

STATE OF FLORIDA AGENCY FOR HEALTH CARE ADMINISTRATION

STATE OF FLORIDA, AGENCY FOR

Petitioner.

٧,

EPOC CLINIC, LLC.

Respondent.

STATE OF FLORIDA, AGENCY FOR HEALTH CARE ADMINISTRATION.

HEALTH CARE ADMINISTRATION.

Petitioner,

v.

FORT LAUDERDALE WOMEN'S CENTER, LLC.

Respondent.

STATE OF FLORIDA, AGENCY FOR HEALTH CARE ADMINISTRATION.

Petitioner.

ν.

OCALA WOMEN'S CENTER, LLC,

Respondent.

CASE NO. 16-433PH AHCA NOS. 2015011449

2015011451 FILE NO. (CL) 26933634

(AC) 13910012 LICENSE NO. (CL) 800003239 (AC) 822

FACILITY TYPE: CLINICAL LABORATORY; ABORTION CLINIC

CASE NO. 16-433PH

AHCA NOS. 2015011454 2015011456

FILE NO. (CL) 26933634

(AC) 13960056

LICENSE NO. (CL) 800016263 (AC) 854

FACILITY TYPE: CLINICAL LABORATORY; ABORTION

CLINIC

CLINIC

CASE NO. 16-433PH AHCA NOS. 2015011450 FILE NO. 13960051 LICENSE NO. 850 FACILITY TYPE: ABORTION

RENDITION NO.: AHCA - 11 -0330

-FOI-OLC

FINAL ORDER

After the administrative law judge at the Division of Administrative Hearings relinquished jurisdiction due to Respondents' assertion that there were no material facts in dispute, the Agency Clerk referred these cases to a hearing officer (hereafter referred to as the Presiding Officer) for a proceeding to be conducted pursuant to Section 120.57(2), Florida Statutes. The Presiding Officer's Recommended Order, which was signed on April 6, 2017, and filed with the Agency Clerk's office on the same date, is attached to this Final Order and incorporated herein by reference.

FINDINGS OF FACT

The Agency adopts the findings of fact set forth in the Recommended Order.

CONCLUSIONS OF LAW

The Agency adopts the conclusions of law set forth in the Recommended Order.

IT IS THEREFORE ADJUDGED THAT:

- The Agency's Administrative Complaints in all the cases referenced above are hereby upheld, and all of Respondents' licenses referenced in the case styles above are hereby revoked.
 - 2. In order to ensure the health, safety, and welfare of Respondents' clients, the

licenses' expiration dates are extended for 30 days for the sole purpose of allowing the safe and orderly discharge of clients. § 408.815(6), Fla. Stat. As a condition of this extension, Respondents are prohibited from accepting any new admissions during this period and must immediately notify the clients that they will soon be discharged. Respondents are subject to monitoring by the Agency and possibly third parties. The Agency may terminate the 30-day extension or modify the conditions at any time. Respondents must comply with all other applicable federal and state laws. At the conclusion of 30 days, or upon the discontinuance of operations, whichever is first in time, Respondents shall promptly return both license certificates which are the subject of this agency action to the appropriate licensure unit in Tallahassee, Florida. Fla. Admin. Code R. 59A-35.040(5).

- 3. In accordance with Florida law, Respondents are responsible for retaining and appropriately distributing all client records within the timeframes prescribed in the authorizing statutes and applicable administrative code provisions. Respondents are advised of Section 408.810. Florida Statutes.
- In accordance with Florida law, Respondents are responsible for any refunds that may have to be made to the clients.
- 5. Respondents are given notice of Florida law regarding unlicensed activity. Respondents are advised of Section 408.804 and Section 408.812, Florida Statutes. Respondents should also consult the applicable authorizing statutes and administrative code provisions. Respondents are notified that the cancellation of an Agency license may have ramifications potentially affecting accrediting, third party billing including but not limited to the Florida Medicaid program, and private contracts.

> JUSTINM, SENIOR, SECRETARY AGENCY FOR HEALTH CARE ADMINISTRATION

NOTICE OF RIGHT TO JUDICIAL REVIEW

A party who is adversely affected by this Final Order is entitled to judicial review, which shall be instituted by filing the original notice of appeal with the Agency Clerk of AHCA, and a copy, along with the filing fee prescribed by law, with the District Court of Appeal in the appellate district where the Agency maintains its headquarters or where a party resides. Review proceedings shall be conducted in accordance with the Florida appellate rules. The Notice of Appeal must be filed within 30 days of the rendition of the order to be reviewed.

CERTIFICATE OF SERVICE

. 2017.

RICHARD J. SHOOP, Ageney Clerk

AGENCY FOR HEALTH CARE ADMINISTRATION

2727 Mahan Drive, MS #3 Tallahassee, Florida 32308 Telephone: (850) 412-3689

Copies furnished to:

Jan Mills Facilities Intake Unit Agency for Health Care Administration (Electronic Mail)	Jack Plagge, Unit Manager Hospital and Outpatient Services Unit Agency for Health Care Administration (Electronic Mail)
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Katrina Derico-Harris Medicaid Accounts Receivable Agency for Health Care Administration (Electronic Mail)	Bradford C. Herter, Esquire Assistant General Counsel Agency for Health Care Administration (Electronic Mail)
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NOTICE OF FLORIDA LAW

408.804 License required; display .--

(1) It is unlawful to provide services that require licensure, or operate or maintain a provider that offers or provides services that require licensure, without first obtaining from the agency a license authorizing the provision of such services or the operation or maintenance of such provider.

(2) A license must be displayed in a conspicuous place readily visible to clients who enter at the address that appears on the license and is valid only in the hands of the licensee to whom it is issued and may not be sold, assigned, or otherwise transferred, voluntarily or involuntarily. The license is valid only for the licensee, provider, and location for which the license is issued.

408.812 Unlicensed activity. --

- (1) A person or entity may not offer or advertise services that require licensure as defined by this part, authorizing statutes, or applicable rules to the public without obtaining a valid license from the agency. A licenseholder may not advertise or hold out to the public that he or she holds a license for other than that for which he or she actually holds the license.
- (2) The operation or maintenance of an unlicensed provider or the performance of any services that require licensure without proper licensure is a violation of this part and authorizing statutes. Unlicensed activity constitutes harm that materially affects the health, safety, and welfare of clients. The agency or any state attorney may, in addition to other remedies provided in this part, bring an action for an injunction to restrain such violation, or to enjoin the future operation or maintenance of the unlicensed provider or the performance of any services in violation of this part and authorizing statutes, until compliance with this part, authorizing statutes, and agency rules has been demonstrated to the satisfaction of the agency.
- (3) It is unlawful for any person or entity to own, operate, or maintain an unlicensed provider. If after receiving notification from the agency, such person or entity fails to cease operation and apply for a license under this part and authorizing statutes, the person or entity shall be subject to penalties as prescribed by authorizing statutes and applicable rules. Each day of continued

operation is a separate offense.

- (4) Any person or entity that fails to cease operation after agency notification may be fined \$1,000 for each day of noncompliance.
- (5) When a controlling interest or licensee has an interest in more than one provider and fails to license a provider rendering services that require licensure, the agency may revoke all licenses and impose actions under s. 408.814 and a fine of \$1,000 per day, unless otherwise specified by authorizing statutes, against each licensee until such time as the appropriate license is obtained for the unlicensed operation.
- (6) In addition to granting injunctive relief pursuant to subsection (2), if the agency determines that a person or entity is operating or maintaining a provider without obtaining a license and determines that a condition exists that poses a threat to the health, safety, or welfare of a client of the provider, the person or entity is subject to the same actions and fines imposed against a licensee as specified in this part, authorizing statutes, and agency rules.
- (7) Any person aware of the operation of an unlicensed provider must report that provider to the agency.

STATE OF FLORIDA AGENCY FOR HEALTH CARE ADMINISTRATION

STATE OF FLORIDA, AGENCY FOR HEALTH CARE ADMINISTRATION,

Petitioner,	CASE NO. AHCA NOs.	16-433PH 2015011449
vs.		2015011451
EPOC CLINIC, LLC,		
Respondent.		
STATE OF FLORIDA, AGENCY FOR HEALTH CARE ADMINISTRATION,		
Petitioner,	CASE NO. AHCA NOs.	
vs.		2015011456
FORT LAUDERDALE WOMEN'S CENTER, LLC,		
Respondent.		
STATE OF FLORIDA, AGENCY FOR HEALTH CARE ADMINISTRATION,		
Petitioner,	CASE NO. AHCA NOs.	16-433PH 2015011450
vs.		
OCALA WOMEN'S CENTER, LLC,		
Respondent.		
STATE OF FLORIDA, AGENCY FOR HEALTH CARE ADMINISTRATION,		
Petitioner,	CASE NO. AHCA NOs.	
vs.		2015011455

ORLANDO WOMEN'S CENTER, LLC,

Respondent.

RECOMMENDED ORDER

On or about January 14, 2016, the State of Florida, Agency for Health Care

Administration (hereinafter "Agency") issued Administrative Complaints against EPOC Clinic,

LLC; Fort Lauderdale Women's Center, LLC; Ocala Women's Center, LLC; and Orlando

Women's Center, LLC (hereinafter Respondents). Respondents, on or about February 1, 2016,

filed pleadings or papers seeking formal administrative proceedings, see § 120.57(1), Florida

Statutes (2015), and the actions were forwarded to Florida's Division of Administrative

Hearings.

While pending at the Division of Administrative Hearings, the actions were consolidated.

Based upon an Agreed Motion to Relinquish Jurisdiction, dated August 4, 2016, wherein

Respondents assert no factual disputes existed, the Division of Administrative Hearings relinquished jurisdiction to the Agency.

On or about August 24, 2016, this consolidated action was referred for informal administrative proceedings. See § 120.57(2), Florida Statutes (2016).

An Amended Notice of Telephone Hearing and Order of Prehearing Instructions was issued requiring the submission of a joint or unilateral prehearing statement. These statements were ultimately filed.

On February 16, 2017, an Informal Hearing was held pursuant to law. § 120.57(2), Florida Statutes (2016). Mr. Bradford C. Herter, Assistant General Counsel, represented the Agency. Mr. James Ippoliti, Esq., and Mr. Mark Gushiken, Esq., represented Respondents.

¹ An Amended Notice of Telephone Hearing and Order of Prehearing Instructions was necessitated due to a change of Counsel for Respondents.

Neither party presented witness testimony. The Agency introduced as exhibits select portions of the record. Respondents introduced as their exhibit an affidavit of Jack Swerling, Esq., dated February 8, 2017.

At the conclusion of the hearing, each party was provided times certain to file memoranda of law and responses thereto.

All participants appeared telephonically.

FINDINGS OF FACT

- Respondent has admitted all material facts contained in the Agency's Complaints. In so doing, the following facts are established:
 - Dr. James Pendergraft is the Financial Officer of the Respondents' business entities and is a controlling interest of the Respondents' business entities.
 - b. In late 2015, Dr. Pendergraft was arrested for drug related charges in the State of South Carolina and criminal charges related to the arrest remain pending in the State of South Carolina.
 - c. The criminal charges against Dr. Pendergraft under prosecution by the State of South Carolina constitute disqualifying offenses under Florida law.
- 2. The Agency seeks the revocation of Respondents' licenses to operate abortion clinics in the State of Florida based upon Respondents' failure to comply with Florida law related to criminal history background screening for personnel associated with health care facilities regulated by the Agency.²

² To the extent Respondents either assert that the Agency's intended action is unconstitutional in its application to abortion clinics, or to the extent any such argument has been preserved, no opinion is expressed herein. The executive branch of government, this tribunal being a branch thereof, see, § 20 42 Fiz. Stat. (2016), lacks the authority to determine or consider constitutional issues. See, <u>State ex rel. Atlantic Coast Line r. Co. v State Board of Equalizers</u>, 94 So. 681 (Fla. 1922), <u>Rice v. Department of Health and Rehabilitative Services</u>, 386 So. 2d 844 (Fla. 1⁹DCA 1980).

- 3. Respondents have reported to the Agency that Dr. Pendergraft is their Financial Officer. Respondents have maintained Dr. Pendergraft as their Financial Officer, and Dr. Pendergraft maintained his ownership interests in the Respondents through the date of hearing.³
 Respondents' counsel asserts that Dr. Pendergraft has no involvement in Respondents' operations and does not receive any compensation as the Financial Officer.⁴
- 4. Dr. Pendergraft, whose criminal trial had not yet been conducted by the date of hearing, is asserting in those proceedings that his arrest and the resulting criminal charges were the direct result of an unconstitutional search incident to a traffic stop. Respondents argue that should the presiding court find the search unconstitutional, Dr. Pendergraft's arrest would be "wiped out."
- It is uncontroverted that Dr. Pendergraft was arrested by South Carolina law enforcement authorities in 2015 and faces criminal charges.⁵
- 6. In mitigation, Respondents assert licensure revocation would severely impact access to women's constitutionally protected reproductive health care in the geographical areas served by Respondents.⁶ Respondent also asserts that revocation would directly result in job and income loss to those persons employed by Respondents, property owners of the physical plants in which Respondents operate, and Respondents' suppliers.

CONCLUSIONS OF LAW

- 1. The Agency has jurisdiction of the parties and the issues presented herein.
- 2. The following statutory provisions, in relevant part, are applicable to this cause:

³ Respondents, on or about February 27, 2017, filed a "Supplemental Statement" asserting Dr. Pendergraft had resigned as Respondents' Financial Officer effective February 22, 2017.

⁴ No testimony or documentary evidence was offered to support this assertion.

Provider's argument that a contested issue of material fact exists as the South Carolina criminal proceedings may include a nuling that the search leading to Dr. Pendergraft's arrest in South Carolina was unconstitutional is not well taken. The physical arrest of Dr. Pendergraft is the asserted even at sisue and is not a contested fact.

⁶ No evidence of the effect the closure of Provider's facilities would have on the availability of women's constitutionally protected reproductive health care was introduced.

- Level 2 background screening pursuant to chapter 435 must be conducted through the agency on each of the following persons, who are considered employees for the purposes of conducting screening under chapter 435:
- (a) The licensee, if an individual.
- (b) The administrator or a similarly titled person who is responsible for the day-to-day operation of the provider.
- (c) The financial officer or similarly titled individual who is responsible for the financial operation of the licensee or provider.
- (d) Any person who is a controlling interest if the agency has reason to believe that such person has been convicted of any offense prohibited by s. 435.04. For each controlling interest who has been convicted of any such offense, the licensee shall submit to the agency a description and explanation of the conviction at the time of license application.
- (e) Any person, as required by authorizing statutes, seeking employment with a licensee or provider who is expected to, or whose responsibilities may require him or her to, provide personal care or services directly to clients or have access to client funds, personal property, or living areas; and any person, as required by authorizing statutes, contracting with a licensee or provider whose responsibilities require him or her to provide personal care or personal services directly to clients. Evidence of contractor screening may be retained by the contractor's employer or the licensee.

. . .

- (4) In addition to the offenses listed in s. 435.04, all persons required to undergo background screening pursuant to this part or authorizing statutes must not have an arrest awaiting final disposition for, must not have been found guilty of, regardless of adjudication, or entered a plea of nolo contendere or guilty to, and must not have been adjudicated delinquent and the record not have been sealed or expunged for any of the following offenses or any similar offense of another intrisdiction:
- (a) Any authorizing statutes, if the offense was a felony.
- (b) This chapter, if the offense was a felony.

. . .

- (t) Section 831.31, relating to the sale, manufacture, delivery, or possession with the intent to sell, manufacture, or deliver any counterfeit controlled substance, if the offense was a felony.
- § 408.809(1) and (4), Florida Statutes (2016).
- (2)(a) An employer may not hire, select, or otherwise allow an employee to have contact with any vulnerable person that would place the employee in a role that requires background screening until the screening process is completed and demonstrates the absence of any grounds for the denial or termination of employment. If the screening process shows any grounds for the denial or termination of employment, the employer may not hire, select, or otherwise allow the employee to have contact with any vulnerable person that would place the employee in a role that requires background screening unless

- the employee is granted an exemption for the disqualification by the agency as provided under s. 435.07.
- (b) If an employer becomes aware that an employee has been arrested for a disqualifying offense, the employer must remove the employee from contact with any vulnerable person that places the employee in a role that requires background screening until the arrest is resolved in a way that the employer determines that the employee is still eligible for employment under this chapter.
- (c) The employer must terminate the employment of any of its personnel found to be in noncompliance with the minimum standards of this chapter or place the employee in a position for which background screening is not required unless the employee is granted an exemption from disqualification pursuant to s. 435.07.
- (d) An employer may hire an employee to a position that requires background screening before the employee completes the screening process for training and orientation purposes. However, the employee may not have direct contact with vulnerable persons until the screening process is completed and the employee demonstrates that he or she exhibits no behaviors that warrant the denial or termination of employment.
- § 435.06(2), Florida Statutes (2016).
- In addition to the grounds provided in authorizing statutes, grounds that may be used by the agency for denying and revoking a license or change of ownership application include any of the following actions by a controlling interest:
- (c) A violation of this part, authorizing statutes, or applicable rules.
- § 408.815(1), Florida Statutes (2016).
- 3. Respondents are licensed under the provisions of the "Health Care Licensing Procedures Act" (hereinafter the "Act"). § 408.810, et seq., Florida Statutes (2016). See also, §§ 390.014(1), Florida Statutes (2016); 408.802(3), Florida Statutes (2016). Respondents are licensees under the Act, and are legally responsible for all aspects of provider operations. See, § 408.803(9), Florida Statutes (2016).
- This action addresses Respondents' compliance with statutory mandates, not Dr.
 Pendegraft as an individual.
- At all times relevant, Dr. Pendergraft was Respondents' Financial Officer, a position that
 is defined by law as an "employee" for the purposes of applying Florida's statutory scheme

related to criminal history background screening for entities licensed by the Agency. See, § 408.809(1)(c), Florida Statutes (2016),

6. The legislature, in enacting Chapter 435, Florida Statutes, anticipated the situation where an employee covered by the chapter's proscription was arrested for a disqualifying offense but awaiting final disposition of resulting charges.⁷

"If an employer becomes aware that an employee has been arrested for a disqualifying offense, the employer must remove the employee from contact with any vulnerable person that places the employee in a role that requires background screening until the arrest is resolved in a way that the employer determines that the employee is still eligible for employment under this chapter." § 435.06(2)(b), Florida Statutes (2016).

- The Administrative Complaints in this consolidated action were executed by Agency counsel on January 14, 2016. Respondents filed a responsive pleading or paper to those Administrative Complaints on or about February 1, 2016.
- 8. Respondents have not pleaded or proven that any action was taken to address the employment status of their Financial Officer or any access of their Financial Officer to the licensees' operations for a period in excess of one (1) calendar year after the filing of the Administrative Complaints herein.
- The onus is on Respondents, as the licensees, to take appropriate action as required by law when encountered with the arrest of a covered employee for a disqualifying offense. No

^{7,[}A] statute should be interpreted to give effect to every clause in it, and to accord meaning and harmony to all its parts." <u>State ex rel City of Casselberry v. Maager</u>, 356 So. 2d 267 (Fla. 1978). "[A] statutory phrase should also be viewed not only in its internal context within the section, but in harmony with interlocking statutes." <u>WFIV. Inc. v. Wilken</u>, 675 So. 2d 674, 679 (Fla. 4*DCA 1996). Though not necessary for disposition of the instant cause, Section 435.06(2)(c). Florida Statutes, would appear to encompass situations where an employee covered by the legislative criminal history background screening scheme has reached final disposition as to a charged disqualifying offense and an exemption under controlline law has not been obtained.

provision of the controlling law provides an employer the discretion to delay taking action based upon the employer or the employee's conclusions as to the validity of the subject arrest.

- 10. As a citizen is presumed to know the law under our justice system, a licensee is presumed to know the law related to the licensee's duties and responsibilities. See, <u>Department of Business and Professional Regulation</u>, <u>Division of Real Estate v. Eric T. Hartman</u>, 1997 WL 1052986 (Fla.Div.Admin.Hrgs.) and cases cited therein. Corporate citizens are not exempt from such imputed knowledge.
- 11. "Evidence is mitigating if, in fairness or in the totality of the defendant's life or character, it may be considered as extenuating or reducing the degree of moral culpability [.]" Wickham v. State, 593 So.2d 191, 194 (Fla. 1991).
- 12. Respondents' argument that should the search leading to the arrest of Dr. Pendergraft be determined unconstitutional, the instant action would lack merit is misplaced. The legislative scheme demands a provider take action upon the arrest of an employee for a disqualifying offense pending disposition. The outcome of an employee's criminal proceeding would not and could not retroactively sanction a provider's decision to not follow the dictates of law mandating that the provider take action pending the final disposition of an employee's criminal charge.
- 13. It is the Respondents' failure to demonstrate it took action to meet its statutory obligations that constitutes the non-compliance cited by the Agency. Respondents' inaction cannot be cured by the expungement of an employee's criminal records, by an employee's ultimate verdict of not guilty for a charged disqualifying event, or any other post-dispositional action obtained by an employee defendant charged with a disqualifying event.
- 14. Even taking into consideration Respondents' counsel's assertion that Dr. Pendergraft has not participated in the operations of Respondents' facilities, Respondents did not demonstrate

when this non-participation by Dr. Pendergraft was initiated and whether it was a result of Respondent's deliberative and implemented decision-making. This does not constitute mitigation.

- 15. The Florida Legislature has determined, in enacting statutory amendments to multiple provisions of law, that Florida's citizens must be protected from being served in Florida's regulated health care facilities by persons who have identified involvement with the criminal justice system.⁸ The legislature's comprehensive criminal background history requirement is directed toward the prevention of abuse and neglect of Florida's citizenry.
- 16. The Agency has asserted as grounds to support its intended revocation actions that Respondents have violated Chapters 390, Chapter 408, Part II, or 435, Florida Statutes, or Chapters 59A-9 or 59A-35, Florida Administrative Code. See, § 408.815(1), Florida Statutes (2016).
- 17. The Agency has the discretion to revoke licensure under this statutory provision. The Agency's denial action is not mandatory. ("...grounds that may be used by the agency for denying and revoking a license or change of ownership application include ..."), § 408.815(1), Florida Statutes (2016)(emphasis added).
- 18. An agency is afforded wide discretion in the administration of statutes it is charged with enforcing. Pan American Airways, Inc. v. Florida Public Service Commission and Florida Power & Light Company, 427 So.2d 716 (Fla. 1983). The Agency's determination of its discretionary penalty which is within the range of permissible penalties should be respected.
 See, Florida Real Estate Commission v. Webb, 367 So.2d 210 (Fla. 1978); Gershanik v.
 Department of Professional Regulation, 458 So.2d 302 (Fla. 1st DCA 1984).

Reference to Chapter 2010-114, Laws of Florida, illuminates the scope of these amendments.

- The Agency's intended action is consistent with its legislative authority regarding licensure
- Therefore, there is no competent evidence or argument presented to mitigate the Agency's intended action.
- Respondents' oral motion to stay proceedings pending the disposition of the criminal charges faced by Dr. Pendergraft is denied.

RECOMMENDATION

It is recommended that the Agency enter a final order revoking the licenses of EPOC

Clinic, LLC, Fort Lauderdale Women's Center, LLC, Ocala Women's Center, LLC, and Orlando

Women's Center, LLC.

DONE AND ORDERED this day of April 2016, in St. Petersburg, Pinellas

County, Florida.

Thomas J. Walsh II Informal Hearing Officer Agency for Health Care Administration Office of the General Counsel

Copies furnished to:

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