

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

A. PROJECT IDENTIFICATION

1. Applicant/CON Action Number

7-3 CON LLC/CON #10324

10800 Biscayne Boulevard, Suite 600
Miami, Florida 33161

Authorized Representative: Abraham Shaulson
(305) 864-9191

Kissimmee HRC, LLC/CON #10325

790 S. Harbor City Blvd., Suite 240
Melbourne, Florida 32901

Authorized Representative: Geoff Fraser
(321) 288-0171

Osceola CON, LLC/CON #10326

2870 Stirling Road, Suite 101A
Hollywood, Florida 33020

Authorized Representative: Michael Bokor
(954) 423-4160 Ext. 201

Osceola Springs NH LLC/CON #10327

4042 Park Oaks Boulevard, Suite 300
Tampa, Florida 33610

Authorized Representative: Robert J. Swartz
(813) 675-2341

Tri-County Nursing and Rehabilitation Center, Inc. /CON #10328

550 East Rollins St., 6th Floor
Orlando, Florida 32803

Authorized Representative: Diane Godfrey
(407) 303-9808

2. Service District/Subdistrict

District 7/Subdistrict 7-3 (Osceola County)

B. PUBLIC HEARING

A public hearing was not held or requested regarding any of the proposed projects.

Letters of Support

7-3 CON LLC (CON #10324): The Agency received no letters of support nor did the applicant submit any letters of support for the proposed project.

Kissimmee HRC, LLC (CON #10325): The Agency received a few letters of support submitted by the applicant. All letters were composed by health care providers working in Osceola County. All letters were signed and dated during December 2014.

Osceola CON, LLC (CON #10326): The Agency received various letters of support submitted by the applicant. The letters were mostly composed by health care providers, with the exception of one written by a board-certified elder law attorney.

Osceola Springs NH LLC (CON #10327): The Agency received a couple letters of support submitted by the applicant. Both letters were composed by medical doctors working at a Greystone affiliated facility, The Lodge Health and Rehabilitation Center.

Tri-County Nursing and Rehabilitation Center, Inc. (CON #10328): The Agency received several letters of support submitted by the applicant. Most of the letters were composed by health care providers and health care organizations doing business in Florida, with the exception of one letter written by a community resident on behalf of his mother. The resident expresses that the only nursing home he and his mother--who has advancing Alzheimer's disease and did not have significant financial resources--could find who would work with them in a timely manner was owned and operated by the applicant.

C. PROJECT SUMMARY

7-3 CON LLC (CON #10324), an affiliate of the principals E.M.I. Inc. and Millennium Management, LLC, proposes to establish a new 120-bed community nursing home in Subdistrict 7-3, Osceola County.

The applicant states it has 38 affiliated SNFs (Skilled Nursing Facilities) in Florida:

- Arbor Trail Rehab and Skilled Nursing Center
- Atlantic Shores Nursing and Rehab Center
- Bonifay Nursing and Rehab Center
- Boulevard Rehabilitation Center
- Boynton Beach Rehabilitation Center
- Braden River Rehabilitation Center LLC
- Coral Gables Nursing and Rehabilitation Center
- Fountain Manor Health and Rehabilitation Center
- Golden Gables Nursing and Rehab Center
- Hialeah Nursing and Rehab Center
- Hunters Creek Nursing and Rehab Center
- Jacksonville Nursing and Rehab Center
- Lake View Care Center at Delray
- Oasis Health and Rehabilitation Center
- Lanier Manor
- Macclenny Nursing and Rehab Center
- Medicana Nursing and Rehab Center
- Menorah House
- Metro West Nursing and Rehab Center
- Moultrie Creek Nursing and Rehab Center
- North Dade Nursing and Rehab Center
- Ocala Oaks Rehabilitation Center
- Orange City Nursing and Rehab Center
- Palm City nursing and Rehab Center
- Pinellas Point Nursing and Rehab Center
- Port Orange Nursing and Rehab Center
- Riviera Palms Rehabilitation Center
- Royal Care of Avon Park
- Royal Oaks Nursing and Rehab Center
- Sarasota Point Rehabilitation Center
- South Dade Nursing and Rehabilitation Center

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- Terrace of Jacksonville, The
- Terrace of Kissimmee, The
- Terrace of St. Cloud, The
- Tiffany Hall Nursing and Rehabilitation Center
- Tuskawilla Nursing and Rehab Center
- West Broward Rehabilitation and Healthcare
- Watercrest Care Center

The project involves 73,053 gross square feet (GSF) of new construction. The construction cost is \$13,150,000. Total project cost is \$18,209,082. Project cost includes land, building, equipment, project development, financing and start-up costs.

The applicant does not wish to accept any conditions for the proposed project.

Kissimmee HRC, LLC (CON #10325), owned by SBK Capital LLC but to be managed by Clear Choice Health Care (referred to as Clear Choice throughout this document) proposes to establish a new 130-bed community nursing home in Subdistrict 7-3, Osceola County.

Clear Choice operates eight SNFs in Florida:

- Belleair Health Care
- Centre Point Health
- Conway Lakes Health
- East Bay Rehab
- Melbourne Terrace Rehab
- Port Charlotte Rehab
- Spring Lake Rehab
- Sun Terrace Health

The project involves 85,000 GSF of new construction. The construction cost is \$13,345,000. Total project cost is \$20,763,558. Project cost includes land, building, equipment, project development, financing and start-up costs.

The applicant proposes to condition the project as shown below:

- Seventy-six beds will be located in private rooms

Osceola CON, LLC (CON #10326) proposes to establish a new 120-bed community nursing home in Subdistrict 7-3, Osceola County. The applicant states that it is a new entity and does not operate any other SNFs in Florida. The reviewer notes that letters of

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support indicate that Reliant Health Care Services (whom the applicant states will be the management company for the proposed facility) operates the Courtyards of Orlando in Orange County.

The project involves 80,080 GSF of new construction. The construction cost is \$14,000,000. Total project cost is \$21,647,200. Project cost includes land, building, equipment, project development, financing and start-up costs.

The applicant does not wish to accept any conditions for the proposed project.

Osceola Springs NH LLC (CON #10327), hereafter referred to as Osceola Springs or the applicant, to be managed by Greystone Healthcare Management (referred to as Greystone throughout this document) proposes to establish a new 130-bed community nursing home in Subdistrict 7-3, Osceola County.

Greystone operates 26 SNFs and two assisted living facilities (ALFs) in Florida:

- Alhambra Health and Rehabilitation Center
- Lexington Health and Rehabilitation Center
- Apollo Health and Rehabilitation
- North Rehabilitation Center
- North Beach Rehabilitation Center
- Unity Health and Rehabilitation Center
- Wilton Manors Health and Rehabilitation Center
- Lady Lake Specialty Care Center
- Club Health and Rehabilitation Center
- The Lodge Health and Rehabilitation Center
- Springs of Lady Lake
- Park Meadows Health and Rehabilitation Center
- Greenbriar Health and Rehabilitation Center
- Lehigh Acres Health and Rehabilitation Center
- Sunset Lake Health and Rehabilitation Center
- Village Place Health and Rehabilitation Center
- Carlton Shores Health and Rehabilitation Center
- Ridgecrest Nursing and Rehabilitation Center
- Rockledge Health and Rehabilitation Center
- Viera Health and Rehabilitation Center
- Citrus Hills Health and Rehabilitation Center
- The Gardens Health and Rehabilitation Center
- Isle Health and Rehabilitation Center
- Riverwood Health and Rehabilitation Center

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- Terrace Health and Rehabilitation Center
- Villa Health and Rehabilitation Center
- Woodland Grove Health and Rehabilitation Center
- The Rehabilitation and Health Center of Gahanna

The project involves 83,558 GSF of new construction. The construction cost is \$15,458,230. Total project cost is \$22,877,084. Project cost includes land, building, equipment, project development, financing and start-up costs.

The applicant does not wish to accept any conditions for the proposed project.

Tri-County Nursing and Rehabilitation Center, Inc. (CON #10328), hereafter referred to as Tri-County or the applicant, a wholly owned subsidiary of Sunbelt Health Care Centers, Inc. d/b/a Adventist Care Centers (referred to as Adventist throughout this document), proposes to establish a new 120-bed community nursing home in Subdistrict 7-3, Osceola County.

The Adventist operates six SNFs in Florida:

- Adventist Care Centers Courtland
- East Orlando Nursing and Rehabilitation
- Florida Living Nursing and Rehab Center
- Sunbelt Apopka Nursing and Rehab Center
- Zephyr Haven Nursing and Rehab Center
- Zephyrhills Health and Rehab Center

The project involves 85,700 GSF of new construction. The construction cost is \$18,579,000. Total project cost is \$29,706,000. Project cost includes land, building, equipment, project development, financing and start-up costs.

The applicant proposes to condition the project as shown below:

- To address the needs of the medically-complex patients, Adventist and East Orlando Health and Rehab Inc. commits to:
 - Continue operating the existing 10 respiratory/ventilator and dialysis service beds at East Health and Rehab Inc.
 - Add 10 additional respiratory/ventilator and dialysis service beds at East Orlando Health and Rehab, and continuing to operate these additional 10 beds
- The first floor of Tri-County's proposed facility will include two rooms that are specifically designed and equipped to accommodate bariatric patients who weigh more than 450 pounds

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- In addition to providing a comprehensive array of orthopedic/neurological/pulmonary/cardiac rehabilitation therapy programs for its residents, Tri-County will also provide a hydrotherapy program in support of its therapy patients
- Tri-County will have 100 percent private rooms
- Tri-County will have access to and be integrated with Adventist Health System’s and Adventist Care System’s existing and operating health information and health information exchange system supported by the organization’s HealthMEDX Vision health information platform
- Tri-County will provide up to \$10,000 annually for at least three years to support staff education and/or certification activities in order to assist facility staff to upgrade skills, gain certifications or achieve educational advancement
- Tri-County will provide up to \$10,000 annually for at least three years to support community health education and community wellness activities in support of the organization’s goal to enhance the health of the entire community--not just residents served in the new facility

Total GSF and Project Costs of Co-Batched Applicants

Applicant	CON #	Project	GSF	Costs \$	Cost Per Bed
7-3 CON LLC	10324	New 120-Bed Facility	73,053	\$18,209,082	\$151,742
Kissimmee HRC	10325	New 130-Bed Facility	85,000	\$20,763,558	\$159,720
Osceola CON	10326	New 120-Bed Facility	80,080	\$21,647,200	\$180,393
Osceola Springs	10327	New 130-Bed Facility	83,558	\$22,877,084	\$190,226
Tri-County	10328	New 120-Bed Facility	85,700	\$29,706,000	\$247,550

Source; CON applications #10324-10328 Schedule 1 and 9

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

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.

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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(s) 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, Lucy Villafrate analyzed the application with consultation from the financial analyst, Derron Hillman, Bureau of Central Services, who evaluated the financial data and Said Baniahmad 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.**

In Volume 40, Number 193 of the Florida Administrative Register dated October 3, 2014, a fixed need pool of 130 beds was published for Subdistrict 7-3 for the July 2017 Planning Horizon. Subdistrict 7-3 is comprised of Osceola County.

After publication of this fixed need pool, zero existing subdistrict facilities filed exemption requests or filed expedited CON reviews to increase or add community nursing home beds.

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As of November 19, 2014, Subdistrict 7-3 had 1,080 licensed and zero approved community nursing home beds. During the 12-month period ending June 30, 2014, Subdistrict 7-3 experienced 94.22 percent utilization at nine existing facilities. Below is a table illustrating nursing home patient days and occupancy within Subdistrict 7-3.

Osceola County Nursing Home Patient Days and Occupancy July 1, 2013-June 30, 2014

Facility	Comm. Nursing Home Bed Inventory	Bed Days	Patient Days	Total Occupancy	Medicaid Occupancy
Avante at St. Cloud, Inc.	131	47815	40710	85.14%	67.55%
Consulate Health Care of Kissimmee	120	43800	43116	98.44%	63.14%
Good Samaritan Society – Kissimmee Village	170	62050	58245	93.87%	58.19%
Keystone Rehabilitation and Health Center	120	43800	42547	97.14%	65.70%
Oaks of Kissimmee Health and Rehabilitation Center	59	21535	19589	90.96%	56.43%
Osceola Health Care Center	120	43800	40232	91.85%	66.44%
Plantation Bay Rehabilitation Center	120	43800	42915	97.98%	68.68%
Terrace of Kissimmee, The	120	43800	41819	95.48%	62.67%
Terrace of St. Cloud, The	120	43800	42235	96.43%	67.14%
Total	1080	394200	371408	94.22%	64.18%

Source: Florida Nursing Home Bed Need Projections by District and Subdistrict, October 2014 Batching Cycle

The reviewer notes the current and projected population of Subdistrict 7-3 for the planning horizon. The projected population growth, both numerically and by percent are illustrated below.

**Current and Projected Population Growth Rate
Osceola County, District 7, and Florida
January 2014 and January 2017**

County/Area	January 1, 2014 Population			January 1, 2017 Population		
	0-64	65+	Total	0-64	65+	Total
Osceola	260,343	34,608	294,951	283,650	40,381	324,031
District 7	2,155,025	336,765	2,491,790	2,253,593	375,201	2,628,794
Florida	15,881,702	3,548,756	19,430,458	16,349,888	3,891,621	20,241,509
County/Area	2014-2017 Increase			2014-2017 Growth Rate		
	0-64	65+	Total	0-64	65+	Total
Osceola	23,307	5,773	29,080	8.95%	16.68%	9.86%
District 7	98,568	38,436	137,004	5.57%	11.41%	5.50%
Florida	468,186	342,865	811,051	2.95%	9.66%	4.17%

Source: Florida Agency for Health Care Administration Population Estimates, September 2013

The community nursing home beds per 1,000 residents for the age 65+ cohort in the subdistrict are shown below.

Beds per 1,000 Residents Age 65 and Older

County/Area	Community Beds	2014 Pop. Aged 65+	2014	2017 Pop. Aged 65+	2017
			Beds per 1,000		Beds per 1,000
Osceola	1,080	34,608	31	40,381	27
District 7	8,955	336,765	27	375,201	24
Florida	80,050	3,548,756	23	3,891,621	21

Source: Florida Agency for Health Care Administration Population Estimates, September 2013 and Florida Nursing Home Bed Need Projections by District and Subdistrict, October 2014 Batching Cycle

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7-3 CON LLC (CON #10324) indicates that during the period April 2013 to March 2014, 7.4 percent of the total number of resident discharges from Subdistrict 7-3 were discharged from short-term acute care hospitals in Florida to SNFs. The applicant analyzes discharges by service line, stating that E.M.I. is aware of the most common patient types and has developed specific programs and services to address their unique needs. See the table below.

**Subdistrict 7-3 Resident Discharges to Skilled Nursing
from Short-Term Acute Care Hospitals
Second Quarter of 2013 through the First Quarter of 2014**

Service Line	Total Discharges	Discharges to SNF	
		Number	Percent
Total Discharges	39,616	2,905	7.4%
Hip/Knee Replacement	657	229	34.9%
Septicemia	747	178	23.8%
Stroke/CVTA/TIA	814	128	15.7%
Kidney/UTI	747	120	16.1%
Hip/Femur ex. Major Joint	187	102	54.5%
Heart Failure	788	97	12.3%
Renal Failure	576	96	16.7%
Respiratory Failure/COPD	1,257	82	6.5%

Source: CON application #10324, page 1-10, based on Agency inpatient discharge database and Legacy Consulting Group analysis

The applicant believes need for the proposed project is clearly demonstrated by these main points:

- The subdistrict has significant numbers of discharges in service lines and disease categories such as hip and knee repair and replacement, septicemia, heart failure and stroke which will further increase demand for skilled nursing care
- The long-standing moratorium on the new skilled nursing home beds means that new, more modern facilities are needed to keep pace with technological and clinical developments in health care delivery

Kissimmee HRC, LLC (CON #10325) states that the intended site would be in close proximity to Osceola Regional Medical Center. The applicant asserts that it is confident this is the best area in Osceola County to construct a new state-of-the-art SNF. The applicant indicates that it has chosen one site with two additional back-up sites all in close proximity of one another.

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The applicant insists that the identified needs within the proposed market are relatively consistent with the needs throughout many of the Florida markets where Clear Choice currently operates. Kissimmee HRC declares that area patients with problems related to medicine, cardiology and pulmonology would benefit particularly from existing Clear Choice programs, including:

- Medication and disease management programming
- Cardiac programming
- Left ventricular assistive device recipient therapy
- Cerebral vascular accident
- Chronic obstructive pulmonary disease
- Continuous and bi-level positive airway pressure programming

Osceola CON, LLC (CON #10326) indicates that the majority of the population within Osceola County resides in the northwest portion of the County within the cities of Kissimmee and St. Cloud. The applicant compared the two cities by drawing a 10-mile radius around each one and shading population by ZIP code to see the areas of concentration. Osceola CON determines that a Kissimmee location offers slightly more benefit over a St. Cloud location, in offering the best opportunity for reaching the largest number of people.

The applicant includes several tables illustrating population growth estimates by age group in District 7 and the state for the year 2019 with 2014 as a baseline. Osceola CON finds that the five year projected growth rate for Osceola is higher than other counties within the district—with the 65+ population expected to increase by 29.9 percent, contributing to 21 percent of the total 49,339 increase for all ages within Osceola. The applicant notes that comparatively, the average growth rate for the district elderly is 20 percent and Florida is 17 percent for the same period.

The applicant performed a detailed data analysis of 65+, 75+ and overall total population growth estimates for ZIP codes within a 10-mile radius of Kissimmee for the year 2019 with 2014 as a baseline--noting that Kissimmee offers the best potential for development of an additional SNF. Osceola CON declares that the data shows that a location proximate to Kissimmee will contribute to the area's continuum of care. The applicant states that the growth rates within this area for the 65+ population exceed 28 percent.

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Osceola Springs NH LLC (CON #10327) states the facility will be constructed with a combination of private and semi-private rooms configured in a “culture change” design to better serve the rehabilitation patients in the area. The facility will be staffed with people that possess the clinical expertise to care for residents with a wide range of needs for rehabilitation care. The physical plant design will permit the applicant to have the space and equipment needed for rehabilitation including 6,000+ square feet for the therapy suite with separate areas for physical therapy, speech therapy, and occupational therapy, separate therapy gyms and an occupational therapy track located within one of the exterior courtyards. An interdisciplinary team provides an array of services in accordance with each resident’s care plan.

Osceola Springs states it will provide both short-term rehabilitation services and long-term care services that will deliver full range of care to treat and support each patient and resident. The applicant maintains that the proposed facility responds to the statutory criterion of “need” and enhances both access and availability of skilled nursing care within the service area.

The applicant notes that Osceola County has nine SNFs that are highly utilized and will not be adequate to keep up with the high population growth rates projected for those aged 65 and over.

Tri-County Nursing and Rehabilitation Center, Inc. (CON #10328) asserts that in addition to the Agency’s fixed bed need pool, the need for this specific project is supported by the following facts:

- As a not-for-profit nursing home, Tri-County will focus on community needs rather than investor returns
- With 100 percent private beds, each resident in the facility will have the individual space and privacy needed to support optimal resident care and resident recovery
- With only 81 total private beds currently available in the subdistrict, the 120-bed 100 percent private room facility, providing a significant expansion of private room capacity, will also provide for a significant enhancement in resident care available to local patients
- The coordination/integration of care between the nursing home and local Adventist hospitals and their broad array of inpatient and outpatient services will provide enhanced efficiencies and outcomes not available at non-aligned nursing home providers

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- The linkage of the proposed facility with additional community-based services such as home health care, hospice and senior service and senior housing providers will ensure that a full continuum of care is available for Osceola County requiring post-acute care support
- The application condition to invest at least \$10,000 per year for three years in support of community-based elderly service initiatives will provide even more integration of care
- Tri-County will be an active and creative participant in Florida's long-term managed care initiatives
- Adventist has already contracted with all four Medicaid Managed providers in Region 7--and has contracted with many of the Medicare Advantage providers as well

- b. If no Agency policy exists, the applicant will be responsible for demonstrating need through a needs assessment methodology, which must include, at a minimum, consideration of the following topics, except where they are inconsistent with the applicable statutory or rule criteria:**

Each co-batched applicant is responding to the Agency's published fixed need pool, so this criterion is not applicable.

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 of the 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. **Geographically Underserved Areas.** In a competitive certificate of need review within the nursing home subdistrict as defined in 59C-2.200, Florida Administrative Code, the Agency shall award a certificate of need if the applicant meets all applicable criteria for a geographically underserved area as specified in subsection 408.032(18), Florida Statutes, and if the applicant meets the applicable statutory certificate of need review criteria specified in section 408.035, Florida Statutes, including bed need according to the relevant bed need formula contained in this rule. If the applicant is awarded a certificate of need based on the provisions of this paragraph, the applicant shall agree that the nursing facility will be located in a county without a nursing facility, or in the center of an area within the subdistrict of a radius of at least 20 miles which meets the definition of a geographically underserved area. The center of the geographically underserved area shall be the proposed nursing home location in the application.

None of the applications were submitted to remedy a geographically underserved area as defined above.

- b. **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.

7-3 CON LLC (CON #10324) states that the proposed facility will be built, equipped and staffed to accommodate short-term rehabilitation and long-term skilled nursing care. 7-3 CON LLC indicates that all rooms substantially exceed the minimum code requirements for square footage and will have raised ceilings to create a sense of spaciousness.

7-3 CON LLC asserts that the proposed facility will be staffed with caregivers who possess the clinical expertise to care for residents with a wide range of clinical needs. 7-3 CON LLC notes that patient services will include:

- Outpatient rehabilitation
- Physical, occupational and speech therapy
- Registered dietician
- Respiratory therapies and infusion therapy

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- Stroke rehabilitation
- Wound care program
- Behavioral health services and cardiac services
- Cardiac and orthopedic services
- Infectious disease treatment
- Oncology/cancer care

The applicant also includes a list of other services and amenities that will provide support, comfort and security, such as:

- State of the art therapy gym and equipment
- Community outings
- Multi-lingual staff
- Pet therapy
- Pharmacy and laboratory services
- Beauty/barber/manicure salon
- Numerous landscaped courtyards
- Resident lounges/living rooms
- Bistro
- Multiple and varied activity and recreational spaces
- Laundry services
- Resident-staff communication system
- TV lounge
- Medical transportation assistance
- Structured activities seven days a week
- Wi-Fi
- 24-hour visitation
- 24-7 RN coverage
- Wandering control
- Community social events
- 24-hour monitoring security system

7-3 CON LLC indicates that the Care Planning program, established by an Interdisciplinary Performance Improvement Committee, with the support and approval of the administration, has the responsibility for monitoring all aspects of resident care and services throughout the continuum of care to continuously improve and facilitate positive resident outcomes. The applicant insists that a detailed care plan will be developed for each resident and will incorporate goals and objectives that lead to the resident's highest possible level of independence.

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7-3 CON LLC asserts that prior to admission to the proposed facility, residents will receive a detailed clinical assessment. The applicant states that upon admission, the Nursing Services Department will provide an orientation and the resident or representative will sign an Admissions Agreement.

The applicant notes that all caregivers will be educated about the facility's Resident's Rights policies. The applicant asserts that prior to or upon admission, the Social Services Director or designee will provide written information to the resident concerning his or her rights to make decisions concerning medical care.

Samples of the Pre-Admission Form, Admissions Agreement and Resident Rights training tools can be found in Exhibit 2-1, Exhibit 2-2 and Exhibit 2-3 of CON application #10324, respectively.

The applicant indicates that a physician's order will be obtained for all discharges and that the post-discharge plan will be developed by the care plan team with assistance from the resident and family. The applicant asserts that Social Services will review the plan with the resident and family prior to discharge.

7-3 CON LLC believes that the new facility will be primarily utilized to provide short-term rehabilitation, where the primary payer is Medicare and stays are between 21 and 40 days. The applicant contends that shorter stays are reflective of the need for rehabilitative care in the local area. The reviewer notes that the applicant does not provide evidence in this section of a need for rehabilitative care in the local area but that the applicant does provide a brief overview of discharge data earlier in the application.

The applicant provides the following table illustrating the projected admissions, patient days, average length of stay (ALOS) and average daily census (ADC) for the first two years of operation for the proposed 120-bed facility.

Projected Admissions, Patient Days, ALOS and ADC

	Year One	Year Two
Admissions	348	628
Patient Days	21,846	39,420
ALOS	62.8	62.8
ADC	59.9	108.0

Source: CON application #10324, page 2-6

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Schedule 6 illustrates that FTEs for year one (ending June 30, 2018) total 89.10 and total 128.80 for year two (ending June 30, 2019). The proposed project's year one and year two FTEs are shown in the table below.

7-3 CON LLC (CON application #10324) Projected Year One and Year Two Staffing		
	Year One FTEs	Year Two FTEs
Administration		
Administrator	1.00	1.00
Director of Nursing	1.00	1.00
Admissions Director	2.00	2.00
Bookkeeper	1.00	1.00
Ward Clerk	1.40	2.80
Medical Records Clerk	1.00	1.00
Other: ADON, Staff Development, Central Supply Clerk, Receptionist	4.50	4.50
Physicians		
Unit/Program Director	1.00	0.00
Nursing		
RNs	5.60	7.00
LPNs	7.00	14.00
Nurses' Aides	31.60	54.60
Other: Restorative Aides	2.00	4.00
Dietary		
Dietary Supervisor	2.00	2.00
Cooks	2.80	2.80
Dietary Aides	7.00	7.00
Social Services		
Social Service Director	1.00	2.00
Activity Director	1.00	1.00
Activities Assistant	2.80	2.80
Other: MDS Coordinator	2.00	3.00
Housekeeping		
Housekeeping Supervision	1.00	1.00
Housekeepers	5.60	8.40
Laundry		
Laundry Aides	2.80	3.50
Plant Maintenance		
Maintenance Supervisor	1.00	1.00
Maintenance Assistance	1.00	1.40
Total	89.10	128.80

Source: CON application #10324, Schedule 6

Kissimmee HRC, LLC (CON #10325) states the proposed facility will be built, equipped and staffed to accommodate short-term rehabilitation services and long-term skilled nursing care.

The applicant insists that restoring and enhancing life quality is more than medical capabilities, rehabilitation programs and technology. Kissimmee HRC indicates that it's about anticipating and welcoming the needs of each unique patient and treating those concerns as if they were their own. The applicant asserts it will

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embrace the preferences of each patient with a collaborative approach by including families' inputs during the plan of care consistent with other Clear Choice-managed facilities.

The applicant proposes to offer the following services and programs:

- Cutting edge therapy facilities
- Fully trained, professional and courteous staff
- Personalized care plan based on patients' goals
- Amenities like full service café bistro and movie theater
- Medication management and reconciliations
- Palliative care and collaborative hospice care
- Nutritional support and management
- Case management
- Patient and resident education
- Physical, occupational, speech and respiratory therapies
- Wound care
- Peritoneal dialysis
- Social services and concierge services
- Guardian Angel program
- 72-hour meeting

The reviewer notes that earlier in the application, the applicant lists programs that Clear Choice provides at other facilities but does not specifically state they will be offered at the proposed facility.

Kissimmee HRC believes in involving patients and their families in the care plan process. The applicant provides attached care plan forms in CON application #10325.

The applicant notes that while there is not a specific admission or discharge policy, it has attached some sample forms and guidelines used during admission and discharge of a patient. Kissimmee HRC indicates that it is important to note that these are just a few of the examples intended to provide a brief perspective, but it is no way a complete set--Kissimmee HRC will have access to the complete and comprehensive set. The applicant notes that Clear Choice has a comprehensive set of guidelines that comply with all state and federal regulations.

The applicant states that the facility anticipated ALOS for short-term patients is approximately 32 days. The reviewer notes that the applicant did not include total admissions on its Schedule 7, so an ALOS cannot be calculated for the first two years of

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operation. Kissimmee HRC insists its staffing model will comply with all state regulations and furthermore will be designed to meet the various needs of their customers.

Schedule 6 illustrates that FTEs for year one (ending December 31, 2017) total 90.0 and total 167.5 for year two (ending December 31, 2018). The proposed project’s year one and year two FTEs are shown in the table below.

Kissimmee HRC, LLC (CON application #10325) Projected Year One and Year Two Staffing		
	Year One FTEs	Year Two FTEs
Administration		
Administrator	1.00	1.00
Director of Nursing	1.00	1.00
Admissions Director	1.00	1.00
Business Office Manager	1.00	1.00
Secretary	1.00	3.00
Medical Records Clerk	1.00	1.50
Other: Nursing Admin, Admin	7.00	9.00
Nursing		
RNs	3.00	9.00
LPNs	8.00	17.00
Nurses’ Aides	34.00	53.00
Ancillary		
Physical Therapist	5.00	17.00
Speech Therapist	2.00	4.00
Occupational Therapist	2.00	5.00
Other: COTA	3.00	9.00
Dietary		
Dietary Supervisor	1.00	1.00
Cooks	2.00	5.00
Dietary Aides	7.00	9.00
Social Services		
Social Service Director	1.00	1.00
Activity Director	1.00	1.00
Activities Assistant	0.00	1.00
Other: Transportation	0.00	3.00
Housekeeping		
Housekeeping Supervision	1.00	1.00
Housekeepers	4.00	8.00
Laundry		
Laundry Aides	2.00	4.00
Plant Maintenance		
Maintenance Supervisor	0.5	1.00
Maintenance Assistance	0.5	1.00
Total	90.00	167.50

Source: CON application #10325, Schedule 6

Osceola CON, LLC (CON #10326) states that it does propose to provide both short-term and long-term-care and it will be certified for participation in both Medicare and Medicaid. The applicant asserts that it will provide a broad range of nursing and restorative

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care services to manage short-term rehabilitation, long-term care and complex medical conditions. Osceola CON indicates on its Schedule 7 that the ALOS will be 39.5 days for years one and two of operation.

The applicant states that a multidisciplinary team of professionals will evaluate the needs of each resident and decisions to transfer are based on consultation with the care team as well as with the resident and his or her family and physician. The applicant includes a list of applicable forms used as part of the admissions process.

The applicant insists that developing a plan of care for a resident in a long-term care facility is the single most important task undertaken for that resident. Osceola CON declares that planning by an interdisciplinary team will help ensure the resident that his/her care will be coordinated and continuous with each individual discipline sharing responsibility for the resident reaching his maximum potential for the highest quality of life possible.

Osceola CON asserts that specialized therapies are designed to improve the impairment and lessen the symptoms from certain conditions such as:

Orthopedic	Neurological	Wound Care
Fractures	Cerebrovascular	IV therapy
Total knee replacements	Accident	Tracheostomy care
Total hip replacements	Multiple Sclerosis	Air fluid bed therapy
Joint replacements	Parkinson's Disease	Pressure
Spinal injury	Communication disorders	Post-surgical/trauma
Neck surgeries	Neuromuscular diseases	Pain management

Source: CON application #10326, page 2-3

The applicant asserts that discharge plans begin with the initial assessment when patient and family needs and attributes are assessed with admission diagnosis specifically addressed. Osceola CON states that it is the responsibility of the facility to have identified the medically related social service or home-based services needs of the resident and assure the needs are met by the appropriate disciplines.

Osceola CON provides a detailed analysis of the services to be provided on pages 2-8 through 2-17 of CON application #10326. The applicant explains that each of the top six major diagnostic categories (MDCs) was examined to identify the diagnostic related groups that comprised it that contained hospital discharges to SNFs. Osceola CON declares that its responses address the

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provisions of rule and discharge data clearly shows that persons being discharged to SNFs need a high level of skilled nursing and restorative and rehabilitative care.

Schedule 6 illustrates that FTEs for year one (ending June 30, 2018) total 77.30 and total 136.30 for year two (ending June 30, 2019). The proposed project's year one and year two FTEs are shown in the table below.

Osceola CON, LLC (CON application #10326) Projected Year One and Year Two Staffing		
	Year One FTEs	Year Two FTEs
Administration		
Administrator	1.00	1.00
Director of Nursing	1.00	1.00
Admissions Director	1.70	2.10
Bookkeeper	1.00	1.00
Medical Records Clerk	1.70	2.10
Other: Nursing Admin	2.10	4.20
Physicians		
Medical Director	1.00	1.00
Nursing		
RNs	5.90	11.40
LPNs	6.90	13.70
Nurses' Aides	31.10	61.10
Ancillary		
Physical Therapist	3.20	5.00
Speech Therapist	0.90	1.30
Occupational Therapist	2.50	4.00
Dietary		
Dietary Supervisor	1.00	1.00
Cooks	3.40	6.60
Dietary Aides	3.40	6.60
Social Services		
Social Service Director	1.50	1.90
Activity Director	1.00	1.00
Activities Assistant	0.50	0.90
Housekeeping		
Housekeeping Supervision	1.00	1.00
Housekeepers	2.40	4.60
Laundry		
Laundry Aides	1.60	1.90
Plant Maintenance		
Maintenance Supervisor	1.00	1.00
Maintenance Assistance	0.50	0.90
Total	77.30	136.30

Source: CON application #10326, Schedule 6

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Osceola Springs NH LLC (CON #10327) states it will focus on addressing both short and long-term needs. Osceola Springs notes that with increased fragility and chronic conditions as well as higher intensity services--nursing homes have increased the skill levels of staff with concomitant increases in costs. Greystone ensures that the most state-of-the-art equipment, technology and therapies will be utilized at the proposed facility.

The applicant affirms that Greystone will also make significant investments in staff training and development to ensure that residents and patients will receive the best and highest levels of care.

Osceola Springs states that the following services will be offered at the proposed facility:

- Physical, occupational and speech therapies
- Outpatient rehabilitation
- Cardiac and stroke rehabilitation monitoring
- Pain management
- Lymphedema therapy
- Restorative nursing program
- Wound care
- I.V. therapy
- Customized pressure support systems
- Infectious disease treatment
- Oncology/cancer care
- Psychological services
- Registered dietician services
- Individual meal planning, including Kosher meals upon request

The applicant indicates that other services and amenities that will be offered at the proposed facility include:

- Structured weekly activities
- Pet therapy
- 100 percent electric beds
- Multi-lingual staff
- Beauty/barber shop
- Whirlpool spa

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Osceola Springs indicates that a preliminary plan of care will be developed within the first 24 hours of admission with a care plan developed within seven days of completion of comprehensive assessment. The applicant notes that each care plan will include measurable objectives and timetables to meet the resident's needs and will utilize an interdisciplinary team.

The applicant discusses its admission and discharge policies and provides excerpts from Greystone's Operational Policy and Procedure Manual in Exhibit 2-1, 2-3 and 2-4 of CON application #10327.

Osceola Springs states that as residents' and patients' needs change, Greystone will endeavor to meet these needs. Osceola Springs will be focused on addressing both their short and long-term needs and endeavors to be at the forefront of the continually changing health care environment to ensure that residents/patients receive the most advanced treatments and the best care.

The applicant's Schedule 7 indicates that the ALOS will be 29.65 days for year one and 29.69 days for year two of operation. Schedule 6 illustrates that FTEs for year one (ending December 31, 2018) total 118.4 and total 153.3 for year two (ending December 31, 2019). The proposed project's year one and year two FTEs are shown in the table below.

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Osceola Springs NH, LLC (CON application #10327) Projected Year One and Year Two Staffing		
	Year One FTEs	Year Two FTEs
Administration		
Administrator	1.00	1.00
Director of Nursing	1.00	1.00
Bookkeeper	1.00	1.00
Secretary	1.50	1.90
Medical Records Clerk	1.40	2.00
Other: HR/Marketing	4.10	5.30
Nursing		
RNs	9.90	13.20
LPNs	11.10	15.00
Nurses' Aides	36.70	50.6
Other	4.50	5.0
Ancillary		
Physical Therapist	10.60	13.30
Speech Therapist	1.40	1.90
Occupational Therapist	5.50	7.70
Other	2.20	2.90
Dietary		
Dietary Supervisor	1.40	1.40
Cooks	3.80	4.70
Dietary Aides	5.70	7.10
Social Services		
Social Service Director	1.00	1.40
Activity Director	1.00	4.70
Activities Assistant	1.00	7.10
Housekeeping		
Housekeeping Supervision	1.00	1.00
Housekeepers	5.50	1.00
Laundry		
Laundry Aides	3.90	4.60
Plant Maintenance		
Maintenance Supervisor	1.00	1.00
Maintenance Assistance	1.00	1.00
Total	118.4	153.3

Source: CON application #10327, Schedule 6

Tri-County Nursing and Rehabilitation Center, Inc.

(CON #10328) states that programs, services or treatments will be individualized to meet the unique physical, social, emotional and spiritual needs of each resident. The applicant believes that a critical component of each resident's care is the establishment of a comprehensive care plan. Tri-County asserts that the written plan of care will be developed based on assessed needs, will be communicated to staff for use in providing direction for the resident's care and will be reviewed and revised when indicated.

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The applicant plans to offer two major lines of service--sub-acute care and long-term care and within each of those service categories the facility will offer individual programs and services in accordance with resident, community and market needs. Tri-County also plans to offer a restorative nursing program.

Tri-County indicates that other services, amenities and activities will include:

- Private bath and shower in each room
- Free wireless internet access in all rooms
- Internet Café available to all residents
- Flat screen televisions
- Individual phone with direct dial numbers
- Beauty and barber shop services
- Fine dining program
- Walking/ambulation program
- Pet therapy
- Music therapy
- Touch therapy
- Sensory stimulus therapy
- Reality orientation
- Community outings
- Arts and crafts
- Gardening
- Sewing
- Bingo
- Coffee/tea hour
- Films/movies

Tri-County provides a detailed overview of the following lines of services it will offer:

- Sub-acute care
- Restorative nursing care
- Long-term care
- INTERACT program
- Electronic medical record and health information exchange initiatives
- National quality award program
- Step It Up program
- Staffing patterns

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The applicant describes its anticipated resident characteristics, indicating that while the facility’s ultimate service mix will reflect community needs, the facility is designed to support 60 beds for long-term residents plus 60 beds for sub-acute residents.

Tri-County states that the only anticipated nursing home resident types not expected to be treated are residents under the age of 21, residents with severe behavioral conditions, new traumatic brain or spinal cord injury residents, ventilator residents and dialysis patients. The applicant asserts that if such patients are in need of nursing home care, the facility staff will work with the patient/family to obtain this specialized care--potentially at another Adventist facility.

Tri-County indicates that the expected ALOS is bi-modal--as it will be dependent upon whether a patient is treated in the long-term care or the sub-acute care portion of the facility. The applicant explains that the financial forecasts assume a Medicaid and self-pay ALOS of approximately 600+ days while sub-acute patients are expected to have an ALOS of 20-30 days. Tri-County states that the financial forecasts show a Medicare patient with an ALOS of 28 days.

The reviewer created the following table from the applicant’s Schedule 7 for ALOS for each patient type.

Tri-County ALOS by Payer Type

Payer Type	Year One ALOS (in Days)	Year Two ALOS (in Days)
Self-Pay	244	365
Medicaid	150	735*
Medicare	28	28
Medicare HMO	14	14

Source: CON application #10328, Schedule 7

*The reviewer notes that the table was calculated by dividing the number of admissions by the number of patient days for each payer type. As this number is higher than 365, it shows that Medicaid admissions from the prior year are included in the 735 ALOS number.

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The applicant notes that ancillary services anticipated to be provided at the proposed facility include, but are not limited to:

- Physical, occupational, speech/language pathology services
- Hydrotherapy service
- Pulmonary therapy
- Audiology, social, imaging, laboratory and nutrition services
- Recreation/recreational therapy services
- Psychiatric/psychological/behavioral services
- Medications
- Medical supplies and equipment
- IV therapy

Tri-County explains that critical admission policies for the proposed facility will vary based upon whether the resident is a long-term care or a sub-acute care resident. The applicant lists the requirements for admission for both resident types and also explains sub-acute specific clinical admission criteria.

The applicant indicates that a discharge plan will be developed for each resident with interdisciplinary team input and will be reviewed periodically during the resident's stay. Additional information regarding discharge/transfer policies and guidelines is presented in Appendix L of CON application #10328.

Schedule 6 illustrates that FTEs for year one total 66.4 and total 137.6 for year two. The proposed project's year one and year two FTEs are shown in the table below.

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Tri-County Nursing and Rehabilitation Center (CON application #10328) Projected Year One and Year Two Staffing		
	Year One FTEs	Year Two FTEs
Administration		
Administrator	1.00	1.00
Director of Nursing	1.00	1.00
Admissions Director	1.00	1.00
Bookkeeper	0.70	1.00
Secretary	1.00	1.00
Medical Records Clerk	1.00	1.00
Other: Central Supply	0.70	1.00
Nursing		
RNs	7.40	12.00
LPNs	6.30	20.40
Nurses' Aides	22.00	56.20
Other: MDS/Staff Scheduling	1.90	3.00
Ancillary		
Physical Therapist	3.00	6.00
Speech Therapist	1.00	2.00
Occupational Therapist	2.00	4.00
Other	0.50	1.00
Dietary		
Dietary Supervisor	1.00	1.00
Cooks	2.80	2.80
Dietary Aides	2.10	5.60
Social Services		
Social Service Director	1.00	1.00
Activity Director	1.00	1.00
Other	1.20	3.00
Housekeeping		
Housekeepers	3.80	5.60
Laundry		
Laundry Aides	1.80	4.00
Plant Maintenance		
Maintenance Supervisor	1.00	1.00
Maintenance Assistance	0.20	1.00
Total	66.40	137.6

Source: CON application #10328, Schedule 6

c. Quality of Care. In assessing the applicant's ability to provide quality of care pursuant to s. 408.035 (1) (c), 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.**

Each co-batched applicant states that they are a newly created entity and therefore this criterion does not apply.

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?**

Each co-batched applicant states that they are a newly created entity and therefore this criterion does not apply.

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.**

Each co-batched applicant indicates that this provision is not applicable, since there have been no violations.

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.**

Each co-batched applicant indicates that this provision is not applicable, since there have been no violations.

5. **Rule 59C-1.036 (4) (f) 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.**

Each co-batched applicant indicates that this provision is not applicable, since there have been no violations.

- d. **Rule 59C-1.036 (5) 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.**

Each co-batched applicant states that it will provide the required data to the applicable local health council and to the Agency.

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 applicants' service area? ss. 408.035 (1)(b) and (e), Florida Statutes.**

There are 71 licensed community nursing homes with a total of 8,955 community nursing home beds in District 7. Subdistrict 7-3 is composed of Osceola County and has nine licensed community nursing homes with a total of 1,080 community nursing home beds. The subdistrict averaged 94.22 percent total occupancy for the 12-month period ending June 30, 2014.

7-3 CON LLC (CON #10324) indicates that a specific location for the proposed facility has not been determined, but that it will be located within Osceola County such that access and availability to care are key considerations.

7-3 CON LLC notes that two Millennium Management-affiliated facilities located within the same subdistrict--The Terrace of Kissimmee and The Terrace of St. Cloud--have occupancy rates of 95.5 percent and 96.4 percent, respectively. The applicant asserts that all facilities in Subdistrict 7-3 with one lone exception have occupancy rates of 90.0 or higher—a clear demonstration of the need for more available beds. 7-3 CON LLC indicates that the median occupancy rate in the subdistrict is just over 95 percent, another indication of the need for additional beds.

The applicant declares that as a result of growing population and a fixed bed supply, the bed rates for persons 65+ and 75+ have declined steadily over the last several years. The applicant provides a figure illustrating this trend on page 3-3 of CON application #10324.

The applicant asserts that the proposed facility will be constructed with 28 private rooms and 46 semi-private rooms. 7-3 CON LLC provides data on page 3-4 of CON application #10324 illustrating the types of rooms (private, semi-private, three-bed and four-beds) offered at the community nursing homes in Subdistrict 7-3. The applicant states that the proposed project will allow residents significantly more privacy than is currently available in the subdistrict.

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7-3 CON LLC states that the applicant's association with an experienced provider like E.M.I. ensures the delivery of the highest quality health care as well as adherence to Chapter 400, Part II, Florida Statutes, and Rule 59A-4, Minimum Standards for Nursing Homes. The applicant provides its mission statement on page 3-5 of CON application #10324: *"It is our mission is to provide the best care possible to our clients. Our goal is to hire the most qualified managers and staff available. Each day we will strive to be the best caregiver in the area."*

7-3 CON LLC states that although site selection continues--population demographics, locations of existing nursing homes, hospitals and roadways are being factored in so that the proposed site will improve access.

The applicant provides maps of Subdistrict 7-3 illustrating the current population 65+ and delineating existing nursing homes and hospitals on pages 3-6 through 3-8 of CON application #10324. 7-3 CON LLC maintains that the senior population is concentrated in the northwest part of the county. The applicant points out that the SNFs are generally concentrated around the short-term acute care hospitals which are all located in the northwest portion of the county.

7-3 CON LLC states that since hospitals are referral sources to nursing homes, proximity to area hospitals will be considered in determining an appropriate site. The applicant indicates that the five acute care hospitals in Osceola County discharged 2,905 patients to SNFs during the twelve month period ending March 2014. 7-3 CON LLC asserts that Osceola County ZIP Codes comprise three cities--Kenansville, Kissimmee and St. Cloud--and that Kissimmee shows the largest number of resident discharges.

The applicant declares that no economic barriers to admission to the proposed facility will exist. 7-3 CON LLC states it will be certified for both Medicare and Medicaid and that it will also accommodate private pay residents.

7-3 CON LLC contends that facilities with high occupancy rates reduce access to needed beds because beds that are occupied are not available to those in need. The applicant states that the prevailing standard in skilled nursing care is semi-private accommodation. 7-3 CON LLC believes that factors such as isolation status for communicable diseases significantly affects bed availability in a semi-private care setting, as patients under isolation precautions are often placed in a private bed status, with the adjacent bed remaining unoccupied.

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The applicant provides three detailed tables of occupancy measures in the last five calendar years--one for its two affiliated SNFs in Subdistrict 7-3 on page 3-11, one for its five affiliated SNFs in District 7 on page 3-13 and one for District 7 on page 3-14 of CON application #10324.

7-3 CON LLC concludes from the above data, that all seven of the SNFs have high occupancy rates--total occupancy and Medicaid occupancy--and are highly rated. The applicant declares that occupancy rates in District 7 are lower than Subdistrict 7-3 and if the proposed project is approved, the applicant expects to exceed District 7 utilization rates.

7-3 CON LLC believes that without the addition of skilled nursing beds to Subdistrict 7-3, occupancy rates would rise to overcapacity. The applicant states that the bed rate per capita (for persons 65+) in Subdistrict 7-3 is 10.50 for the baseline year ending July 2014. 7-3 CON LLC indicates that assuming this rate is held constant and applied to the projected senior population for July 2017 and July 2018, occupancy rates in these years would reach 110.5 percent and 116.6 percent, respectively. See the table below.

**Forecast for Nursing Home Subdistrict 7-3
in July 2017 and July 2018**

Factor	Baseline July 2014	July 2017	July 2018
65+ Population	35,384	41,503	43,793
Subdistrict 7-3 Days	371,408	435,636	459,673
Licensed SNF Beds	1,080	1,080	1,080
Licensed Bed Days	394,000	394,200	394,200
Occupancy	94.2%	110.5%	116.6%

Source: CON application #10324, page 3-15, based on Florida Population Estimates and Projections by Agency District, 2010 to 2030, published September 2013

7-3 CON LLC predicts that the proposed facility will reach an overall occupancy rate of 50 percent in the first year during the fill-up period and is anticipated to reach 90 percent by the first quarter of the second year. See the table below.

**Forecast for 7-3 CON LLC
Years One and Two of the Project**

Factor	Year One: July 2017	Year Two: July 2018
Resident Days	21,846	39,420
Beds, Community	120	120
Bed Days	43,800	43,800
Medicaid Days	13,654	24,638
Occupancy	49.9%	90.0%
Medicaid Occupancy	62.5%	62.5%

Source: CON application #10324 page 3-15

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Kissimmee HRC, LLC (CON #10325) states that Osceola County currently has eight SNFs¹. The applicant maintains that however, this area continues to grow and is need of more options that are closer to the area's seniors and their respective homes. The applicant maintains that the 65+ population for Kissimmee and the greater Kissimmee area in the target market it mapped is approximately 22,000.

The applicant indicates that within this area, the 65+ population predominately reside in ZIP Codes 34741, 34746 and 34744 (roughly 15,000 seniors) and these ZIP Codes are where the majority of discharges from Osceola Regional Medical Center are sent to. Kissimmee HRC declares that this area is very convenient to Kissimmee and the greater Kissimmee area and provides a market study to illustrate its points in Attachment 2 of CON application #10325.

Kissimmee HRC states that given the high concentration of seniors in ZIP Codes 34741, 34746 and 34744, it feels that the project location will allow community seniors to benefit not only from Clear Choice inpatient programming but also from outpatient programming. The applicant contends that Clear Choice's programs work toward prolonging a person's independence and enhancing their quality of life which in turn lowers the potential cost to the State Medicaid and federal Medicare programs. Kissimmee HRC includes articles on Clear Choice programs (Reducing Hospital Readmissions/Transport in Attachments 24 and 25) in CON application #10325.

The reviewer notes that the applicant did not report its forecasted occupancy rates or admissions for the first two years of operation on its Schedule 7, so a forecasted utilization table was not created.

The applicant provides the following table of Osceola County nursing homes. The reviewer notes that the applicant did not include a source for its star ratings, but the reviewer was able to confirm them on the Center for Medicare and Medicaid Services' (CMS's) Nursing Home Compare website. The reviewer has added the State inspection ratings, as published on FloridaHealthFinder.gov as well.

¹ The reviewer notes that Osceola County has nine licensed SNFs.

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Osceola County Nursing Homes, Beds, Occupancy and Inspection Ratings

Facility Name	Beds	Occupancy	Overall Inspection Rating	FloridaHealth Finder.gov Rating
Avante at St. Cloud 1301 Kansas Ave Saint Cloud, Florida 34769	131	80%	Five	Three
Consulate Health Care of Kissimmee 2511 John Young Parkway North Kissimmee, Florida 34746	120	97%	Three	Three
Good Samaritan Society-Kissimmee Village 1500 Southgate Drive Kissimmee, Florida 34746	170	93%	Two	One
Hunter's Creek Nursing and Rehab Center 14155 Town Lopp Blvd. Orlando, Florida 32837	116	88%	Two	Two
Keystone Rehabilitation and Health Center 1120 West Donegan Ave Kissimmee, Florida 34741	120	95%	One	One
Oaks of Kissimmee Health and Rehabilitation 320 N Mitchell St Kissimmee, Florida 34741	59	88%	Five	Four
Osceola Health Care Center 4201 W New Nolte Rd Saint Cloud, Florida 34769	120	89%	Three	Five
Plantation Bay Rehabilitation Center 4641 Old Canoe Creek Rd Saint Cloud, Florida 3476998%	120	97%	Five	Four
The Terrace of Kissimmee97% 221 Park Place Blvd Kissimmee, Florida 34741	120	98%	Three	Four
The Terrace of St. Cloud 3855 Old Canoe Creel Rd Saint Cloud, Florida 34769	120	97%	Three	Three

Source: CON application #10325, page 20 and the Nursing Home Guide as published on FloridaHealthFinder.gov on January 8, 2015

The reviewer notes that although the applicant stated there are eight SNFs in Osceola County, the applicant includes 10 SNFs on its chart. The reviewer also notes that the applicant incorrectly reported Hunter's Creek Nursing and Rehab Center (located in Orange County) as part of Osceola County on the chart above.

Osceola CON, LLC (CON #10326) notes that Subdistrict 7-3 has 1,080 community nursing home beds achieving an occupancy rate of 94.2 percent. The applicant states that the area continues to attract retirees as demand for health care services grows. Osceola CON asserts that high occupancies can result in placement delays--which can cause decline in a person's condition and may result in hospital readmission.

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The applicant provides a figure comparing nursing home occupancy rates in the subdistrict, district and the state for the most recent three fiscal years (FYs) on page 3-2 of CON application #10326. Osceola CON notes that Osceola County's occupancy rates increased over the most recent three-year period.

Osceola CON asserts that it identified the 10 most frequently cited F-tag deficiencies on compliant surveys. The applicant believes that knowing that these deficiencies continue to occur and surveyors continue to be concerned, the applicant can be focused on remedies and procedures to address them to avoid occurrence.

The applicant includes a chart displaying the star ratings from FloridahealthFinder.gov for the nine SNFs in Osceola County. Osceola CON reports that overall, the quality within the subdistrict has three of the nine SNFs having four and five stars for overall inspection. The applicant believes that competing in the Osceola County market will require focus on quality. Osceola CON declares that the selection of Kevin Bessolo, architect, for the proposed project reflects his ongoing involvement in innovative design to create a facility that is efficient, yet has home-like amenities and appointments establishing the environment of care.

Osceola CON provides a map showing a 15-minute drive contour around Kissimmee, noting that the yellow areas indicate populated places having up to 99,999 persons. The applicant insists that the contour shows that Kissimmee is readily accessible from St. Cloud as well as other areas in Orange County.

The applicant states that Osceola County has 31 nursing home beds per 1,000 population 65+--higher than the 27 beds per 1,000 population 65+ in District 7 and 23 beds per 1,000 population 65+ for the state. Osceola CON insists that however, rather than indicating an area oversupply, the beds in Osceola are highly occupied, averaging 94 percent.

Osceola CON notes that although Osceola County's overall rate of growth is rather modest for the total population (two percent), the 65+ population has a strong rate of growth projected between 2014 and 2019, with a calculated annual growth rate of 4.9 percent. The applicant asserts that Osceola County is expected to have an additional 9,748 residents 65+ by 2019.

The applicant provides a table of forecasted nursing home resident days for the Subdistrict and the new 120-bed facility assuming a 92 percent occupancy rate in the second year of operation. Osceola CON believes Osceola County will experience growth in resident days to 472,853 and

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assuming 92 percent occupancy, the new facility would absorb 40,296 days, leaving a balance of 432,557 days to be allocated to the existing nine SNFs in the county. The applicant insists that with the new nursing home, the number of licensed beds increases by 120 to 1,200 and at 472,853 forecasted resident days for 2019, the subdistrict's occupancy rate would exceed 100 percent in 2019.

Next, the Osceola CON allocates the balance of 432,557 resident days to each existing nursing home by market share. The applicant asserts that the results show that in the second year of operation, all existing SNFs have resident days above what was reported in the baseline period. The applicant concludes that the result shows that its proposal would not adversely impact already licensed and occupied SNFs in Osceola County. See the table below.

Analysis of the Impact of the Osceola CON, LLC on Existing Nursing Homes in Osceola County, Second Year of Operation 07/01/2018 to 06/30/2019

Nursing Home	Market Share	Year 2019 Days	Net Increase
Avante at St. Cloud, Inc.	11.0%	47,413	6,703
Consulate Health Care of Kissimmee	11.6%	50,215	7,099
Good Samaritan Society-Kissimmee Village	15.7%	67,835	9,590
Keystone Rehabilitation and Health Center	11.5%	49,552	7,005
Oaks of Kissimmee Health and Rehabilitation	5.3%	22,814	3,225
Osceola Health Care Center	10.8%	46,856	6,624
Plantation Bay Rehabilitation Center	11.6%	49,981	7,066
Terrace of Kissimmee, The	11.3%	48,704	6,885
Terrace of St. Cloud, The	11.4%	49,189	6,954
Total	100.0%	432,557	61,149

Source: CON application #10326, page 1-16, Baseline utilization comes from the Agency publication, Florida Nursing Home Bed Need Projections by District and Subdistrict, October 3, 2014

The applicant states that given changing reimbursement climate and an emphasis on options other than nursing homes, actual nursing home utilization may decline in the next several years--how much of a reduction new initiatives will cause is difficult to predict. Osceola CON indicates that in examining the recent experiences for new nursing homes, the assumption of 92 percent occupancy rate was adjusted downward.

The reviewer created the following chart from the applicant's Schedule 7.

Osceola CON, LLC Forecasted Utilization

	Year One	Year Two
Total Admissions	498	979
Total Patient Days	19,642	38,655
Occupancy	44.84%	88.25%

Source: CON application #10326, Schedule 7

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The applicant provides a table illustrating nursing home resident days and corresponding occupancy rates in the nine existing SNFs in the subdistrict for the most recent three years on page 3-6 of CON application #10326. Osceola CON asserts that the information in the table shows attaining 94 percent occupancy, and at that level, sustaining it. The applicant concludes that the award of this application will enhance availability and access to necessary short and long-term care.

Osceola Springs NH LLC (CON #10327) states the Subdistrict 7-3, Osceola County presently has 1,080 licensed community beds or 30.5 licensed SNF beds per 1,000 elderly persons aged 65+, which given the population growth, will decrease to 26.0 SNF beds per 1,000 elderly persons by July 2017 without the addition of beds. Osceola Springs states that with the addition of 120 community beds to Subdistrict 7-3 both access and availability will be improved. The applicant contends that as this elderly population continues to grow, the existing number of SNFs in the county, which are highly utilized, will be unable to keep up with population growth. See the table below.

**Availability of Skilled Nursing Beds in
Subdistrict 7-3, District 7 and Florida, 2014-2017**

Region	2014			2017 with Adding Beds			2017 without Adding Beds		
	Pop 65+	SNF Beds	Beds per 1,000	Pop 65+	SNF Beds	Beds per 1,000	Pop 65+	SNF beds	Beds per 1,000
Subdistrict 7-3	35,384	1,080	30.5	41,503	1,210	29.2	41,503	1,080	26.0
District 7	342,237	8,955	26.2	382,329	9,556	25.0	382,329	8,955	23.4
Florida	3,595,188	80,050	22.3	3,956,602	83,165	21.0	3,956,602	80,050	20.2

Source: CON Application #10327, page 2 Schedule B

The applicant states that the proposed facility will improve access by:

- Adding a new facility to an area with already high demand, as evidenced by high utilization rates at exiting nursing home facilities and a rapidly growing elderly population
- Increasing the availability of high quality long-term care and rehabilitation services so patients are able to return home and re-hospitalization are reduced

The applicant is associated with Greystone which manages 28 total facilities in Florida. Greystone states it is dedicated to improving the quality of care standards at their facilities, consistently invests in upgrades/renovations to facilities and engages staff in quality improvements initiatives and education. Osceola Springs maintains that by tailoring care to patients with similar needs, a higher level of service and higher staffing ratios can be implemented efficiently to establish a viable program with excellent results for those it serves.

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Using Agency population data, Osceola Springs states for the most recent 12 months ending June 30, 2014 nursing facilities in Subdistrict 7-3 reported 371,408 patient days of care, for an ADC of 1,018 and an average occupancy rate of 94.22 percent--a use rate is 10,496 patient days per 1,000 persons aged 65 and over. The applicant states that using this use rate and applying it to the July 1, 2017 population age 65+ population results in occupancy rate of 98.64 percent even with the addition of the 130 beds. Osceola Springs provides projected utilization statistics for the service area. See the table below.

Projected Subdistrict 7-3, Osceola Springs Patient Days July 2017

District 7-3 Statistics	Values
District 7-3 Actual Patient Days 2014	371,408
Average Daily Census 2014	1,018
Actual Number of Community Nursing Beds 2014	1,080
Average Occupancy 2014	94.22%
July 1, 2014 Population 65+	35,384
District 7-3 Use Rate (patient days per 1,000) 2014	10,496
July 1, 2017 Project Population 65+	41,503
District 7-3 Use Rate (patient days per 1,000) 2014	10,496
Projected 2017 Patient Days	435,636
Projected 2017 Average Daily Census	1,194
Projected Number of Community Nursing Beds with additional 130 beds 2017	1,210
Projected 2017 Occupancy in 1,210 beds	98.64%

Source: CON application #10327 page 12 Schedule B

The reviewer notes that based on the applicant's Schedule 7, projected utilization for the proposed 120-bed facility is 30,069 patient days in the first year of operation and 41,245 in the second year of operation, 68.65 percent and 94.17 percent occupancy, respectively.

The reviewer created the following chart from the applicant's Schedule 7 regarding the proposed facility.

Osceola Springs CON, LLC, Payer Mix

	Year One Ending 12/31/2018	Year Two Ending 12/31/2019
Medicare	38.88%	38.05%
Medicaid	34.01%	34.51%
Other Managed Care	13.81%	14.16%
Self-Pay	6.90%	7.08%
Other Payers	6.40%	6.19%
Total	100%	100%

Source: CON application #10327, Schedule 7

Tri-County Nursing and Rehabilitation Center, Inc. (CON #10328) asserts that with the Agency's applicable fixed need pool forecast showing a need for 130 additional beds within Osceola County, it is clear that there is not adequate availability of nursing home capacity. The

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applicant states that in addition, the subdistrict was at 94.55 percent occupancy in the six months ending June 30, 2014, with only 81 total private rooms. Tri-County points out that three of the nine existing SNFs in the subdistrict are licensed to operate three- or four-bed resident rooms.

The applicant maintains that the addition of 120 new private beds to the subdistrict will provide a true increase of capacity of 120 patients. Tri-County indicates that with no issues associated with semi-private patient placement conflict in this facility, effective and available new capacity is really +120 beds rather than a smaller number associated with facilities with semi-private bed rooms. The applicant asserts that the proposed facility will provide private bed room facilities in both the long-term and short-term sub-acute care portion of the new nursing home which will provide many benefits to facility staff, residents, their families and their loved ones, including the needs of the significant demands of the rapidly growing baby boomer generation. Tri-County includes a list of additional benefits offered by private rooms.

Tri-County asserts that while need has been demonstrated via the fixed need pool, review of demographic data for Osceola County including population size, population growth and aging of the population all further support the need for the high quality skilled and long-term care nursing services Tri-County proposes in Osceola County. The applicant provides the following demographic profile of Osceola County.

Estimated and Projected Population Growth by Age, Osceola County

Age Cohort	Osceola County			Florida	
	2014	2019	Increase	Percent Increase	Percent Increase
65 to 74	21,640	28,923	+7,283	+33.7%	+21.1%
74 and Older	13,744	17,212	+3,468	+25.2%	+12.9%
Subtotal 65 and Older	35,384	46,135	+10,751	+30.4%	+17.4%
Under 65	264,072	303,182	+39,110	+14.8%	+4.8%
All Ages	299,456	349,317	+49,861	+16.7%	+7.1%

Source: CON application #10328, page 14, based on Florida Population Estimates by Agency District, 2010 to 2030, Agency, published September 2013

The applicant indicates that the higher than overall elderly population growth results in a forecasted aging of Osceola County population with the county age mix shifting toward an older mix. Tri-County feels this is significant as Osceola County has traditionally been considered a very young population area. The applicant believes that in addition, this strong elderly growth, well above state levels, will drive strong growth in the demand for nursing home services.

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Tri-County insists that in addition to the aging of the population, another population characteristic of Osceola County is a high level of obesity within the population. The applicant provides data indicating that the percent of Osceola County residents who are obese was estimated to be 31.9 percent in 2010 (most current data available)--an increase from 21.4 percent in 2002 and above the Florida rate of 27.2 percent.

The applicant notes that ACC often receive requests to serve patients that weigh more than 450 pounds--this weight level is higher than can typically be served. Tri-County states that to assist in addressing these needs, Tri-County has conditioned approval of the proposed project on the inclusion of two rooms specifically designed and equipped to provide access to bariatric patients, which currently is extremely limited.

Tri-County declares that the introduction of a new state-of-the-art 120 private bed facility will have a positive impact on the quality of care offered within the local market. The applicant feels that this is especially relevant as a result of the coordination and collaboration that is expected among the proposed project and two Florida Hospital acute care facilities in Osceola County and the other Adventist SNFs and Florida Hospital acute care facilities located within the greater Orlando area. Tri-County insists that with the development of a seamless continuum of acute to post-acute care, the unique nursing home/hospital linkage proposed in this project does support and document the need for the proposed Tri-County project.

Tri-County discusses the design it proposes, indicating Tri-County will be designed using a "Household" model to further foster person-centered care. The applicant explains that each of the two levels--rehabilitation on the lower level and long-term care on upper level--will be configured as four separate households jointed into two distinct neighborhoods. Tri-County also feels that access to outdoors is crucial for the health and wellbeing of SNF residents and describes its plans for various outside areas.

The applicant insists that rather than providing only services/products that will maximize organizational profitability, the applicant will provide a mix of services and products that best meet local needs--even if profit maximization is not achieved. Tri-County states that while long-term profitability is expected for this project, the ultimate goal of this new nursing home is to provide needed care while staying financially viable, versus putting profit maximization as the primary goal.

Tri-County insists that strong local community support provides additional documentation of the need for the proposed project and includes excerpts from its many letters of support.

- 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? ss. 408.035 (1) (c) and (j), Florida Statutes.**

7-3 CON LLC (CON #10324) states that as a newly formed corporation, it does not have a history of providing health care services in Florida. The applicant indicates that E.M.I. Inc., who 7-3 CON LLC claims has significant experience, will select a qualified administrator and other key staff positions to manage the new facility.

7-3 CON LLC states that through Millennium Management's expertise and skills, it will develop quality initiatives and improvement programs consistent with CMS's Quality Assurance and Performance Improvement (QAPI) programs. A full copy of the applicant's Quality Assessment and Assurance (QAA) plan is provided Exhibit 4-1 of CON application #10324.

The applicant reports that three of its SNFs in District 7 have received the Bronze Quality American Health Care Association/National Center for Assistive Living (AHCA/NCAL) award.

7-3 CON LLC states that a Plan, Do, Check, Act methodology will be utilized to plan, design, measure, assess and improve functions and processes related to resident care and safety throughout the organization. The elements of this process are described in detail on pages 4-4 and 4-5 of CON application #10324.

The applicant states that to promote resident participation and optimal quality standards, emphasis is placed on residents and their families in the scope of services, how they are delivered and the environment they are delivered in. 7-3 CON LLC indicates that the proposed facility will allow a balance of private and common areas for residents.

7-3 CON LLC states that at the time of admission, the facility focuses on coordinating and delivering a safe, effective, optimal resident care and service plan in an environment of minimal risk. The applicant indicates that the proposed facility will provide discharge planning to assure that when short-term residents' stays end, their transitions are complete and

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they can resume a more independent lifestyle. The applicant concludes that through a new physical plant, equipment and services for residents, the proposed facility is expected to provide the highest quality of care possible.

The 38 nursing homes associated with one of the parent companies, Millennium Management, are identified on pages 3-4 of this State Agency Action Report. Agency complaint records indicate that these affiliated nursing homes, for the three-year period ending November 19, 2014, had 110 substantiated complaints in 35 of 38 facilities. A single complaint can encompass multiple complaint categories. The substantiated complaint categories are listed below:

Nursing Homes affiliated with Millennium Management	
Complaint Category	Number Substantiated
Quality of Care/Treatment	54
Resident/Patient/Client Rights	17
Resident/Patient/Client Assessment	12
Administration/Personnel	10
Physical Environment	9
Nursing Services	9
Admission, Transfer & Discharge Rights	9
Infection Control	8
Dietary Services	5
Resident/Patient/Client Abuse	5
Misappropriation of Property	3
Physician Services	2
Unqualified Personnel	2
Resident/Patient/Client Neglect	1
Life Safety Code	1

Source: Florida Agency for Health Care Administration Complaint Records

Agency records indicate that E.M.I. is affiliated with 11 SNFs in Florida:

- Riverwood Health and Rehabilitation Center
- Terrace Health and Rehabilitation Center
- Citrus Hills Health and Rehabilitation Center
- Isle Health and Rehabilitation Center
- Woodland Grove Health
- The Gardens Health
- Villa Health and Rehabilitation Center
- Oceanside Extended Care Center
- Fair Havens Center
- Harmony Health Center
- The Nursing Center at Mercy

Agency complaint records indicate that these affiliated nursing homes, for the same time period, had 43 substantiated complaints for 11 of its facilities. See below.

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Nursing Homes affiliated with E. M. I. Inc.	
Complaint Category	Number Substantiated
Quality of Care/Treatment	19
Resident/Patient/Client Rights	8
Admission, Transfer & Discharge Rights	7
Administration/Personnel	5
Physical Environment	4
Unqualified Personnel	3
Resident/Patient/Client Assessment	3
Nursing Services	1
Physician Services	1
Falsification of Records/Reports	1
Billing/Refunds	1
Infection Control	1
State Licensure	1
Resident/Patient/Client Abuse	1

Source: Florida Agency for Health Care Administration Complaint Records

Kissimmee HRC, LLC (CON #10325) asserts that it is a new entity, but Clear Choice is a health care management company specializing in the rehabilitation model for SNFs. The applicant describes the history of Clear Choice, indicating that on October 11, 2007 it took over management of six facilities previously managed by Southern Health Care, along with a retirement property in Sun City Center, Florida. Kissimmee HRC states that Clear Choice took over management of two more SNFs, one in Florida in 2008 and one in Colorado in 2009.

The applicant declares that the survey history of Clear Choice managed facilities has continued to improve over the last seven years. Kissimmee HRC insists that to help ensure it stays focused on customers, it has instituted several initiatives in each center, including:

- Personalized goal setting
- Manager on duty
- Guardian angel
- 72-hour meeting
- Concierge service

Kissimmee HRC maintains that it has five nursing consultants for just 10 facilities, which the applicant states is well beyond the normal ratio for most skilled nursing operators in Florida. The applicant indicates that it has focused on clinical education and increased facility oversight--asserting that efforts have led to improved survey results. Kissimmee HRC provides the following table illustrating annual survey deficiency trending over the last seven years.

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Annual Survey Deficiencies Since Clear Choice Began Management

Facility	2007	2008	2009	2010	2011	2012	2013	2014
Belleair Health Care	8	9	11	5	2	2	3	N/A
Centre Point Health	-	14*	7	2	2	6	3	D. Free***
Conway Lakes Health	23	10	3	7	8	3	5	D. Fee***
East Bay Rehab	5	11	1	D. Free***	10	5	2	N/A
Melbourne Terrace	13**	20**	4	7	5	5	2	D. Free***
Orchard Park****	-	-	24*	15	12	9	1	2
Port Charlotte Rehab	19	11	14	12	11	5	8	6
Spring Lake Rehab	9	7	4	4	4	1	1	6
Sun Terrace Health	7	21	6	5	4	-	2	3

*The applicant notes the facility was under prior management
 **The applicant notes 6-month survey from prior management
 ***Deficiency Free
 ****The applicant notes this facility began 10/01/09, Colorado
 Source: CON application #10325, page 23

Kissimmee HRC asserts that Clear Choice has worked very hard over the past seven years to transform each of its facilities into facilities of excellence. The applicant provides the following table, illustrating that in each facility that Clear Choice has assumed operational management of, the initial star ratings were one or two stars, except for East Bay. Kissimmee HRC declares that 89 percent of Clear Choice’s facilities have either a four or a five star rating. The reviewer notes that the applicant did not include a source for its star ratings, but the reviewer was able to confirm them on CMS’s Nursing Home Compare website. The reviewer added a column to the applicant’s table illustrating each facility’s star rating per FloridaHealthFinder.gov. See the table below.

Clear Choice’s Star Ratings

Facility	Star Rating When Clear Choice Health Care Management Began	Current Star Rating	Reviewer’s Note
Belleair Health Care	One	Four	Three
Centre Pointe Health	Two	Four	Four
Conway Lakes Health	One	Five	Four
East Bay Rehab	Four	Four	Two
Melbourne Terrace	One	Five	Five
Orchard Park (CO)	One	Five	-
Port Charlotte Rehab	One	Four	Two
Spring Lake Rehab	One	Two	One
Sun Terrace Health	Two	Five	Four

Source: CON application #10325, page 24

Kissimmee HRC states that the December 3, 2013 complaint survey conducted for Spring Lake Rehab resulted in deficiencies centered around the absence of a lab order and the responsibility of having such an order in place. The applicant insists that attending physicians and expert physicians who reviewed the care, supported the facility and its staff complied with the standard of care. Kissimmee HRC contends that although Spring Lake Rehab disputed the deficiencies, and ultimately a settlement was entered into as a compromise resolution without

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admission. The applicant asserts that Spring Lake immediately reviewed its systems and put additional interventions and protocols in place and no similar issues have arisen.

Agency complaint records indicate that the affiliated nursing homes associated with the parent company, for the three-year period ending November 19, 2014, had 24 substantiated complaints at eight facilities. A single complaint can encompass multiple complaint categories. The substantiated complaint categories are listed below:

Nursing Homes affiliated with Clear Choice Health Care or SBK	
Complaint Category	Number Substantiated
Quality of Care/Treatment	14
Nursing Services	5
Dietary Services	3
Resident/Patient/Client Assessment	3
Physician Services	2
Physical Environment	2
Resident/Patient/Client Abuse	1
Resident/Patient/Client Rights	1
Infection Control	1

Source: Florida Agency for Health Care Administration Complaint Records

Osceola CON, LLC (CON #10326) states that its proposed facility shall develop, implement and maintain an ongoing, facility-wide Quality Assessment and Assurance Program designed to monitor and evaluate the quality of resident care, pursue methods to improve care quality and resolve identified problems. The applicant includes a detailed description of this program, including its purposes, authority, implementation, evaluation, coordinator and focus on pages 4-2 through 4-6 of CON application #10326.

Osceola CON asserts that a Residents' Rights brochure will be provided to each admission and that every employee is given their own copy and receives education upon hire during the first day of orientation and annually thereafter. The applicant indicates that its policy statement is "*Employees shall treat all residents with kindness, respect and dignity.*"

A copy of the applicant's education/training of Residents' Rights can be found in Exhibit 4-2 of CON application #10326.

Osceola CON insists that activities are designed to augment treatments that occur pursuant to the residents' care plans and that activities accomplish the following objectives:

- To provide a planned range of meaningful, purposeful activities that reflect the residents' interests, skills and enjoyment
- To promote adaptation and restoration of functions

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- To continue the fostering of individual interests and pursuits for enjoyment, for creativity, for mastery and for purpose
- To maximize the expression of individualism, through groups and family involvement, spiritual development and independence

Agency records indicate that the applicant is a new entity and does not have any operational history for quality of care.

Osceola Springs NH LLC (CON #10327) indicates the proposed facility will be managed by an experienced nursing home operator, as parent company Greystone currently runs 26 successful SNFs in Florida. Osceola Springs maintains that as a testament to quality, nine Greystone facilities were awarded the Bronze Award for Outstanding Quality Care from the American Health Care Association and National Center for Assisted Living (AHCA/NCAL) in 2012 and two other facilities were awarded the same honor in 2013. The applicant states that all Greystone facilities have high occupancy rates, provide the best services for all their patients and have a reputation of providing the highest quality of care.

The applicant states that it has taken advantage of the Florida Health Care Association (FHCA) Quality Credentialing Program. The FHCA's credentialing process includes an internal and external review process of quality issues. Copies of Greystone's Quality Improvement Programs, Risk Management/Quality Assurance Standards and Guidelines and Quarterly Systems Review Forms are included in Exhibit 4-3 of CON application #10327.

The applicant also explains its commitment to voluntary quality improvement programs that guide Greystone facilities. Osceola Springs states that Greystone has developed and implemented organization-specific programs, beyond those required by law, to promote the delivery of quality care. The applicant asserts that it will be guided by these voluntary programs, which include:

- Believed balanced assessment
- Operation Make a Difference
- Care line
- Greystone culture of CARE
- Focus leveling monitoring steps
- Quality assurance/risk management standards and guidelines
- Dining with distinction
- Resident council

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The applicant provides a summary of Greystone’s Quality Assurance and Performance Improvement Plan in Exhibit 4-11 of CON application #10327.

Agency complaint records indicate that the affiliated nursing homes associated with the parent company, for the three-year period ending November 19, 2014, had 143 substantiated complaints at 26 facilities. A single complaint can encompass multiple complaint categories. The substantiated complaint categories are listed below:

Nursing Homes affiliated with Greystone	
Complaint Category	Number Substantiated
Quality of Care/Treatment	65
Resident/Patient/Client Assessment	13
Administration/Personnel	12
Physical Environment	11
Resident/Patient/Client Rights	9
Nursing Services	7
Admission, Transfer & Discharge Rights	5
Infection Control	4
Resident/Patient/Client Abuse	4
Unqualified Personnel	4
Dietary Services	3
Falsification of Records/Reports	3
Physician Services	2
Billing Refunds	1
State Licensure	1

Source: Florida Agency for Health Care Administration Complaint Records

Tri-County Nursing and Rehabilitation Center, Inc. (CON #10328)

notes that although it is a newly formed entity, Adventist has strong and successful experience operating nursing homes in Florida and other states. The applicant includes examples of select Adventist quality of care policies/procedures and guidelines in Appendix M of CON application #10328.

The applicant provides the following table illustrating its quality rankings for Florida and for Medicare.

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**Adventist Care Centers Florida Facility Quality Summary
December 2014 Reports**

Facility	City	Beds	Florida	Medicare
Sunbelt Health and Rehab Center	Apopka	120	Four Stars	Four Stars
East Orlando Health and Rehab	Orlando	120	Two Stars	Three Stars
Adventist Care Center-Courtland	Orlando	120	Three Stars	Three Stars
Florida Living Nursing Center	Apopka	222*	One Star	One Star
Zephyr Haven Health and Rehab	Zephyrhills	120	Three Stars	Three Stars
Zephyrhills Health and Rehab	Zephyrhills	115	Five Stars	Five Stars

*The reviewer notes that the applicant incorrectly reported the number of licensed beds for this facility--which should be 202 beds according to FloridaHealthFinder.gov
Source: CON application #10328, page 45

Tri-County points out that the one Adventist facility that has not been rated at least at the average level is Florida Living. The applicant claims that while it is Adventist's intent to enhance this facility's star rating, the reality of the service and resident mix provided at this facility makes achieving a three star rating or above extremely difficult. Tri-County asserts that Florida Living is one of the few central Florida area SNFs that treats a large number of long-term residents with behavioral health conditions and has a large and active tracheotomy/ventilator program with extensive resource requirements and an inherent level of complications associated with treating this resident group.

The applicant further explains that after Florida Living had a difficult year in 2012, Adventist moved in quickly and the management at the facility was changed in early 2013. Tri-County insists that Florida Living has improved in deficiencies since the leadership change and that it has recently been named a Bronze Award recipient from the National Quality Award Program.

Tri-County states that in addition to its quality ratings, review of Adventist's discharge to community rates and its Medicare ALOS also provide documentation of Adventist's quality initiatives and quality results. Using data from the American Health Care Association's Long-Term Care Trend Tracker program, the applicant compares Adventist's four Orlando facilities (identified as "My Centers") to the remainder of Orlando and Seminole County facilities ("Peer Facilities"). See the table below.

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**Adventist Orlando Facilities
Discharge to Home and Medicare ALOS Comparison**

	2012	2013
Actual Discharge to Community Rate		
My Centers	59.1%	65.5%
My Peers	54.7%	57.1%
Difference	4.4%	8.5%
Risk Adjusted Discharge to Community Rate		
My Centers	66.8%	72.8%
My Peers	57.6%	61.4%
Difference	9.2%	11.4%
Actual Medicare ALOS		
My Centers	32.52 days	
My Peers	38.02 days	
Difference	-5.5 days	

Source: CON application #10328, page 46

The applicant declares that when these two data sets, plus the readmission reduction data the applicant discussed as part of its INTERACT program, are reviewed together, the conclusion reached is that Adventist Orlando facilities are returning a higher percentage of their residents to the community than their peers and reducing readmission rates, while at the same time incurring a lower ALOS in the care that supported the lower readmission and higher return to the community rates. Tri-County concludes that simply put, Adventist is doing better with less cost than the area peer facilities.

Agency complaint records indicate that the affiliated nursing homes associated with the parent company, for the three-year period ending November 19, 2014, had 14 substantiated complaints at five of its six facilities. A single complaint can encompass multiple complaint categories. The substantiated complaint categories are listed below:

Nursing Homes Associated with Adventist Care Centers	
Complaint Category	Number Substantiated
Quality of Care/Treatment	10
Administration/Personnel	1
Dietary Services	1
Physical Environment	1
State Licensure	1

Source: Florida Agency for Healthcare Administration Complaint Records

- c. What resources, including health manpower, management personnel and funds for capital and operating expenditures, are available for project accomplishment and operation? ss. 408.035 (1)(d), Florida Statutes.**

7-3 CON LLC (CON #10324):

Analysis:

The purpose of our analysis for this section is to determine if the applicant has access to the funds necessary to fund this and all capital projects. Our review includes an analysis of the short and long-term position of the applicant, parent or other related parties who will fund the project. The 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 and by equity contributions from an affiliate.

Capital Requirements and Funding:

The applicant provided a development stage audit. The audit indicates that the applicant has very little assets, liabilities, net worth and revenue. The applicant indicates on Schedule 2 capital projects totaling \$18,189,212 which includes this project. The applicant indicates on Schedule 3 of its application that funding for the project will be 25 percent equity contribution from an affiliate (Mr. Esformes) and 75 percent debt financing from a bank. The applicant's parent company currently has five CON applications under review including this one. The applicant provided a letter of interest (unsigned) indicating an interest in funding the equity portion of the project, and a compiled (unaudited) statement of Mr. Esformes as proof of financial ability to fund the equity portion. Although the application indicates that audited financial are included, the financial statements submitted were a compilation of not audited financial statements. Per the CPA's compilation report – "The object of a compilation is to assist Morris I. Esformes in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statement." Unaudited financial statements cannot be relied upon for proof of funding without third-party verification of the assets and liabilities presented. The Private Bank provided a letter of interest in financing this project. A letter of interest does not constitute a firm commitment to lend. It should also be noted that the letter of interest references a project in Duval County, not Osceola.

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Given that the equity portion of the funding is supported by an unsigned letter and unaudited financial statements and the debt portion is supported by a letter of interest for a project in another county and not a firm commitment to lend, we have no basis to conclude that funding will be available for this project.

Conclusion:

Funding for this project is in question.

Kissimmee HRC, LLC (CON #10325):

Analysis:

The purpose of our analysis for this section is to determine if the applicant has access to the funds necessary to fund this and all capital projects. Our review includes an analysis of the short and long-term position of the applicant, parent or other related parties who will fund the project. The 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 \$20,806,943 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 of \$3,156,943 and by non-related company financing. The applicant provided a development stage audit showing \$250,000 in cash and member's equity and no revenues. The applicant submitted a letter from BB&T expressing interest in providing financing for up to 85 percent of the cost of the project. A letter of interest is not considered a firm commitment to lend. However, the letter outlined an existing relationship with the parent entity, the banks knowledge of the financial strength of the parent, and indicated terms of the anticipated loan including the required 15 percent equity funding. The applicant submitted an investment statement of the parent showing over \$8 million in liquid assets available. Given the preexisting relationship with the lender and evidence of ability to fund the equity portion of the project, while not guaranteed, funding for this project appears likely.

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It should be noted that the applicant's parent company currently has three CON applications under review including this one (10250, 10258, and 10325). All three cite the same \$8 million investment statement and have virtually identical funding needs and letter of interest. Funding the 15 percent equity portion of all three projects would be in excess of the \$8 million presented. Given the information provided, it is not clear that sufficient resources exist to fund more than two of the CON applications if awarded.

Conclusion:

Funding for this project appears likely, but not guaranteed.

Osceola CON, LLC (CON #10326):

Analysis:

The purpose of our analysis for this section is to determine if the applicant has access to the funds necessary to fund this and all capital projects. Our review includes an analysis of the short and long-term position of the applicant, parent or other related parties who will fund the project. The 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 \$21,647,200 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 of \$250,000 and by non-related company financing. The applicant provided a development stage audit showing \$250,000 in cash and member's equity and no revenues. The applicant's parent company currently has three CON applications under review including this one. Tunic Capital provided a letter of interest in financing this project. A letter of interest does not constitute a firm commitment to lend. In addition, Tunic Capital, LLC provided no proof that they have the funds to support this project. In the absence of a firm commitment to lend, we would rely on an analysis of the applicant or parent audit to assess the financial stability and therefore likelihood of the applicant to obtain debt financing. In this case the applicant is a development stage company with no operations to evaluate. Therefore we do not have sufficient evidence to determine likelihood of funding this project.

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.

Osceola Springs NH LLC (CON #10327):

Analysis:

The purpose of our analysis for this section is to determine if the applicant has access to the funds necessary to fund this and all capital projects. Our review includes an analysis of the short and long-term position of the applicant, parent or other related parties who will fund the project. The analysis of the short and long-term position is intended to provide some level of objective assurance in the likelihood that funding will be available. The stronger the short-term position, the more likely cash on hand or cash flows could be used to fund the project. The stronger the long-term position, the more likely that debt financing could be achieved if necessary to fund the project. We also calculate working capital (current assets less current liabilities) a measure of excess liquidity that could be used to fund capital projects.

Historically we have compared all applicant financial ratios regardless of type to bench marks established from financial ratios collected from Florida acute care hospitals. While not always a perfect match to a particular CON project it is a reasonable proxy for health care related entities. The below is an analysis of the audited financial statements of Greystone Healthcare Holdings II, LLC, (3rd party) and where the two short-term and long-term measures fall on the scale (highlighted in gray) for the most recent year.

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Greystone Healthcare Holdings II, LLC	
	Dec-13
Current Assets	\$7,528,748
Total Assets	\$39,337,343
Current Liabilities	\$22,208,936
Total Liabilities	\$41,842,348
Net Assets	(\$2,505,005)
Total Revenues	\$46,905,292
Excess of Revenues Over Expenses	(\$258,138)
Cash Flow from Operations	\$2,242,483
Short-Term Analysis	
Current Ratio (CA/CL)	0.3
Cash Flow to Current Liabilities (CFO/CL)	10.10%
Long-Term Analysis	
Long-Term Debt to Net Assets (TL-CL/NA)	-783.8%
Total Margin (ER/TR)	-0.55%
Measure of Available Funding	
Working Capital	(\$14,680,188)

Position	Strong	Good	Adequate	Moderately Weak	Weak
Current Ratio	above 3	3 - 2.3	2.3 - 1.7	1.7 - 1.0	< 1.0
Cash Flow to Current Liabilities	>150%	150%-100%	100% - 50%	50% - 0%	< 0%
Debt to Equity	0% - 10%	10%-35%	35%-65%	65%-95%	> 95% or < 0%
Total Margin	> 12%	12% - 8.5%	8.5% - 5.5%	5.5% - 0%	< 0%

Capital Requirements and Funding:

The applicant provided a development stage audit. The audit indicates that the applicant has very little assets, liabilities, net worth and no revenue. The applicant indicates on Schedule 2 capital projects totaling \$22,877,084 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 (\$4,575,414) and non-related company financing (Greystone Healthcare Holdings II, LLC). The applicant's parent company currently has six CON applications under review including this one. The applicant provided a letter from Greystone committing to fund this project. Greystone submitted their Audited Financial Statements as proof of available funding. As of 12/31/2013 Greystone Healthcare Holdings II, LLC had insufficient cash and cash flow from operations

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(\$4,671,581) to fund the cash on hand reported on Schedule 3 for all the proposed projects. The Private Bank provided a letter of interest. A letter of interest does not constitute a firm commitment to lend. With that in mind, the parent's negative equity position could limit additional borrowing.

Conclusion:

Funding for this project is in question.

Tri-County Nursing and Rehabilitation Center, Inc. (CON #10328):

Analysis:

The purpose of our analysis for this section is to determine if the applicant has access to the funds necessary to fund this and all capital projects. Our review includes an analysis of the short and long-term position of the applicant, parent or other related parties who will fund the project. The analysis of the short and long-term position is intended to provide some level of objective assurance in the likelihood that funding will be available. The stronger the short-term position, the more likely cash on hand or cash flows could be used to fund the project. The stronger the long-term position, the more likely that debt financing could be achieved if necessary to fund the project. We also calculate working capital (current assets less current liabilities) a measure of excess liquidity that could be used to fund capital projects.

Historically we have compared all applicant financial ratios regardless of type to bench marks established from financial ratios collected from Florida acute care hospitals. While not always a perfect match to a particular CON project it is a reasonable proxy for health care related entities. The below is an analysis of the audited financial statements of Adventist Health System (Parent) and where the two short-term and long-term measures fall on the scale (highlighted in gray) for the most recent year.

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Adventist Health System		
	Dec-13	Dec-12
Current Assets	\$5,711,434,000	\$5,066,359,000
Total Assets	\$11,708,294,000	\$10,645,095,000
Current Liabilities	\$1,424,876,000	\$1,277,318,000
Total Liabilities	\$5,387,886,000	\$4,889,188,000
Net Assets	\$6,320,408,000	\$5,755,907,000
Total Revenues	\$7,666,256,000	\$7,345,338,000
Excess of Revenues Over Expenses	\$578,241,000	\$507,786,000
Cash Flow from Operations	\$1,153,648,000	\$978,176,000
Short-Term Analysis		
Current Ratio (CA/CL)	4.0	4.0
Cash Flow to Current Liabilities (CFO/CL)	80.96%	76.58%
Long-Term Analysis		
Long-Term Debt to Net Assets (TL-CL/NA)	62.7%	62.8%
Total Margin (ER/TR)	7.54%	6.91%
Measure of Available Funding		
Working Capital	\$4,286,558,000	\$3,789,041,000

Position	Strong	Good	Adequate	Moderately Weak	Weak
Current Ratio	above 3	3 - 2.3	2.3 - 1.7	1.7 - 1.0	< 1.0
Cash Flow to Current Liabilities	>150%	150%-100%	100% - 50%	50% - 0%	< 0%
Debt to Equity	0% - 10%	10%-35%	35%-65%	65%-95%	> 95% or < 0%
Total Margin	> 12%	12% - 8.5%	8.5% - 5.5%	5.5% - 0%	< 0%

Capital Requirements and Funding:

The applicant provided a development stage audit. The audit indicates that the applicant has very little assets, liabilities, net worth, and no revenue. The applicant indicates on Schedule 2 capital projects totaling \$88,664,000 which includes this project, CON application #10323, and CON application #10335. The applicant indicates on Schedule 3 of its application that funding for the project will be provided by Adventist Health System. The applicant's parent company currently has four CON applications under review including this one totaling \$114,750,000. The applicant provided a letter from Adventist Health System committing to funding this project. Adventist submitted their Audited Financial Schedules as proof of available funding. As indicated above, Adventist Health System has 4.3 billion dollars in working capital. Therefore, funds should be available as needed.

Conclusion:

Funding for this project should be available as needed.

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

7-3 CON LLC (CON #10324):

Analysis:

The immediate and long-term financial feasibility of the project is tied to expected profitability. The purpose of our analysis for this section is to evaluate the reasonableness of the applicant’s profitability projections and ultimately whether profitability is achievable for this project. Our analysis includes an evaluation of net revenue per patient day (NRPD), cost per patient day (CPD), nurse staffing ratios and profitability. We compared the NRPD, CPD and profitability to actual operating results from SNFs as reported on Medicaid cost reports (2012 and 2013 cost report years). For our comparison group, we selected SNFs with similar Medicaid utilizations to the utilization projected by the applicant on a per patient day basis (PPD). Comparison group data was adjusted for inflation to match the second year projection (Inflation factor was based on the new CMS Market Basket Price Index as published in the 3rd Quarter 2014, 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	12,647,427	321	426	320	256
Total Expenses	11,086,686	281	424	314	235
Operating Income	1,560,741	40	37	7	-34
Operating Margin	12.34%		Comparative Group Values		
	Days	Percent	Highest	Median	Lowest
Occupancy	39,420	90.00%	99.40%	92.69%	62.90%
Medicaid/MDCD HMO	24,638	62.50%	69.89%	60.63%	49.97%
Medicare	8,295	21.04%	40.36%	19.33%	2.63%

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.

The projected NRPD and CPD fall within the group range and are considered reasonable. Profit is slightly above the highest value and may be overstated. Although likely overstated, overall profitability appears achievable.

Conclusion: This project appears to be financially feasible.

Kissimmee HRC, LLC (CON #10325):

Analysis:

The immediate and long-term financial feasibility of the project is tied to expected profitability. The purpose of our analysis for this section is to evaluate the reasonableness of the applicant's profitability projections and ultimately whether profitability is achievable for this project. Our analysis includes an evaluation of net revenue per patient day (NRPD), cost per patient day (CPD), nurse staffing ratios and profitability. We compared the NRPD, CPD and profitability to actual operating results from SNFs as reported on Medicaid cost reports (2012 and 2013 cost report years). For our comparison group, we selected SNFs with similar Medicaid utilizations to the utilization projected by the applicant on a per patient day basis (PPD). Comparison group data was adjusted for inflation to match the second year projection (Inflation factor was based on the new CMS Market Basket Price Index as published in the 3rd Quarter 2014, 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.

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	PROJECTIONS PER APPLICANT		COMPARATIVE GROUP VALUES PPD		
	Total	PPD	Highest	Median	Lowest
Net Revenues	17,481,207	408	472	409	223
Total Expenses	16,540,000	386	468	406	307
Operating Income	941,207	22	28	-29	-106
Operating Margin	5.38%		Comparative Group Values		
	Days	Percent	Highest	Median	Lowest
Occupancy	42,891	90.39%	89.36%	80.65%	68.68%
Medicaid/MDCD HMO	14,110	32.90%	35.93%	30.87%	11.87%
Medicare	24,584	57.32%	58.06%	40.45%	12.36%

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.

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

Conclusion:

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

Osceola CON, LLC (CON #10326):

Analysis:

The immediate and long-term financial feasibility of the project is tied to expected profitability. The purpose of our analysis for this section is to evaluate the reasonableness of the applicant’s profitability projections and ultimately whether profitability is achievable for this project. Our analysis includes an evaluation of net revenue per patient day (NRPD), cost per patient day (CPD), nurse staffing ratios and profitability. We compared the NRPD, CPD and profitability to actual operating results from SNFs as reported on Medicaid cost reports (2012 and 2013 cost report years). For our comparison group, we selected SNFs with similar

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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 2014, 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	14,244,600	369	599	379	262
Total Expenses	13,491,900	349	580	371	276
Operating Income	752,700	19	112	9	-64
Operating Margin	5.28%		Comparative Group Values		
	Days	Percent	Highest	Median	Lowest
Occupancy	38,655	88.25%	99.58%	92.71%	75.37%
Medicaid/MDCD HMO	15,462	40.00%	50.02%	41.97%	29.95%
Medicare	15,462	40.00%	61.01%	35.64%	3.48%

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.

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

Conclusion:

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

Osceola Springs NH LLC (CON #10327):

Analysis:

The immediate and long-term financial feasibility of the project is tied to expected profitability. The purpose of our analysis for this section is to evaluate the reasonableness of the applicant’s profitability projections

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and, ultimately, whether profitability is achievable for this project. Our analysis includes an evaluation of net revenue per patient day (NRPD), cost per patient day (CPD), nurse staffing ratios and profitability. We compared the NRPD, CPD, and profitability to actual operating results from SNFs as reported on Medicaid cost reports (2012 and 2013 cost report years). For our comparison group, we selected SNFs with similar Medicaid utilizations to the utilization projected by the applicant on a per patient day basis (PPD). Comparison group data was adjusted for inflation to match the second year projection (inflation factor was based on the new CMS Market Basket Price Index as published in the 3rd Quarter 2014, 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	16,372,986	397	605	419	295
Total Expenses	14,363,577	348	586	399	278
Operating Income	2,009,409	49	54	13	-58
Operating Margin	12.27%		Comparative Group Values		
	Days	Percent	Highest	Median	Lowest
Occupancy	41,245	94.17%	99.86%	92.53%	60.95%
Medicaid/MDCD HMO	14,235	34.51%	39.88%	33.87%	20.84%
Medicare	15,695	38.05%	72.34%	46.86%	3.79%

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.

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

Conclusion:

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

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Tri-County Nursing and Rehabilitation Center, Inc. (CON #10328):

Analysis:

The immediate and long-term financial feasibility of the project is tied to expected profitability. The purpose of our analysis for this section is to evaluate the reasonableness of the applicant’s profitability projections and, ultimately, whether profitability is achievable for this project. Our analysis includes an evaluation of net revenue per patient day (NRPD), cost per patient day (CPD), nurse staffing ratios and profitability. We compared the NRPD, CPD and profitability to actual operating results from SNFs as reported on Medicaid cost reports (2012 and 2013 cost report years). For our comparison group, we selected SNFs with similar Medicaid utilizations to the utilization projected by the applicant on a per patient day basis (PPD). Comparison group data was adjusted for inflation to match the second year projection (inflation factor was based on the new CMS Market Basket Price Index as published in the 3rd Quarter 2014, 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	12,490,149	306	424	318	254
Total Expenses	11,695,830	286	421	312	234
Operating Income	794,319	19	37	7	-34
Operating Margin	6.36%		Comparative Group Values		
	Days	Percent	Highest	Median	Lowest
Occupancy	40,864	93.30%	99.40%	92.69%	62.90%
Medicaid/MDCD HMO	23,524	57.57%	69.89%	60.63%	49.97%
Medicare	14,420	35.29%	40.36%	19.33%	2.63%

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.

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

Conclusion:

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

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

Analysis:

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:

These projects are not likely to have a material impact on competition to promote quality and cost-effectiveness.

- f. Are the proposed costs and methods of construction reasonable? Do they comply with statutory and rule requirements? ss. 408.035 (1) (h), Florida Statutes; Ch. 59A-4, Florida Administrative Code.**

7-3 CON LLC (CON #10324): The applicant has submitted all information and documentation necessary to demonstrate compliance with the architectural review criteria. The cost estimate for the propose project provided in Schedule 9, Table A and the project completion forecast provided in Schedule 10 appear to be reasonable. A review of

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the architectural plans, narratives and other supporting documents did not reveal any deficiencies that are likely to have a significant impact on either construction costs or the proposed completion schedule.

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

Kissimmee HRC, LLC (CON #10325): Although architectural drawings are not to scale, all the required spaces have been provided and appear to be adequately sized.

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

However construction type V-A as indicated in the architectural plans does not allow construction of a two-story building for health care occupancy (I-2), and must be revised.

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.

Osceola CON, LLC (CON #10326): 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

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the architectural plans, narratives and other supporting documents did not reveal any deficiencies that are likely to have a significant impact on either construction costs or the proposed completion schedule.

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

Osceola Springs NH LLC (CON #10327): The applicant has submitted all information and documentation necessary to demonstrate compliance with the architectural review criteria. The cost estimate for the proposed project provided in Schedule 9, Table A and the project completion forecast provided in Schedule 10 appear to be reasonable. A review of the architectural plans, narratives and other supporting documents did not reveal any deficiencies that are likely to have a significant impact on either construction costs or the proposed completion schedule.

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

Tri-County Nursing and Rehabilitation Center, Inc. (CON #10328): The applicant has submitted all information and documentation necessary to demonstrate compliance with the architectural review criteria. The cost estimate for the proposed project provided in Schedule 9, Table A and the project completion forecast provided in Schedule 10 appear to be reasonable. A review of the architectural plans, narratives and other supporting documents did not reveal any deficiencies that are likely to have a significant impact on either construction costs or the proposed completion schedule.

The plans submitted with this application were schematic in detail with the expectation that they will be necessarily revised and refined prior to being submitted for full plan review. The architectural review of this

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

A five-year history of Medicaid patient days and occupancy for the subdistrict, district and state is provided in the table below.

Medicaid Patient Days and Medicaid Occupancy in Osceola County, District 7 and Florida

Medicaid Patient Days					
Facility/Area	2009	2010	2011	2012	2013
Osceola County	233,221	232,562	233,630	241,173	237,629
District 7	1,664,492	1,762,965	1,771,754	1,768,611	1,758,966
Florida	15,411,373	15,530,575	15,612,015	15,733,318	15,700,197
Medicaid Occupancy					
Facility/Area	2009	2010	2011	2012	2013
Osceola County	65.57%	63.95%	64.17%	65.15%	63.97%
District 7	59.92%	60.05%	60.18%	60.26%	60.14%
Florida	61.26%	61.33%	61.56%	61.85%	61.66%

Source: Florida Nursing Home Bed Need Projections by District and Subdistrict, October 2014 Batching Cycle

7-3 CON LLC (CON #10324) states that it was recently created to develop a new 120-bed facility and therefore, has no history of utilization. The applicant indicates however that its affiliates are related to more than 38 SNFs in in Florida that provide skilled nursing care to Medicaid patients at all of their facilities.

The applicant provides data illustrating Medicaid and total occupancies for its 38 affiliated facilities in Florida for the 12-month period ending June 2014, indicating that its seven affiliated facilities in District 7 maintained a median occupancy rate of 60.7 percent. The reviewer confirms these data in the Agency’s *Florida Nursing Home Bed Need Projections by District and Subdistrict*, published October 3, 2014. Additionally, 7-3 CON LLC presents data that its affiliated E.M.I.-operated facilities in the state averaged Medicaid occupancy of 57.7 percent. The reviewer notes that the applicant did not include a time period for this data or a source other than “E.M.I. Internal data.”

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The reviewer compiled the following Medicaid occupancy data for E.M.I.'s Florida facilities for July 1, 2013 to June 30, 2014. See the table below.

**E.M.I. Florida Medicaid Occupancy
July 1, 2013 to June 30, 2014**

Facility	Medicaid Days	Total Days	Medicaid Occupancy
Riverwood Health and Rehabilitation Center	27,430	42,300	64.85%
Terrace Health and Rehabilitation Center	23,109	43,014	53.72%
Citrus Hills Health and Rehabilitation Center	21,544	40,515	67.61%
Isle Health and Rehabilitation Center	22,985	38,801	59.24%
Woodland Grove Health	24,477	42,604	57.45%
The Gardens Health	20,641	39,420	53.52%
Villa Health and Rehabilitation Center	25,790	43,305	59.55%
Oceanside Extended Care Center	50,432	71,217	70.81%
Fair Havens Center	62,481	97,493	64.09%
Harmony Health Center	44,974	73,815	60.93%
The Nursing Center at Mercy	5,220	40,686	12.83%
Total	329,083	573,170	56.78%

Source: Florida Nursing Home Bed Need Projections by District and Subdistrict, October 2014 Batching Cycle

The applicant reports that the current Medicaid occupancy rate for all community nursing homes in Osceola County is 64.2 percent. The reviewer notes that the applicant did not specify if this occupancy rate is in terms of mean or median. 7-3 CON LLC provides the following payer forecast for the first two years of operation of the proposed facility, indicating that it is based on historical utilization of the applicant's affiliates and other similarly-sized facilities within the subdistrict.

**Forecasted Admissions and Patient Days
for 7-3 CON LLC**

Payer	Year One		Year Two	
	Patient Days	Percent	Patient Days	Percent
Medicaid*	13,654	62.5%	24,638	62.5%
Medicare**	4,597	21.0%	8,295	21.0%
Commercial	2,128	9.7%	3,839	9.7%
Private Pay	639	2.9%	1,152	2.9%
Other Payers	828	3.8%	1,496	3.8%
Total	21,846	100.0%	39,420	100.0%

*Applicant's note: Includes Medicaid Managed Care

**Applicant's note: Includes Medicare Managed Care

Source: CON application #10324, page 9-3

7-3 CON LLC maintains that with seven affiliated facilities in District 7 and two within Subdistrict 7-3, care can be coordinated and managed efficiently to meet both short-term and long-term needs for residents of this area.

The applicant's Schedule 7 indicates that Medicaid and self-pay represent 62.50 and 2.93 percent, respectively, of year one and 62.50 percent and 2.92 percent, respectively, of year two annual total patient days.

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7-3 CON LLC states that it is aware of all aspects of the newly implemented Statewide Medicaid Managed Care Long-Term Care program (SMMC LTC) and will form a provider agreement with one of the LTC plans available in Subdistrict 7-3. The applicant notes that following the August 2013 initiation of SMMC LTC in District 7, the four SMMC LTC plan operating enrolled approximately 9,300 individuals. The applicant maintains that it will enroll in, and continue to provide timely and accurate provider information to the Agency Provider Master List. 7-3 CON LLC asserts that it will also collaborate with the chosen LTC plan to identify and implement quality and performance measures to monitor the facility's clinical performance on an ongoing basis. The applicant provides a summary of available Medicaid SMMC LTC plans operating in Region 7.

Kissimmee HRC, LLC (CON #10325) states that it is a new entity with no operational history. The applicant maintains that Medicaid and medically indigent residents/patients within other Clear Choice-managed facilities represent between 50 to 60 percent of the total population. The reviewer notes the applicant did not provide a data source or detailed report on Medicaid and charity care provided at its current facilities. Kissimmee HRC insists that Clear Choice instills a culture of caring and giving back to the community.

The applicant declares that Clear Choice facilities understand that part of serving the community is providing care to people in need despite of payer source. Kissimmee HRC reports that Clear Choice is on track for writing-off over \$1,000,000.00 dollars in unreimbursed care to Medicaid and medically indigent residents/patients.

Kissimmee HRC indicates that Clear Choice Health Care has developed a culture of giving back to the local community charities. The applicant includes articles of Clear Choice programs pertaining to charity work in Attachments 13 and 17 of CON application #10325.

The applicant states it will provide services to Medicaid patients and the medically indigent.

The applicant's Schedule 7 indicates that Medicaid and self-pay represent 15.0 percent and 7.0 percent, respectively, of year one and 33.0 percent and 3.0 percent, respectively, of year two annual total patient days.

The reviewer compiled the following Medicaid occupancy data for Clear Choice operated Florida facilities for July 1, 2013 to June 30, 2014. See the table below.

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**Clear Choice Operated Facilities, Florida Medicaid Occupancy
July 1, 2013 to June 30, 2014**

Facility	Medicaid Days	Total Days	Medicaid Occupancy
Belleair Health Care	19,895	39,679	50.14%
Centre Pointe Health	18,268	41,667	43.84%
Conway Lakes Health	14,546	39,814	36.53%
East Bay Rehab	16,902	40,806	41.42%
Melbourne Terrace Rehab	12,609	40,064	31.47%
Port Charlotte Rehab	21,608	39,441	54.79%
Spring Lake Rehab	10,847	40,756	26.61%
Sun Terrace Health	10,472	36,951	28.34%
Total	125,147	319,178	39.21%

Source: Florida Nursing Home Bed Need Projections by District and Subdistrict, October 2014 Batching Cycle

Osceola CON, LLC (CON #10326) states that although it is a new entity and has no history of Medicaid, it will certify the proposed facility in the Medicare and Medicaid programs.

The applicant provides an overview of changes to long-term care including the advent of SMMC plans. In this discussion, Osceola CON includes information on the available plans and services in Region 7. Osceola CON asserts that the levels of Medicare and Medicaid managed care are difficult to forecast as the experience with them continues to evolve. The applicant believes that with the advent of SMMC for long-term care, the expectation is that Medicaid utilization will continue to trend downward as options to institutional placement are advanced. Osceola CON indicates that Medicare Advantage Plans are also growing in enrollments. The applicant provides the following payer forecast for the first two years of operation.

Osceola CON, Projected Utilization

Payer	Year One Resident Days	Year Two Resident Days	Percent of Days	Admits Year One	Admits Year Two
Medicare	4,911	9,664	25%	246	484
Medicare Managed Care	2,946	5,798	15%	164	323
Medicaid Managed Care	7,857	15,462	40%	22	43
Self-Pay	3,928	7,731	20%	66	129
Total	19,642	38,655	100%	498	979
Occupancy	44.84%	88.25%			

Source: CON application #10326, page 9-4

The applicant states that in addition to the above payer mix, uncollected billings and charity care have been estimated at 240 patient days in the first year and 472 in the second year, representing 1.22 percent of total days, for the first and second years. Osceola CON concludes that the proposal assures access to a variety of payers.

The applicant's Schedule 7 indicates that Medicaid and self-pay represent 40.0 percent and 20.0 percent, respectively, of year one and year two annual total patient days.

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Osceola Springs NH LLC (CON #10327) provides Greystone’s most recent three years total facility utilization and Medicaid utilization to show the historical demand of Medicaid patients at Greystone facilities in Florida. The applicant reports its overall percent Medicaid occupancy at 57.89 percent, 56.51 percent and 55.94 percent for FY 2012, FY 2013 and FY 2014, respectively.

The applicant insists that its data demonstrate that the majority of Greystone facilities have over half of total patient days accounted for by Medicaid patients. Osceola Springs indicates that for each of the past three FYs, there have been more than 558,000 Medicaid patient days at Greystone facilities, with 56 to 58 percent of patient days accounted for by Medicaid patients.

The reviewer compiled the following Medicaid occupancy data for Greystone Florida facilities for July 1, 2013 to June 30, 2014. See the table below.

**Greystone Florida Medicaid Occupancy
July 1, 2013-June 30, 2014**

Facility Name	Medicaid Days	Total Patient Days	Medicaid Occupancy
Alhambra Health and Rehabilitation Center	10,913	20,860	52.30%
Apollo Health and Rehabilitation Center	19,859	33,518	59.25%
Carlton Shores Health and Rehabilitation Center	13,768	36,151	38.08%
Citrus Hills Health and Rehabilitation Center	30,326	43,258	71.44%
Club Health and Rehabilitation Center at The Villages	24,265	39,549	61.35%
The Gardens Health and Rehabilitation Center	20,641	38,570	53.52%
Greenbriar Rehabilitation and Nursing Center	8,240	21,596	38.16%
Isle Health and Rehabilitation Center	22,985	38,801	59.24%
Lady Lake Specialty Care Center	17,532	47,343	37.03%
Lehigh Acres Health and Rehabilitation Center	19,555	35,539	55.02%
Lexington Health and Rehabilitation Center	54,248	27,995	51.61%
The Lodge Health and Rehabilitation Center	19,066	33,511	56.89%
North Beach Rehabilitation Center	18,036	33,099	54.49%
North Rehabilitation Center	4,998	14,012	35.67%
Park Meadows Health and Rehabilitation Center	31,532	47,630	66.20%
Ridgecrest Nursing and Rehabilitation Center	25,100	46,601	53.86%
Riverwood Health and Rehabilitation Center	27,430	42,300	64.85%
Rockledge Health and Rehabilitation Center	15,865	35,422	44.79%
Sunset Lake Health and Rehabilitation Center	18,924	41,145	45.99%
Terrace Health and Rehabilitation Center	23,109	43,014	53.72%
Unity Health and Rehabilitation Center	85,135	97,534	87.29%
Viera Health and Rehabilitation Center	7,990	32,482	24.60%
Villa Health and Rehabilitation Center	25,790	43,305	59.55%
Village Place Health and Rehabilitation Center	17,050	33,898	50.30%
Wilton Manors Health and Rehabilitation Center	24,761	47,555	52.07%
Woodland Grove Health and Rehabilitation Center	24,447	42,604	57.45%
Total	611,565	1,017,292	53.26%

Source: Florida Nursing Home Bed Need Projections by District and Subdistrict, October 2014 Batching Cycle

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The applicant's Schedule 7 indicates that Medicaid and self-pay represent 34.01 percent and 6.90 percent, respectively, of year one and 34.51 percent and 7.08 percent, respectively, of year two annual total patient days.

Osceola Springs concludes that it will continue to care for all patients, regardless of payer source. The applicant states that patients whose incomes are below a means test are eligible for care to be covered by Medicaid and the new facility will be dually certified for both Medicaid and Medicare.

Tri-County Nursing and Rehabilitation Center, Inc. (CON #10328) states that while the applicant for this project is a new entity without any history, Adventist does have a strong history of providing care to Medicaid patients and the medically indigent. The applicant provides the following table, indicating that Adventist facilities provided 54 percent to 68 percent of total resident days to Medicaid patients during the six months ending June 30, 2014. Tri-County declares that this strong level of care to the Medicaid population shows Adventist's commitment to provide needed services to patients with limited financial resources.

**Adventist Care Centers Florida, Percentage of Medicaid Days
Six Months Ending June 2014**

Facility	City	Beds	% Medicaid Days
Sunbelt Health and Rehab Center	Apopka	120	54.7%
East Orlando Health and Rehab	Orlando	120	59.2%
Adventist Care Center-Courtland	Orlando	120	53.6%
Florida Living Nursing Center	Apopka	202	66.3%
Zephyr Haven Health and Rehab	Zephyrhills	120	67.9%
Zephyrhills Health and Rehab Center	Zephyrhills	103	53.7%

Source: CON application #10328, page 54

The applicant asserts that additionally, during calendar year 2013 Adventist Care Centers in Florida combined provided \$2.7 million of care to charity/indigent patients requiring nursing home care. Tri-County insists that further review of charity/indigent utilization data at Adventist's four Orlando/Apopka facilities show that Adventist facilities provide care to a large number and proportion of these patients. The applicant states that the ADC of charity patients in these four facilities is large and growing. See the table below.

**Adventist Care Centers Orlando Facilities
ADC of Charity/Indigent Patients**

	2011	2012	2013	Jan-Sept 2014
Charity/Indigent ADC	21	23	28	26
ADC	545	542	539	541
Charity/Indigent as % of ADC	3.9%	4.2%	5.2%	4.8%

Applicant's note: Includes ADC for Adventist Care Centers Courtland, East Orlando Health and Rehab Center, Sunbelt Health and Rehab Center and Florida Living Center

Source: CON application #10328, page 54, based on Adventist Care Centers records, 2014

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Tri-County indicates that the charity/indigent care provided by Adventist consists largely of patients that are homeless, undocumented, and/or are considered Medicaid-pending for long periods of time. The applicant explains that for patients such as these, it can take six months or more for them to become enrolled in Medicaid, while Medicaid reimbursement is only paid retroactively for up to 90 days.

The applicant declares that this commitment to provide needed nursing home services to the medically indigent documents Adventist's strong mission-based focus on meeting the needs of the local community--even when there are no financial resources available to support the care.

The reviewer compiled the following Medicaid occupancy data for Adventist-operated Florida facilities for July 1, 2013 to June 30, 2014. See the table below.

**Adventist Care Centers Florida Medicaid Occupancy
July 1, 2013 to June 30, 2014**

Facility	Medicaid Days	Total Days	Medicaid Occupancy
Sunbelt Health and Rehab Center	23,432	42,193	55.54%
East Orlando Health and Rehab	24,798	42,283	58.65%
Adventist Care Center-Courtland	23,215	41,485	55.96%
Florida Living Nursing Center	70,387	47,269	67.16%
Zephyr Haven Health and Rehab Center	29,074	42,125	69.02%
Zephyrhills Health and Rehab Center	19,237	35,979	53.47%
Total	190,143	251,334	59.97%

Source: Florida Nursing Home Bed Need Projections by District and Subdistrict, October 2014 Batching Cycle

The applicant's Schedule 7 indicates that Medicaid and self-pay represent 50.6 percent and 12.3 percent, respectively, of year one and 57.6 percent and 7.1 percent, respectively, of year two annual total patient days.

F. SUMMARY

7-3 CON LLC (CON #10324), an affiliate of the principals E.M.I. Inc. and Millennium Management, LLC, proposes to establish a new 120-bed community nursing home in District 7/Subdistrict 7-3, Osceola County.

The applicant states it has 38 affiliated SNFs in Florida.

The project involves 73,053 GSF of new construction. The construction cost is \$13,150,000. Total project cost is \$18,209,082. Project cost includes land, building, equipment, project development, financing and start-up costs.

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The applicant does not wish to accept any conditions for the proposed project.

Kissimmee HRC, LLC (CON #10325), owned by SBK Capital LLC but to be managed by Clear Choice Health Care, proposes to establish a new 130-bed community nursing home in District 7/Subdistrict 7-3, Osceola County.

Clear Choice operates eight SNFs in Florida.

The project involves 85,000 GSF of new construction. The construction cost is \$13,345,000. Total project cost is \$20,763,558. Project cost includes land, building, equipment, project development, financing and start-up costs.

The applicant proposes one condition on its Schedule C.

Osceola CON, LLC (CON #10326) proposes to establish a new 120-bed community nursing home in District 7/Subdistrict 7-3, Osceola County.

The project involves 80,080 GSF of new construction. The construction cost is \$14,000,000. Total project cost is \$21,647,200. Project cost includes land, building, equipment, project development, financing and start-up costs.

The applicant does not wish to accept any conditions for the proposed project.

Osceola Springs NH LLC (CON #10327), to be managed by Greystone Healthcare Management, proposes to establish a new 130-bed community nursing home in Subdistrict 7-3, Osceola County.

Greystone operates 25 SNFs in Florida.

The project involves 83,558 GSF of new construction. The construction cost is \$15,458,230. Total project cost is \$22,877,084. Project cost includes land, building, equipment, project development, financing and start-up costs.

The applicant does not wish to accept any conditions for the proposed project.

Tri-County Nursing and Rehabilitation Center, Inc. (CON #10328), a wholly owned subsidiary of Sunbelt Health Care Centers, Inc. d/b/a Adventist Care Centers, proposes to establish a new 120-bed community nursing home in Subdistrict 7-3, Osceola County.

Adventist operates six SNFs in Florida.

The project involves 85,700 GSF of new construction. The construction cost is \$18,579,000. Total project cost is \$29,706,000. Project cost includes land, building, equipment, project development, financing and start-up costs.

The applicant proposes seven conditions on its Schedule 7.

Need:

In Volume 40, Number 193 of the Florida Administrative Register dated October 3, 2014, a fixed need pool of 130 beds was published for Subdistrict 7-3 for the July 2017 Planning Horizon.

As of November 19, 2014, Subdistrict 7-3 had 1,080 licensed and zero approved community nursing home beds. During the 12-month period ending June 30, 2014, Subdistrict 7-3 experienced 94.22 percent utilization at nine existing facilities.

7-3 CON LLC (CON #10324) believes need for the proposed project is clearly demonstrated by these main points:

- The subdistrict has significant numbers of discharges in service lines and disease categories such as hip and knee repair and replacement, septicemia, heart failure and stroke which will further increase demand for skilled nursing care
- The long-standing moratorium on the new skilled nursing home beds means that new, more modern facilities are needed to keep pace with technological and clinical developments in health care delivery

7-3 CON LLC states that although site selection continues--population demographics, locations of existing nursing homes, hospitals and roadways are being factored in so that the proposed site will improve access.

The applicant contends that facilities with high occupancy rates reduce access to needed beds because beds that are occupied are not available to those in need.

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7-3 CON LLC predicts that the proposed facility will reach an overall occupancy rate of 50 percent in the first year during the fill-up period and is anticipated to reach 90 percent by the first quarter of the second year. The applicant indicates on its Schedule 7 that the ALOS will be 62.77 days for years one and two of operation.

Kissimmee HRC, LLC (CON #10325) states that the intended site would be in close proximity to Osceola Regional Medical Center. The applicant maintains that the 65+ population for Kissimmee and the greater Kissimmee area in the target market it mapped is approximately 22,000. Kissimmee HRC indicates that within this area, the 65+ population predominately reside in ZIP Codes 34741, 34746 and 34744 (roughly 15,000 seniors) and furthermore, these ZIP Codes happen to be where the majority of discharges from Osceola Regional Medical Center are sent.

The applicant insists that the identified needs within the proposed market are relatively consistent with the needs throughout many of the Florida markets where Clear Choice currently operates. Kissimmee HRC declares that area patients with problems related to medicine, cardiology and pulmonology would benefit particularly from existing Clear Choice programs, including:

- Medication and Disease Management Programming
- Cardiac Programming
- Left Ventricular Assistive Device Recipient Therapy
- Cerebral Vascular Accident
- Chronic Obstructive Pulmonary Disease
- Continuous and Bi-level Positive Airway Pressure Programming

The applicant states that the facility anticipated ALOS for short-term patients is approximately 32 days. The reviewer notes that the applicant did not include total admissions on its Schedule 7, so an ALOS cannot be calculated for the first two years of operation.

Osceola CON, LLC (CON #10326) indicates that the majority of the population within Osceola County resides in the northwest portion of the County within the cities of Kissimmee and St. Cloud. The applicant compared the two cities by drawing a 10-mile radius around each one and shading population by ZIP Code to see the areas of concentration. Osceola CON determines that location of Kissimmee offers slightly more benefit over St. Cloud in offering the best opportunity for reaching the largest number of people.

The applicant performed a detailed data analysis of 65+, 75+ and overall total population growth estimates for ZIP Codes within a 10-mile radius

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of Kissimmee for the year 2019 with 2014 as a baseline--noting that Kissimmee offers the best potential for development of an additional SNF. Osceola CON declares the data show that a location proximate to Kissimmee will contribute to the area's continuum of care. The applicant states that the growth rates within this area for the 65+ population exceed 28 percent.

Osceola CON indicates on its Schedule 7 that the ALOS will be 39.5 days for years one and two of operation.

Osceola Springs NH LLC (CON #10327) states the facility will be constructed with a combination of private and semi-private rooms configured in a "culture change" design to better serve the rehabilitation patients in the area. The facility will be staffed with people that possess the clinical expertise to care for residents with a wide range of needs for rehabilitation care. The physical plant design will permit the applicant to have the space and equipment needed for rehabilitation including 6,000+ square feet for the therapy suite with separate areas for physical therapy, speech therapy, and occupational therapy, separate therapy gyms and an occupational therapy track located within one of the exterior courtyards. An interdisciplinary team provides an array of services in accordance with each resident's care plan.

Osceola Springs states it will provide both short-term rehabilitation services and long-term care services that will deliver full range of care to treat and support each patient and resident. The applicant maintains that the proposed facility responds to the statutory criterion of "need" and enhances both access and availability of skilled nursing care within the service area.

The applicant's Schedule 7 indicates that ALOS will be 29.65 days for year one and 29.69 days for year two of operation.

Tri-County Nursing and Rehabilitation Center, Inc. (CON #10328) asserts that in addition to the Agency's fixed bed need pool, the need for this specific project is supported by the following facts:

- As a not-for-profit nursing home, Tri-County will focus on community needs rather than investor returns
- With 100 percent private beds, each resident in the facility will have the individual space and privacy needed to support optimal resident care and resident recovery
- With only 81 total private beds currently available in the subdistrict, the 120-bed 100 percent private room facility, providing a significant expansion of private room capacity, will also

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provide for a significant enhancement in resident care available to local patients

- The coordination/integration of care between the nursing home and local Adventist hospitals and their broad array of inpatient and outpatient services will provide enhanced efficiencies and outcomes not available at non-aligned nursing home providers
- The linkage of the proposed facility with additional community-based services such as home health care, hospice and senior service and senior housing providers will ensure that a full continuum of care is available for Osceola County requiring post-acute care support
- The application condition to invest at least \$10,000 per year for three years in support of community-based elderly service initiatives will provide even more integration of care
- Tri-County will be an active and creative participant in Florida’s long-term managed care initiatives
- Adventist has already contracted with all four Medicaid Managed providers in Region 7—and has contracted with many of the Medicare Advantage providers as well

Tri-County indicates that the expected ALOS is bi-modal--as it will be dependent upon whether a patient is treated in the long-term care or the sub-acute care portion of the facility. The applicant explains that the financial forecasts assume a Medicaid and self-pay ALOS of approximately 600+ days while sub-acute patients are expected to have an ALOS of 20-30 days. Tri-County states that the financial forecasts show a Medicare patient with an ALOS of 28 days.

The reviewer created the following table from the applicant’s Schedule 7 for ALOS for each patient type.

Tri-County ALOS by Payer Type

Payer Type	Year 1 ALOS (in Days)	Year 2 ALOS (in Days)
Self-Pay	244	365
Medicaid	150	735*
Medicare	28	28
Medicare HMO	14	14

Source: CON application #10328, Schedule 7

*The reviewer notes that the table was calculated by dividing the number of admissions by the number of patient days for each payer type. As this number is higher than 365, it shows that Medicaid admissions from the prior year are included in the 735 ALOS number.

Quality of Care:

Each of the five applicants described their ability to demonstrate quality care.

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7-3 CON LLC (CON #10324): The applicant's controlling interest Millennium Management had 110 substantiated complaints at 35 of its 38 Florida SNFs during November 19, 2011 to November 19, 2014.

The applicant's controlling interest E.M.I had 43 substantiated complaints at its 11 Florida SNFs during November 19, 2011 to November 19, 2014.

Kissimmee HRC, LLC (CON #10325): The applicant's controlling interest had 24 substantiated complaints at its eight Florida skilled nursing facilities during November 19, 2011 to November 19, 2014.

Osceola CON, LLC (CON #10326): Agency records indicate that the applicant is a new entity and does not have any operational history for quality of care.

Osceola Springs NH LLC (CON #10327): The applicant's controlling interest had 143 substantiated complaints at its 26 Florida SNFs during November 19, 2011 to November 19, 2014.

Tri-County Nursing and Rehabilitation Center, Inc. (CON #10328): The applicant's controlling interest had 14 substantiated complaints at five of its six Florida SNFs during November 19, 2011 to November 19, 2014.

Financial Feasibility/Availability of Funds:

7-3 CON LLC (CON #10324): Funding for this project is in question. Based on the information provided in Schedule 6, the applicant's projected staffing meets this requirement. This project appears to be financially feasible.

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

Kissimmee HRC, LLC (CON #10325): Funding for this project appears likely, but not guaranteed. Based on the information provided in Schedule 6, the applicant's projected staffing meets this requirement. 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 competition to promote quality and cost-effectiveness.

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Osceola CON, LLC (CON #10326): Funding for this project is in question. Based on the information provided in Schedule 6, the applicant's projected staffing meets this requirement. 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 competition to promote quality and cost-effectiveness.

Osceola Springs NH LLC (CON #10327): Funding for this project is in question. Based on the information provided in Schedule 6, the applicant's projected staffing meets this requirement. 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 competition to promote quality and cost-effectiveness.

Tri-County Nursing and Rehabilitation Center, Inc. (CON #10328): Funding for this project should be available as needed. Based on the information provided in Schedule 6, the applicant's projected staffing meets this requirement. 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 competition to promote quality and cost-effectiveness.

Medicaid/Charity Care:

7-3 CON LLC (CON #10324) does not propose to condition project approval to a percentage of Medicaid days.

The applicant's Schedule 7 indicates that Medicaid and self-pay represent 62.50 and 2.93 percent, respectively, of year one and 62.50 percent and 2.92 percent, respectively, of year two annual total patient days.

The applicant states that it is aware of all aspects of the newly implemented SMMC LTC and will form a provider agreement with one of the LTC plans available in Subdistrict 7-3.

Kissimmee HRC, LLC (CON #10325) does not propose to condition project approval to a percentage of Medicaid days.

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The applicant's Schedule 7 indicates that Medicaid and self-pay represent 15.0 percent and 7.0 percent, respectively, of year one and 33.0 percent and 3.0 percent, respectively, of year two annual total patient days.

Osceola CON, LLC (CON #10326) does not propose to condition project approval to a percentage of Medicaid days.

The applicant's Schedule 7 indicates that Medicaid and self-pay represent 40.0 percent and 20.0 percent, respectively, of year one and year two annual total patient days.

The applicant provides an overview of changes to long-term care including the advent of SMMC plans. In this discussion, Osceola CON includes information on the available plans and services in Region 7.

Osceola Springs NH LLC (CON #10327) does not propose to condition project approval to a percentage of Medicaid days.

The applicant's Schedule 7 indicates that Medicaid and self-pay represent 34.01 percent and 6.90 percent, respectively, of year one and 34.51 percent and 7.08 percent, respectively, of year two annual total patient days.

Tri-County Nursing and Rehabilitation Center, Inc. (CON #10328) does not propose to condition project approval to a percentage of Medicaid days.

The applicant's Schedule 7 indicates that Medicaid and self-pay represent 50.6 percent and 12.3 percent, respectively, of year one and 57.6 percent and 7.1 percent, respectively, of year two annual total patient days.

Architectural:

7-3 CON LLC (CON #10324): The cost estimate 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 a significant impact on either construction costs or the proposed completion schedule.

Kissimmee HRC, LLC (CON #10325): The cost estimate 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 a significant impact on either construction costs or the proposed completion schedule.

Osceola CON, LLC (CON #10326): The cost estimate 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 a significant impact on either construction costs or the proposed completion schedule.

Osceola Springs NH LLC (CON #10327): The cost estimate 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 a significant impact on either construction costs or the proposed completion schedule.

Tri-County Nursing and Rehabilitation Center, Inc. (CON #10328): The cost estimate 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 a significant impact on either construction costs or the proposed completion schedule.

G. RECOMMENDATION

Approve CON #10328 to establish a 120-bed community nursing home in District 7, Subdistrict 3, Osceola County. The total project cost is \$29,706,000. The project involves 85,700 GSF of new construction and a construction cost of \$18,579,000.

CONDITIONS:

- To address the needs of the medically-complex patients, Adventist and East Orlando Health and Rehab Inc. commits to:
 - Continue operating the existing 10 respiratory/ventilator and dialysis service beds at East Health and Rehab Inc.
 - Add 10 additional respiratory/ventilator and dialysis service beds at East Orlando Health and Rehab, and continuing to operate these additional 10 beds
- The first floor of Tri-County’s proposed facility will include two rooms that are specifically designed and equipped to accommodate bariatric patients who weigh more than 450 pounds
- In addition to providing a comprehensive array of orthopedic/neurological/pulmonary/cardiac rehabilitation therapy programs for its residents, Tri-County will also provide a hydrotherapy program in support of its therapy patients
- Tri-County will have 100 percent private rooms

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- Tri-County will have access to and be integrated with Adventist Health System's and Adventist Care System's existing and operating health information and health information exchange system supported by the organization's HealthMEDX Vision health information platform
- Tri-County will provide up to \$10,000 annually for at least three years to support staff education and/or certification activities in order to assist facility staff to upgrade skills, gain certifications or achieve educational advancement
- Tri-County will provide up to \$10,000 annually for least three years to support community health education and community wellness activities in support of the organization's goal to enhance the health of the entire community--not just residents served in the new facility

Deny CON #10324, CON #10325, CON #10326 and CON #10327.

AUTHORIZATION FOR AGENCY ACTION

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

DATE: _____

Marisol Fitch
Health Services and Facilities Consultant Supervisor
Certificate of Need