

STATE AGENCY ACTION REPORT

CON APPLICATION FOR CERTIFICATE OF NEED

A. PROJECT IDENTIFICATION

1. Applicant/CON Action Number:

Oviedo Medical Center, LLC/CON #10223

One Park Plaza
Nashville, Tennessee 37203

Authorized Representative: Mr. Ricardo Pavon
(615) 344-9551

2. Service District/Subdistrict

District 7/Subdistrict 7-4 (Seminole County)

B. PUBLIC HEARING

A public hearing was not held or requested with regard to the establishment of the proposed general acute care hospital in District 7, Subdistrict 7-4, in Seminole County.

Letters of Support

The applicant submitted 75 signed letters of support and 26 emails dated between February 12 and April 1, 2014. Five letters were unsigned. Additionally, the applicant submitted 59 signatures from the Oviedo Women's Club and 63 signatures from the Lutheran Haven senior living community.

State Representative Jason Brodeur, Florida House of Representatives, District 28, writes that "the freestanding Oviedo Emergency Department that just opened in November is already being highly utilized by those residents in the surrounding areas. I believe that building a hospital to complement the ED (emergency department) will better meet the needs of the community".

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Robert Dallari, Chairman, Brenda Carey, Vice-Chairman and Commissioners John Horan, Carlton D. Henley and Lee Constantine of the Seminole County Board of Commissioners signed a letter which indicates that because the aging population is rising faster than the general population and “older individuals typically need more health services, an Oviedo hospital will help ensure they receive the care they need closer to home”.

Dominic Persampiere, Mayor, City of Oviedo, writes that “twice in the past AHCA recognized the need for a new hospital facility in Oviedo. Two previous applications were approved, however the hospital wasn’t built and now we find that the need is greater due to the increase of residents within the City of Oviedo and surrounding geographical area”. Oviedo Deputy Mayor Stephen Schenck, Councilwoman Cynthia Drago, and Councilmen Keith Britton and Steve Henken, submitted similar letters of support.

Charles Lacey, Mayor of the City of Winter Springs, writes that the City Commission of Winter Springs “unanimously endorsed this letter of support”. He also states that the proposed Oviedo Medical Center is of great need in his community as it will be “a closer, perhaps life-saving, alternative to existing hospitals”.

Mark Wechsler, Assistant EMS Medical Director, Seminole County Department of Public Safety, states that “the closest hospitals, Florida Hospital East Orlando, Central Florida Regional and Florida Hospital Winter Park have expanded their emergency rooms to handle their local area population increases yet still experience daily delays due to overcrowding”. He states that the introduction of HCA’s stand-alone Oviedo ER has taken some of the burden off these facilities but these hospitals are still the locations where Oviedo ER patients are often transported. Mr. Wechsler concludes that Oviedo needs a hospital to receive ER admissions and relieve the burden on other facilities.

Jeffrey Chudnow, Chief of Oviedo Police, wrote that “an Oviedo Medical Center will be a closer alternative to existing hospitals and eliminate the need to transfer patients who are seen at the freestanding Emergency Department but need further treatment...this was very evident to me when one Police Department staff member was treated in the Oviedo ER and needed to be hospitalized, and therefore transferred. This caused further anxiety to the patient and her family.”

Lars D. White, Fire Chief of the City of Oviedo Fire/Rescue, states that a full hospital facility in Oviedo will allow local Fire and EMS service to deliver a greater volume of patients to hospital care in a shorter transport

time and “our transport rescue vehicles will be returned to service in a shorter time frame. This will allow us to have more transport vehicles available for the next 911 emergency calls.”

Thirty five letters were submitted by medical professionals from facilities in and around Seminole County, including the following:

- Central Florida Regional Hospital (5)
- North Orlando Surgical Group (4)
- North Seminole Family Practice (4)
- Primary Care Center at Lake Mary (4)
- The Cardiovascular Center, P.A. (2)
- Mid-Florida Gastroenterology Group, P.A.
- Seminole Surgical Specialists
- Lake Monroe Anesthesia Associates
- Sanford Medical Group
- Longwood Medical Group.

Dr. Neeraj Sharma, Chief of Staff, Central Florida Regional Hospital and President of Mid Florida Cancer Centers in Sanford, Orange City and Deland, Florida, states that “We recognize the need to make convenient cancer care available to the residents of East Seminole County and we are considering opening offices there. However, in order to achieve this goal, it is imperative that we have the support of a full service acute care hospital”.

Dr. William J. David of The Cardiovascular Center, P.A., writes that “As a practicing cardiologist at CFRH for the past twenty-three years of my career, I have watched many communities around Sanford and central Florida grow rapidly. Oviedo, Florida has been one of those areas that has seen massive growth in our east Seminole County region. That rapid growth has resulted in a fairly large community being underserved by emergency medical as well as quality hospital care.” He concludes by stating, "there is no doubt that a hospital on-site would greatly benefit the residents of east Seminole County.”

Letters and emails from 59 Seminole County residents state that the Oviedo area’s lack of full service medical facilities and residents limited geographic access to health care services support need for the project.

Additionally, 59 signatures were submitted with a statement from the Oviedo Women’s Club which explained that “our community desperately needs a hospital in our area and we plan to take full advantage of its services if needed...We have heard many stories about patients who were seen at Oviedo ER and that being treated so quickly saved their lives. One woman is a member of our club!”

Sixty three signatures were submitted from residents of the Lutheran Haven, a senior living community. Their letter states that “While we love the Oviedo community, the one thing that it is missing to make it the perfect place for us to live is a hospital”. The letter states that several residents have benefitted from the new Oviedo ER. However, undue stress is created for the patient and their friends when a hospital stay is required because the patient must leave the Oviedo area.

The Agency received one letter of opposition to Oviedo Medical Center, LLC (CON application #10223), signed and dated March 14, 2014. This letter was from a concerned citizen who shared the negative medical experience of a family member seeking treatment at the new Oviedo ER.

C. PROJECT SUMMARY

Oviedo Medical Center, LLC (CON application #10223) (OMC) proposes to develop a new 80-bed acute care hospital in Oviedo, Seminole County, (District 7, Subdistrict 4) in the 32765 ZIP code. The proposed hospital will be a freestanding, three-story structure that will include a range of non-tertiary inpatient services as well as diagnostics, surgery, dietary, medical/surgical, intensive care, and women’s services departments. The hospital will be located at the existing Oviedo freestanding emergency department (FSED) currently operated by Central Florida Regional Hospital (CFRH). The existing ER will become part of Oviedo Medical Center.

The proposed primary service area (PSA) is comprised of five ZIP codes (32708, 32732, 32765, 32817 and 32826), and the secondary service area (SSA) is comprised of four ZIP codes (32707, 32766, 32773 and 32820).

The applicant conditions approval of the proposed facility on the following:

- The proposed hospital will be located on the same site as the existing freestanding ED at 8300 Red Bug Lake Road, Oviedo, Florida 32765.
- OMC commits to provide 7.5 percent of inpatient admissions to patients covered by Medicaid or who meet criteria for charity patients to be measured as the proportion of Medicaid and charity care inpatient admissions and total inpatient admissions reported annually to AHCA.

D. REVIEW PROCEDURE

The evaluation process is structured by the certificate of need review criteria found in sections 408.035 and 408.037, Florida Statutes; and applicable rules of the State of Florida, Chapters 59C-1 and 59C-2, Florida Administrative Code. These criteria form the basis for the goals of the review process. The goals represent desirable outcomes to be attained by successful applicants who demonstrate an overall compliance with the criteria. Analysis of an applicant's capability to undertake the proposed project successfully is conducted by evaluating the responses and data provided in the application, and independent information gathered by the reviewer.

Applications are analyzed to identify strengths and weaknesses in each proposal. If more than one application is submitted for the same type of project in the same district (subdistrict), 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; however, two exceptions exist regarding receipt of information concerning general hospital applications. Pursuant to Section 408.039(3)(c), Florida Statutes, an existing hospital may submit a written statement of opposition within 21 days after the general hospital application is deemed complete and is available to the public. Pursuant to Section 408.039(3)(d), in those cases where a written statement of opposition has been timely filed regarding a certificate of need application for a general hospital, the applicant for the general hospital may submit a written response to the Agency within 10 days of the written statement due date.

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, Jessica Hand, analyzed the application in its entirety.

E. CONFORMITY OF PROJECT WITH REVIEW CRITERIA

The following indicate the level of conformity of the proposed project with the review criteria and application content requirements found in sections 408.035 and 408.037, Florida Statutes; and applicable rules of the State of Florida, Chapters 59C-1 and 59C-2, Florida Administrative Code.

1. Statutory Review Criteria

For a general hospital, the Agency shall consider only the criteria specified in ss. 408.035 (1)(a), (1)(b), except for quality of care, and (1)(e), (g), and (i) Florida Statutes. ss. 408.035(2), Florida Statutes.

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

As of January 17, 2014, District 7, Subdistrict 4 had a total of 710 licensed acute care beds. There were 14 approved acute care beds for delicensure in the subdistrict at Florida Hospital Altamonte (NF #130011). Subdistrict 7-4's acute care beds averaged 64.24 percent occupancy for July 1, 2012 to June 30, 2013.

CFRH and Oviedo ER

The applicant states that Central Florida Regional Hospital, a 221-bed acute care hospital serving north Seminole and west Volusia Counties, is an indirect, wholly-owned subsidiary of HCA. The reviewer notes that CFRH is a 221-bed Class 1 general hospital with 208 acute care and 13 comprehensive medical rehabilitation beds. OMC states that CFRH is located 14 miles north of Oviedo in Sanford, Florida and provides the only full-service cardiovascular program in the area, and also provides services such as inpatient medical rehabilitation, neuro health sciences, spine care, complete diagnostic and women's imaging, and surgical services including da Vinci Robotic Surgery¹. CFRH is located 11.48 miles from the Oviedo ER and CFRH is a Level II Cardiovascular Service provider². The applicant provides a complete overview of CRFH awards and recognitions, including a Top Performer on Key Quality Measures by the Joint Commission.

¹ The Da Vinci Surgical System is a robotic surgical system that is used in hospitals worldwide. It is commonly used for hysterectomies and prostate surgery.

² Source: FloridaHealthFinder.gov and Agency hospital licensure records.

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CFRH opened the Oviedo ER, a freestanding emergency department located in Oviedo, Florida in November of 2013. The applicant notes that since opening, Oviedo ER has seen significant utilization:

- Utilization increased from 1,487 patients in December 2013 (the first month of operation) to 1,743 patients in March 2014, a 17.22 percent increase in three months.
- There were 655 patients transferred to area hospitals from the Oviedo ER in the first four months of operations, with 52 percent of these being sent to CRFH.

Although CFRH currently operates Oviedo ER, the proposed Oviedo Medical Center will integrate operations of Oviedo ER. Ongoing management assistance to OMC will be provided by the parent company, HCA.

Community Needs Assessment of Oviedo and Surrounding Area

The applicant notes that the Agency for Health Care Administration has previously recognized the need for a hospital in Oviedo on two separate occasions, awarding a CON for a 60-bed facility to Adventist Health System (CON #9497) in 2002 and another CON for a 60-bed facility to Oviedo, HMA, Inc. (CON #9807P) in 2006. These CONs were not implemented.

In addition, HCA conducted a “Community Needs Assessment” issued in March 2014, which included ZIP codes in the proposed service area of Geneva (32732), Oviedo (32765 and 32766) and Winter Springs (32708). The applicant states the study results showed the following:

- A deficit of 10 to 23.7 generalists per 100,000 Oviedo residents between 2015 and 2018.
- A specialist deficit of 72 to 92 doctors per 100,000 Oviedo residents between 2015 and 2018.
- Due to projected increases in elderly populations, specialists utilized by this age group are expected to increase at an average rate of 18.5 percent over the next five years.
- 19.5 percent of the existing physicians in the study area are over age 60 and thus at moderate attrition risk.

The applicant maintains that the results of this assessment illustrate that the service area needs the infusion of new physicians that the proposed hospital will assist in drawing to the area.

Economic and Demographic Trends in Oviedo and Seminole County

Located east of Orlando in eastern Seminole County, Oviedo has initiated an aggressive economic development program seeking to stimulate industry development at over 12 sites throughout the city. The applicant provides a complete overview of upcoming projects and city development, and notes the following facts:

- The University of Florida's Bureau of Economic and Business Research data indicates that the City of Oviedo's 2013 population is 34,965, a 38 percent increase since year 2000 (population 24,979).
- Oviedo's population grew 111.3 percent from 1990 to 2000 (11,820 to 24,979).
- Oviedo's percentage (78 percent) of household/families is higher than the state average of 65 percent.
- The population within a five-mile radius of the proposed facility is 132,342 residents, which is projected to increase to 135,861 in 2017.
- Oviedo Medical Center LLC's five ZIP code PSA will increase from 175,811 residents in 2014 to 185,164 residents in 2019.
- Seminole County's 2014 population is 458,850.
- Between 2000 and 2014, Seminole County's population increased 26 percent.
- Central Florida (Orange, Lake, Osceola and Seminole Counties) is one of the fastest growing populations in the state.
- Between 2000 and 2014, population in Central Florida increased 44 percent.
- Between 2014 and 2019, Central Florida's population is projected to increase 13 percent.
- The households within a five-mile radius of the Oviedo FSED spend approximately \$5,111 for health care annually.

Description of Service Area in Relation to Existing Providers

As stated previously, OMC proposes to locate the new facility adjacent to the existing Oviedo ER at 8300 Red Bug Lake Road, 32765, a location approximately 10 miles from the nearest, existing provider.

The proposed primary service area (PSA) is comprised of five ZIP codes (32708, 32732, 32765, 32817 and 32826) and the secondary service area (SSA) is comprised of four ZIP codes (32707, 32766, 32773 and 32820). Per the applicant, this meets CON criteria that the PSA comprise 75 percent of projected patients, and the SSA 25 percent. The reviewer notes that the projections the applicant provides show 2,057 (75 percent) discharges from the PSA for 2016 and 671 (25 percent) discharges from the SSA for 2016.

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The applicant’s PSA includes two ZIP codes with less projected volume 32732 (140 discharges) and 32826 (459 discharges) and appear to be geographically further from the proposed location than ZIP code 32707 (488 discharges) which it states is in its SSA. Oviedo Medical Center also states that it “manually added discharges and days” to ZIP code 32765 to account for ZIP code 32732, which it states is a P.O. Box ZIP code.³ The applicant’s Exhibit 3 indicates that ZIP Code 32732 is an area northeast of Oviedo. ZIP code 32732 is the city of Geneva and ZIP code is 32762 is the P.O. Box number for Oviedo.⁴ Regardless, it is unclear how the applicant’s chosen five ZIP codes, two with less projected volume than one of its secondary ZIP codes, constitute its PSA.

The applicant includes the following chart showing distances to the nearest existing providers:

Oviedo Medical Center, LLC CON application #10223 Drive Time Analysis	
Hospital	Distance from Oviedo ER (miles)
Arnold Palmer Hospital	17.8
Central Florida Regional	19.7
Florida Hospital Altamonte	9.2
Florida Hospital East Orlando	11.3
Florida Hospital Orlando	12.2
Orlando Regional Medical Center	17.6
South Seminole Hospital	10.6
Winter Park Memorial Hospital	8.4

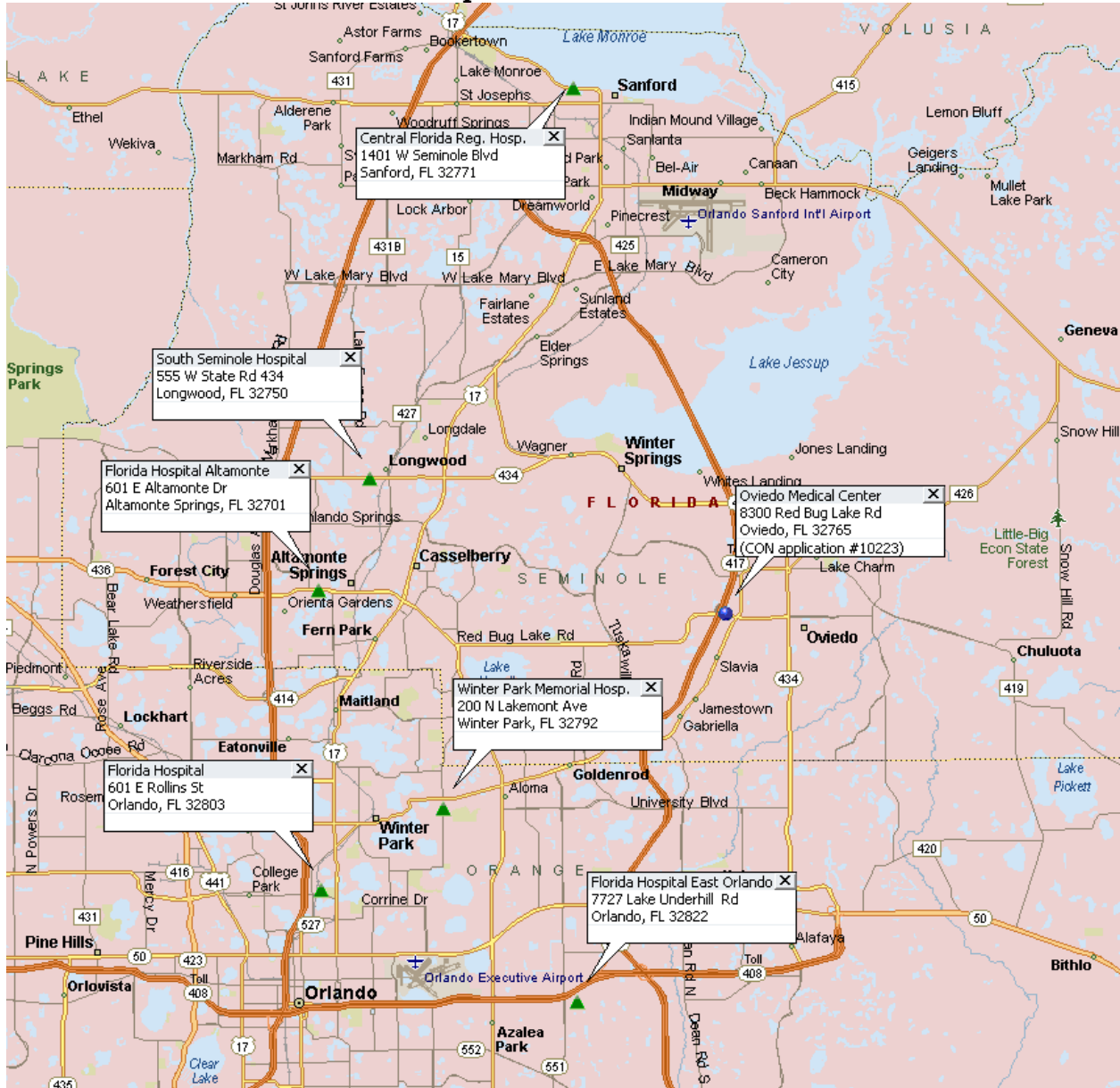
Source: CON application #10223, page 28.

The map below illustrates the six acute care hospitals within 12 miles of the applicant’s location per the Agency’s facility locator at <http://www.floridahealthfinder.gov/index.html>.

³ ZIP Code 32732 is cited in the applicant’s tables on pages 38-40, 42, 46, 47, 63, 73 and 74 of CON application #10223. ZIP Code 32762 is cited in the applicant’s table on page 36.

⁴ Per the US Post Office ZIP Code lookup at <https://tools.usps.com/go/ZipLookupAction!input.action>

**Oviedo Medical Center LLC (CON application #10223)
& Acute Hospitals Within a 12-Mile Radius**



Source: Microsoft MapPoint 2013®

Population Demographics and Dynamics

OMC provides population data for the proposed service area of Seminole County between years 2004 and 2013, the time period since the last approved Oviedo CON application was filed. During this period the population base increased by almost 90,000 residents, with a 2013 total of 171,835 residents in the PSA and 262,803 residents in the SSA. Overall the service area grew 18.08 percent.

The applicant includes the following population projections for the service area for CY 2014 and CY 2019:

Oviedo Medical Center, LLC PSA and SSA Total Population Projections 2014 & 2019			
	2014 Total Population	2019 Total Population	% Increase 2014 to 2019
Primary Service Area	175,811	185,164	5.3%
Secondary Service Area	92,696	98,462	6.2%
Total Service Area	268,507	283,626	5.6%

Source: CON application #101223, pages 32-33.

As shown above, the overall growth rate of the service area population during the next five years is 5.6 percent.

Oviedo Medical Center, LLC Service Area Total Age 65 & Over Population Projections 2014 & 2019			
	2014 Age 65+ Population	2019 Age 65+Population	% Increase 2014 to 2019
Primary Service Area	19,679	25,222	28.2%
Secondary Service Area	10,770	13,722	27.4%
Total Service Area	30,449	38,944	27.9%

Source: CON application #10223, pages 32-33.

As shown above, the overall growth rate of the service area population age 65 and older is 27.9 percent. Oviedo Medical Center, LLC states that the service area’s age 65 and older population growth is significantly noteworthy because this age cohort tends to use hospital services at a greater rate than other age groups.

The applicant notes the proposed project will include an obstetrics unit with eight labor/delivery/recovery/post-partum (LDRP) beds. The target population for the OB service is female service area residents ages 15 through 44. The applicant includes the following population projections:

Oviedo Medical Center, LLC Service Area Females Ages 15-44 Population Projections 2014 & 2019			
	2014 Population	2019 Population	% Increase 2014 to 2019
Primary Service Area	42,260	43,463	2.8%
Secondary Service Area	19,141	19,521	2.0%
Total Service Area	61,401	62,984	2.6%

Source: CON application #10223, pages 34-35.

The applicant states this population will increase 2.6 percent by 2019, sufficient growth to support the proposed OB service component of the project.

Service Area Historical Utilization Patterns

The applicant states Oviedo and eastern Seminole County are historically underserved regarding distribution of health services, a fact recognized by the Agency when approving two prior new hospital projects in this area.

OMC evaluated historical levels of inpatient non-tertiary and OB discharges for the proposed service area. As shown below, during the 12 months ending March 31, 2013, there were a total of 18,889 non-tertiary discharges in the combined PSA and SSA of the applicant’s proposed service area.

Oviedo Medical Center, LLC Service Area Non-Tertiary Discharges	
	2014 Non-Tertiary Discharges
Primary Service Area	11,436
Secondary Service Area	7,453
Total Service Area	18,889

Source: CON application #10223, page 36.

OMC provides service area market share analysis in order to demonstrate the breakdown of discharges and historic market shares by existing providers. See the table below.

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Oviedo Medical Center, LLC Service Area Discharges by Hospital										
	Arnold Palmer Hosp.	Central FL Reg. Hospital	FL Hosp. Altamonte	FL Hosp. East Orlando	FL Hosp. Orlando	Orlando RMC	South Seminole Hospital	Winter Park Memorial Hospital	All Other Hospitals	Total
Primary Service Area	319	284	1,627	1,607	2,493	968	1,029	2,476	633	11,436
Secondary Service Area	230	1,074	2,015	360	1,239	500	865	784	386	7,453
Total Service Area	549	1,358	3,642	1,967	3,732	1,468	1,894	3,260	1,019	18,889
Oviedo Medical Center, LLC Service Area Market Share by Hospital										
	Arnold Palmer Hosp.	Central FL Reg. Hospital	FL Hosp. Altamonte	FL Hosp. East Orlando	FL Hosp. Orlando	Orlando RMC	South Seminole Hospital	Winter Park Memorial Hospital	All Other Hospitals	Total
Primary Service Area	2.79%	2.48%	14.23%	14.0%	21.8%	8.46%	9.00%	21.65%	5.54%	100.00%
Secondary Service Area	3.09%	14.41%	27.04%	4.83%	16.62%	6.71%	11.61%	10.52%	5.18%	100.00%
Total Service Area	2.91%	7.19%	19.28%	10.4%	19.7%	7.77%	10.03%	17.26%	5.39%	100.0%

Source: CON application #10223, pages 38-39.

Per the applicant, Florida Hospital Orlando served the greatest number of non-tertiary patients (2,493) from the PSA during the 12 months ending March 31, 2013, with a total service area market share of 21.8 percent.

Applicant analysis of the proposed facility’s service area OB utilization ending March 31, 2013, shows a total of 2,708 OB discharges (1,589 from the PSA and 1,119 from the SSA). See the table below.

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Oviedo Medical Center Market Share of Service Area OB Discharges 12 Months Ending March 31, 2013							
	Arnold Palmer Hospital	Winter Park Memorial Hospital	FL Hospital Altamonte	FL Hospital Orlando	Central Florida Regional Hospital	All Other Hospitals	Total
Primary Service Area	752	425	215	113	42	42	1,589
Secondary Service Area	422	220	311	62	74	30	1,119
Total Service Area	1,174	645	526	175	116	72	2,708
Oviedo Medical Center Market Share of Service Area OB 12 Months Ending March 31, 2013							
	Arnold Palmer Hospital	Central Florida Regional Hospital	FL Hospital Altamonte	FL Hospital Orlando	Winter Park Memorial Hospital	All Other Hospitals	Total
Primary Service Area	47.3%	26.7%	13.5%	7.1%	2.6%	2.6%	100.0%
Secondary Service Area	37.7%	19.7%	27.8%	5.5%	6.6%	2.7%	100.0%
Total Service Area	43.4%	23.8%	19.4%	6.5%	4.3%	2.7%	100.0%

Source: CON application #10223, pages 41-42.

As shown above, historic OB market share for the proposed service area is distributed differently than the non-tertiary market share. Arnold Palmer Hospital and Central Florida Regional Hospital served 47.3 percent and 26.7 percent of the total primary service area OB patients respectively, for a total of 74 percent of all PSA OB patients during the 12 months ending March 31, 2013.

Utilization of Existing Providers to the Service Area

The applicant submits the following chart demonstrating utilization for general acute care hospitals located near Seminole County, which averaged 69.5 percent occupancy during the 12 months ending June 30, 2013.

Utilization of Acute Care Hospitals Serving Oviedo Area Residents July 1, 2012 through June 30, 2013				
Hospital	Patient Days	ADC*	Beds	Percent Occupancy
Arnold Palmer Hospital	78,518	215.1	331	64.99%
Central Florida Regional Hospital	42,888	117.5	208	56.49%
Florida Hospital Altamonte	92,246	252.7	340	74.33%
Florida Hospital - East Orlando	63,138	173.0	225	76.88%
Florida Hospital Orlando	314,375	861.3	1,033	84.90%
Orlando Regional Medical Center	156,316	428.3	751	57.03%
South Seminole Hospital	22,899	62.7	126	49.79%
Winter Park Memorial Hospital	67,357	184.5	290	64.67%
Total	837,737	2295.2	3,304	69.46%

Source: CON application #10223, page 43.

*Note: ADC means average daily census.

As shown above, Florida Hospital Orlando (84.90 percent) and Florida Hospital East Orlando (76.88 percent) are highly utilized.

Per the applicant, the total number of non-tertiary service area discharges is small when compared to the total discharges served by hospitals presently serving patients in the applicant's service area. Total service area non-tertiary discharges account for approximately 13.1 percent of the total discharges served by these hospitals. The applicant submits the following charts to demonstrate these findings.

Total Non-Tertiary Discharges by Facility April 1, 2012 through March 31, 2013				
Hospital	SA Discharges	Non-SA Discharges	Total Discharges	Percent of Facility Total
Arnold Palmer Hospital	549	7,780	8,329	6.6%
Central Florida Regional Hosp.	1,358	6,868	8,226	16.5%
Florida Hospital Altamonte	3,642	15,177	18,819	19.4%
Florida Hospital E. Orlando	1,967	12,153	14,120	13.9%
Florida Hospital Orlando	3,732	39,415	43,147	8.6%
Orlando Regional Med. Ctr.	1,468	24,075	25,543	5.7%
South Seminole Hospital	1,894	3,381	5,275	35.9%
Winter Park Memorial Hosp.	3,260	9,243	12,503	26.1%
Total	17,870	118,092	135,962	13.1%

Source: CON application #10223, page 44.

Total OB Discharges by Facility April 1, 2012 through March 31, 2013				
Hospital	SA Discharges	Non-SA Discharges	Total Discharges	Percent of Facility Total
Arnold Palmer Hospital	1,174	13,652	14,826	7.9%
Central Florida Regional Hosp.	116	558	674	17.2%
Florida Hospital Altamonte	526	2,046	2,572	20.5%
Florida Hospital Orlando	175	2,956	3,131	5.6%
Winter Park Memorial Hosp.	645	2,362.0	3,007	21.4%
Total	2,636	21,574	24,210	10.9%

Source: CON application #10223, page 44.

As shown above, the total number of service area OB discharges is 10.9 percent of the total OB discharges served by service area hospitals. The applicant concludes that no single hospital relies on the proposed OMC PSA for the majority of its discharges. OMC maintains that it projects to capture relatively small shares of PSA and SSA discharges so that the proposed project can be sustained without material impact on existing providers.

Service Area Bed Need

OMC evaluated historical demand for acute care beds based on non-tertiary and OB utilization for the 12 months ending March 31, 2013. Per the applicant, the average daily census of non-tertiary patients in the proposed service area was 229.9 and the OB patients' ADC was 17.9. Per the applicant, assuming a target occupancy rate of 70 percent for non-tertiary patients, 200 total beds would be required to serve the PSA, with 16 of those beds required for OB services, assuming a target occupancy of 65 percent. For the SSA, 128.5 non-tertiary and 11 OB beds would be required. In total, 328 beds would be required to serve non-tertiary patients, 26 beds for OB patients, for a total of 354 beds in the projected service area. The applicant states this level of demand provides a substantial basis for the development of a new acute care hospital in the proposed service area without consideration of the patients coming from the SSA.

Projected Non-Tertiary Utilization

OMC states that it will capture 12, 16 and 20 percent of the non-tertiary market share, and 15.5, 23.4, and 27.3 percent of the OB market share in the first three years of operation, respectively.

The applicant states these estimates are reasonable and conservative, and anticipates the following total discharges and percent occupancy during the first three years of operations of 72 non-tertiary acute care beds.

OMC Total Discharges and Percent Occupancy for Proposed 72 Non-Tertiary Acute Beds First Three Years of Operations		
	Total Discharges	Percent Occupancy
Year One (2016)	2,729	39.1%
Year Two (2017)	3,736	52.5%
Year Three (2018)	4,649	66.2%

Source: CON application #10223, page 51.

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Per the applicant, percent occupancy for the eight OB beds during years one-three of operations is projected to be 34.7, 52.5 and 61.4 percent, respectively. OMC maintains that these projections illustrate that the proposed hospital can be adequately established and sustained in the proposed service area.

Impact on Existing Providers

The applicant includes the following analysis of the impact that the proposed project will have on existing service area facilities for both non-tertiary and OB discharges.

Oviedo Medical Center, LLC						
Service Area Market Share of Total Non-Tertiary Discharges by Facility						
April 1, 2012 through March 31, 2013 and Projected 2018						
Hospital	2013 Discharges	2013 Percent Market Share	2018 Discharges	2018 Percent Market Share	Loss Of Cases	Percent Impact
Oviedo Medical Center	--	0.0%	3,908	20.0%		
Arnold Palmer Hospital	548	2.9%	458	2.3%	90	1.1%
Central Florida Regional Hosp.	1,358	7.2%	1,194	6.1%	164	2.0%
Florida Hospital Altamonte	3,620	19.3%	3,060	15.7%	560	3.0%
Florida Hospital E. Orlando	1,963	10.4%	1,581	8.1%	382	2.7%
Florida Hospital Orlando	3,719	19.8%	3,065	15.7%	654	1.5%
Orlando Regional Med. Ctr.	1,462	7.8%	1,204	6.2%	258	1.0%
South Seminole Hospital	1,883	10.0%	1,570	8.0%	313	5.9%
Winter Park Memorial Hosp.	3,232	17.2%	2,626	13.5%	606	4.8%
All Other	1,018	5.4%	844	4.3%	174	
Total	18,803	100.0%	19,510	100.0%	3,201	

Service Area Market Share of Total OB Discharges by Facility						
April 1, 2012 through March 31, 2013 and Projected 2018						
Hospital	2013 Discharges	2013 Percent Market Share	2018 Discharges	2018 Percent Market Share	Loss Of Cases	Percent Impact
Oviedo Medical Center	--	0.0%	741	27.3%	0	
Arnold Palmer Hospital	1,174	43.4%	844	31.1%	330	2.2%
Winter Park Memorial Hosp.	645	23.8%	461	17.0%	184	6.1%
Florida Hospital Altamonte	526	19.4%	398	14.7%	128	5.0%
Florida Hospital Orlando	175	6.5%	125	4.6%	50	1.6%
Central Florida Regional Hosp.	116	4.3%	89	3.3%	27	4.0%
All Other	72	2.7%	53	2.0%	19	
Total	2,708	100.0%	2,711	100.0%	738	

Source: CON application #10223, pages 56-57.

As shown in the tables above, OMC projects capture of 20 percent of total non-tertiary discharges in 2018. Per the applicant, the proposed facility will have no material impact on hospitals currently serving this area.

South Seminole Hospital, which the applicant states will experience the greatest impact from OMC, will see a 5.9 percent impact on non-tertiary services. This does not take into account South Seminole Hospital's overall service area and its subsequent population growth that is outside the projected service area for OMC.

By 2018, OMC projects capture of 27.3 percent of the total service area OB discharges. The applicant states OMC will not have a material impact on OB service providers. Winter Park Memorial Hospital will experience the greatest impact at 6.1 percent, and its service area will see population increases that will offset any impact OMC might cause.

The applicant states that with no acute care inpatient facilities within the proposed service area, the proposed project will allow OMC to improve access and distribution of health services to residents of the service area.

HCA, the parent of the applicant, has received awards and recognitions for existing Central Florida facilities, including:

- Joint Commission Acute Care Accreditation
- Joint Commission Primary Stroke Center Advanced Certification
- Total Knee Certification
- Accredited Chest Pain Center with PCI from the Society of Chest Pain Centers
- American Heart Association Mission: Lifeline Bronze Award
- American Diabetes Association Certified Diabetes Education Program.

The applicant includes several other additional awards and certifications relating to their high quality health care services.

Per the applicant, the project will improve efficiency of acute care services in Seminole County and throughout OMC's service area, by enhancing access to health care services for residents of Oviedo. OMC will provide a full complement of inpatient and outpatient services.

OMC states the proposed facility will improve access to a continuum of health services to residents and care to Medicaid and charity care patients. Per the applicant, Oviedo ER provided 18.3 percent of its services to Medicaid and charity care patients in the first four months of operation alone. The applicant conditions approval of the project to the provision of 7.5 percent of total patient days to Medicaid and charity care patients combined.

The applicant provides an overview of the resources, services, history and policies of HCA (the parent) in order to demonstrate ability to provide necessary resources to support the proposed project.

- b. **Will the proposed project foster competition to promote quality and cost-effectiveness? Please discuss the effect of the proposed project on any of the following:**
- **applicant facility;**
 - **current patient care costs and charges (if an existing facility);**
 - **reduction in charges to patients; and**
 - **extent to which proposed services will enhance access to health care for the residents of the service district.**
- ss. 408.035(1)(e) and (g), Florida Statutes.**

OMC states the proposed project will foster provider based competition in the service area which will promote quality and cost-effectiveness.

Competition

The applicant projects to capture 20 percent of total service area non-tertiary and 27.3 percent of total service area OB market share by 2018. There are three major providers of health care in the Orlando market: Orlando Health, Florida Hospital and HCA. The applicant submits the following chart demonstrating market shares of these entities.

Current Orlando Health Care Market Share Proposed Primary and Secondary Service Area					
	Orlando Health	HCA	Florida Hospital	All Other	Total
PSA	20.3%	2.5%	71.7%	5.5%	100.0%
SSA	21.4%	14.4%	59.0%	5.2%	100.0%
Total Service Area	20.7%	7.2%	66.7%	5.4%	100.0%

Source: CON application #10223, page 63.

As shown above, Florida Hospital dominates the market with a 66.7 percent market share, while Orlando Health has 20.7 percent and HCA has the lowest market share of just 7.2 percent.

Per the applicant, locating the new hospital in Oviedo will address geographic accessibility issues residents currently experience in this area, as well as enhancing efficiency and quality leading to overall cost reductions. By adding the hospital to the existing Oviedo ER, OMC will be developed economically without creating redundancy in services, thereby controlling capital costs.

- c. Does the applicant have a history of providing health services to Medicaid patients and the medically indigent? Does the applicant propose to provide health services to Medicaid patients and the medically indigent? ss. 408.035(1)(i), Florida Statutes.**

The applicant cites existing HCA affiliated facilities in the Central Florida area that provide significant amounts of free and discounted care, which OMC is committed to matching. Oviedo ER (operated by HCA affiliated CFRH), during the first four months of operation provided care to 94 charity patients and 797 Medicaid patients, comprising 18.3 percent of total patients treated during November 2013-February 2014.

The applicant notes that during the same period of time, Oviedo ER served 16.4 percent Medicaid and 15.2 percent self-pay patients, compared to other facilities serving 12.9 percent Medicaid and 7.2 percent self-pay to service area patients.

OMC provides payor mix analysis of non-tertiary discharges from facilities serving patients from the applicant's defined service area during CY 2013 to show that Medicaid patients comprised 13.5 percent of these discharges. This figure is consistent with Florida Center for Health Information and Policy Analysis hospital discharge data which indicates that 14.3 percent (3,380/23,596) of hospital discharges from the service area were Medicaid patients during the 12 months ending June 30, 2013.

The applicant conditions approval of the proposed project on the provision of 7.5 percent of inpatient admissions to Medicaid and charity care patients.

- d. Does the applicant include a detailed description of the proposed general hospital project and a statement of its purpose and the need it will meet? The proposed project's location, as well as its primary and SSAs, must be identified by ZIP code. Primary service area is defined as the ZIP codes from which the applicant projects that it will draw 75 percent of its discharges, with the remaining 25 percent of ZIP codes being secondary. Projected admissions by ZIP code are to be provided by each ZIP code from largest to smallest volumes. Existing hospitals in these ZIP codes should be clearly identified. ss. 408.037(2), Florida Statutes.**

The applicant provided the following charts showing the ZIP codes that comprise Oviedo Medical Center's PSA and SSA.

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**Oviedo Medical Center, LLC
Proposed Patient Origin by ZIP Code**

Total Projected Discharges	Projected OMC Discharges	Percent of Total	Cumulative Percent
<i>Primary Service Area</i>			
32708	821	21.01%	21.01%
32732	131	3.34%	24.35%
32765*	970	24.81%	49.16%
32817	599	15.33%	64.48%
32826	<u>419</u>	<u>10.72%</u>	75.20%
Subtotal	2,939	75.20%	
<i>Secondary Service Area</i>			
32707	448	11.46%	86.66%
32766	107	2.73%	89.38%
32773	325	8.31%	97.69%
32820	<u>90</u>	<u>2.31%</u>	100.00%
Subtotal	969	24.80%	
Grand Total	3,908	100.00%	

Source: CON application #10223, page 73.

Note: *This note is the applicant's inclusion of P.O. Box ZIP Code 32762 days and discharges in ZIP Code 32765.

**Oviedo Medical Center, LLC
Proposed OB Patient Origin by ZIP Code**

Total Projected Discharges	Projected OMC Discharges	Percent of Total	Cumulative Percent
<i>Primary Service Area</i>			
32708	81	19.26%	19.26%
32732	9	2.16%	21.42%
32765*	116	27.69%	49.11%
32817	62	14.75%	63.86%
32826	<u>50</u>	<u>12.04%</u>	75.91%
Subtotal	318	75.91%	
<i>Secondary Service Area</i>			
32707	40	9.59%	85.49%
32766	13	3.12%	88.62%
32773	38	9.10%	97.72%
32820	<u>10</u>	<u>2.28%</u>	100.00%
Subtotal	101	24.09%	
Grand Total	419	100.00%	

Source: CON application #10223, page 73.

Note: *This note is the applicant's inclusion of P.O. Box ZIP Code 32762 days and discharges in ZIP Code 32765.

Oviedo Medical Center, LLC states that the closest provider – Winter Park Memorial Hospital is approximately 8.4 miles from the proposed location. Winter Park Memorial is approximately 7.12 miles from the applicant's location and there are no facilities located in the PSA or SSA ZIP codes per the Agency's Healthfinder.gov website @ <http://www.floridahealthfinder.gov/facilitylocator/facloc.aspx>.

The applicant provided a thorough and complete description of the proposed project and service area in the previous sections of this report.

F. Written Statement(s) of Opposition

Except for competing applicants, in order to be eligible to challenge the Agency decision on a general hospital application under review pursuant to paragraph (5)(c), existing hospitals must submit a detailed written statement of opposition to the Agency and to the applicant. The detailed written statement must be received by the Agency and the applicant within 21 days after the general hospital application is deemed complete and made available to the public. ss. 408.039(3)(c), Florida Statutes.

No statements of opposition were submitted in response to CON application #10223.

G. Applicant Response to Written Statement(s) of Opposition

In those cases where a written statement of opposition has been timely filed regarding a certificate of need application for a general hospital, the applicant for the general hospital may submit a written response to the Agency. Such response must be received by the Agency within 10 days of the written statement due date. ss. 408.039(3)(d), Florida Statutes.

No statements of opposition were submitted in response to CON application #10223, thus this section does not apply.

H. SUMMARY

Oviedo Medical Center, LLC (CON application #10223) proposes to develop a new acute care hospital in Oviedo, Seminole County, Florida in the 32765 ZIP code. The proposed hospital will be a freestanding, three-story structure that includes a range of non-tertiary inpatient services as well as diagnostics, surgery, dietary, medical/surgical, intensive care, and women's services departments and will include a total complement of 80 licensed acute care beds. The hospital will adjoin the existing Oviedo freestanding emergency department currently operated by Central Florida Regional Hospital.

HCA will provide ongoing management assistance to OMC through HCA Management, LLC. The proposed primary service area is comprised of five ZIP codes (32708, 32732, 32765, 32817 and 32826) and the secondary service area is comprised of four ZIP codes (32707, 32766, 32773 and 32820).

Oviedo Medical Center, LLC conditions approval of the proposed facility on the following:

- The proposed hospital will be located on the same site as the existing freestanding ED at 8300 Red Bug Lake Road, Oviedo, Florida 32765.
- OMC commits to provide 7.5 percent of inpatient admissions to patients covered by Medicaid or who meet criteria for charity patients to be measured as the proportion of Medicaid and charity care inpatient admissions and total inpatient admissions reported annually to AHCA.

Need:

The Agency previously recognized need by approving two previous Oviedo hospital applications (CON #9497 and #9807P). These hospitals were never built and Oviedo still lacks a local hospital.

The combined service area is expected to experience 5.6 percent growth in the total population between 2014 and 2019. Population growth among the elderly segment of the population is expected to be an even stronger 27.9 percent over the same time period. The number of female residents of childbearing age is expected to increase 2.6 percent over the next five years.

In the previous 12 months ending March 2013, there were more than 11,000 non-tertiary discharges from the PSA alone. More than 2,600 OB discharges occurred among women in the total service area during this time.

The applicant contends that based on existing utilization patterns and expected population growth, non-tertiary bed need for the proposed service area is 328 currently and this is expected to increase to 339 beds by 2018. Estimated OB bed need for the service area is currently 26 and expected to be 27 beds by 2018.

Oviedo Medical Center, LLC expects to operate at 66.2 percent capacity by 2018 and states that this occupancy level will not have a material impact on other non-tertiary care providers in the Orlando area.

Competition

The applicant projects to capture 20 percent of total service area non-tertiary and 27.3 percent of total service area OB market share by 2018. There are three major providers of health care in the Orlando market: Orlando Health, Florida Hospital and HCA.

Florida Hospital dominates the market with a 66.7 percent market share, while Orlando Health has 20.7 percent and the HCA market share is 7.2 percent.

Medicaid/charity care:

The applicant states that the Oviedo ER (operated by HCA affiliated CFRH), during the first four months of operation provided care to 94 charity patients and 797 Medicaid patients, comprising 18.3 percent of total patients treated (November 2013-February 2014).

Oviedo Medical Center, LLC proposes to condition approval of the proposed project on the provision of 7.5 percent of inpatient admissions to Medicaid and charity care patients.

I. RECOMMENDATION:

Approve CON #10223 to establish a new 80-bed acute care hospital in ZIP code 32765 in Oviedo, Seminole County, District 7, Subdistrict 4.

CONDITIONS:

- (1) The proposed hospital will be located on the same site as the existing freestanding ED at 8300 Red Bug Lake Road, Oviedo, Florida 32765.
- (2) OMC commits to provide 7.5 percent of inpatient admissions to patients covered by Medicaid or who meet criteria for charity patients to be measured as the proportion of Medicaid and charity care inpatient admissions and total inpatient admissions reported annually to AHCA.

AUTHORIZATION FOR AGENCY ACTION

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

DATE: _____

James B. McLemore
**Health Services and Facilities Consultant Supervisor
Certificate of Need**

Jeffrey N. Gregg
Director, Florida Center for Health Information and Policy Analysis