

STATE AGENCY ACTION REPORT
ON APPLICATION FOR CERTIFICATE OF NEED

A. PROJECT IDENTIFICATION

1. Applicant/CON Action Number

Pinellas NH LLC/CON application #10664

4042 Park Oaks Blvd., Suite 300
Tampa, Florida 33610

Authorized Representative: Rob Yandek
Vice President of Development
(813) 675-2325

2. Service District/Subdistrict

District 5/Subdistrict 5-2 (Pinellas County, Florida)

B. PUBLIC HEARING

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

Letters of Support

The applicant includes a letter of support from Sean Dimas, Vice President of Operations-Florida, American House Senior Living Communities™. Mr. Dimas comments “Prevarian Senior Living’s dream to establish a world class ‘Continuum of Care Campus’ would provide assurance that our residents reside within a location adjacent to their residences and in part allows seniors of American House the ability to respond to the changing needs of our residents and families. Prevarian Senior Living shares our vision as a senior housing company that creates an unparalleled commitment to passionate care provided by compassionate people and in conjunction with the 120-bed Not-for-Profit AbleHearts Healthcare Foundation affiliated Skilled Nursing Facility, residents will continue to receive the same great care they have come to know.”

C. PROJECT SUMMARY

Pinellas NH LLC (CON application #10664), also referenced as PNH or the applicant, a not-for-profit, development-stage Florida entity, proposes the transfer of CON #10621 from the for-profit Pinellas Palms NH LLC, the latter having been approved to establish a new 120-bed community nursing home in District 5, Subdistrict 5-2 (Pinellas County, Florida). The project is located on a senior living campus at the corner of 9th Avenue North and 66th Street, St. Petersburg, Florida 33710.

The application includes a signed and notarized Schedule 12-Trn Affidavit by the Transferor, dated June 1, 2021 to transfer CON #10621 to Pinellas NH LLC.

AbleHearts Florida Healthcare LLC (PNH's sole member) is affiliated with AbleHearts Southeast Administrative Services LLC and AbleHearts Healthcare Foundation. AbleHearts facilities contract with:

- Advanced Financial and Consulting Services LLC (or AFCS)
 - To provide financial, accounting, human resources, payroll, ancillary support and consulting services
- Dimensions Clinical Consulting Services LLC
 - To provide clinical support and consulting services

Per PNH, following a major reorganization of Greystone Healthcare Management and its affiliates, facility ownership and operations now affiliate with AbleHearts. Further, many former Greystone employees now work with AbleHearts affiliates and AFCS.

Eleven skilled nursing facilities (SNFs) are affiliated with AbleHearts, in three states, as follows:

- 11 SNFs (Illinois)
- 1 SNF (Missouri)
- 3 SNFs (Florida)
 - Apopka Health and Rehabilitation Center
 - 180 beds, Subdistrict 7-2
 - The Lakes of Clermont Health and Rehab Center
 - 80 beds, Subdistrict 3-7
 - Lake Gibson Village Health & Rehab
 - 120 beds, Subdistrict 6-5

The proposed project includes 89,116 gross square feet (GSF) of new construction. The construction cost is \$23,475,000. The total project cost is \$30,806,267. The total project cost includes land, building, equipment, project development, financing and start-up costs.

PNH expects issuance of license in June 2023 and initiation of service in July 2023.

Pursuant to project approval, CON #10664, Schedule C conditions the proposed project as follows:

The current project under development continues the construction of a new 120-bed community nursing home within Nursing Home Subdistrict 5-2, Pinellas County. According to the applicant, Pinellas NH LLC is an affiliate of AbleHearts Healthcare Foundation, an independent Not-for-Profit Foundation whose profits go to charity in support of local communities and scholarship programs. Further, the programs, services and innovations proposed for the facility reflect AbleHearts Healthcare Foundation LLC's commitment to quality and design innovation. Spaces that address residents' needs and preferences rise foremost in incorporating finishes while supporting the delivery of the highest quality health care services. PNH states the following conditions flow from these priorities.

PROPOSED CONDITIONS:

- 1. Locate adjacent to and developed in coordination with American House Senior Living Campus-St. Petersburg whose address is 1101 66th Street North, St. Petersburg, Florida 33701¹**

Measurement of the condition includes a copy of the facility license, noting the address.

- 2. The facility will include 84 private resident rooms, including 4 private bariatric rooms.**

Measurement of the condition includes a copy of the facility floorplan and a print-out of the *FloridaHealthFinder* profile page for the facility.

- 3. Provide specialized programs designed to enhance patient well-being, reduce recovery times and reduce re-hospitalizations, including:**
 - o Rapid Recovery Unit with specialized orthopedic, cardiac and stroke rehab programs**
 - o RN/LPN licensed staff 24 hours a day, 365 days a year**

¹ The reviewer notes that in CON application #10664, pages vi and 1-4, the proposed project location is stated to be within ZIP Code 33710. USPS.com ZIP Code look up indicates ZIP Code 33710 is the appropriate one for 101 66th Street North, St. Petersburg, Florida.

- **Comprehensive PT, OT and SLP treatment available 7 days a week**
- **ADL – “safe to home” program**
- **Advanced wound care programs**
- **Pain management programs**
- **Fall reduction programs**
- **Coordination with local Home Health Agencies for seamless return to home transitions**

Measurement of the condition includes a print-out of the *FloridaHealthFinder* profile page for the facility identifying available programs and services as well as company policies and literature regarding such programs available to residents.

Pinellas NH LLC understands that the agency may impose one or more conditions based upon statements made within this proposal. The applicant will accept any condition or conditions that the agency may impose.

The Agency notes that Schedule C conditions proposed in the original CON application #10621 were as follows:

1. Locate adjacent to and developed in coordination with American House Senior Living Campus – St. Petersburg whose address is 1101 66th Street North, St. Petersburg, Florida 33701.
2. The facility will include 56 private resident rooms, including four private bariatric rooms.
3. Provide specialized programs designed to enhance patient well-being, reduce recovery times and reduce re-hospitalizations, including:
 - a. Rapid Recovery Unit with specialized orthopedic, cardiac and stroke rehab programs
 - b. RN/LPN licensed staff 24 hours a day, 365 days a year
 - c. Comprehensive Physical Therapy (PT), Occupational Therapy (OT) and Speech/Language Pathologist (SLP) treatment available seven days a week
 - d. ADL - "safe to home" program
 - e. Advanced wound care programs
 - f. Pain management programs
 - g. Fall reduction programs
 - h. Coordination with Greystone Home Health (GHH) for seamless return to home transitions

The Agency notes that the original CON application #10621, Schedule C conditions and the proposed transfer CON application #10664, Schedule C conditions are essentially the same - with the following exceptions:

- Condition 2 in CON application #10621 (above) indicated 56 private resident rooms, whereas CON application #10664 indicates 84 private resident rooms – an additional 28 private resident rooms indicated in CON application #10664
- Condition 4.h. in CON application #10621 (above) indicated coordination with Greystone Home Health, while CON application #10664 Condition 3 indicates coordination with home health agencies without naming any particular home health agency
 - According to the Agency website <https://www.floridahealthfinder.gov/facilitylocator/ListFacilities.aspx>, Greystone Home Health has two licensed home health agencies in Pinellas County, with an additional 106 other home health agencies licensed in the county
- CON application #10664’s three Schedule C conditions each indicate a measurement of the condition which was not included in CON application #10621.

Total GSF and Project Costs of CON application #10664

Applicant	CON app.	Project	GSF	Project Costs	Cost per Bed
Pinellas NH LLC	10664	120 beds	89,116	\$30,806,267	\$256,719

Source: CON application #10664 Schedule 1-Trn and Schedule 9

Should the proposed project be approved, the applicant’s conditions would be reported in the annual condition compliance report, as required by Rule 59C-1.013(3), Florida Administrative Code.

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, Steve Love, analyzed the application in its entirety with consultation from financial analyst Derron Hillman 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.**

The applicant has submitted CON application #10664 as an expedited review and not in response to a fixed need pool. The number of licensed and approved nursing home beds in Subdistrict 5-2 will remain unchanged as a result of the proposed transfer. CON #10621 was in response to published need, which was addressed in that application. According to the applicant, CON #10621 now continues as CON application #10664, a non-profit.

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As of February 19, 2021, Subdistrict 5-2 had 69 facilities with 7,724 licensed and 240 approved community nursing home beds. During CY 2020, the subdistrict's community nursing homes reported 79.39 percent occupancy (see the table below).

**Subdistrict 5-2, Pinellas County
Community Nursing Home
CY 2020 Utilization**

Facility	Community SNF Beds	Community SNF Bed Days	Patient Days	Total Occupancy
Abbey Rehabilitation and Nursing Center	152	55,632	43,246	77.74%
Advanced Care Center	120	43,920	40,667	92.59%
Alhambra Health and Rehabilitation Center	60	21,960	17,850	81.28%
Alpine Health & Rehabilitation Center	57	20,862	18,172	87.11%
Apollo Health & Rehabilitation Center	99	36,234	27,464	75.80%
Bardmoor Oaks Healthcare and Rehabilitation Center	158	57,828	46,135	79.78%
Bay Pointe Nursing Pavilion	120	43,920	38,099	86.75%
Bay Tree Center	120	43,920	35,189	80.12%
Bayside Care Center	92	33,672	30,233	89.79%
Baywood Care Center	59	21,594	0	0.00%
Belleair Health Care Center	120	43,920	38,362	87.35%
Boca Ciega Center	120	43,920	34,757	79.14%
Bon Secours Maria Manor Nursing Care Center	274	100,284	80,949	80.72%
Care Center at Pinellas Park, The	120	43,920	39,376	89.65%
Carrington Place of St Pete	120	43,920	34,718	79.05%
Clearwater Center	120	43,920	36,384	82.84%
Concordia Manor	39	14,274	11,484	80.10%
Consulate Health Care of Safety Harbor	120	43,920	40,545	92.32%
Consulate Health Care of St. Petersburg	120	43,920	33,118	75.41%
Countryside Rehab and Healthcare Center	120	43,920	28,860	65.71%
Cross Terrace Rehabilitation Center	104	38,064	26,840	70.53%
Eagle Lake Nursing and Rehab Care Center	59	21,594	16,348	75.71%
East Bay Rehabilitation Center	120	43,920	40,119	91.35%
Egret Cove Center	120	43,920	34,658	78.91%
Freedom Square Rehabilitation & Nursing Services	116	42,456	28,599	67.36%
Gateway Care Center	120	43,920	38,740	88.21%
Glen Oaks Health and Rehabilitation Center	76	27,816	24,558	88.29%
Golfview Healthcare Center	56	20,496	17,157	83.71%
Gulf Shore Care Center	120	43,920	34,611	78.80%
Gulfport Rehabilitation Center	126	46,116	26,545	57.56%
Harbourwood Care Center	120	43,920	39,225	89.31%
Health and Rehabilitation Centre at Dolphins View	58	21,228	16,016	75.66%
Highland Pines Rehabilitation Center	120	43,920	37,940	86.38%
Jacaranda Manor	299	109,434	75,424	68.92%
Kensington Gardens Rehab and Nursing Center	150	54,900	42,624	77.64%
KR at College Harbor	52	19,032	15,200	79.87%
Lakeside Oaks Care Center	93	34,038	31,502	92.55%
Laurellwood Nursing Center	60	21,960	17,432	79.38%
Lexington Health and Rehabilitation Center	159	58,192	47,691	81.95%
ManorCare Health Services Dunedin	120	43,920	36,656	83.46%
ManorCare Health Services Palm Harbor	180	65,880	58,574	88.91%
Marion and Bernard L Samson Nursing Center	180	65,880	50,036	75.95%
Mease Continuing Care	70	25,620	8,574	33.47%
Morton Plant Rehabilitation Center	126	46,116	28,876	62.62%
North Rehabilitation Center	45	16,470	14,295	86.79%

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Oak Manor Healthcare & Rehabilitation Center	180	65,880	45,279	68.73%
Oaks of Clearwater, The	60	21,960	16,618	75.67%
Palm Garden of Clearwater	165	60,390	49,448	81.88%
Palm Garden of Largo	140	51,240	47,231	92.18%
Palm Garden of Pinellas	120	43,920	38,116	86.79%
Peninsula Care and Rehabilitation Center	120	43,920	41,864	95.32%
Pinellas Point Nursing and Rehab Center	60	21,960	16,744	76.25%
Regency Oaks Health Center	60	21,960	15,926	72.52%
Sabal Palms Health Care Center	210	76,860	67,539	87.87%
Seminole Pavilion Rehabilitation & Nursing Services	120	43,920	26,812	61.05%
Shore Acres Care Center	109	39,894	33,415	83.76%
South Heritage Health & Rehabilitation Center	74	27,084	21,628	79.86%
Springs at Boca Ciega Bay	109	39,894	33,488	83.94%
St. Mark Village	60	21,960	11,931	54.33%
St. Petersburg Nursing & Rehabilitation	96	35,136	28,629	81.48%
Stratford Court of Palm Harbor	60	21,960	16,318	74.31%
Sunset Point	120	43,920	35,378	80.55%
Tarpon Bayou Center	120	43,920	35,879	81.69%
Tierra Pines Center	120	43,920	36,378	82.83%
West Bay of Tampa	120	43,920	37,203	84.71%
Westchester Gardens Health & Rehabilitation	120	43,920	39,113	89.06%
Westminster Palms	42	15,372	9,108	59.25%
Westminster Suncoast	120	43,920	39,713	90.42%
Wrights Healthcare and Rehabilitation Center	60	21,960	16,750	76.28%
Total	7,724	2,826,984	2,244,359	79.39%

Source: Florida Nursing Home Bed Need Projections by District and Subdistrict, CY 2020, issued 4/2/2021

2. 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 previously stated, the applicant maintains that CON #10621 now continues as CON application #10664, a non-profit.

As shown in item E.1.a. of this report, as of February 19, 2021, Subdistrict 5-2 had 69 facilities with 7,724 licensed and 240 approved community nursing home beds. Subdistrict 5-2 community nursing homes reported 79.39 percent occupancy during CY 2020. District 5 averaged 80.42 percent total occupancy for CY 2020.

According to PNH, the project brings economic benefit to the St. Petersburg community while providing seniors with a secure residential campus accommodating different stages in aging as health care needs increase. Further, the proposed SNF completes the continuum, increasing value to residents, and the site is properly zoned which allows development of the nursing home to proceed once it receives CON approval (page vii of the application).

PNH contends that availability is defined as how much of a resource exists. The applicant points out and the reviewer confirms that Subdistrict 5-2 is the:

- Largest nursing home subdistrict in the state in terms of number of facilities (a total of 69 licensed facilities)
- Second largest nursing home subdistrict in the state in terms of number of licensed beds (7,724 licensed community nursing home beds), with Subdistrict 11-1 having the largest number of licensed beds (8,281 licensed community nursing home beds)

PNH cites Pinellas County having one of the largest concentrations of seniors and discusses senior population growth on page 1-1 of the application. See item E.2.b. of this report for the Agency's review of the applicant's/parent's quality of care presentation.

PNH contends that accessibility refers to how readily the population to be served can get to the facility. PNH further contends that components of access include, geographic impediments, distance, time to travel, and eligibility criteria for qualifying for the service and considerations such as financial cost and methods of reimbursement from third parties. PNH comments that another overlapping factor is utilization because a full bed is not accessible if a person must be placed.

CON application #10664, page 1-4, Figure 1-1 shows the 20-minute drive time contour and 10-mile radius from the proposed project site at 1101 66th Street North, St. Petersburg, Florida 33710. Within the contour, PNH identifies existing hospitals and nursing homes. Per the applicant, the proposed facility location provides access by major roads and highways to seven area hospitals. Below are the seven hospitals (nearest to most distant) identified by the applicant and those hospitals' distance, in driving miles, from 1101 66th Street North, St. Petersburg, Florida 33710, according to the Agency's website <https://www.floridahealthfinder.gov/facilitylocator/ListProximityFacilities.aspx>:

- St. Petersburg General Hospital – 1.58 miles
- Palms of Pasadena Hospital – 2.17 miles
- Northside Hospital – 3.37 miles
- St. Anthony's Hospital – 4.71 miles
- Bayfront Health St. Petersburg – 5.41 miles
- Largo Medical Center-Indian Rocks – 9.93 miles
- Largo Medical Center – 10.24 miles

PNH states that it will participate in both Medicare and Medicaid programs and will seek contracts with managed care providers and commercial insurance companies and that this will allow for a wider pool

of residents, thereby maximizing access. PNH further states that affiliates in the area have long-standing relationships with several Medicare and Medicaid managed care providers, assuring the applicant’s ability to contract with a variety of providers/organizations.

PNH uses the Agency’s Hospital Discharge Data File for July 2019 through June 2020 to indicate discharge counts (total cases and percent) to nursing homes (for Pinellas County adult residents) from the seven Pinellas County hospitals (listed above), as well as from all Pinellas County hospitals, in 23 Major Diagnostic Categories (MDCs). PNH’s narrative addresses only the highest occurring five MDC case counts and the reviewer’s table below has these top five MDC counts with the remaining collapsed into an “All Remaining 18 MDCs” row. See the table below.

**Discharges to Nursing Homes for Pinellas County Adult Residents
July 2019-June 2020
All Pinellas County Hospitals and
Hospitals within an Approximate 10-Mile Radius**

MDC	Seven Area Hospitals (within 10 Miles)		All Pinellas Hospitals	
	Cases	Percent	Cases	Percent
08 Diseases & Disorders of the Musculoskeletal System & Conn Tissue	1,523	27.4%	2,853	20.7%
05 Diseases & Disorders of the Circulatory System	1,032	10.4%	1,803	13.1%
18 Infectious and Parasitic Diseases, Systemic or Unspecified Sites	966	7.5%	1,597	11.6%
11 Diseases & Disorders of the Kidney & Urinary Tract	932	11.5%	1,652	12.0%
11 Diseases & Disorders of the Respiratory System	871	9.0%	1,475	10.7%
<i>Subtotal of Top Five MDCs</i>	<i>5,324</i>	<i>67.6%</i>	<i>9,380</i>	<i>67.9%</i>
<i>All Remaining 18 MDCs</i>	<i>2,556</i>	<i>32.4%</i>	<i>4,425</i>	<i>32.0%</i>
Grand Total	7,880	100.0%	13,805	100.1*

Source: CON application #10664, page 1-6, Table 1-1 (modified)

Note: * Likely due to rounding

The applicant explains and the reviewer confirms that 9,380 cases in the above table represent approximately 68 percent of all cases discharged to nursing homes in Pinellas County (July 2019-June 2020). PNH contends these patients will benefit from programs such as those being proposed at the new project, including AbleHearts’:

- Rapid Recover program for orthopedic rehabilitation
- Cardiac rehabilitation
- Respiratory care

PNH states that with many (84) of the rooms being private rooms, residents with infectious diseases and illnesses will be able to remain isolated during recovery. The reviewer notes that per the applicant’s table above, MDC 18 Infectious and Parasitic Diseases, Systemic or Unspecified Sites was the third most frequently occurring discharge to nursing homes during the period.

Regarding extent of utilization, PNH points out and the reviewer confirms nursing homes around the state experienced declines in occupancy during the 2020 pandemic year but that Pinellas County nursing homes maintained higher occupancy (79.39 percent) compared to the statewide average (77.54 percent).

PNH emphasizes that need is demonstrated since the facility was previously approved (CON #10621) in response to a fixed need pool for the July 2022 planning horizon. PNH maintains that the same project now continues as a non-profit. The applicant also responds to the Health Care Access Criteria on the application’s pages 1-8 and 1-9 .

Below is a partial reproduction of CON application #10664, page 7-2, Table 7-1, in which PNH provides estimates for year one and year two admissions and patient days.

**Admissions and Days
Pinellas NH LLC
First Two Years of Operations**

Year One: July 1, 2023-June 30, 2024	
Admissions	Days
557	25,291
Year Two: July 1, 2024-June 30, 2025	
Admissions	Days
983	41,724

Source: CON application #10664, page 7-2, Table 7-1

- 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.**

PNH points out that Pinellas NH LLC represents a development-stage enterprise with no operational history. However, the applicant is parented by AbleHearts which has 15 SNFs, spread among three states with three of these 15 SNFs located in Florida.

PNH states that Pavarian Senior Living is developing a 10-acre senior living campus for American House Senior Living Communities™, that the proposed project is on this campus and that Pinellas NH LLC SNF will be open to the population at large.

PNH cites the mission of the AbleHearts Foundation on pages ii and 2-2 of the application as shown below:

Embrace everyone as **Family**

- **F**ind solutions, together
- **A**ct with compassion
- **M**ake every moment count
- **I**mprove constantly
- **L**augh often
- **Y**ou matter

Company motto - *“Love Without Limits”*

The cites its ‘concierge philosophy’ on the application’s page 2-2:

- Create an immediate connection
- Develop a trusting relationship
- Create a feeling of importance
- Anticipate both expressed and unexpressed needs
- Deliver a “Yes”
- Use HEART method when issues arise
- Leave a lasting impression in their hearts

Each of the five elements of AbleHearts’ HEART method is briefly described on page 2-3 of the application. These include:

- ✓ Hear
- ✓ Emphasize
- ✓ Apologize
- ✓ Respond
- ✓ Thank

Per PNH, all Florida AbleHearts facilities seek Joint Commission accreditation to ensure high quality standards. Further, it plans to work toward improving quality of care to reach the standards set by the American Health Care Association National Quality Awards.

Concerning quality assessment and performance improvement (QAPI), PNH provides a brief description of voluntary programs beyond mandatory requirements which include:

- Believe Balanced Assessment
- Operation Make a Difference
- Care Line, Benchmarking
- Focus Level Monitoring Steps
- Quality Assurance/Risk Management Standards and Guidelines
- Electronic Health Care Library

AbleHearts asserts implementing a QAPI process for Pinellas NH LLC under a five-stage process, with a brief narrative for each of the following five stages (pages 2-5 and 2-6 of the application):

- Stage 1: Design and Scope
- Stage 2: Governance and Leadership
- Stage 3: Feedback, Data Systems and Monitoring
- Stage 4: Performance Improvement Projects (PIPs)
 - The reviewer notes that under this stage, PNH includes a diagram of the components of the quality assurance process of “Plan, Do, Study, Act”, which is stated to establish the steps in a continuous system for assuring quality with ongoing identification and problem resolution
- Stage 5: Systemic Analysis and Systemic Action
 - The reviewer notes that under this stage, the applicant states that:
 - Systemic analysis requires facility staff to be adept at using Root Cause Analysis and other tools
 - Backed by the experience provided by AbleHearts, all necessary policies and procedures will be in place to ensure the delivery and continued improvement of quality of care

The applicant briefly describes the Resident Council, stating that the Resident Council ensures residents’ rights are met and ‘bullets’ 27 residents’ rights on the application’s page 2-7. PNH maintains that family members are encouraged to participate in activities/events and bullets 16 activities that will be offered each week.

As indicated previously in item C of this report, of the parent’s (AbleHearts) 11 SNFs spread among the states of Illinois, Missouri and Florida, three of the 11 are in Florida and are listed again below, along with the current licensure effective date (per the Agency’s website:

<https://www.floridahealthfinder.gov/facilitylocator/ListFacilities.aspx>)

- Apopka Health and Rehabilitation Center
 - 180 beds, Subdistrict 7-2
 - Current License Effective: 10/27/2020
- The Lakes of Clermont Health and Rehab Center
 - 80 beds, Subdistrict 3-7
 - Current License Effective: 9/1/2020
- Lake Gibson Village Health & Rehab
 - 120 beds/Subdistrict 6-5
 - Current License Effective: 5/6/2021

The reviewer notes that the current license effective dates for Apopka Health and Rehabilitation Center and Lake Gibson Village Health & Rehab are consistent with the dates indicated on CON application #10664, page iii, Figure 1 and page iv, Figure 2, respectively. However, regarding The Lakes of Clermont Health and Rehab Center, CON application #10664, page v, Figure 3 indicates that this facility became licensed on March 13, 2020.

The reviewer notes owner/licensee information of AbleHearts' three Florida SNFs, per the Agency's website

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

- Apopka Health and Rehabilitation Center
 - Owner/Licensee – LP Orlando, LLC (Licensed 10/27/20)
 - Management Company: Greystone Healthcare Management Corp.
- The Lakes of Clermont Health and Rehab Center
 - Owner/Licensee – Innovative Medical Management Solutions, LLC (Licensed 3/13/20)
- Lake Gibson Village Health & Rehab
 - Owner/Licensee – Lakeland Oaks NH LLC (Licensed 5/6/21)

The reviewer notes that the parent's three SNF's do not have current Nursing Home Guide Inspection Ratings. AbleHeart's three Florida SNFs have a total of 380 community beds. For the three-year period, June 28, 2018 through June 29, 2021, AbleHeart's SNFs had no substantiated complaints.

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 applicant is a development stage company, meaning there is no operational data to be analyzed for the purposes of this review. The applicant indicated that funding will be provided by a third-party source.

Capital Requirements and Funding:

The applicant indicates on Schedule 2 capital projects totaling \$30,806,267, which includes this project. The applicant indicates on Schedule 3 of its application that funding for the project will be provided by cash on hand (\$250,000) and non-related company financing. The

applicant submitted audited financial statements showing \$250,000 in cash. The applicant submitted a letter from ATAX expressing interest in providing financing for the cost of the project. A letter of interest is not considered a firm commitment to lend.

Given that the funding is supported by a letter of interest, we have no basis to conclude that funding will be available for this project.

Conclusion:

Funding for this project is in question.

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 (2016 through 2019 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 3rd Quarter 2020, Health Care Cost Review).

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

	PROJECTIONS PER APPLICANT		COMPARATIVE GROUP VALUES PPD		
	Total	PPD	Highest	Median	Lowest
Net Revenues	15,212,753	365	1,116	371	291
Total Expenses	14,929,134	358	1,139	372	302
Operating Income	283,619	7	54	0	-267
Operating Margin	1.86%		Comparative Group Values		
	Days	Percent	Highest	Median	Lowest
Occupancy	41,724	95.26%	97.98%	91.70%	24.08%
Medicaid	21,284	51.01%	60.99%	52.09%	41.49%
Medicare	10,950	26.24%	50.20%	24.51%	4.70%

	Projections Per Applicant		Comparative Facilities		
	Total	PPD	Highest	Median	Lowest
Net Revenues	14,765,980	357.03	489.59	301.24	233.68
Total Expenses	13,390,534	323.77	468.96	310.00	237.17
Operating Income Margin	1,375,446	33.26	31.27	-6.84	-50.99
	9.31%				
Total Occupancy	94%		0.98	0.92	0.67
Medicaid Occ.	65%		0.86	0.78	0.75
Medicare Occ.	28%		0.20	0.10	0.04

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.

Staffing:

Section 400.23(3)(a)(1), Florida Statutes, specifies a minimum certified nursing assistant staffing of 2.5 hours of direct care per resident per day and a minimum licensed nursing staffing of 1.0 hour of direct resident care per resident day. Based on the information provided in Schedule 6, the applicant’s projected staffing meets this requirement.

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 (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. 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 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. It was noted that the design appears to be a little short of the required dining space, but there is sufficient dining/recreation space. The deficiency should be easy to address without significant alterations of the plans.

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

As previously indicated, CON application #10664 is a development-stage enterprise with no operational history.

PNH provides an estimate of its admissions, patient days and percent of days, by payer, for year one (ending June 30, 2024) and for year two (ending June 30, 2025), indicating 557 admissions/25,291 patient days in year one and 983 admissions/41,724 patient days in year two. See the table below.

**Admissions, Days and Percent of Days by Payer
Pinellas NH LLC First Two Years of Operations**

		Year One: July 1, 2023-June 30, 2024	
Payer	Admissions	Days	Percent of Days
Self-Pay	7	2,103	8.3%
Medicaid	65	13,008	51.4%
Medicare	305	6,413	25.4%
Commercial Insurance	179	3,767	14.9%
Total	557	25,291	100.0%
		Year Two: July 1, 2024-June 30, 2025	
Payer	Admissions	Days	Percent of Days
Self-Pay	7	2,190	5.3%
Medicaid	106	21,284	51.0%
Medicare	521	10,950	26.2%
Commercial Insurance	348	7,300	17.5%
Total	983	41,724	100.0%

Source: CON application #10664, page 7-2, Table 7-1

The reviewer confirms that CON application #10664, Schedule 7 is consistent with the totals shown and the applicant’s Schedule 10 is consistent with the year one and year two ending dates, indicated in PNH’s table above.

PNH explains that with respect to charity care, persons who spend down assets qualify for Medicaid and hence, charity care does not exist in nursing homes. PNH also explains that the difference between charges and collections represents a charity care allowance, often referenced as bad debt.

As indicated in the table above, PNH projects year one Medicaid and self-pay at 51.4 percent and 8.3 percent, respectively (total annual patient days) and projects year two Medicaid and self-pay at 51.0 percent and 5.3 percent, respectively (total annual patient days).

F. SUMMARY

Pinellas NH LLC (CON application #10664), a not-for-profit, development-stage Florida entity, proposes the transfer of CON #10621 from the for-profit Pinellas Palms NH LLC which was approved to establish a new 120-bed community nursing home in District 5, Subdistrict 5-2 (Pinellas County, Florida). The project is located at

the corner of 9th Avenue North and 66th Street, St. Petersburg, Florida 33710, adjacent to and developed in coordination with the American House Senior Living Campus-St. Petersburg, at 1101 66th Street North, St. Petersburg, Florida 33710.

The proposed project includes 89,116 GSF of new construction. The construction cost is \$23,475,000. The total project cost is \$30,806,267. The total project cost includes land, building, equipment, project development, financing and start-up costs.

Three conditions in the applicant's Schedule C are materially the same as those in CON application #10621, with the following exceptions for CON application #10664, Schedule C:

- An additional 28 private resident rooms are proposed (a total of 84), compared to CON application #10621 (totaled 56)
- Includes the measurement of each condition (which was not included in CON application #10621, Schedule C)

Need

AbleHearts submitted the application to transfer CON #10621 for expedited review and not in response to the fixed need pool. The original CON application #10621 was in response to published need. CON #10621 was issued with an effective date of March 16, 2020. Need is not at issue in this application.

As of February 19, 2021, Subdistrict 5-2 had 69 facilities with 7,724 licensed and 240 approved community nursing home beds. Subdistrict 5-2 community nursing homes reported 79.39 percent occupancy during CY 2020.

The applicant expects a total of 557 admissions in year one and a total of 983 admissions in year two.

Quality of Care

- The applicant provided a detailed description of its ability to provide quality care
- All Florida AbleHearts facilities seek:
 - Joint Commission accreditation
 - Working toward improving quality of care to reach the standards set by the American Health Care Association National Quality Awards
- The quality assurance process includes the components of Plan-Do-Study-Act, as well as Root Cause Analysis

- Backed by the experience provided by AbleHearts, the applicant will have all necessary policies and procedures in place to ensure quality of care
- AbleHearts' affiliated Florida SNFs each had an "NR" quality rating which means that a rank is not available, typically because the facility just recently opened
- AbleHearts' affiliated Florida SNFs had no substantiated complaints since their licensure to June 29, 2021.

Financial Feasibility/Availability of Funds

- Funding for this project is in question
- 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 priced-based competition to promote quality and cost-effectiveness

Medicaid/Charity Care

- Pinellas NH LLC projects Medicaid will be 51.4 percent of year one and 51.4 percent of year two total annual patient days.
- The applicant states that persons who spend down assets qualify for Medicaid and hence, charity care does not exist in nursing homes.

Architectural

- The applicant submitted all information and documentation necessary to demonstrate compliance with the architectural review criteria.
- The design appears to be a little short of the required dining space, but there is sufficient dining/recreation space. The deficiency should be easy to address without significant alterations of the plans
- The cost estimate for the proposed project and the project completion forecast 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.

G. RECOMMENDATION

Approve CON #10664 to transfer of CON #10621 from Pinellas Palms NH LLC to Pinellas NH LLC to the latter having been approved to establish a 120-bed community nursing home in District 5, Subdistrict 2, Pinellas County. The total project cost is \$30,806,267. The project includes 89,116 GSF of new construction and a construction cost of \$23,475,000.

CONDITIONS:

1. Locate adjacent to and developed in coordination with American House Senior Living Campus-St. Petersburg whose address is 1101 66th Street North, St. Petersburg, Florida 33710

Measurement of the condition includes a copy of the facility license, noting the address.

2. The facility will include 84 private resident rooms, including 4 private bariatric rooms.

Measurement of the condition includes a copy of the facility floorplan and a print-out of the *FloridaHealthFinder* profile page for the facility.

3. Provide specialized programs designed to enhance patient well-being, reduce recovery times and reduce re-hospitalizations, including:
 - Rapid Recovery Unit with specialized orthopedic, cardiac and stroke rehab programs
 - RN/LPN licensed staff 24 hours a day, 365 days a year
 - Comprehensive PT, OT and SLP treatment available 7 days a week
 - ADL – “safe to home” program
 - Advanced wound care programs
 - Pain management programs
 - Fall reduction programs
 - Coordination with local Home Health Agencies for seamless return to home transitions

Measurement of the condition includes a print-out of the *FloridaHealthFinder* profile page for the facility identifying available programs and services as well as company policies and literature regarding such programs available to residents.

AUTHORIZATION FOR AGENCY ACTION

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

DATE: _____

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