569	961	55
33578	1,481	85
33579	927	50
Target Total ZIPs	3,751	216
Five-Year Growth Rate		
Target ZIP Codes	Age 65+	Age 85+
33534	24.6%	25.0%
33569	25.2%	17.6%
33578	29.1%	23.7%
33579	29.4%	27.6%
Target Total ZIPs	27.6%	22.6%

Source: CON application #10641, page 1-7, Table 1-1, (partially reproduced)

Sabal Palm uses Claritas Population Estimates by County and ZIP Code, 2020 Update and the Agency’s Florida Nursing Home Bed Need Projections by District and Subdistrict, for the July 2023 Planning Horizon, issued October 2, 2020, to indicate the number of beds per thousand elderly ages 65+ in Hillsborough County, District 6, Florida and the four Riverview area ZIP Codes. The applicant explains that the beds per thousand are “...on par with that of District 6 and the State of Florida” (page 1-7 of the application) and that by 2025, the beds per thousand for Hillsborough County, District 6 and Florida will decline but that the proposed project will increase the beds per thousand in the target area from 0.0 in 2020 to 3.9 by 2025. See the table below.

CON Action Number: 10641

Bed Availability within Hillsborough County in Comparison to District 6, Florida and for the Target ZIP Code Area Before and After the Project

Area	2020 Beds	Approved Beds	Lic'd & Apv'd Beds	2020 Pop 65+	2025 Pop 65+	2020 Bed Rate/1000	2025 Bed Rate/1000
Hillsborough	3,791	294	4,085	220,607	267,257	17.2	15.3
District 6	9,023	414	9,437	529,974	626,599	17.0	15.1
Florida	82,237	3,315	85,552	4,610,505	5,435,077	17.8	15.7
Target ZIPs	0	67	67	13,598	17,349	0.0	3.9

Source: CON application #10641, page 1-8, Table 1-2

Sabal Palm concludes that the proposed facility is expected to serve the entire county and subdistrict and its analysis shows there is a current need in the Riverview Area for nursing home beds that will continue to grow based on the senior population growth in both the Riverview Area and Hillsborough County.

Quality of Care

Regarding the applicant's response to quality of care, see item E.3.b of this report.

Access

The applicant defines access as geographic proximity, eligibility for the service, payers for the service, programs available and use of the service. Sabal Palm states that utilization impacts access in that a nursing home bed that is occupied is not available when another patient seeks admission.

The applicant again stresses that there are currently no licensed SNFs located in the four area ZIP Codes and that because the proposed facility will be certified for both Medicare and Medicaid, access will improve for those residents reliant on those programs for skilled nursing care and services.

Sabal Palm uses the Agency's CY 2019 Hospital Patient Discharge Data citing Hillsborough County resident hospital discharges to SNFs, by payor indicate that Medicaid (Medicaid and Medicaid Managed Care) and Medicare (Medicare and Medicare Managed Care) are the primary payor sources for discharges from area hospitals. The applicant itemizes nine payor sources and includes a total for each payor source. The reviewer reproduces a portion of the applicant's table below:

**2019 Hospital Discharges to SNFs by Payor
Hillsborough County Adult Residents
Ages 0-64 and 65+**

	Discharges to SNF			Percent		
	18-64	65+	All Adults	18-64	65+	All Adults
Total for All Payors	2,436	12,216	14,652	100.0%	100.0%	100.0%
Total Medicaid	560	72	632	23.0%	0.6%	4.3%
Total Medicare	1,294	11,643	12,937	53.1%	95.3%	88.3%

Source: CON application #10641, page 1-11, Table 1-4 (partially reproduced)

Sabal Palm comments that the hospital payor at time of discharge varies from the nursing home primary payor, depending on coverage and length of stay and that although the proposed nursing home will seek to contract with commercial payors and Medicare Managed Care organizations, initial payors during the first two-year start up period focuses on Medicare, Medicaid Managed Care and self-pay, representing 62 percent, 22 percent and 16 percent, respectively, by the second year of operation (page 1-11 of the application). The reviewer confirms year two estimates ending December 31, 2024 are consistent with CON application #10641, Schedules 7 and 10. Sabal Palm contends that the proposed project will not impact utilization of existing nursing homes, at least in part due to the growth of the senior population in the Riverview area.

Extent of Utilization

The applicant notes that there are seven nursing homes in the vicinity of the Riverview area, located in the Sun City Center and Brandon areas.

The Agency’s Florida Nursing Home Bed Need Projections by District and Subdistrict utilization data for the 12-month periods ending June 30, 2018—June 30, 2020, are used to support its proposed location. The applicant provides the total patient days and total occupancy percentages for the seven facilities located in the Brandon/Sun City Center area and total Hillsborough County, District 6 and Florida. The reviewer reproduces a portion of the applicant’s table below.

**Nursing Home Utilization, Most Recent Three Years
Facilities Nearest to the Proposed Riverview Area
and Totals for Hillsborough, District 6 and Florida**

Area	Patient Days			Occupancy		
	7/17-6/18	7/18-6/19	7/19-6/20	7/17-6/18	7/18-6/19	7/19-6/20
Brandon & Sun City Center	277,350	278,511	270,937	91.03%	90.35%	86.58%
Hillsborough	1,181,306	1,231,019	1,209,207	86.14%	89.24%	87.15%
District 6	2,773,005	2,811,367	2,775,307	85.96%	86.40%	84.42%
Florida	25,243,574	25,088,910	25,073,890	85.92%	85.03%	83.89%

Source: CON application #10641, page 1-13, Table 1-5 (partially reproduced)

The applicant concludes that the above table demonstrates that the seven facilities closest to the proposed site experience higher occupancy rates than the subdistrict, district and the state over the three-year period ending June 30, 2020.

Sabal Palm comments that due to the COVID-19 pandemic, occupancy rates declined for the 12-month period ending June 30, 2020, but is expects this is temporary and occupancy rates will eventually return to “pre-COVID” levels by 2023, the first year of planned operations for the proposed facility. The applicant contends that the higher SNF occupancy in the Brandon/Sun City Center area, the area most proximate to the Riverview area, demonstrates continued need for the proposed project, both now and at least into 2025.

Conformity with Health Access Criteria

The applicant responds to the Health Care Access Criteria (CON application #10641, pages 1-14 through 1-17.

The reviewer notes that while Sabal Palm rests much of its need argument on locating the proposed new 67-bed community nursing home with its all-private/single-occupancy/own bathroom with shower in each room arrangement, in the Riverview area of Hillsborough County specific to ZIP Codes 33534, 33569, 33578 and 33579 - none of these features or characteristics are conditioned in the applicant’s Schedule C.

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.

Sabal Palm as a newly-formed Florida entity does not have a quality record to discuss for this proposal. As previously stated, both the transferor and the proposed transferee are Briar Hill affiliates, a Mississippi-based healthcare services management company, which manages six SNFs and will manage the proposed facility. Briar Hill’s two principals, David Rotolo and Robert Rotolo, are indicated to have a combined total in excess of 60 years’ experience in the nursing home business, both being licensed nursing home administrators.

The applicant states that Briar Hill strives to recognize and meet the needs of the people and families that it serves and those who work with its organization in order to achieve its mission, in an atmosphere of kindness, compassion and understanding. Sabal Palm states that three of the six SNFs operated by Briar Hill have a four-star (above average) quality rating and three have a three-star (average) quality rating, as issued by the Centers for Medicare and Medicaid Services or CMS (CON application #10641, page 2-2, Figure 2-1). The applicant does not

indicate when these quality star ratings were issued or provide copies of the CMS quality star ratings for the six facilities to corroborate the stated four-star and three-star ratings

The reviewer used the CMS Care Compare website to verify the stated CMS quality star ratings.³ As of the last update on October 28, 2020, the CMS Care Compare website indicates that four of the six Briar Hill SNFs have a four-star quality rating, one has a three-star quality rating and one has a one-star (much below average) quality rating.

The applicant states that all Briar Hill nursing homes operate a Quality Assurance Program (QAP) and provides two quality program exhibits in the application:

- QAP Policy (page 2-4, Exhibit 2-1)
- Initial Care Plan and Admission/Readmissions Assessments (page 2-5, Exhibit 2-2)

Sabal Palm states that the Quality Assurance Performance Improvement (QAPI) process is ongoing, systemic and integrated within all departments across the nursing facility. According to the applicant, performance improvement plans and projects (PIPs) are reviewed to improve care along with financial and regulatory issues and are developed, implemented, evaluated and revised as necessary. The applicant explains that some of the information used to determine areas of focus are:

- Satisfaction surveys
- Department reports and audits
- Complaints and grievances
- Adverse incidents
- Regulatory survey results
- Quality measures
- Resident well-being indicators
- Other information available

Resident rights are briefly discussed and the applicant bullets 11 resident activities that will be provided to meet individual needs at the proposed facility.

- 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.**

³ Source - <https://www.medicare.gov/nursinghomecompare/search.html>

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. The applicant provided audited financial statements, which are consistent with a development-stage company, indicating no operations, no debt and \$50,000 in assets and capital.

Capital Requirements and Funding:

The applicant indicates on Schedule 2 capital projects totaling \$16,406,085, which consists of this project (CON application #10641).

The applicant states on Schedule 3 that funding for this project will come from long-term debt. As such, the applicant provided a letter from Trustmark Bank stating “strong interest” in funding the project up to \$20,000,000 for the required construction and operating deficits associated with the project.

Staff notes that an expression of interest is not a firm commitment to lend.

Conclusion

Funding for this project is dependent on obtaining the referenced non-related debt financing.

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

The immediate and long-term financial feasibility of the project is tied to expected profitability. The purpose of our analysis for this section is to evaluate the reasonableness of the applicant’s profitability projections and, ultimately, whether profitability is achievable for this project. Our analysis includes an evaluation of net revenue per patient day (NRPD), cost per patient day (CPD), nurse staffing ratios, and profitability.

CON Action Number: 10641

We compared the NRPD, CPD, and profitability to actual operating results from skilled nursing facilities as reported on Medicaid cost reports (2017 and 2018 cost report years). For our comparison group, we selected skilled nursing facilities with similar Medicaid utilizations to the utilization projected by the applicant on a per patient day basis (PPD). Comparison group data was adjusted for inflation to match the second year projection (inflation factor was based on the New CMS Market Basket Price Index as published in the 2nd Quarter 2019, 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 Facilities		
	Total	PPD	Highest	Median	Lowest
Net Revenues	10,942,511	485.04	1933.76	445.66	298.93
Total Expenses	10,610,523	470.32	1828.48	470.65	295.61
Operating Income	331,988	14.72	197.73	-19.03	-150.78
Margin	3.03%				
Total Occupancy	92%		0.94	0.85	0.54
Medicaid Occ.	22%		0.29	0.24	0.12
Medicare Occ.	62%		0.70	0.31	0.05

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 the licensed nursing staffing requirement.

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

Conclusion

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

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

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

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? ss. 408.035(1)(i) Florida Statutes.**

As Sabal Palm is not an existing provider, there is no historical record of providing health services to Medicaid patients and the medically indigent available to discuss within the application. The applicant states that its affiliated facilities have a long history of participation in Medicaid and providing skilled nursing services to the Medicaid population in Arkansas, Louisiana and Mississippi.

Sabal Palm states an understanding that Florida operates a Statewide Medicaid Managed Care (SMMC) long-term care program and expects to contract with SMMC providers in District 6 including Aetna Better Health, Florida Community Care, Humana Medical Plan, Simply Healthcare, Staywell, Sunshine Health and United Healthcare.

The applicant expects 369 admissions (15,896 patient days) in year one and 553 year two admissions with 22,560 patient days. Combined Medicaid and Medicare days are estimated at 80 percent of year one’s and 84 percent of year two totals. Occupancy is projected at 64.8 percent (in year one) and 92.0 percent (in year two). See the table below.

**Sabal Palm Nursing and Rehab LLC (67 beds)
Admissions, Days and Percent of Days
Years one and two ending December 31, 2023 and 2024**

Payor	Admissions		Patient Days		Percent of Days	
	Year One	Year Two	Year One	Year Two	Year One	Year Two
Self-Pay	26	30	3,179	3,610	20%	16%
Medicaid	28	38	3,656	4,963	23%	22%
Medicare	315	486	9,061	13,987	57%	62%
Total	369	553	15,896	22,560	100.0%	100.0%
Census/Occupancy	44	62	64.8%	92.0%		

Source: CON application #10641, page 7-3, Table 7-1

The reviewer notes that Sabal Palm’s year one and year two patient days and percent of days are consistent with CON application #10641, Schedule 7 and year one and year two ending dates are consistent with CON application #10641, Schedule 10.

Sabal Palm indicates that with respect to charity care, persons who spend down assets qualify for Medicaid and that hence, charity care does not exist in nursing homes.

F. SUMMARY

Sabal Palm Nursing and Rehab Center, LLC (CON application #10641) seeks the transfer of CON #10552 to establish a new 67-bed community nursing home (all-private/single-occupancy rooms with bathroom with shower in each room) in District 6, Subdistrict 6-1 (Hillsborough County). The transferor and the transferee are affiliates of Briar Hill Management, which will manage the proposed facility.

The application includes a signed and notarized Schedule 12-Trn Affidavit by the Transferor, dated November 13, 2020 to transfer CON #10552 from Hillsborough County Nursing and Rehab Center, LLC to Sabal Palm Nursing and Rehab Center, LLC. The proposed transfer will add 67 beds to the subdistrict but will not change the number of approved beds within the subdistrict.

The total project cost is \$16,406,085. The project involves 61,084 GSF of new construction.

Sabal Palm expects issuance of license in December 2022 and initiation of service in January 2023.

No conditions to project approval are proposed.

Need

The applicant submitted the application to transfer CON #10552 for expedited review and not in response to the fixed need pool. The fixed need pool published on September 28, 2018 forecasted need for 73 additional community nursing home beds in Subdistrict 6-1 for the July 2021 Planning Horizon.

District 6-1 (Hillsborough County) presently has 29 community nursing homes with 3,791 licensed beds and 294 CON approved beds.

Need for 67 additional community nursing home beds was addressed in CON application #10552.

The applicant maintains that while it will serve all residents of the subdistrict, the benefits of a location within the four ZIP Codes in Riverview (33534, 33569, 33578 and 33579) are:

CON Action Number: 10641

- Riverview currently has no nursing homes and the project provides an access point to residents in the central and southern portions of Hillsborough County
- The nearest nursing homes in Brandon and Sun City Center are highly utilized with occupancy rates exceeding 90 percent in recent years
- The elderly population within the target ZIP Codes is growing at a faster pace than the subdistrict as a whole

Quality of Care

- The applicant is an affiliate of Briar Hill Management – a Mississippi-based health care services management company that operates six SNFs in Mississippi
- Briar Hill will manage the project and its quality of care was addressed in the application
- According to the CMS Care Compare website Briar Hill's six SNFs had the following CMS quality star ratings:
 - A four-star (above average) rating for four
 - A three-star (average) rating for one
 - A one-star (much below average) rating for one
- Briar Hill Management will implement at the proposed project:
 - A QAP Policy
 - An Initial Care Plan and Admission/Readmission Assessments
 - A QAPI process
 - PIPs

Cost/Financial Analysis

- Funding for this project is dependent on obtaining the referenced non-related debt financing
- Based on the information provided in Schedule 6, the applicant's projected staffing meets the licensed nursing staffing requirements of ss 400.23(3)(a)1, Florida Statutes
- The project appears to be financially feasible based on the projections provided by the applicant
- The project is not likely to have a material impact on competition to promote quality and cost-effectiveness

Architectural Analysis

- The applicant 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

Medicaid/Indigent Care Commitment

The applicant's Schedule 7 indicates that Medicaid is estimated at 3,656 (23 percent) of year one's total annual patient days and 4,963 (22 percent) of year two's total annual patient days, ending December 31, 2023 and 2024.

G. RECOMMENDATION

Approve CON #10641 to transfer CON #10552 from Hillsborough County Nursing and Rehab Center, LLC to Sabal Palm Nursing and Rehab Center, LLC to establish a 67-bed community nursing home in Hillsborough County, District 6, Subdistrict 1.

The total project cost is \$16,406,085. The project involves 61,084 GSF of new construction.

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: _____

James B. McLemore
Operations and Management Consultant Manager
Certificate of Need