

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

**A. PROJECT IDENTIFICATION**

1. Applicant/CON Action Number

**Royal Manor Operations LLC d/b/a Royal Palm Beach Health and Rehabilitation Center/CON application #10663**

980 Sylvan Avenue  
Englewood Cliffs, New Jersey 07632

Authorized Representative: Ms. Batya Gorelick  
Chief Operating Officer  
The Portopiccolo Group  
(201) 928-7808

2. Service District/Subdistrict

District 9/Subdistrict 9-4 (Palm Beach County, Florida)

**B. PUBLIC HEARING**

A public hearing was not held or requested regarding the proposed project.

**Letters of Support**

The applicant included four letters of support. These were from:

- Ricardo Aleman Chinae, MD, Medical Director - Royal Palm Beach Health and Rehabilitation Center
- Mary Lou Bedford, Chief Executive Officer - Central Palm Beach County Chamber of Commerce
- Melissa McKinlay - Palm Beach County Commissioner District 6
- State Representative Matt Willhite - District 86

**C. PROJECT SUMMARY**

**Royal Manor Operations LLC d/b/a Royal Palm Beach Health and Rehabilitation Center (CON application #10663)** proposes to add 14 community nursing home beds to its existing 120-bed community

nursing home. The 14 beds will be added through the delicensure of 14 of the existing 40 community beds at Chatsworth at PGA National LLC, which also has 36 licensed sheltered beds. Both facilities are located in Subdistrict 9-4 (Palm Beach County). The 14 beds will be part of a new 20-bed addition which will have all private rooms and will also utilize six of the facility's existing beds that are presently in semi-private rooms.

Royal Palm states that its managing company, Lilac Health Group, manages seven facilities in Florida. These include:

- Royal Palm Beach Health and Rehabilitation Center
- Boynton Beach Health Care Center
- Windsor Health and Rehabilitation Center
- Riverchase Health and Rehabilitation Center
- Brynwood Health and Rehabilitation Center
- Arbor Springs Health and Rehabilitation Center
- Gainesville Health and Rehabilitation Center.

The proposed project includes 15,271 gross square feet (GSF) of new construction and 1,576 GSF of renovation for a total of 16,847 GSF. The project's 15,271 GSF of new construction is to be added to the existing 47,707 GSF single story building resulting in a facility containing 62,978 GSF. Total construction cost is \$4,850,000.

The total project cost is \$8,900,750 and includes land, building, equipment, project development, and financing costs.

Royal Palm expects issuance of license in December 2023 and initiation of service in January 2024.

Royal Manor Operations, LLC d/b/a Royal Palm Beach Health and Rehabilitation Center does not offer any conditions to its application.

*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 sections 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, applications are comparatively reviewed to determine which applicant best meets 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, Sarah Zimmerman, analyzed the application in its entirety with consultation from financial analyst Kimberly Noble of the Bureau of Central Services, who evaluated 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 indicate the level of conformity of the proposed project with the criteria and application content requirements found in Florida Statutes, sections 408.035 and 408.037; applicable rules of the State of Florida, Chapter 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.**

Royal Palm Beach Health and Rehabilitation Center (CON application #10663) has submitted its application as an expedited review and not in response to a fixed need pool.

The proposed project would not change the net number of community nursing home beds in Subdistrict 9-4, District 9, or the State of Florida, as the 14 beds are to be delicensed and transferred from Chatsworth at PGA National, LLC. The application's Exhibit 1-1 includes a letter from Chris Rathmann, Assistant Treasurer of Chatsworth at PGA National, LLC certifying Chatsworth will delicense the 14-beds prior to their licensure at Royal Palm Beach Health and Rehabilitation Center.

As of February 19, 2021, Subdistrict 9-4 had 52 facilities with 5,952 licensed community nursing home beds and 159 CON approved beds pending licensure. Subdistrict 9-4 community nursing homes reported 73.09 percent total occupancy during CY 2020.

The following table illustrates the subdistrict's CY 2020 community nursing home occupancy.

**Subdistrict 9-4, Palm Beach County  
Community Nursing Home Utilization  
Calendar Year 2020**

<b>Facility</b>	<b>Community SNF Beds</b>	<b>Community SNF Bed days</b>	<b>Patient Days</b>	<b>Total Occupancy</b>
Abbey Delray	100	36,500	16,182	44.21%
Abbey Delray South	60	21,900	18,342	83.52%
Addington Place at Wellington Green	120	43,800	18,314	41.70%
Avante at Boca Raton, Inc.	144	52,704	38,103	72.30%
Avante at Lake Worth, Inc.	138	50,508	34,794	88.04%
Barrington Terrace of Boynton Beach	29	10,614	7,734	72.87%
Boca Raton Rehabilitation Center	120	43,920	38,669	88.04%
Boulevard Rehabilitation Center	167	61,122	50,275	82.25%
Boynton Beach Rehabilitation Center	168	61,488	45,305	73.68%
Chatsworth at PGA National, LLC	40	14,640	6,999	47.81%
Consulate Health Care of West Palm Beach	120	43,920	25,014	56.95%
Coral Bay Healthcare and Rehabilitation	120	43,920	40,186	91.50%
Crossings, The	60	21,960	17,476	79.58%
Darcy Hall of Life Care	220	80,520	57,019	70.81%
Edward J. Healey Rehabilitation and Nursing Center	120	43,800	41,284	94.00%
Encore at Boca Raton Rehab. & Nursing Ctr. LLC, The	154	56,364	41,029	72.79%
Finnish-American Village	45	16,470	15,365	93.29%
Gardens Court, The	120	43,920	33,528	76.34%
Glades Health Care Center	120	43,920	21,284	48.46%
Hamlin Place of Boynton Beach	120	43,920	26,355	60.01%
Harbour's Edge	4	1,464	1,343	91.73%
Heartland Health Care & Rehab. Ctr. of Boca Raton	120	43,920	27,044	61.58%
Heartland Health Care Center – Boynton Beach	120	43,920	37,877	86.24%
Heartland Health Care Center – Prosperity Oaks	120	43,920	32,606	74.24%
Joseph L. Morse Health Center, Inc., The	310	113,460	95,124	83.84%
Jupiter Medical Center Pavilion, Inc.	90	32,940	3,522	10.69%
Jupiter Rehabilitation and Healthcare Center	120	43,920	35,155	80.04%
Lake View Care Center at Delray	120	43,920	30,296	68.98%
Lakeside Health Center	107	39,162	32,269	82.40%
Lourdes-Noreen McKeen Residence for Geriatric Care	132	48,312	35,109	72.67%
ManorCare Health Services (Boca Raton)	180	65,880	57,290	86.96%
ManorCare Health Services – Boynton Beach	180	65,880	50,109	76.06%
ManorCare Health Services (Delray Beach)	120	43,920	31,221	71.09%
ManorCare Health Services West Palm Beach	120	43,920	33,327	75.88%
Medicana Nursing and Rehab Center	117	42,822	30,836	72.01%
Menorah House	120	43,920	32,213	73.34%
North Lake Care Center	85	31,110	23,575	75.78%
Oasis Health and Rehabilitation Center	120	43,920	32,119	73.13%
Palm Garden of West Palm Beach	176	64,416	43,794	67.99%
Regents Park Nursing & Rehabilitation Center	180	65,880	53,497	81.20%
Rehabilitation Center of the Palm Beaches, The	109	39,894	36,055	90.38%
Renaissance Health and Rehabilitation	120	43,920	36,496	83.10%
Royal Palm Beach Health and Rehabilitation Center	120	43,920	38,141	86.84%
Savannah Cove of the Palm Beaches	30	10,980	8,685	79.10%
Signature Healthcare of Palm Beach	120	43,920	30,877	70.30%
Stratford Court of Boca Raton	60	21,960	12,298	56.00%
Terraces of Lake Worth Care Center	99	36,234	28,220	69.95%
Ventura Health and Rehabilitation Center	99	36,234	25,347	86.16%
Waterford, The	60	21,960	18,921	80.85%
Willowbrooke Court at St. Andrews Estates	49	17,885	14,460	80.85%
Willowbrooke Court Skilled Care Center – (EBP)	40	14,640	1,324	9.04%
Wood Lake Health and Rehabilitation Center	120	43,920	34,630	78.85%
<b>Total</b>	<b>5,952</b>	<b>2,178,432</b>	<b>1,592,313</b>	<b>73.09%</b>

Source: Florida Nursing Home Bed Need Projections by District and Subdistrict, published April 2021

*Population demographics and dynamics.*

The applicant contends that the age 65 and over population represents 24 percent of the total population in Palm Beach County and this population is projected to increase by 14.1 percent by 2025. The applicant states that in 2025, the projected senior population of 401,895 will represent 25.9 percent of the projected total population of 1,550,674, demonstrating a future need for residential and health services that cater to that population. Royal Palm contends that the senior population’s projected growth will result in increasing demand for health and social services which includes nursing home care.

The applicant presents the following table of current and projected population data categorized by age cohort for Palm Beach County and the state of Florida from the most recent year for which nursing home utilization is available, 2020, and for 2025, the proposed second year of operations for the project.

**Table 1-1  
Palm Beach County, Florida, District 9, Subdistrict 9-4  
Population Estimates January 1, 2020 and January 1, 2025**

Area	July 2020 Population Estimates			2020 Population Distribution		
	0 to 64	65+	Total	65+ to 74	75+	65+
Palm Beach	1,117,721	352,183	1,469,904	76.0%	24.0%	100.0%
Florida	1,720,843	4,439,923	21,640,766	79.5%	20.5%	100.0%
Area	July 2025 Population Estimates			2025 Population Distribution		
	0 to 64	65+	Total	0 to 64	65+	Total
Palm Beach	1,458,579	401,895	1,860,474	78.4%	21.6%	100.0%
Florida	2,198,340	5,240,623	24,607,073	89.3%	10.7%	100.0%
Area	Five-Year Increase			Five-Year Growth Rate		
	0-64	65+	Total	0-64	65+	Total
Palm Beach	31,058	49,712	80,770	2.8%	14.1%	5.5%
Florida	780,558	780,750	1,561,308	4.5%	17.6%	7.2%

Source: CON application #10633, Page 1-3, from *Florida Population Estimates and Projections by AHCA District 2015 to 2030*, published September 2020.

Royal Palm states that it specifically examined the impact the transfer of 14 beds would have on the elderly population in the county, presenting a map (Figure 1-1) which shows the distribution of nursing homes along the eastern coastal region of Palm Beach County and the 2026 projected population estimates for the group age 65 and over by zip code. Royal Palm contends that that the elderly population is dispersed throughout the county, with pockets of growth in several areas, particularly further inland where there are fewer nursing homes. Royal Palm notes that its facility is in a region that is further inland than most nursing homes in the subdistrict and located in and near zip codes with expected, significant increases in elderly residents.

The applicant also provides a table showing the projected population by zip code and notes that the growth rate for five years for this area's zip code is 23.5 percent in the age group of 65 and older, compared to 7.2 percent of the total population in the same zip code. Royal Palm shares that zip code population data reveals that the 65 and over age group averages a 16.2 percent five-year growth rate, while the overall county population growth rate sits at 5.3 percent demonstrating that there is evidence for significant growth in Palm Beach County's elderly population over the next five years.

The applicant cites population projections for Palm Beach County noting that the age 65 and over subpopulation experiences greater growth than overall county population. Table 1-2 indicates the five-year growth rate for the elderly population ranges from 4.8 percent to 46.3 percent within each zip code. Royal Palm provides support to this based on Claritas Zip Code population data showing the 65 and age group which averages a 16.2 percent five-year growth rate across these zip codes compared to the county average overall population growth rate of 5.3 percent across zip codes. Therefore, the applicant argues, Palm Beach County elderly population specifically shows evidence for noticeable growth in the next five-year period. Table 1-2, page 1-6 of CON application #10633 shows the facility's location within the zip code 33411 is expected to experience a 23.5 percent five-year increase in the 65 and over population, higher than what is expected for the entire county. The applicant concludes that the project will relocate 14 beds from Chatsworth which is in a Zip Code having several proximate nursing homes and lower projected age 65+ population to Palm Royal which is in a Zip Code having fewer nursing homes and a higher elderly population growth rate.

*Availability, utilization, and quality of life services in the subdistrict*

The applicant states Palm Beach County offers 55 facilities with 5,952 licensed community nursing home beds. The reviewer notes that the subdistrict has 52 facilities that have community nursing home beds. Royal Palm states that nursing home bed availability can be measured by examining the number of nursing home beds in proportion to the number of seniors. The applicant uses the Agency's population estimates and projections along with the most recent nursing home bed published data to show that Palm Beach County had 17 beds per 1000 persons aged 65 and older in 2020. Royal Palm states that comparatively, District 9 has a rate of 16 beds per 1000 people aged 65 and older and Florida had an availability of 18 beds per 1000 seniors. Royal Palm calculates that by 2025 (year two of the project), Palm Beach County will have 15 beds per 1000 seniors, District 9 will have a rate of 14 beds per 1000, and Florida will have 16 beds per 1000 persons aged

65 and older. Therefore, Royal Palm notes that as the elderly population grows within Palm Beach County, the nursing home bed inventory decreases when viewed relative to the population.

The applicant contends that although this proposal to shift 14 beds from one part of the county to another facility 14 miles away has little overall impact, the effect is positive and increases the supply in an area of the county with a higher percentage of population growth for the elderly.

Royal Palm Beach Health and Rehabilitation Center assures that bed inventory is maintained, ensuring existence of beds remain available at a highly utilized facility.

The applicant presents that for CY 2020, District 9 nursing homes reported 2,320,549 patient days, resulting in an average occupancy rate of 74.32 percent which was higher than the 73.09 percent reported by Palm Beach County's 55 community nursing homes (reviewer notes the correct number is 52). Royal Palm states that this is a noticeable decrease compared to Palm Beach County nursing homes' reporting 83.33 percent occupancy in CY 2019, but it can be explained as an expected short-term trend created by the COVID-19 pandemic.

Royal Palm states that facility-specific utilization provides the impetus for this project. The applicant reports 38,141 patient days in 2020 with an occupancy rate of 86.84 percent and its 120 beds, higher than the average occupancy for District 9 or Subdistrict 9-4 which were both below 75 percent. Royal Palm believes that CY 2020 should be viewed as an outlier year in terms of utilization due to the pandemic and considers a five-year trend to gauge past and future demand providing the following table which presents the patient days and occupancy over the last five calendar years for the applicant, Subdistrict 9, District 9 and Florida facilities.

The applicant's Table 1-3 shows that Royal Palm Beach Health and Rehabilitation Center maintains a higher occupancy rate compared to the nursing home average utilization for Subdistrict 9-4, District 9 and the State.



<b>Table 1-3 Historical Nursing Home Utilization for Royal Palm Beach Health and Rehabilitation Center, Subdistrict 9-4, District 9, and Florida Calendar Years 2016-2020</b>					
<b>Patient Days</b>	<b>CY 2016</b>	<b>CY 2017</b>	<b>CY 2018</b>	<b>CY 2019</b>	<b>CY 2020</b>
Royal Palm	1,780	41,106	41,066	40,333	38,141
Subdistrict 9-4	1,815,328	1,862,860	1,811,116	1,814,792	1,592,313
District 9	2,632,678	2,681,243	2,611,780	2,637,165	2,320,549
Florida	25,573,349	25,310,723	24,935,751	25,492,036	23,280,683
<b>Occupancy</b>	<b>CY 2016</b>	<b>CY 2017</b>	<b>CY 2018</b>	<b>CY 2019</b>	<b>CY 2020</b>
<b>Royal Palm</b>	<b>95.1%</b>	<b>93.9%</b>	<b>93.8%</b>	<b>92.1%</b>	<b>86.8%</b>
Subdistrict 9-4	82.1%	85.3%	83.1%	83.3%	73.1%
District 9	83.6%	85.9%	83.8%	84.6%	74.3%
Florida	86.9%	86.3%	84.7%	86.0%	77.5%

Source: CON application #10663, Page 1-8 from *Florida Nursing Home Bed Need Projections by District and Subdistrict*, published April of 2017 - 2021.

The information the applicant provides above for Palm Beach County shows stable patient days and corresponding occupancy of 82 to 85 percent over the four-year period prior to the COVID-19 pandemic which caused a temporary drop in utilization in 2020. However, the applicant notes it had maintained occupancy levels exceeding 92 percent leading up to 2020 and that even during the pandemic, when overall trends in utilization decreased, Royal Palm still maintained a noticeably higher occupancy at 86.8 percent compared to the county, district, and state occupancy rates which were below 80 percent. Royal Palm concludes that “occupancy rates are expected to return to pre-pandemic levels now that vaccines are widely available and social and health care conditions are returning to normal”.

*Quality of Care*

Royal Palm discusses quality in that it received an overall score of four stars from the Center for Medicare and Medicaid Services (CMS) and received the National Quality Silver Award in 2015 from the AHCA/NCAL (American Health Care Association/National Center for Assisted Living). See the table below for the CMS ratings.

**Royal Palm Beach Health and Rehabilitation Center  
CON application #10663  
The Centers for Medicare and Medicaid Services NH Rating  
Updated July 28, 2021**

<b>Category</b>	<b>Rating</b>
Overall	5
Health Inspection	4
Quality Management	4
Long-stay QM	3
Short Stay QM	3
Staffing	5
RN Staffing	5

Source: Center for Medicare and Medicaid Services @ <https://www.medicare.gov/care-compare>

The applicant indicates that the 14 beds will be part of a new addition to Royal Palm Beach Health and Rehabilitation Center that will contain 20 private rooms and that the facility will provide a wide range of skilled nursing services, including short-term rehabilitation, long-term care, and others, including memory care.

*Medical treatment trends*

The applicant provides National Investment Center for Seniors Housing and Care (NIC) data on page 1-10, Figure 1-3 of the application showing that mortality rates increase by the complexity of care. Royal Palm claims that changes in residence conditions require higher technology and encourage adoption of new or innovative treatment modalities and notes that its programs and services include dialysis, HIV care, Hospice care, respite care, and tracheotomy care. The additional beds are sought to accommodate the demand at the highly occupied facility, and will offer more private rooms than currently exist, allowing better management of resident conditions, including those requiring isolation or additional space to accommodate equipment needs.

*Market Conditions*

Royal Palm Beach Health and Rehabilitation Center states there are two hospitals within a five-mile radius and that the facility is located five miles from Palms West Hospital which has 204 beds and approximately four miles from Wellington Regional Medical Center which has 235 beds. The applicant provides Figure 1-4 showing the proximity of the two hospitals to the facility of the applicant along with the two other nursing homes that are within a five-mile radius thus showing that few nursing homes are available to receive discharges from the two hospitals, exerting demand on the applicant's facility.

Royal Palm determined that the two hospitals within five miles of the nursing facility charge discharged 1,467 patients aged 65 or over to skilled nursing facilities during July 1, 2019 - June 30, 2020. As shown in Table 1-4, the largest number of the discharges were for Major Diagnostic Category 8, Disease and Disorders of the Musculoskeletal System and Connective Tissue, representing 23.8 percent of all discharges to nursing homes for both hospitals. MDC18, Infectious Disease or Parasitic Diseases, Systemic or Unspecified Sites, followed as the next largest MDC for discharges to nursing homes with both hospitals. Royal Palm notes that combined these two MDCs represented approximately 40 percent of all persons over the age of 65 who were discharged to a skilled nursing facility from the two hospitals.

Royal Palm notes that during this time, acute care hospitals made 17,551 discharges of Palm Beach County residents 65 years of older to skilled nursing facilities and that the two hospitals near the applicant

represent 8.4 percent of the total discharges to nursing homes. As support for this, Royal Palm offers Table 1-4 on page 1-13 of CON application #10663, Acute Care Hospital Discharges from Palms West Hospital and Wellington Regional Medical Center Patients age 65+ Discharged to a Skilled Nursing Facility during July 2019 - June 2020.

Royal Palm submits that this supports its contention that its facility and its market area support adding 14 beds as it is in the same zip code as the facility as the people that are discharged from these hospitals. The applicant reports that during July 2019 - June 2020 there were 473 residents age over 65 residing in the zip code which is the facility zip code that were discharged from the hospital to the skilled nursing facility. Royal Palm believes that the 14 additional beds will support the demand that hospitals generate for short-term skilled nursing rehabilitation.

Table 1-5 includes the CY 2020 Subdistrict 9-4, Palm Beach County nursing home utilization, showing 1,592,313 patient days of care, for an average daily census of 4,351 and an average occupancy rate of 73.09 percent. The applicant offers that, comparatively during the calendar year 2019, Palm Beach County reported 1,814,792 patient days at an average daily census of 4,972 an occupancy rate of 83.33 percent. The applicant contends that because of the COVID-19 pandemic, nursing home use dropped from 5,272 days per thousand population age 65 and over in CY 2019 to 4,521 days per thousand in CY 2020.

<b>Table 1-5 Palm Beach County Patient Days Use Rates and Occupancy CY 2019 and CY 2020</b>		
Resident Days	1,814,792	1,592,313
Average Daily Census	4,972	4,351
Palm Beach County Population 65+	344,218	352,183
Days Per 1,000 Persons 65+	5,272	4,521
Current Existing Community Beds	5,952	5,952
Occupancy	83.33%	73.09%

Source: CON application #10663, Page 1-14 from *Florida Nursing Home Bed Need Projections by District and Subdistrict*, published April 2020 and April 2021 and *Florida Population Estimates and Projections by AHCA District 2015 to 2030*, published September 2020.

Royal Palm uses rates from 2019 and 2020 to project utilization for Palm Beach County in 2025, the project’s proposed second year of operation. The applicant believes that occupancy rates are again trending upward due to vaccinations and preventative measures to keep residents safe, and use patterns exhibited prior to the COVID-19 pandemic are the more likely scenario by the planning horizon for the project. Subdistrict 9-4’s CY 2025 projected patient days and occupancy are presented below.

<b>Table 1-6 Projected Palm Beach County Patient Days and Occupancy for Year 2, CY 2025</b>		
Projections based on use rates from:	CY 2019	CY 2020
Palm Beach County Population 65+, July 1, 2025	401,895	401,895
Resident Days Forecasted for CY 2025	2,118,878	1,817,074
Average Daily Census, CY 2025	5,805	4,978
Royal Palm Beach Health and Rehabilitation Center @ 91.9%	43,400	43,400
Deduct Royal Palm Beach Health and Rehabilitation Center from Forecast	2,075,478	1,773,674
Average Daily Census, CY 2025, Remaining Days	5,686	4,859
Expected Community Licensed Beds (as of 2-19-21)	6,111	6,111
<b>Expected Occupancy</b>	<b>94.99%</b>	<b>81.46%</b>

Source: CON application #10663, Page 1-14 from *Florida Population Estimates and Projections by AHCA District 2015 to 2030*, published September 2020.

Royal Palm assures that utilization rates applied to future population estimates retain the existing balance of beds, avoiding over-bedding the subdistrict. Royal Palm contends that the recent average occupancy rates within the subdistrict of 83 percent in 2019 and 73 percent in 2020 demonstrate that existing facilities will not be negatively impacted.

Royal Palm offers Table 1-6 the 2020 use rate of 4,521 patient days per thousand residents aged 65 and older results in 1,817,074 total patient days and an occupancy rate of 81.46 percent for the planning area by 2025 which is the second year of the project yet believes that the more likely outcome using the 2019 use rate of 5,272 demonstrates the growing need for the nursing home beds in the surrounding area that the applicant will serve.

*Implementation of the Project*

Royal Palm presents the projected utilization for the 14-bed addition and the total 134-bed facility. Royal Palm’s expectation is that the facility will return to its average occupancy level in recent years of approximately 92 percent by the second year of operations following the bed addition. The applicant includes the following projected utilization for the first two years of the project below:

<b>Table 1-7 Projected Utilization for the 14-Bed Addition and Total 134-Bed Facility First Two Years of Operation</b>								
<b>Year</b>	<b>14-Bed Addition</b>				<b>Total Facility (N=134)</b>			
	<b>Admits</b>	<b>Patient Days</b>	<b>Occup. Rate</b>	<b>ADC</b>	<b>Admits</b>	<b>Patient Days</b>	<b>Occup. Rate</b>	<b>ADC</b>
Year One (CY 2024)	138	3,620	70.65%	10	695	43,400	88.49%	119
Year Two (CY 2025)	179	4,719	92.35%	13	743	44,928	91.86%	123

Source: CON application #10663, Page 1-15

Note: The 14-bed ADC is rounded up-they compute to 9.89 and 12.92 in years one and two, respectively.

Royal Palm believes that the initial occupancy rate for the first quarter of January through March 2024 will rise from 29 percent to 92.3 percent by the end of the first year. The applicant predicts that the second year the facility will attain 91.86 percent occupancy, with an average daily census of 119 residents expected in the first year and 123 residents in the second year. Royal Palm notes that the 14-bed addition contributes to an average daily census of 10 (9.89) residents and 13 residents respectively, for the first and second years. The applicant projects the average length of stay will be 26 days in the new beds and 60 days in the total facility, which reflects utilization of residents requiring short-term rehabilitation and long-term care.

Royal Palm concludes that implementing the 14-bed addition in a highly occupied skilled nursing facility using beds from a facility with lower utilization improves access for seniors of the service area, particularly those who reside in central and western areas of the service area where fewer beds are located.

## **2. Agency Rule Preferences**

**Please indicate how each applicable preference for the type of service proposed is met. Chapter 59C-1.036, Florida Administrative Code.**

Chapter 59C-1.036, Florida Administrative Code does not contain preferences relative to community nursing home beds nor does the Agency publish specific preferences for these facilities. However, the rule does contain standards the Agency utilizes in assessing an applicant's ability to provide quality care to the residents.

- a. Proposed Services. Applicants proposing the establishment of Medicare-certified nursing facility beds to be licensed under Chapter 400, Florida Statutes, shall provide a detailed description of the services to be provided, staffing pattern, patient characteristics, expected average length of stay, ancillary services, patient assessment tools, admission policies and discharge policies.**

Royal Palm Beach Health and Rehabilitation Center states that its dually certified for Medicare and Medicaid participation and will remain dually certified upon completion of the project. The applicant currently provides a range of nursing and restorative care to manage short-term rehabilitation, long-term care, and complex medical conditions.

The applicant contends it provides that it offers a broad range of nursing and restorative care to manage short-term rehabilitation, long-term care,

and complex medical conditions, therefore, access improves in proportion to the 14-bed addition. Royal Palm states its services include, but are not limited to, those identified below:

- Rehabilitation Programs
- Physical therapy  
Addresses gait abnormalities, balance, transferring, bed mobility, positioning, strengthening, and splinting of the lower extremities.
- Occupational therapy  
Addresses activities of daily living or life skills, the ability to care for oneself at home, upper body strengthening and positioning, and adaptive equipment.
- Speech therapy  
Addresses cognition, swallowing, communication, language, and auditory skills.
- Orthopedic Rehabilitation  
Following joint replacement, fractures, or injuries to restore musculoskeletal functions.
- Neurological Rehabilitation  
Help to regain functional mobility, maximize motor skills, and optimize independence with self-care and daily living skills.
- Pulmonary Rehabilitation  
Focuses on decreasing pain and discomfort while maximizing cardiopulmonary functions and optimizing independence and mobility.
- Medical Management  
Management of complex medical problems including infectious disease, wounds, IV therapy, post-surgical complications, cancer, gastrointestinal problems, renal failure, and diabetes.
- Memory Care  
Residents monitored by wander guard system to allow them to move freely within a safe environment. Specially trained staff offers our residents with dementia and other cognitive disorders the special medical attention and care that they need. Activity staff offers modified activities to our memory care residents who accommodate their abilities and preferences while supporting their cognitive functions.

Other services and amenities that provide support, comfort and security include:

- Full time Medical Director
- 24-Hour Registered Nurse Coverage
- Onsite X-rays and Clinical Lab Testing
- Ostomy Care
- Enteral Care
- Foley catheter care, changes in teaching
- Diabetic care and management
- Medication Management
- Bowel and bladder training
- IV Therapy
- Dialysis Support
- Structured activities seven days a week
- Pet Therapy
- Security System
- Daily Transportation
- Beauty/Barber shop

The applicant notes the facilities has policies and procedures in place as required during normal course of business that will serve this facility, including care planning, admission, and discharge procedures.

#### *Admissions*

Royal Palm notes that a multiple disciplinary team, consisting of the facility's Administrator, Medical Director, and other health care professionals, evaluates needs of each resident and those decisions to transfer are based on consultation with the care team as well as the resident and his or her family and physician.

The applicant contends that each resident receives an admission packet which details the agreement between facility representative and the resident, his legal representative, or other responsible party. Further, the applicable forms for this facility as part of the admissions process include:

- Resident delegation of admissions representative
- Medicaid interview documents and enrollment forms
- Authorization and agreement to handle resident funds
- Resident trust fund agreement
- Authorization for release of information
- Smoking policy
- Informed consent for influenza vaccination

- Authorization for vaccination, blood testing, tuberculosis screening
- Acknowledgement receipt from resident of advance directive program
- Information on Medicare Part B services
- Medicare Part D enrollments
- Bed hold and readmission policy
- Private pay bed hold authorization
- Physical restraint consent
- HIPAA information (privacy policy)
- Care plan consent form
- Medicare secondary payer questionnaire
- Admissions agreement
- Admissions packet checklist/internal audit.

Royal Palm Beach Health and Rehabilitation Center includes a copy of the facility's admission policy in Exhibit 2-1 of the application.

*Resident rights*

Royal Palm states it is aware of Florida's long-term care ombudsman resident rights publication and that upon admission, program information is given to residents addressing their rights at the facility. The applicant ensures that staff receive appropriate training to delineate nursing home federal requirements for resident rights, and that all staff is prepared and trained to provide all residents with the highest measure of dignity, courtesy, and good care that is expected by the residents, the families, and by the community. Royal Palm includes the facility's resident rights policies in Exhibit 2-1 in the application.

*Care planning*

Royal Palm Beach Health and Rehabilitation Center notes that developing a care plan by the interdisciplinary team helps ensure that the resident care is coordinated and continuous with each individual discipline sharing the responsibility for the resident reaching his or her maximum potential for the highest quality of life possible and to avoid a hospital readmission. The applicant lists the following staff is responsible for development and or implementation of the residents care plan:

- Attending physician
- Director of nursing
- The charge nurse responsible for resident care
- Registered nurse assigned to the resident
- Nursing assistance responsible for the residents' care
- Dietary manager
- Social services manager



- Activities director
- Therapist, as appropriate
- Consultants, as appropriate
- Others, as appropriate or necessary to meet the needs of the resident.

Royal Palm assures that, upon admission, each resident is evaluated for special needs and a care plan is developed. The applicant notes that individual's needs after the assessment receives follow-through and follow-up with services that change, add, or modify the regimen in the plan of care. Royal Palm states that ongoing monitoring through the quality assurance performance improvement QAPI process provides feedback to enhance care toward improvement and recovery and to avoid hospital readmissions.

The applicant provides that information addressed during the initial evaluation by the admitting nurse includes but is not limited to the following:

- Medical diagnosis
- Description of skin condition
- Current level of activity and mobility
- Cognitive status
- Diet orders
- Weight
- ADL performance
- Physical impairments.

The applicant's Exhibit 2-1 includes the facility's admission, care plan, transfer/discharge, and Residents Rights policies/standards.

*Discharge planning*

Royal Palm Beach Health and Rehabilitation Center conveys that appropriateness for admission is crucial and a decision is based on the results of the assessment conducted by the multidisciplinary team. The applicant responds that it is assumed for purposes of discharge planning, initial length of stay will be estimated, particularly for Medicare benefactors, after which date the expectation will be for discharge, noting that the discharge plan is based on the initial assessment in which the needs for the family and the patient are assessed and the admission diagnosis specifically addressed. Royal Palm Beach Health and Rehabilitation Center believes it is the responsibility of the facility to identify the medically related social service or home-based services needs of the resident and assure that the needs are met by the appropriate disciplines. These include:

- Making arrangements for obtaining adaptive equipment
- Making referrals and obtaining services from outside entities (examples given) home health, private duty referral, community services, Meals on Wheels, transportation
- Follow up appointment with physician
- Prescriptions written or called in for 1) medications, 2) outpatient therapy, 3) labs
- Home evaluation by therapy
- Discharge meeting with family, patient, and or caregivers
- Home health guidelines for eligibility:
  1. Reside within the service area
  2. Is homebound when required by third-party payor source
  3. Is in an environment which allows for safe and effective care
  4. Has an available and willing caregiver when indicated
  5. Is in need of a level of service provided and needs can be adequately met in the specific environment
  6. Is receptive to agency services and complies with the recommended treatment; and
  7. Is under the supervision of a Doctor of Medicine, dentistry, podiatry, or osteopathy, who is duly licensed to practice in the State of Florida.

Royal Palm warrants that the discharge plan involves its interdisciplinary team: dietary, all therapies, nursing, family, patient, caregiver, and third-party payor source to provide the best care after the patient is discharged from the facility.

The applicant notes that at the time of discharge a record is made of the residence care with an appropriate discharge summary of prior treatment, diagnosis, rehabilitation potential, physician orders for immediate care, and other pertinent information. Royal Palm attests that this report is made available to physicians or other providers such as home health agencies or ALFs. The applicant ensures that a resident is only discharged on the orders of the attending physician, and at discharge the nursing director and social services director discuss aftercare plans with the resident and his or her family and any other aftercare provider as appropriate.

Royal Palm states a written plan is provided to the person or his or her responsible party to the attending physician when the discharge plan calls for follow up appropriate follow-up occurs with the referral agent to acknowledge that the person has begun the aftercare program. As previously stated, Exhibit 2-1 includes the facility's transfer and discharge policy.

*Utilization and staffing*

The applicant provides Table 2-2 projected admissions, patient days, average length of stay, and average daily census first two years of operation in the 14-bed addition and 134-bed facility.

<b>Table 2-2 Projected Admissions, Patient Days, Average Length of Stay, and Average Daily Census First Two Years of Operation for the 14-Bed and 134-Bed Facility</b>				
Factor	<b>14 Beds</b>		<b>134 Beds</b>	
	Year One	Year Two	Year One	Year Two
Admissions	138	179	695	743
Patient Days	3,620	4,719	43,400	44,928
ALOS	26.2	26.4	62.4	60.5
ADC	9.9	12.9	118.9	123.1

Source: CON application #10663, Page 2-9

Royal Palm projects that the facility is expected to achieve an average daily census (ADC) of 118.9 in year one and 123.1 in year two of the project, with the 14-bed addition averaging a 9.9 ADC in year one and 12.9 in year two. Total 134-bed facility occupancy is projected at 88.49 percent in year one (CY 2024) and 91.86 percent in the project’s year two (CY 2025) of operation.

The applicant’s Schedule 6 shows that the facility meets the minimum staffing standards.

<b>Royal Palm Beach Health and Rehabilitation Center (CON application #10663) Projected Added Year-One and Year-Two FTE Staffing Units</b>		
	Total Added FTEs Year One CY 2024	Total Added FTEs Year Two CY 2025
<b>Nursing</b>		
RNs	-	0.2
LPNs	1.5	2.1
Nurses’ Aides	4.3	4.6
<b>Medical</b>		
Physical Therapist	0.3	0.3
Speech Therapist	0.1	0.1
Occupational Therapist	0.3	0.4
<b>Dietary</b>		
Cooks	0.9	1.0
Dietary Aides	1.0	1.3
<b>Housekeeping</b>		
Housekeepers	0.6	0.8
<b>Laundry</b>		
Laundry Aides	0.3	0.4
<b>Total</b>	<b>9.3</b>	<b>11.3</b>

Source: CON application #10633, Tab 5, Schedule 6

*Patient characteristics*

Royal Palm again addresses the different categories of medical diagnosis, disorders, and conditions that nursing admissions would have and cites Table 2-3 on page 2-10 of the application, which shows admissions by diagnosis of Palm Beach County residents age 65 and older discharges to nursing homes during July 2019 - June 2020.

Royal Palm Beach Health and Rehabilitation Center discusses in greater detail, specifically the types of diagnosis disease that the Palm Beach area receives from nursing home discharge summarizing that the facility is equipped with therapy gymnasium and contracts personnel to deliver therapies. The applicant affirms that the facility residents benefit from innovative technologies that will allow programming for each individual as functional improvements occur and that the facility's overall objective for restorative programs focuses on avoiding hospital admissions and readmissions. Royal Palm Beach Health and Rehabilitation Center states that its protocols ensure healing and promote higher functional levels ensuring that residents health and quality of life improves.

**c. Quality of Care. In assessing the applicant's ability to provide quality of care pursuant to ss. 408.035(3), Florida Statutes, the agency shall evaluate the following facts and circumstances:**

**1. Whether the applicant has had a Chapter 400, Florida Statutes, nursing facility license denied, revoked or suspended within the 36 months prior to the current application.**

Royal Palm Beach Health and Rehabilitation Center has never had its license denied, revoked, or suspended.

**2. Whether the applicant has had a nursing facility placed into receivership at any time during the period of ownership, management or leasing of a nursing facility in the 36 months prior to the current application?**

Royal Palm Beach Health and Rehabilitation Center has not had a nursing home placed into receivership.

**3. The extent to which the conditions identified within subparagraphs 1 and 2 threatened or resulted in direct significant harm to the health, safety or welfare of the nursing facility residents.**

This provision does not apply.

4. **The extent to which the conditions identified within subparagraph 3 were corrected within the time frames allowed by the appropriate state agency in each respective state and in a manner satisfactory to the agency.**

No conditions are identified in subparagraph three. Thus, this item does not apply.

5. **Rule 59C-1.036(4)(f), Florida Administrative Code, Harmful Conditions. The Agency shall question the ability of the applicant to provide quality of care within any nursing facility when the conditions identified in the subparagraph (e)1 and (e)2 result in the direct, significant harm to the health, safety or welfare of a nursing facility resident, and were not corrected within the time frames allowed by the appropriate state agency in each respective state and in a manner satisfactory with the Agency.**

No conditions are identified above. Thus, this item does not apply.

- d. **Rule 59C-1.036(5), Florida Administrative Code, Utilization Reports. Within 45 days after the end of each calendar quarter, facilities with nursing facility beds licensed under Chapter 400, Florida Statutes, shall report to the Agency, or its designee, the total number of patient days, which occurred in each month of the quarter, and the number of such days that were Medicaid patient days.**

The applicant agrees it will provide the required data to the Health Council of Southeast Florida that serves Health Planning District 9 and the Agency for Healthcare Administration. Royal Palm states that these data include the above-cited utilization reports as well as required licensure and financial requirements attendant to operating a licensed nursing facility.

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), (2) and (5), Florida Statutes.**

As of February 19, 2021, Subdistrict 9-4 has 52 facilities with 5,952 licensed and 159 approved community nursing home beds. Subdistrict 9-4 community nursing homes reported 73.09 percent total occupancy during CY 2020.

Royal Palm Beach Health and Rehabilitation Center (CON application #10663) reiterates that it has demonstrated in its Need Analysis that its 120-bed facility is one of only three nursing homes within its five-mile radius that also includes two acute care hospitals. The applicant notes that the 14 community nursing home beds will be relocated within the same county, so there is no increase in the licensed bed within the planning area. Royal Palm states that the current facility in which the beds are held has less demand for community beds, noting that because of its location, the applicant's facility is in high demand with occupancy rates averaging over 92 percent over the past five years. Royal Palm restates that during the 2020 pandemic, the facility achieved an occupancy rate of 86.84 percent, the seventh highest in the subdistrict, and significantly greater than the District 9 occupancy rate of 74.32 percent and the subdistrict rate of 73.09 percent. The applicant states with strong utilization patterns, that it exhibits facility-specific need.

Therefore, relocating 14 beds from the current facility which has a low demand for community beds, to the applicant's facility, which is a facility in high demand, improves availability of existing community beds where they are most needed, improving overall availability within the subdistrict by redistributing the existing beds.

Royal Palm cites its State Inspection Rating of four stars for its most recent inspection and further explains that when examining the ratings of the inspection components the facility has five elements rated as five stars - the highest rating. Further, its mission statement to be "The employer of choice, provider of choice, and investment of choice" shows that its vision and values center on providing excellent care and customer service to residents and their responsible party.

The applicant conveys that the public often values private resident rooms over semi-private and the project it proposes are all private rooms for the bed addition. Royal Palm shares that an increase in available private rooms is associated with quality experience, fostering privacy and independence, while allowing the facility to better manage residence needs, such as having sufficient capacity for residents requiring isolation for infection control. The applicant states that the project allows for additional capacity and will increase the facility's current 16 private rooms to 42 private rooms in the 134-bed total facility.

Royal Palm says the project promotes quality, resident centered care, and notes that a detailed description of its ability to provide quality care is demonstrated with its commitment to the highest standards of care and has the resources to achieve it. Royal Palm Beach Health and

Rehabilitation Center argues that this project improves access by relocating existing licensed beds to a facility in high demand with and within close proximity to hospitals. The applicant professes that, as a Medicaid and Medicare certified facility, a wide range of services are accessible for both short-term rehabilitation following a hospital stay and long-term care.

Palm Beach county's 55 community nursing homes are plotted on the map (Figure 3-1) and the applicant indicates that its facility, when compared to most of the other facilities that are located along the coastal communities, provides access to residents in central and western communities with easy access along Highway 441.

The applicant's Figure 3-2 plots the location of the two nursing homes and two hospitals within a five-mile radius of its facility. Royal Palm then provides Figure 3-3 showing the five-mile radius of the current facility which is the source of the 14 beds to be transferred, showing that the two facilities are approximately 14 miles apart, and includes the projected 2026 Claritas' population aged 65 and over by zip code and locations of hospitals and nursing homes. The applicant contends that access to skilled nursing bed improves with a shift to a facility in high demand, while residents near the current location have continued access.

Royal Palm concludes that the project responds to demonstrated need and will enhance both availability and accessibility in the service area. As the project utilizes existing beds, there should be no negative impact on the current and future utilization of existing providers.

- b. Does the applicant have a history of providing quality of care? Has the applicant demonstrated the ability to provide quality of care? Is the applicant a Gold Seal Program nursing facility that is proposing to add beds to an existing nursing home? Section 408.035(3) and (10), Florida Statutes.**

Royal Palm Beach Health and Rehabilitation Center (CON application #10663) notes that the Lilac Health Group is the management company for the facility and that this facility has been ranked on the list for "Best Nursing Home" from U.S. News and World The applicant it states its mission, vision, and values "To be the employer of choice, provider of choice, and investment of choice." The applicant states that the organization's visions and values are "To provide excellent care and customer service to our residents and their responsible party."

Royal Manor Operations notes that its facility has been ranked on the list for “Best Nursing Home” from U.S. News and World Reports for many years achieving Tier 4 status with AHCA/NCAL Quality Initiative Recognition Program and received the National Quality Silver Award in 2015. The reviewer notes that the highest rating given by AHCA/NCAL is Tier 5. The applicant’s facility is not a Gold Seal nursing home.

Figure 5-1 in Tab 5, Page 5-2 includes a map showing the seven facilities managed by Lilac Health Group in Florida. Brief resumes of Lilac Health Group’s executive team are included on pages 5-2 and 5-3. Brief resumes of Royal Palm Beach Health and Rehabilitation Center’s leadership team is provided in Pages 5-3 through 5-5 and Exhibit 5-1 includes full resumes of Royal Palm’s key management personnel.

The applicant shares that staff training and development provide the basis for tracking progress and developing ongoing monitoring of the care within each nursing home. Royal Palm states that nursing home administration sets the tone for all employees to place the resident at the center of all operations, assuring that each benefit from the range of activities and services available. Figure 4-1, The Circle of Excellence, depicts the facility’s process for the pursuit of excellent customer service to residents of the facility.

Royal Palm Beach Health and Rehabilitation Center states that departmental daily, weekly, and monthly audit reports are utilized as a basis for quality improvement. Further, that audit tools are reviewed during monthly QAPI Meetings where senior leaders collaborate to set target goals for the organization, review work processes and performance outcomes, and make necessary adjustments to improve performance and reduce variability. Royal Palm states it ensures that performance improvement plans are implemented and reviewed regularly until consistent improvement is achieved. The applicant conveys that the facility's medical director collaborates with other senior leaders to discuss market trends and demands. The staff development calendar is customized to enhance core competency requirements and ensure that readiness to adapt to changes in the health care environment is present.

Royal Palm assures that it incorporates the latest available technology to track, trend, and audit system effectiveness. Competitive and comparative data concerning long-term care is utilized from the following sources:

- [www.medicare.gov](http://www.medicare.gov)
- Long term Care Trend Tracker Website
- State of Florida Agency for Health Care Administration
- Nursing Home Compare



- Quality Indicator Summary
- Florida Healthcare
- Agency for Health Care Administration
- CMS Five Star Quality Rating
- Family/Resident Satisfaction Surveys
- Feedback on individual hospital; bundle program outcomes
- Accountable Care Organization (ACO) benchmark and outcomes

The applicant notes that performance projections for future planning are measured by reviewing satisfaction reports, quality indicators, occupancy rates, and financial reports.

Royal Palm explains that it uses all feedback from customers at all levels to improve the organization's performance and where partnerships are developed with high performers, they use those to adopt better practices.

The applicant confirms that action plans are reviewed and modified as needed to ensure they are alignment with goals mission and vision statement. Royal Palm lists key health care services and work processes, requirements, measurements and results in Table 4-1 on page 4-4 of the application.

The applicant states that it stays up to date on all state and federal requirements for QAPI, noting that it consistently monitors clinical and financial performances against the competition and internal performance benchmarks. Royal Palm indicates that it employs an electronic medical record or EMR platform providing bedside access to the patient record for immediate response and reporting requirements. The applicant states that the enhanced computer system allows the facility to store survey information, regulatory, clinical, human resources, and financial information. Further, automation of financial systems results in more efficient account payables, account receivables, material management, general ledger, and different types of financial reports.

Royal Palm Beach Health and Rehabilitation Center states that ongoing training is provided to employees so that they have access to data and can interpret reports as needed other network-based programs include:

- Hosted Time, for biweekly payroll processing
- On-care services as company-wide web-based ordering software.
- JiveTel, multiline telephone system
- Wi-Fi access throughout the facility to accommodate residents, families, and visitors.

The applicant states that it uses its software for effective management of medications and that the EMR system permits the reviewing and the tracking of all medication orders, checking for contradictions among the prescriptions as well as providing feedback and education to the medical staff, the patient, and the family. Royal Palm states that EMR applications enhance quality and efficiency in managing patient outcomes.

Royal Palm next addresses “Resident Rights” and states that all residents receive a copy of the Florida’s Long-Term Care Ombudsman Program’s resident rights publication upon admission. Royal Palm cites “the importance of interacting with residents to assure dignity in all interactions, respect of privacy, and providing personal protections for life and the exercise of freedoms”. A summary of resident rights is provided on Page 4-7 of the application.

Royal Palm Beach Health and Rehabilitation Center notes that to assure ongoing support of residents, the Resident Council and Family Council provide the oversight to assure that the facilities practices to know a bridge or broach residence rights will meet as a conduit to directly engage with residents and their families of matters of importance to them. The applicant assures that these monthly meetings follow from bylaws that provide for the election of officers and duties and responsibilities. Royal Palm states that “to document the meetings and provides agendas for follow up, minutes record the business occurring in each session”.

Royal Palm Beach Health and Rehabilitation Center warrants it will provide an activity calendar with days of the week and times of the day that allow residents to schedule their time and look ahead to attend events of interest. Further, these activities are designed to promote physical, as well as mental stimulation and social interaction. These activities are structured such that residents’ interests are a priority, promoting social interaction and entertainment. Recurring activities include exercise programs, bingo, trivia, movies, worship services, social events, birthdays celebrations and holidays to allow residents to enjoy special occasions. Further, community outings and offerings are designed to keep residents engaged and active. A recent activities calendar is included in the application’s Exhibit 4-1.

Royal Palm states that it believes its responses demonstrate the capability to implement a program of quality assurance with elements that lead to continuous quality improvement. The applicant concludes that its ability to attain high quality ratings within the federal and state rating system and achieved national recognition for quality improvement is evident in this application.

For the three-year period of July 13, 2018 – July 13, 2021, Royal Palm Beach Health and Rehabilitation Center had four substantiated complaints, which are summarized in the table below. A single complaint can encompass multiple complaint categories.

**Royal Palm Beach Health and Rehabilitation Center  
Three Year Substantiated Complaint History  
July 13, 2018 – July 13, 2021**

<b>Complaint Category</b>	<b>Number Substantiated</b>
Quality of Care/Treatment	2
Admission, Transfer & Discharge Rights	1
Resident/Patient/Client Neglect	1

Source: Agency for Health Care Administration Complaint Records July 13, 2018 - July 13, 2021

The reviewer was unable to verify the complaint history on the other six Lilac Health Group affiliates.

Royal Palm, when discussing quality, indicated that it received an overall score of four stars and has five elements rated as five stars the highest rating. Five stars is the highest rating for nursing homes in Agency’s Nursing Home Guide Inspection Ratings. See the chart below.

**Royal Palm Beach Health and Rehabilitation Center CON #10663  
Agency for Healthcare Nursing Home Guide Inspection Ratings  
October 2018 through March 2021 (Updated May 2021)**

<b>Category</b>	<b>Rating</b>
Overall	****
Quality of Care	***
Quality of Life	*****
Administration	****
Nutrition & Hydration	*****
Restraints & Abuse	*****
Pressure Ulcers	*****
Decline	*****
Dignity	*****

Source: The Agency’s Nursing Home Guide Inspection Ratings, May 2021, from Floridahealthfinder.gov

Reviewer notes that, upon verification, Royal Palm has an overall CMS rating of five stars (much above average). See the table below.

**Royal Palm Beach Health and Rehabilitation Center CON #10663  
The Centers for Medicare and Medicaid Services NH Rating  
Updated July 28, 2021**

Category	Rating
Overall	5
Health Inspection	4
Quality Management	4
Long-stay QM	3
Short Stay QM	3
Staffing	5
RN Staffing	5

Source: Center for Medicare and Medicaid Services @ <https://www.medicare.gov/care-compare>

**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 (4), Florida Statutes**

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.

<b>10663 Royal Manor Operations, LLC</b>	
	<b>2020</b>
Current Assets	\$1,723,474
Total Assets	\$1,991,480
Current Liabilities	\$1,908,056
Total Liabilities	\$1,914,104
Net Assets	\$77,376
Total Revenues	\$1,655,722
Excess of Revenues Over Expenses	\$77,376
Cash Flow from Operations	(\$661,660)
<b>Short-Term Analysis</b>	
Current Ratio (CA/CL)	0.9
Cash Flow to Current Liabilities (CFO/CL)	-34.68%
<b>Long-Term Analysis</b>	
Long-Term Debt to Net Assets (TL-CL/NA)	7.8%
Total Margin (ER/TR)	4.67%
<b>Measure of Available Funding</b>	
Working Capital	(\$184,582)

<b>Logic Table</b>	<b>Strong</b>	<b>Good</b>	<b>Adequate</b>	<b>Moderately Weak</b>	<b>Weak</b>
Current Ratio	FALSE	FALSE	FALSE	FALSE	TRUE
Cash Flow to Current Liabilities	FALSE	FALSE	FALSE	FALSE	TRUE
Debt to Equity	TRUE	FALSE	FALSE	FALSE	FALSE
Total Margin	FALSE	FALSE	FALSE	TRUE	FALSE

**Capital Requirements and Funding:**

Schedule 2 indicates capital projects totaling \$8,900,750, which consists of this CON (#10663).

The applicant indicated on Schedule 3 that the project will be funded with \$27,000 cash on hand and \$8,900,750 from non-related company financing. In support of its intention to finance the relocation of these 14 beds, the applicant provided a letter of interest from Capital Funding, LLC, to provide funding of up to \$10,000,000 to construct the facility expansion and provide funding for any operating deficits associated with the project.

A letter of interest is not a commitment to lend and if the applicant were not approved for the loan, it would have to seek financing elsewhere to fund the project.

**Conclusion:**

Funding for the entire capital budget is not guaranteed and is dependent on obtaining the Capital Funding, LLC, loan or other debt funding.

**d. What is the immediate and long-term financial feasibility of the proposal? Section 408.035 (6), Florida Statutes**

The immediate and long-term financial feasibility of the project is tied to expected profitability. The purpose of our analysis for this section is to evaluate the reasonableness of the applicant’s profitability projections and, ultimately, whether profitability is achievable for this project. Our analysis includes an evaluation of net revenue per patient day (NRPD), cost per patient day (CPD), nurse staffing ratios, and profitability. We compared the NRPD, CPD, and profitability to actual operating results from skilled nursing facilities as reported on Medicaid cost reports (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	\$ 2,297,400.00	\$ 486.84	\$ 5,542.75	\$ 395.47	\$ 239.98
Total Expenses	\$ 1,334,700.00	\$ 282.84	\$ 2,226.69	\$ 539.97	\$ 318.43
Operating Income	\$ 962,700.00	\$ 204.01	\$ 3,799.54	\$ (32.97)	\$ (351.67)
Margin	42%				
Occupancy	92%		97%	88%	51%
Medicaid	30%		39%	29%	20%
Medicare	70%		56%	31%	1%

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

**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 meets this requirement in both years.

**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 (5) and (7), 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 (8), Florida Statutes; Chapter 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 and propose the provision of 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(9), Florida Statutes**

The applicant's Schedule 7 shows Royal Palm Beach Health and Rehabilitation Center expects 43,400 total patient days in year one (695 admits) and 44,928 total patient days in year two (743 admits). See the tables below.

<b>Table 9-2</b> <b>Projected Admissions and Patient Days by Payor for Royal Palm</b> <b>(14 Beds)</b> <b>First Two Years of Operation Ending December 31, 2024 &amp; 2025</b>						
Payer	Admissions		Patient Days		Percent Of Days	
	Year One	Year Two	Year One	Year Two	Year One	Year Two
Self-pay	-	-	-	-	0.0%	0.0%
Medicaid	3	4	1,086	1,416	30.0%	30.0%
Medicare	64	83	1,267	1,652	35.0%	35.0%
Medicare HMO	71	92	1,267	1,652	35.0%	35.0%
Other Payers	-	-	-	-	0.0%	0.0%
<b>Total</b>	<b>138</b>	<b>179</b>	<b>3,620</b>	<b>4,719</b>	<b>100%</b>	<b>100%</b>
<b>Census/Occupancy</b>	<b>9.9</b>	<b>12.9</b>	<b>76.5%</b>	<b>92.35%</b>		

Source: CON application #10663, Page 9-2

<b>Table 9-3</b> <b>Projected Admissions and Patient Days by Payor for Royal Palm</b> <b>(134 Beds)</b> <b>First Two Years of Operation Ending December 31, 2024 &amp; 2025</b>						
Payer	Admissions		Patient Days		Percent Of Days	
	Year One	Year Two	Year One	Year Two	Year One	Year Two
Self-pay	11	11	608	614	1.4%	1.4%
Medicaid	75	76	27,026	27,622	62.3%	61.5%
Medicare	189	210	3,773	4,183	8.7%	9.0%
Medicare HMO	313	338	5,624	6,075	13.0%	13.5%
Other Payers	107	108	6,369	6,434	14.7%	14.3%
<b>Total</b>	<b>695</b>	<b>743</b>	<b>43,400</b>	<b>44,928</b>	<b>100%</b>	<b>100%</b>
<b>Census/Occupancy</b>	<b>118.5</b>	<b>123.1</b>	<b>88.49%</b>	<b>91.86%</b>		

Source: CON application #10663, Page 9-2

The applicant projects 1.4 percent in year one and 100 percent total occupancy in year two of the project. Royal Palm Beach Health and Rehabilitation Center projects that Medicaid will represent 62.3 percent of year-one and 61.5 percent of year two total annual patient days ending December 31, 2024, and December 31, 2025, respectively.

Royal Palm provided the following chart showing its Medicaid history during CYs 2016-2020:



<b>Table 9-1</b>					
<b>Royal Palm Beach Health and Rehabilitation Center and Palm Beach County, Subdistrict 9-4</b>					
<b>Historical Provision of Medicaid CY 2016-CY 2020</b>					
<b>Royal Palm</b>	<b>CY 2016</b>	<b>CY 2017</b>	<b>CY 2018</b>	<b>CY 2019</b>	<b>CY 2020</b>
Resident Days	41,780	41,106	41,066	40,333	38,141
Bed Days	43,920	43,800	43,800	43,800	43,920
Medicaid Days	29,234	29,263	31,150	32,049	29,930
Occupancy	95.13%	93.85%	93.76%	92.08%	86.84%
Medicaid Occupancy	69.97%	71.19%	75.85%	79.46%	78.47%
<b>Subdistrict 9-4</b>	<b>CY 2016</b>	<b>CY 2017</b>	<b>CY 2018</b>	<b>CY 2019</b>	<b>CY 2020</b>
Resident Days	1,815,328	1,862,860	1,811,116	1,814,792	1,592,313
Bed Days	2,209,908	2,184,885	2,179,780	2,177,800	2,178,432
Medicaid Days	1,095,928	1,136,242	1,139,718	1,197,783	1,049,923
Occupancy	82.14%	85.26%	83.09%	83.44%	73.09%
Medicaid Occupancy	60.37%	60.99%	62.93%	66.00%	65.94%

Source: CON application #10633, Page 9-1 from the Agency's *Florida Nursing Home Utilization by District and Subdistrict* publications of April 2017 – 2021.

Royal Palm Beach Health and Rehabilitation Center contends this project will enhance programmatic accessibility for Medicaid LTC enrollees and medically indigent populations.

**F. SUMMARY**

**Royal Manor Operations LLC d/b/a Royal Palm Beach Health and Rehabilitation Center (CON application #10663)** proposes to add 14 community nursing home beds to Royal Palm Beach Health and Rehabilitation Center, a 120-bed community nursing home in District 9, Subdistrict 9-4 in Palm Beach County. The beds will be obtained from Chatsworth at PGA National, LLC, which certified it would delicense 14 beds prior to the applicant licensing them.

The proposed project includes 15,271 GSF of new construction and 1,576 GSF of renovation for a total of 16,847 GSF. Total construction cost is \$4,850,000.

Total project cost is \$8,900,750 and includes land, building, equipment, project development, and financing costs.

The applicant expects issuance of license in December 2023 and initiation of service in January 2024.

Royal Palm Beach Health and Rehabilitation Center did not offer any conditions to this application.

**Need**

Subdistrict 9-4's community nursing homes reported 73.09 percent occupancy during CY 2020.

The applicant is proposing to relocate 14 beds from Chatsworth at PGA National, LLC to implement its project. This is an expedited review and is not in response to the fixed need pool.

Royal Palm contends that adding the 14 beds to a highly occupied skilled nursing facility in Palm Beach County using beds from a facility with lower utilization improves availability and access for seniors of the service area, particularly those who reside in central and western areas of the service area where fewer beds are located.

The project allows for additional capacity and the applicant will increase the 120-bed facility's current 16 private rooms to 42 private rooms in the 134-bed facility.

**Quality of Care**

The applicant provided a detailed description of the ability to provide quality care.

The facility received an overall score of four stars rating according to the most recent Agency's Nursing Home Guide Inspection Ratings.

Royal Palm Beach Health and Rehabilitation Center had a total of four substantiated complaints for the three-year period ending July 13, 2021.

**Financial Feasibility/Availability of Funds**

Funding for the entire capital budget is not guaranteed and is dependent on obtaining the Capital Funding, LLC loan or other debt funding.

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

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

**Architectural**

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 appears to be reasonable.

The project completion forecast for the proposed project provided in Schedule 10 appears to be reasonable.

A review of the architectural plans, narratives and other supporting documents does not reveal a serious deficiency that will require modifications to the plans which are likely to have a significant impact on construction costs.

**Medicaid/Charity Care**

The applicant cites its history of providing care to Medicaid patients. Royal Palm Beach Health and Rehabilitation Center provided 29,930 days (78.47 percent) of its total CY 2020 patient days to Medicaid patients.

Royal Palm projects that Medicaid will represent 62.27 percent of year one (CY 2024) and 61.48 percent of year two (CY 2025) total annual patient days in the 134-bed facility, respectively.

**G. RECOMMENDATION**

Approve CON #10663 to add 14 community nursing home beds through the delicensure of 14 community beds at Chatsworth at PGA National, LLC in Palm Beach County, District 9, Subdistrict 4. The total project cost is \$8,900,750. The project involves 15,271 GSF of new construction and 1,576 GSF of renovation for a total of 16,847 GSF. The total construction cost is \$4,850,000.

**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**