

STATE AGENCY ACTION REPORT

CON APPLICATION FOR CERTIFICATE OF NEED

A. PROJECT IDENTIFICATION

1. Applicant/CON Action Number:

East Florida Healthcare, LLC/CON #10225

450 East Las Olas Boulevard Suite 1100
Fort Lauderdale, Florida 33301

Authorized Representative: Mr. Michael Houston
Vice President
(954) 767-5758

2. Service District/Subdistrict

District 10/Subdistrict 10-1 (Broward 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 10, Subdistrict 10-1, in Broward County.

C. PROJECT SUMMARY

East Florida Healthcare, LLC (EFH) (CON #10225), an affiliate of Hospital Corporation of America (HCA), proposes to develop an acute care hospital in Broward County, Florida. The proposed hospital will be located on the main campus of Nova Southeastern University (NSU) in zip code 33328. The new facility will have a total bed complement of 100 licensed acute care beds and will serve to enhance teaching and research on the main NSU campus. EFH will anchor NSU's Academical Village as the foundation for Broward County's only academic and research hospital to be located on a doctoral high research university campus. Teaching and research will serve as the cornerstone of the collaborative relationship between NSU and HCA, enhancing competition and bringing greater choice and access for community residents. The

hospital will be constructed alongside NSU's Health Care Clinics within steps of the new NSU Center for Collaborative Research, a six-story, 215,000 square foot, \$80 million facility. The proposed acute care hospital will be fully accredited by The Joint Commission and licensed by the State of Florida.

Letters of Support

The Agency received approximately 1,026 letters of support for the proposed project. The support letters are summarized and described below, generally in the order and format presented in CON application #10202, Volumes 1-3.

Government and community leaders submitted 22 letters of support.

United States Representative for Florida's 18th congressional district, Patrick E. Murphy, writes that "For 50 years NSU has bonded together those who share a common identity and purpose. As NSU commemorates this significant landmark in their history and paves the way for their future as an academic institution and the futures of their students for years to come, I stand in support of the focus of NSU's education mission and their continued success".

State Representative Katie Edwards, District 98, writes that "The addition of a 100-bed hospital will allow more choices for patients living in Broward County and beyond."

State Representative Joe Gibbons, District 100, states that "NSU has been instrumental in providing valuable medical services to the community and is a respected community partner".

State Representative James W. "Jim" Waldman, District 96, also submitted a short letter of support, stating that the proposed project would "improve health care access, reduce wait times, and improve the quality of life for those experiencing a medical emergency..."

Martin David Kiar Broward County Commissioner, District 1, writes that "This hospital will increase the medical choice options we have and provide high quality care using the latest technology".

Stacy J. Ritter, Broward County Commissioner, District 3, states that the proposed hospital is "a win-win for both Broward County and NSU which will be able to fulfill its vision for the expansion of

its research in such areas as breast cancer, diabetes, geriatrics and other vital academic medical research projects essential for the wellbeing of our community”.

Judy Paul, Mayor of Davie, Florida, writes that “In conjunction with NSU, the proposed hospital will allow patients to receive primary care and follow up care at the existing NSU health care clinics. This will provide a continuity of care that will be an added benefit for residents”.

Richard J. Lemack, Town Administrator, Davie, Florida, states “I believe a hospital centrally located in the Town of Davie would significantly improve health care access, reduce wait times, and improve the quality of life for those experiencing a medical emergency”.

E. Laney Stearns, III, Fire Chief of Plantation, Florida writes “This health care facility will add value to the health care service delivery being provided collaboratively among all hospitals and EMS providers”.

In addition, letters of support, many of a form variety stating general support for the project, were submitted from:

- Walter B. Duke, III, Mayor, City of Dania Beach
- Vincent Boccard, Mayor, Coral Springs Florida
- Frank B. Talerico, Mayor, Margate, Florida
- Michael Udine, Mayor, Parkland, Florida
- Diane Veltri Bendekovic, Mayor, Plantation, Florida
- Lamar Fisher, Mayor, Pompano Beach, Florida
- W. Howard Harrison, Chief of Police, Plantation, Florida
- Joseph J. Montopoli, Fire Chief, Davie Florida
- Bruce D. Loucks, City Manager, Cooper City, Florida.

There are 10 unduplicated letters of support from managed health care representatives of Broward County.

Mr. Michael L. Lowell, M.D., MBA, FACP, Cigna Market Medical Executive writes that “Cigna strongly supports the addition of this (HCA) hospital facility to the South Broward Hospital District. We feel it offers

Nova Southeastern University the opportunity to improve access to primary care services in South Florida and the potential to positively impact the continued rise in health care costs for our members and the citizens of Broward County”.

Susan L. Ledbetter, D.O., FACOFP, ICM Medical Director , Southeast Region, United HealthCare Clinical Services states “I absolutely believe there is a distinct need in South Florida for this kind of collaborative hospital, specifically in the west central Broward area, where the focus will be on treating the total patient, start to finish, not just the disease state”.

Rupesh R. Sha, C.E.O. of Freedom Health, Inc. and Optimum HealthCare Inc., writes that “Currently, the only five hospitals available in this heavily populated region are operated by South Broward Hospital District. Because there is a lack of alternative and the District’s Medicaid rates are higher due to statutory requirements, the cost of providing care is higher in this area. Introducing a competitive alternative would increase the number of benefit options in the marketplace and enhance choice and access for residents in this community.”

Jason Delimitros, C.O.O. of Sunshine Health, and Mark Weinstein, President and C.E.O. of ICUBA, also state support for the project.

Approximately 85 letters of support were submitted by physicians. Many of these letters were a form variety stating that the proposed hospital would bring much needed improvements in health care to residents of Broward County.

Zachariah P. Zachariah, MD, FACP, Voluntary Professor of Medicine, University of Miami School of Medicine and Section Chief of Cardiology at Holy Cross Hospital writes that “This hospital which will serve diverse populations and the underserved by expanding access and raising the quality of care will also increase the medical choice options and provide high quality care using the latest technology. There are additional plans surrounding the hospital which will include the NSU Center for Collaborative Research and the “Academical Village,” a major development that will further establish South Florida as a center of excellence for health care, research, teaching and learning”.

Frederich M. Chaleff, MD, FACC states that “As a result of the increasing population I have noticed a great demand and need to improve health care for all people in the community. The presence of a hospital at Nova Southeastern University will undoubtedly enhance the care for all patients in the area. This region is greatly underserved at this time and is adversely affecting patient care”.

Craig Hostig, MD, FACC, writes that “Having practiced medicine in the Broward County area for over 20 years, I have seen the growth and diversity of this community. With this growth has come the addition of patients who are both insured and uninsured. I believe that the presence of a hospital at NSU will certainly enhance care for both...”

Michael Funk, MD, FACC, FACP, states that “A hospital would serve our diverse population and the underserved by expanding access and raising the quality of care in South Florida.”

The applicant cites support letters from the following physicians:

- Lawrence Snetman, MD
- Mazhar Majid, MD
- Bruce A. Miller, MD
- Robert Bass, MD
- Winston O. Bliss, MD, FACOG.

A total of 44 letters were received from members of the Nova Southeastern University President’s Council, and 32 letters were submitted from members of the Nova Southeastern University Board of Trustees as well as trustees from other area medical programs.

George L. Hanbury, II, Ph.D., President and CEO of Nova Southeastern University, states that “This collaboration of an HCA East Florida hospital and (NSU’s) doctoral high research university with its 22 different health care disciplines will create an unrivaled opportunity for Broward County and beyond to have access to the constellation of health care fields, research, and a state-of-the-art hospital creating a true medical home for patients’ access and choice”.

Ronald G. Assaf, Chairman, Board of Trustees, Nova Southeastern University, writes that “The NSU Academic Medical Center and with its HCA hospital will attract middle and upper income jobs to South Florida, while significantly expanding the depth and breadth of services to our community and beyond”.

H. Wayne Huizenga, Namesake to Nova Southeastern University’s Business School, states that “From my own personal experience, innovative practices, compassionate care easy access and world-class

medical staff make a world of difference to health care. I know this hospital, in this place, at this time, will make a world of difference to our community...”

Members of non-profit organizations throughout Broward County submitted 22 letters of support for the proposed hospital, citing need for additional quality medical services in their community and the supportive and positive role NSU holds in the community.

Community businesses submitted approximately 107 letters of support, many of which were variations of a form letter supporting the proposed hospital and stating need for additional medical services in Broward County.

Approximately 510 letters were submitted from residents in and around Broward County. These letters, both personal and of a form letter variety, included the following themes in support of the project:

- Need for improved access to medical services
- Need for cutting edge and up to date medical services
- Increasing populations in the community requiring more, and better, hospital services
- Many positive experiences with NSU and confidence in their ability to bring needed quality medical care to residents.

Letters from approximately 170 NSU employees and 20 NSU students were also submitted in support of the project. These letters stated support for the following general reasons:

- Interest in and need for strengthened medical teaching programs at NSU
- Improved access to clinical experience for students
- Increased opportunities for faculty to maintain and strengthen skills and keep up to date with innovative medical technologies
- Cutting edge medical research benefiting students, faculty, and patients.

Approximately 860 NSU students signed a petition in support of a teaching hospital on the main campus, in order to “enhance the educational, service and economic impact of we, the undersigned students, at Nova Southeastern University”.

C. PROJECT SUMMARY

East Florida Healthcare, LLC (EFH) (CON #10202), an affiliate of Hospital Corporation of America (HCA), proposes to develop an acute care hospital in Davie, Broward County, Florida. The proposed hospital will be located on the main campus of Nova Southeastern University (NSU) in zip code 33328. The new facility will have a total bed complement of 100 licensed acute care beds and will serve to enhance teaching and research on the main NSU campus. EFH will anchor NSU's Academical Village as the foundation for Broward County's only academic and research hospital to be located on a doctoral high research university campus. Teaching and research will serve as the cornerstone of the collaborative relationship between NSU and HCA, enhancing competition and bringing greater choice and access for community residents. The hospital will be constructed alongside NSU's Health Care Clinics within steps of the new NSU Center for Collaborative Research, a six-story, 215,000 square foot, \$80 million facility. The proposed acute care hospital will be fully accredited by The Joint Commission and licensed by the State of Florida.

The applicant states the hospital will be privately owned by EHF, a division of HCA East Florida, and no public funds will be utilized for hospital construction. HCA East Florida's selection of the hospital site is partly due to the location of NSU's main campus at the center of a tri-county area, allowing service to all of south Florida.

The applicant conditions the project on the provision of a minimum eight percent TAPD to Medicaid and charity patients.

EFH states that the proposed project will benefit from the collaboration between NSU and HCA, and their combined history of medical and academic excellence, bringing essential and critical medical research to NSU, and expand access and choice for patients in Broward County. Per the applicant, EFH will offer a full range of non-tertiary emergency services, imaging, surgery, intensive care, cardiac catheterization, and women's services, including a 10-bed obstetrics unit, pediatric, and psychiatric and substance abuse, and will emphasize women's, pediatric, and geriatric services. The psychiatric and substance abuse unit will

have 15 beds that will be converted upon licensure of the hospital. East Florida Healthcare would have to have approved exemptions to establish inpatient psychiatric and substance abuse units.

The applicant states the first step will be construction of a freestanding emergency department (ED) at the hospital site that will initially be a provider-based facility of another HCA-affiliated hospital in Broward County. The freestanding ED will be integrated into the hospital design and ultimately serve as the ED for the new hospital.

EFH summarizes seven key components of the project:

HCA and East Florida Healthcare

The applicant states that proposed hospital will operate as part of HCA's East Florida Division (EFD), comprised of 14 hospitals (four in Broward County), 12 surgery centers, six diagnostic imaging centers, and a regional laboratory. Per the applicant, in 2012 EFD treated 1,205,700 patients with 202,047 hospital admissions and 638,247 emergency room visits, provided \$270,475,137 in charity care, served 259,054 Medicaid and 184,848 uninsured patients, bringing a local economic impact of \$2,125,690,000.

Nova Southeastern University

Per the applicant, NSU is the largest private not-for-profit higher education institution in Florida and the Carnegie Foundation for the Advancement of Teaching has classified NSU as a "Comprehensive Doctoral Research University" with "High Research Activity" based on NSU's significant research endeavors since 2005. EFH states that NSU also holds the prestigious Carnegie Foundation designation as "Community Engaged", which is based on voluntary participation and involves collection and documentation of important aspects of institutional mission, identity and commitments and requires substantial effort invested by participating institutions. NSU is one of only 37 colleges and universities nationally to hold both community engaged and high research designations. In CY 2011, NSU educated approximately 25,000 Florida students.

EFH and the NSU's Academical Village

EFH states that NSU established a vision of an "Academical Village, a Jeffersonian concept identified as "a community of scholars and students living and working closely together,

combining theory and practice”. The Academical Village will be located within NSU’s 315-acre main campus

and will provide a three million square foot high tech research and office park, with over \$1 billion of new economic impact into the local economy and 5,000 new high-wage high-skill jobs when completed.

NSU and HCA Collaborative Relationship

EFH states they will be joining with NSU to create a world class academic and research hospital on the NSU campus. NSU faculty and students will have the opportunity to learn using the latest technology, resulting in a center of excellence for health care, research, teaching, and learning, with the full spectrum of care providing all patients critical continuity of care. EFH states that the long-term plan is for the hospital to offer research, residencies, internships, clinical rotations, and practicum in the health profession and other programs provided at NSU.

EFH and NSU will Enhance Accessibility

The applicant states the University's Division of Clinical Operations oversees the administration of the 20 individual or separate NSU health care centers in Miami-Dade and Broward Counties. Designated as an "Essential Community Provider" (ECP), NSU brings needed health care services often to low-income medically underserved individuals. NSU provided more than 240,000 patient visits in FY 2013, primarily in Broward, Palm Beach, and Miami-Dade Counties.

EFH will Increase Beneficial Competition

EFH states there is a lack of beneficial competition in the South Broward Hospital District. The proposed project will be located near the border of North and South Broward Hospital Districts, currently dominated by Memorial Health System, which operates five acute care hospitals, one children's hospital, and outpatient facilities in south Broward County, controlling almost two-thirds of overall inpatient acute care and an even larger percentage of the OB market in 2012.

Bed Need and Projected Utilization

EFH expects the proposed 100-bed community hospital to initially serve a more localized region, with a primary service area comprised of Zip Codes: 33024, 33026, 33312, 33314, 33317, 33324, 33325, 33328, and 33330. The applicant states bed need and projected utilization of the proposed facility are based on the

following:

- EFH will offer a full range of health care services, including general acute, OB, pediatrics, geriatrics, and psychiatric.
- The proposed service area is growing faster than the county, with an aging population and increasing Hispanic and African-American populations. The number of discharges in 2012 in the service area was 28,148 for general acute care, 1,926 for OB and 2,968 for psychiatric. Residents of the service area filled an average of over 380 hospital beds each day.
- The projected utilization of the project is based on actual service area use rates and projected market capture rates for each service line. By the third year of operation, EFH projects an average daily census (ADC) of approximately 68 patients across all services.
- The proposed project will increase competition in the health care market place, providing competition with Memorial Health, the dominant provider in southern Broward County.
- EFH will be able to increase competition materially without adversely impacting existing providers.

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.

- a. 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.

Background of the Applicant

East Florida Healthcare, LLC states that upon completion the project will be an HCA affiliated hospital operating in a collaborative relationship with NSU. EFH will have its own

management team and receive initial development, training and operational assistance from HCA's EFD, with HCA providing ongoing management assistance to EFH through HCA Management, LLC. HCA will provide services including group purchasing, managed care support and negotiation, patient accounting and billing, quality assurance, hiring and retention, and IT support. The applicant includes a copy of employee retention and recruitment policies in Attachment 2 of the application.

A. *Hospital Corporation of America*

As previously stated, EFH is affiliated with HCA, a nationwide health care provider, but will have its own management through HCA's East Florida Division. The applicant states EFD utilizes the latest technology including:

1. Consult-A-Nurse® Healthcare Referral and Information Program
2. iTriage Program
3. iNotify
4. TIC-DOC
5. hCare Hub/Mobility Physician Portal
6. Horizon Patient Folder EMR system
7. GE Digital Echocardiogram
8. Computerized Provider Order Entry
9. Telemedicine
10. Voice Recognition System
11. Emergency Department Management Module

The applicant includes a list of community organizations employees regularly attend, including American Cancer Society and United Way, and includes a partial listing of these charities in Attachment 3 of the application (titled "EFD's 2013 Community Report").

B. *East Florida Division*

The applicant states HCA operates four hospitals in Broward County: Plantation General Hospital, University Hospital & Medical Center, Westside Regional Medical Center and Northwest Medical Center, with the first two located within EFH's proposed service area.

C. Plantation General Hospital: a 264-bed hospital in Plantation, Broward County, including NICU, high risk

maternity and perinatal services. The hospital admitted over 9,860 patients and 56,318 ED visits, including 14,292 uninsured and 32,104 Medicaid patients in 2012, with an economic impact of \$101,261,000.

University Hospital & Medical Center: a 317-bed hospital in Tamarac, Broward County, including orthopedics, rehab and behavioral health. The hospital admitted over 11,875 patients and 32,887 ED visits, including 9,948 uninsured and 8,358 Medicaid patients in 2012, with an economic impact of \$83,785,000.

Westside Regional Medical Center: a 224-bed hospital in Plantation, Broward County, including cardiovascular, orthopedics, cancer care and robotic surgery. The hospital admitted over 12,664 patients and 44,579 ED visits, including 9,660 uninsured and 7,131 Medicaid patients in 2012, with an economic impact of \$118,839,000.

Northwest Medical Center: a 223-bed hospital in Margate, Broward County, including heart and vascular, bariatric and pelvic health. The hospital admitted over 9,860 patients and 56,318 ED visits, including 14,292 uninsured and 32,104 Medicaid patients, with an economic impact of \$101,261,000.

The applicant includes the mission, vision and values shared by all hospitals in the EFD system:

Mission: Above all else, we are committed to the care and improvement of human life. In recognition of this commitment, we deliver high quality compassionate health care to all in our community.

Vision: Our vision is the inspire faith within our community as the hospital where extraordinary professionals deliver exceptional health care.

Values: People, Respect, Integrity, Devotion and Excellence

D. HCA Programs, Awards and Initiatives

The applicant states that HCA operates approximately 160 acute care hospitals and 105 freestanding surgery centers in 20 states and England; within Florida, HCA has 40 affiliated hospitals, 34 affiliated ambulatory surgery centers and

employs 45,000 individuals including 300 physicians.

East Florida Healthcare, LLC discusses HCA's "Shared Services", which is a formal initiative that is part HCA's strategy to improve performance and reduce costs by consolidating non-clinical, administrative functions (patient accounts, supply chain services and payroll services). HCA is evaluating shared HIM (Health Information Management) Coding Centers and direct regional pharmaceutical distribution. The applicant states that streamlining these areas would "help HCA to direct additional resources to patient care and enhance...clinical services".

The applicant states that for the year ending December 31, 2012, HCA had assets valued at \$28.075 billion, and has invested more than \$300 million in patient safety and quality initiatives alone since 1997.

Per the applicant, HCA meets CMS core measure requirements, and HCA's HCA Grand Composite Score for the four quarters ending Q3, 2012 was 98.4 percent. The Joint Commission's 2012 list of Top Performing Hospitals included 71 percent of HCA's United States hospitals, as compared to 18 percent of non-HCA hospitals. East Florida Healthcare, LLC cites the following quality awards and certifications:

1. The Joint Commission accreditation was given to all four HCA hospitals in the East Florida Division, and EFH will also receive this accreditation.
2. Northwest Medical Center is a certified pain center, Joint Commission certified stroke center, bariatric center and Thomson Reuters 2012 Top 100 Hospitals winner.
3. Plantation is the only Florida hospital to receive The Joint Commission's Gold Seal of Approval for its Prematurity program.
4. University was named a top performer in quality and safety and is a Joint Commission certified primary stroke center.
5. Westside is a Joint Commission certified primary stroke center and is accredited by the Society of Chest Pain as a chest pain center and a designated heart failure center.

6. The applicant includes a copy of the patient safety plan and utilization review policy in Attachments 6 and 7 of the application.

East Florida Healthcare, LLC includes a brief review of review of HCA's provision of care to Medicaid and charity patients, noting that the four hospitals in EFR Broward collectively provided \$56,598,244 in care to charity and uninsured patients in 2012, and includes a sample charity care and uninsured discount policy in Attachment 8 of the application. Attachments 9 and 10 of the application include a list of managed care plans accepted by HCA affiliates in Broward County and their Medicaid eligibility policy. The applicant states EFH will serve any Medicaid, charity and uninsured patient requiring care. East Florida Healthcare, LLC conditions the project on the provision of a minimum eight percent TAPD to Medicaid and charity patients.

The applicant describes five additional HCA programs: the VA patient navigator, the HCA affiliated Sarah Cannon Research Institute, Breast Cancer Initiative, Green Initiative, and Step Up for Students scholarship program.

E. NSU Collaborative Relationship Overview

As stated previously, NSU is a private not-for-profit, fully accredited and Comprehensive Doctoral Research University, designated by the Carnegie Foundation as a High Research activity and Community Engagement facility. Founded in 1964, NSU has graduated more than 155,000 alumni, and is the largest private institution of higher education in Florida.

The main campus is located in South Broward County, Florida, in the town of Davie, close to Fort Lauderdale/Hollywood International Airport, and Interstates 95, 75, 595, and the Florida Turnpike. The main campus is home to 18 colleges, centers, and schools, including a vast array of medical programs. The applicant notes that part of NSU's planned Academical Village (described in the project summary), is an \$80 million Center for Collaborative Research (CCR) that will allow NSU researchers access to start-of-the-art research facilities.

The applicant describes the partnership between NSU and HCA East Florida Hospital, EFH Research Collaboration, and Health Care Clinic programs. The reviewer notes that no documentation formalizing an affiliation between NSU and HCA regarding the proposed project was submitted with the application.

Support for the Project

The applicant provides brief descriptions of letters of support from managed care plans, members of the medical community, community officials and representatives, and NSU representatives, which the reviewer describes in detail in letters of support in this report.

Competition

East Florida Healthcare, LLC states that Memorial Health System is the only acute care hospital provider operating in South Broward County. Memorial Health has five acute care hospitals with over

1,800 beds, including Joe DiMaggio Children’s Hospital (204 beds), and a geographically dispersed network of outpatient facilities.¹

The applicant includes a legal definition of the South Broward Hospital District and converts this into a zip code map that includes 19 South Broward zip codes.

South Broward Hospital District Population by Age

ZIP Code	2012				Total
	Under 15	15-44	45-64	65+	
33004	2,586	5,993	4,712	2,526	15,817
33009	4,996	11,460	10,081	12,651	39,188
33019	1,900	4,315	5,059	3,510	14,784
33020	7,712	17,238	11,837	4,821	41,608
33021	7,479	16,655	12,790	8,950	45,874
33023	14,624	28,742	15,442	5,111	63,919
33024	13,547	28,063	16,802	5,981	64,393
33025	13,934	28,512	14,604	4,817	61,867
33026	4,844	11,256	8,723	3,510	28,333
33027	12,646	22,789	12,840	11,914	60,189
33028	6,568	11,807	7,075	1,628	27,078
33029	12,048	19,591	11,885	2,562	46,086
33312	9,445	20,655	14,724	5,049	49,873
33314	4,133	10,648	5,721	1,895	22,397
33315	1,697	4,925	4,074	1,368	12,064
33328	5,015	10,663	8,311	2,543	26,532
33330	3,128	5,846	4,650	1,062	14,686
33331	5,468	9,592	6,663	1,448	23,171
33332	2,718	4,227	3,425	1,019	11,389
Total	134,488	272,977	179,418	82,365	669,248

Source: CON application #10202, page 33 from “Neilson/Claritas”.

¹ South Broward Hospital District’s “Joe DiMaggio Children’s Hospital” is on Memorial Regional Hospital’s license.

2017					
ZIP Code	Under 15	15-44	45-64	65+	Total
33004	2,555	5,578	5,013	2,715	15,861
33009	5,025	10,550	10,600	13,277	39,452
33019	1,818	3,750	5,211	3,577	14,356
33020	7,583	16,084	12,754	5,281	41,702
33021	7,433	15,710	13,101	9,402	45,646
33023	14,718	27,432	16,387	5,838	64,375
33024	13,854	26,950	18,151	6,792	65,747
33025	14,892	28,515	17,125	5,881	66,413
33026	4,654	10,642	8,845	3,843	27,984
33027	14,655	24,538	16,372	13,353	68,918
33028	7,004	11,750	8,250	2,203	29,207
33029	12,816	19,675	13,908	3,487	49,886
33312	9,682	19,932	15,534	6,001	51,149
33314	4,046	9,698	6,287	2,124	22,155
33315	1,609	4,414	4,250	1,573	11,846
33328	5,162	10,551	8,505	3,028	27,246
33330	3,276	6,163	4,910	1,469	15,818
33331	5,512	9,367	7,029	1,948	23,856
33332	3,096	4,654	3,869	1,382	13,001
Total	139,390	265,953	196,101	93,174	694,618

Source: CON application #10202, page 34 from "Neilson/Claritas".

Percent Annual Change					
ZIP Code	Under 15	15-44	45-64	65+	Total
33004	-0.24%	-1.42%	1.25%	1.45%	0.06%
33009	0.12%	-1.64%	1.01%	0.97%	0.13%
33019	-0.88%	-2.77%	0.59%	0.38%	0.59%
33020	-0.34%	-1.38%	1.50%	1.84%	0.05%
33021	-0.12%	-1.16%	0.48%	0.99%	0.10%
33023	0.13%	-0.93%	1.20%	2.70%	0.14%
33024	0.45%	-0.81%	1.56%	2.58%	0.42%
33025	1.34%	0.00%	3.24%	4.07%	1.43%
33026	-0.80%	-1.12%	0.28%	1.83%	0.25%
33027	2.99%	1.49%	4.98%	2.31%	2.75%
33028	1.29%	-0.10%	3.12%	6.24%	1.53%
33029	1.24%	0.09%	3.19%	6.36%	1.60%
33312	0.50%	-0.71%	1.08%	3.52%	0.51%
33314	-0.42%	-1.85%	1.90%	2.31%	0.22%
33315	-1.06%	-2.17%	0.85%	2.83%	0.36%
33328	0.58%	-0.21%	0.46%	3.55%	0.53%
33330	0.93%	1.06%	1.09%	6.70%	1.50%
33331	0.16%	-0.47%	1.08%	6.11%	0.58%
33332	2.64%	1.94%	2.47%	6.28%	2.68%
Total	0.72%	0.52%	1.79%	2.50%	0.75%

Source: CON application #10202, page 35 from "Neilson/Claritas".

East Florida Healthcare, LLC contends that the project will promote managed care competition with SBHD and notes that many of the service area residents are members of Medicare Advantage Plans. The applicant concludes that between 2012 and 2017, the service area defined by the above zip codes will experience a 2.50 percent increase in populations ages 65 and over, and a 0.75 percent increase in total population. In 2012 the applicant states residents of this area experienced 69,492 acute care discharges, generating an ADC of 798 patients. EFH contends that an area this large and a patient base of this size should have more than one health system competing to provide patient services. Per the applicant, because Memorial Health owns and operates all hospital in this area, the need for the proposed 100-bed acute care project is evident.

Memorial Health’s Market Dominance

East Florida Healthcare, LLC states that Memorial Health dominates the South Broward Hospital District, capturing 63.4 percent of 2012 discharges at its five South Broward facilities. The following chart demonstrates market share of total acute care discharges in the SBHD:

2012 Market Share of Total Acute Care Discharges South Broward Hospital District			
SBHD Market Share by System			
System	Facility name	Total	% of Total
HCA	Aventura Hospital & Medical Center	4,388	6.32%
	Westside Regional Medical Center	1,602	2.31%
	Plantation General Hospital	1,502	2.16%
	HCA Total	7,492	10.79%
Memorial Health System	Memorial Regional Hosp. Hollywood	20,767	29.90%
	Memorial Hospital West	12,275	17.67%
	Memorial Hospital Miramar	4,450	6.41%
	Memorial Hospital Pembroke	4,433	6.38%
	Memorial Regional Hospital South	2,134	3.07%
	Memorial Health System Total	44,059	63.43%
Broward Health System	Broward General Medical Center	5,284	7.61%
Catholic Health East	Holy Cross Hospital	885	1.27%
Jackson Health System	Jackson Memorial Hospital	867	1.25%
Sinai Health System	Mount Sinai Medical Center	800	1.15%
UHS	Fort Lauderdale Hospital	903	1.30%
	Cleveland Clinic Florida Health Sys	2,160	3.11%
	All Others	7,012	10.09%
Grand Total		69,462	100.005%

Source: CON application #10202, page 36.

East Florida Healthcare, LLC states market concentration levels can be demonstrated by considering subsets of the total acute care discharges. However, HCA sold Memorial Hospital Pembroke to South Broward

Hospital District effective July 1, 1995. The applicant submits the following chart demonstrating market shares of community hospital discharges (excluding tertiary and obstetric DRGs).

2012 Market Shares of Community Hospital Discharges

Health System	Facility Name	Patients	Market Share
Broward Health System	Broward General Medical Center	4,082	7.43%
	Coral Springs Medical Center	173	0.31%
	North Broward Medical Center	210	0.38%
	Imperial Point Medical Ctr.	185	0.34%
	<i>Broward Health System Total</i>	4,650	8.46%
HCA	Northwest Medical Center	154	0.28%
	University Hospital & Medical Ctr	149	0.27%
	Westside Regional Medical Center	1,544	2.81%
	Plantation General Hospital	1,152	2.10%
	Aventura Hospital & Medical Center	3,823	6.96%
	JFK Medical Center	33	0.06%
	<i>HCA Total</i>	6,855	12.48%
Memorial Health System	Memorial Regional Hospital Hollywd	15,521	28.25%
	Memorial Hospital West	10,283	18.72%
	Memorial Hospital Miramar	3,229	5.88%
	Memorial Hospital Pembroke	4,228	7.70%
	Memorial Regional Hospital South	2,110	3.84%
	<i>Memorial Health System Total</i>	35,371	64.39%
Tenet	North Shore Med Ctr FMC Campus	210	0.38%
	West Boca Medical Center	63	0.11%
	Delray Medical Center	38	0.07%
	Palmetto General Hospital	362	0.66%
	<i>Tenet Total</i>	673	1.23%
Catholic Health East	Cleveland Clinic Florida Health Sys	2,122	3.86%
	Holy Cross Hospital	797	1.45%
Jackson Health System	Jackson Memorial Hospital	692	1.26%
Kindred Healthcare	Kindred Hosp - S FL - Ft Lauderdale	406	0.74%
Miami Children's Health System	Miami Children's Hospital	227	0.41%
Sinai Health System	Mount Sinai Medical Center	560	1.02%
University of Miami Health Sys	University of Miami Hospital	521	0.95%
	All Other	2,062	3.75%
Grand Total		54,936	

All DRGs Excluding: 216-221, 228-236, 769, 770, 774-782, 789-795, 876, 880-887, 894-897, 945, 946

Source: CON application #10202, page 38.

Per the applicant, Memorial Health captures an even larger market share, 77.7 percent, of obstetric services; the next closest system is Broward Health with only 6.9 percent of the market:

2012 Market Shares of Obstetric Discharges			
System	Facility name	Total	% of Total
Broward Health System	Broward General Medical Center	808	6.19%
	Coral Springs Medical Center	90	0.69%
	<i>Broward Health System Total</i>	898	6.88%
Jackson Health System	Jackson North Medical Center	140	1.07%
	Jackson Memorial Hospital	127	0.97%
	<i>Jackson Health System Total</i>	267	2.05%
Memorial Health System	Memorial Regional Hosp. Hollywood	4,777	36.60%
	Memorial Hospital West	3,412	26.14%
	Memorial Hospital Miramar	1,956	14.99%
	<i>Memorial Health System Total</i>	10,145	77.73%
Tenet	North Shore Medical Center	110	0.84%
	Palmetto General Hospital	96	0.74%
	West Boca Medical Center	86	0.66%
	<i>Tenet Health</i>	292	2.24%
Baptist Health	Baptist Hospital of Miami	92	0.70%
Catholic Health East	Holy Cross Hospital	121	0.93%
HCA	Plantation General Hospital	613	4.70%
Sinai Health System	Mount Sinai Medical Center	263	2.02%
	All Others	360	2.76%
	<i>Grand Total</i>	13,051	100.00%

Source: CON application #10202, page 39.

To put the above market share control in context, the applicant analyzed the remaining zip codes in Broward County, referred to as the North Broward Hospital District, which has a tax-funded district hospital provider, Broward Health. The applicant notes there is a greater degree of competition in the North Broward district likely due to no single system having the geographic exclusivity that Memorial Health has in South Broward:

2012 North Broward County Total Market Share by Health System

Health System	Facility Name	Total	Percent of Total
Broward Health System	Broward General Medical Center	21,169	14.69%
	Coral Springs Medical Center	12,472	8.66%
	North Broward Medical Center	11,130	7.73%
	Imperial Point Medical Ctr.	7,046	4.89%
<i>Broward Health System Total</i>		51,817	35.97%
HCA	Northwest Medical Center	12,850	8.92%
	University Hospital & Medical Ctr	10,445	7.25%
	Westside Regional Medical Center	10,281	7.14%
	Plantation General Hospital	7,945	5.51%
	Aventura Hospital & Medical Center	621	0.43%
	JFK Medical Center	168	0.12%
<i>HCA Total</i>		42,310	29.37%
Memorial Health System	Memorial Regional Hospital Hollywd	3,534	2.45%
	Memorial Hospital West	2,733	1.90%
	Memorial Hospital Miramar	729	0.51%
	Memorial Hospital Pembroke	421	0.29%
	Memorial Regional Hospital South	138	0.10%
<i>Memorial Health System Total</i>		7,555	5.24%
Tenet	North Shore Med Ctr FMC Campus	10,275	7.13%
	West Boca Medical Center	2,637	1.83%
	Delray Medical Center	481	0.33%
<i>Tenet Total</i>		13,393	9.30%
Universal Health Services	Fort Lauderdale Hospital	2,033	1.41%
	Atlantic Shores Hospital	666	0.46%
<i>Universal Health Services Total</i>		2,699	1.87%
Bethesda Health	Bethesda Memorial Hospital	173	0.12%
Catholic Health East	Holy Cross Hospital	13,689	9.50%
Jackson Health System	Jackson Memorial Hospital	973	0.68%
Kindred Healthcare	Kindred Hosp - S FL - Ft Lauderdale	477	0.33%
Miami Children's Health System	Miami Children's Hospital	414	0.29%
Sinai Health System	Mount Sinai Medical Center	359	0.25%
University of Miami Health System	University of Miami Hospital	846	0.59%
	Cleveland Clinic Florida Health Sys	3,816	2.65%
	Boca Raton Community Hospital	2,506	1.74%
	All Other	3,044	2.1%
Grand Total		144,071	100.0%

Source: CON application #10202, page 41.

In an effort to ensure accuracy in the market share comparison between north and south Broward County, the applicant discusses Palm Beach County, which adjoins Broward County, dividing it into north and south hospital regions and provides a market share analysis.

2012 South Palm Beach County Market Share of Total Discharges²			
System	Facility name	Total	% of Total
HCA	JFK Medical Center	22,937	21.16%
	Palms West Hospital	5,205	4.80%
	Columbia Hospital (Palm Bch MC)	2,450	2.26%
HCA Total		30,592	28.22%
Tenet	Delray Medical Center	16,269	15.01%
	West Boca Medical Center	6,858	6.33%
	St. Mary's Hospital	4,650	4.29%
	Good Samaritan Hospital	2,416	2.23%
Tenet Total		30,193	27.85%
Bethesda Health	Bethesda Memorial Hospital	15,782	14.56%
Health Care District PBC	Lakeside Medical Ctr (Glades Gen)	1,838	1.70%
UHS	Wellington Regional Medical Center	7123	6.57%
	Boca Raton Community Hospital	12,433	11.47%
	All Others	10,457	9.65%
Grand Total		108,418	100.00%

Source: CON application #10202, page 44.

As shown above, the largest provider, HCA, had a market share of only 28.2 percent, closely followed by Tenet Health with a 27.85 percent share. Similarly, in North Palm Beach County, Tenet Health was the largest provider with 43.6 percent of total discharges, shown below:

2012 North Palm Beach County Market Share of Total Discharges			
Health System	Facility name	Total	% of Total
HCA	Columbia Hospital (Palm Bchs MC)	6,260	10.76%
	Palms West Hospital	5,777	9.93%
	JFK Medical Center	3,057	5.26%
HCA Total		15,094	25.95%
Tenet	St. Mary's Hospital	10,670	18.35%
	Palm Beach Gardens Medical Center	8,313	14.29%
	Good Samaritan Hospital	6,028	10.36%
	Delray Medical Center	328	0.56%
Tenet Total		25,339	43.57%
Bethesda Health	Bethesda Memorial Hospital	397	0.68%
Health Care District PBC	Lakeside Medical Ctr (Glades Gen)	669	1.15%
Jackson Health System	Jackson Memorial Hospital	331	0.57%
Kindred Health	Kindred Hospital Palm Beach	240	0.41%
Memorial Health System	Memorial Regional Hosp. Hollywood	114	0.20%
Select Medical	Select Specialty Hosp Palm Beach	128	0.22%
UHS	Wellington Regional Medical Center	3,385	5.82%

² The applicant incorrectly identifies the table name as 2012 South Broward Market Share of Total Discharges

University of Miami Health	University of Miami Hospital	319	0.55%
	Jupiter Medical Center	8,397	14.44%
	Oakwood Center of Palm Beaches	1,188	2.04%
	Cleveland Clinic Florida Health Sys	398	0.68%
	Boca Raton Community Hospital	199	0.34%
	Miami Children's Hospital	177	0.30%
	All Other	1,786	3.07
Grand Total		58,161	

Source: CON application #10202, page 46.

East Florida Healthcare, LLC concludes that Memorial Health enjoys an unusually large concentration of hospital market share in its geographic market, which could be improved through approval of the proposed 100-bed acute care hospital. Neither the north Broward nor Palm Beach Counties are dominated by one provider controlling such a comparatively large percentage of market shares.

The applicant discusses the financial assets of Memorial Health, including an analysis of equity, net assets, and operating revenue, noting Memorial Health generated the highest total margin among Broward hospital systems in 2012 with more than \$82 million, and received almost \$28 million in support for local tax revenues. The applicant concludes Memorial Health is well positioned to compete in a more diversified competitive market that will result from project approval.

Per the applicant, the passage of the Patient Protection and Affordable Care Act supports competition in the health care market, and approval of the proposed project would offer other health care organization the opportunity to compete with Memorial Health providing services to this geographic area.

East Florida Healthcare, LLC discusses the role price competition plays in competitive health care markets, noting that competition affords Managed Care Organizations (MCOs) much greater negotiating flexibility to obtain market driven prices. Medicare is the largest single payor of hospital services in Broward County, and rising numbers of Medicare and Medicaid patients enrolled in government MCO's represents further justification for competition in Broward County.

The applicant submits the following chart in order to demonstrate current penetration rates for Medicare Advantage Plan by County:

Medicare Advantage Plan Penetration by County, August 2013

County	Eligibles	Enrolled	Penetration
Miami-Dade	404,377	232,169	57.41
Broward	271,635	139,603	51.39
Osceola	42,611	21,677	50.87
Pasco	107,827	53,811	49.90
Hernando	51,007	24,547	48.12
Wakulla	4,717	2,093	44.37
Hillsborough	189,656	82,573	43.54
Pinellas	210,890	90,814	43.06
Gadsden	8,827	3,756	42.55
Polk	126,588	53,567	42.32

Source: CON application #10202, page 54.

East Florida Healthcare, LLC states that beginning in mid-2014 Florida will begin implementing reform of traditional fee-for-service Medicaid program, significantly increasing the number of beneficiaries enrolled in Medicaid MCOs, and introducing a statutory requirement of hospital providers in the form of a post reform ceiling on rates that providers cannot contract above with managed Medicaid MCOs. The applicant submits a comparison between the new Medicaid inpatient statutory rates at 100 percent of state fee schedules by hospital:

Comparison of Medicaid Statutory Inpatient Base Rates Memorial Health and HCA Affiliated Hospitals				
HCA Affiliated Hospitals		HCA (+ or -) relative to Memorial Healthcare \$8,160	HCA (+ or -) relative to Memorial West \$4,589	HCA (+ or -) relative to Memorial Miramar/Pembroke \$3,754
Hospital Name	Medicaid IP Base Rate			
Northwest	\$2085	\$(6,075)	\$(2504)	\$(1669)
Plantation	\$2756	\$(5,404)	\$(1833)	\$(998)
University	\$2606	\$(5,554)	\$(1982)	\$(1147)
Mercy	\$2756	\$(5,404)	\$(1833)	\$(998)
Westside	\$4310	\$(3,850)	\$(279)	\$556

Source: CON application #10202, page 55.

East Florida Healthcare, LLC concludes that South Broward County needs an alternative choice of provider to ensure market forces result in efficient pricing for patients and payors, and that HCA has the innovation, resources, and experience that will, in affiliation with NSU, provide a clear choice and competitive alternative to Memorial Health for residents in the proposed service area. However, it is unclear how the addition of another HCA hospital within 4.1 miles of two existing HCA hospitals would improve competition. The reviewer notes the CY 2012 occupancy rates for these two HCA hospitals: Westside Regional Medical Center with 224 acute care beds was 64.84 percent, and Plantation General Hospital with 217 acute care beds was 42.05 percent. There are 11 acute care hospitals (four of these are HCA facilities) within a ten mile radius of the proposed location (see the chart below). District 10 had 4,912 licensed acute care beds with 49.46 occupancy (3d lowest district in the state) during CY 2012.

Service Area Description

Existing Providers

East Florida Healthcare, LLC states the proposed facility will be located in the 33328 zip code in Davie, Broward County, Florida, south of I-595, on the campus of NSU, on the border of and

extending into South Broward Hospital District. The nine zip codes identified as the primary

service area is based on both the proposed project site and the existing hospitals in Broward County. Per the applicant, the secondary service area includes the remaining Broward County zip codes.

Three hospitals are located within the primary service area, two of which are HCA affiliated hospitals (Plantation and Westside), the third being Memorial Hospital Pembroke. The applicant states these facilities will be unable to address the need for enhanced competition in southern Broward County.

The following chart demonstrates distances to all acute care facilities within eleven miles of the applicant’s proposed location.

Distances in Miles from Acute Care Providers to Proposed EFH Facility on NSU Campus	
Facility	Distance to EFH Facility
Westside Regional Medical Center	3.25
Memorial Hospital Pembroke*	3.38
Plantation General Hospital	4.07
Memorial Regional Hospital*	5.72
Florida Medical Center-A Campus of North Shore*	6.0
Memorial Hospital West*	6.07
Broward Health Medical Center*	6.5
Memorial Regional Hospital South*	6.55
Cleveland Clinic Hospital*	7.52
University Hospital and Medical Center	9.22
Aventura Hospital and Medical Center	9.65
Memorial Hospital Miramar*	10.2
Holy Cross Hospital*	10.74

Source: FloridaHealthFinder.gov ; facilities marked with “*” are opposed to the EFH project.
 Note: Westside, Plantation, University Hospital & Aventura are HCA facilities.

Service Area Demographic Trends

Population growth in the proposed primary service area and Broward County between 2013 and 2018 is submitted by the applicant in order to demonstrate the population can support the proposed project:

Comparison of Population Trends			
Area	2013	2018	Total Growth
Primary Service Area	319,528	334,805	4.78
Broward County	1,769,368	1,819,324	2.82

Source: CON application #10202, page 59.

The applicant provides analysis of population by zip code, demonstrating that populations ages 65 and over are projected to increase by 19.73 percent between 2013 and 2018, with a total

population increase of 4.78 percent during the same period, as demonstrated in the next chart.

Service Area Population by ZIP Code
2013 Service Area Population

ZIP	Under 18	18-44	45-64	65+	Total
33024	15,636	24,394	18,054	7,881	65,965
33026	6,095	9,037	8,978	4,708	28,818
33312	11,220	19,019	14,566	5,924	50,729
33314	4,975	10,170	5,908	2,226	23,279
33317	7,783	12,455	10,375	4,809	35,422
33324	8,929	16,647	12,314	7,082	44,972
33325	6,997	10,196	8,862	2,628	28,683
33328	6,013	9,165	8,340	2,943	26,461
33330	3,873	4,435	5,450	1,441	15,199
Total	71,521	115,518	92,847	39,642	319,528

2018 Service Area Population

ZIP	Under 18	18-44	45-64	65+	Total
33024	15,937	24,917	19,498	9,166	69,518
33026	5,822	9,326	9,099	5,446	29,693
33312	11,967	18,857	15,103	7,238	53,165
33314	5,358	10,050	6,240	2,698	24,346
33317	7,709	12,476	10,790	5,482	36,457
33324	9,372	16,608	12,980	8,247	47,207
33325	6,868	10,717	9,637	3,522	30,744
33328	5,702	9,538	8,700	3,684	27,624
33330	3,578	4,792	5,700	1,981	16,051
Total	72,313	117,281	97,747	47,464	334,805

Percent Change

ZIP	Under 18	18-44	45-64	65+	Total
33024	1.93%	2.14%	8.00%	16.31%	5.39%
33026	-4.48%	3.20%	1.35%	15.68%	3.04%
33312	6.66%	-0.85%	3.69%	22.18%	4.80%
33314	7.70%	-1.18%	5.62%	21.20%	4.58%
33317	-0.95%	0.17%	4.00%	13.99%	2.92%
33324	4.96%	-0.23%	5.41%	16.45%	4.97%
33325	-1.84%	5.11%	8.75%	34.02%	7.19%
33328	-5.17%	4.07%	4.32%	25.18%	4.40%
33330	-7.62%	8.05%	4.59%	37.47%	5.61%
Total	1.11%	1.53%	5.28%	19.73%	4.78%

Source: CON application #10202, pages 60-61.

The applicant reviews population data by gender and concludes although the number of females of child-bearing age will decline slightly between 2013 and 2018, the proposed facility will provide abortion and sterilization services no longer offered at Plantation General Hospital, which, along with the emphasis on women and pediatric services, will likely result in increased patient utilization of services at the proposed facility.

East Florida Healthcare, LLC also reviews population data by race and concludes that the increasingly diverse racial diversity in the service area will complement the diverse student and health professionals at NSU, and encourage diversity in applicants to health care training programs.

Economic Development Trends

The applicant notes several projects occurring near the proposed service area will, along with the proposed project, facilitate economic growth in the region: the I-595 improvement project, expansion at Fort Lauderdale-Hollywood International Airport and a large student house and retail development in Davie.

Service Area Historical Utilization

As of July 19, 2013, District 10 had a total of 4,912 licensed acute care beds averaging 49.46 percent occupancy during CY 2012. Holy Cross has notification (NF #120035) to delicense two acute care beds.³

East Florida Healthcare, LLC evaluated historical levels of inpatient/general, OB discharge and psychiatric services for the proposed primary service area (PSA). The applicant states that diagnosis related group (DRG) categories typically provided in a community hospital are included in the analysis, and tertiary service related DRGs are excluded.

The applicant submits the following chart showing PSA community hospital acute discharges in 2012, with 28,148 general acute discharges and 121,807 patient days.

Historical Utilization for EFH Primary Service Area					
	2012				
	Under 15	15-44	45-64	65+	Total
Discharges	1,326	8,190	8,498	10,134	28,148
Patient Days	6,441	27,173	38,320	49,873	121,807
ADC	17.6	74.4	105.0	136.6	333.7
Use Rate per 1,000 pop.	22.3	62.4	95.3	312.0	90.1
ALOS	4.9	3.3	4.5	4.9	4.3

Source: CON application #10202, page 66.

As shown above, the ADC for the service area was 333.7 and the discharge rate per 1,000 was 90.1, which the applicant states can support a 100-bed hospital.

³ These beds were delicensed effective August 5, 2013.

Utilization of Existing Providers from the Primary Service Area

The applicant discusses service area market shares in the primary service area by existing facility:

2012 Market Share of Primary Service Area Patients		
	Discharges	Percent Market Share
Memorial Hospital West	4,804	17.1
Memorial Regional Hospital	4,439	15.8
Westside Regional Medical Center	4,423	15.7
Broward General Medical Center	3,698	13.1
Memorial Hospital Pembroke	2,518	8.9
Plantation General Hospital	2,182	7.8
Cleveland Clinic Florida Health System	1,390	4.9
Holy Cross Hospital	649	2.3
Memorial Hospital Miramar	528	1.9
North Shore Med. Center FMC Campus	316	1.1
Aventura Hospital & Medical Center	311	1.1
Jackson Memorial Hospital	297	1.1
Memorial Regional Hospital South	236	0.8
All Other	2,357	8.4
Total	28,148	100.0

Source: CON application #10202.

As shown above, Memorial Health facilities combined have 44.5 percent market share of acute care discharges in the PSA.

Per the applicant, during CY 2012, there were 1,926 OB discharges from the proposed project service area, of which 1,048, or 54.41 percent (1048/1926), were from three Memorial Health hospitals.

Primary Service Area Market Share of OB Patients		
	OB Discharges	OB Market Share
Memorial Hospital West	483	25.1
Memorial Regional Hospital	394	20.5
Plantation General Hospital	360	18.7
Broward General Hospital	262	13.6
Memorial Hosp. Miramar	171	8.9
West Boca Medical Center	36	1.9
Holy Cross Hospital	33	1.7
Coral Springs Medical Center	30	1.6
Jackson Memorial Hospital	23	1.2
All Other	134	7.0
Total	1,926	100.0

Source: CON application #10202, page 68.

East Florida Healthcare, LLC states that in the PSA, there were 2,968 psychiatric discharges in CY 2012, of which 632, or 21.3 percent, came from Memorial Regional Hospital.

2012 Primary Service Area Psychiatric Patients		
Facility	Discharges	Percent of Total
Memorial Regional Hospital	632	21.3%
Ft. Lauderdale Hospital	510	17.2%
Broward General Medical Center	398	13.4%
University Hospital & Medical Center	368	12.4%
North Shore Medical Center FMC Cam	240	8.1%
Atlantic Shores Hospital	157	5.3%
Memorial Hospital Pembroke	100	3.4%
Westside Regional Medical Center	84	2.8%
Imperial Point Medical Center	79	2.7%
Aventura Hospital & Medical Center	66	2.2%
Hollywood Pavilion	32	1.1%
All Others	302	10.2%
Total	2,968	100.0%

Source: CON application #10202, page 69.

Total inpatient utilization for the general acute care hospitals in Broward County are charted below, grouped by hospital system:

Broward County Acute Care Utilization

Facility	2012			
	Beds	Days	ADC	Occupancy
Broward Health Coral Springs	190	48,850	133.84	70.4%
Broward Health Imperial Point	157	28,686	78.59	50.1%
Broward Health Medical Center	570	121,623	333.21	58.5%
Broward Health North	379	67,400	184.66	48.7%
Broward Health System Total	1,296	266,559	730.30	56.4%
Cleveland Clinic Hospital - Weston	155	43,756	119.88	77.3%
Holy Cross Hospital, Inc - Catholic Health East	502	76,214	208.81	41.6%
Memorial Hospital Miramar	162	30,645	83.96	51.8%
Memorial Hospital Pembroke	301	25,885	70.92	23.6%
Memorial Hospital West	364	89,271	244.58	67.2%
Memorial Regional Hospital	621	128,608	352.35	56.7%
Memorial Regional Hospital - South	211	10,514	28.81	13.7%
Memorial Health System Total	1,659	284,923	780.61	47.1%
North Shore Medical Center - FMC Campus	385	43,446	119.03	30.9%
Northwest Medical Center - HCA	217	51,598	141.36	65.1%
Plantation General Hospital - HCA	217	33,398	91.50	42.2%
University Hospital & Medical Center - HCA	257	35,812	98.12	38.2%
Westside Regional Medical Center - HCA	224	53,157	145.64	65.0%
HCA East Florida Division Total	915	173,965	476.62	52.1%
Grand Total	4,912	888,863	2,435.24	49.6%

*Excluding LTC and NICU Level II/III Beds

Source: CON application #10202, page 70.

The above table shows that HCA East Florida Division facilities had a combined occupancy rate of 52.1 percent, Memorial Health System facilities 47.1 percent and District 10's occupancy was 49.6 percent during CY 2012. As previously stated, District 10's acute care bed occupancy was the third lowest of the State's 11 districts. The applicant states that bed capacity of existing hospitals is no longer a significant health planning factor because providers are able to add beds without Certificate of Need approval, and the most important considerations in planning a new hospital are improvement of access and enhanced competition, which the proposed project will provide.

Primary Service Area Reliance

The total number of discharges from the PSA in 2012 is broken out into three charts submitted by the applicant, separating total discharges, obstetric discharges and psychiatric discharges by facility (see below).

2012 Total Discharges by Facility

	SA	Non-SA	Total	Percent
	<u>Discharges</u>	<u>Discharges</u>	<u>Discharges</u>	<u>Reliance</u>
Memorial Hospital West	4,804	15,388	20,192	23.79%
Memorial Regional Hospital	4,439	21,443	25,882	17.15%
Westside Regional Medical Center-HCA	4,423	7,891	12,314	35.92%
Broward General Medical Center	3,698	20,506	24,204	15.28%
Memorial Hospital Pembroke	2,518	3,109	5,627	44.75%
Plantation General Hospital-HCA	2,182	6,608	8,790	24.82%
Cleveland Clinic Florida Health Sys	1,390	8,215	9,605	14.47%
Holy Cross Hospital	649	15,234	15,883	4.09%
Memorial Hospital Miramar	528	7,954	8,482	6.22%
North Shore Med Ctr FMC Campus	316	8,353	8,669	3.65%
Aventura Hospital & Medical Center	311	21,288	21,599	1.44%
Jackson Memorial Hospital	297	29,188	29,485	1.01%
Memorial Regional Hospital South	236	2,420	2,656	8.89%
Total	25,791	167,597	193,388	13.34%

Source: WinStat Patient Database, 12 Months Ending Dec 31, 2012

2012 Total OB Discharges by Facility

	SA	Non-SA	Total	Percent
	Discharges	Discharges	Discharges	Reliance
Memorial Hospital West	483	4,127	4,610	10.48%
Memorial Regional Hospital	394	4,492	4,886	8.06%
Plantation General Hospital-HCA	360	2,581	2,941	12.24%
Broward General Medical Center	262	3,585	3,847	6.81%
Memorial Hospital Miramar	171	3,182	3,353	5.10%
West Boca Medical Center	36	2,324	2,360	1.53%
Holy Cross Hospital	33	1,304	1,337	2.47%
Coral Springs Medical Center	30	2,593	2,623	1.14%
Jackson Memorial Hospital	23	4,735	4,758	0.48%
Total	1,792	28,923	30,715	5.83%

2012 Total Psychiatric & Substance Abuse Discharges by Facility

	SA	Non-SA	Total	Percent
	Discharges	Discharges	Discharges	Reliance
Memorial Regional Hospital	632	2,265	2,897	21.82%
Fort Lauderdale Hospital	510	3,384	3,894	13.10%
Broward General Medical Center	398	2,114	2,512	15.84%
University Hospital & Medical Ctr-HCA	368	3,529	3,897	9.44%
North Shore Med Ctr FMC Campus	240	2,454	2,694	8.91%
Atlantic Shores Hospital	157	1,181	1,338	11.73%
Memorial Hospital Pembroke	100	260	360	27.78%
Westside Regional Medical Center-HCA	84	79	163	51.53%
Imperial Point Medical Ctr.	79	1,746	1,825	4.33%
Aventura Hospital & Medical Center-HCA	66	2,298	2,364	2.79%
Hollywood Pavilion	32	280	312	10.26%
Total	2,666	19,590	22,256	11.98%

Source: CON application #10202, pages 71-73.

East Florida Healthcare, LLC concludes the proposed project will not have a negative impact on these facilities, as total acute care, obstetric, and psychiatric discharges in the PSA remain low (13.34, 5.83, and 11.98 percent respectively) in comparison to all discharges from the hospitals shown.

Projected Bed Need and Utilization

Service Area Bed Need

In order to project general acute inpatient utilization for the proposed project, East Florida Healthcare, LLC assumes the SSA (comprised of all zip codes not included in the PSA), represents 15 percent of the total discharges served by EFH. Projections are based on the total service area population, including pediatric populations. During the first three years of operations the applicant projects to capture 6.5, 9.0 and 11.0 percent market share in the service area, providing 1,897 discharges in year one (2016), 2,661 in year two (2017) and 3,295 discharges in year three (2018) of the project.

East Florida Healthcare Projected Utilization and Bed Need			
	2016	2017	2018
Projected Discharges-Service Area	29,185	29,562	29,953
Projected Market Share for EFH	6.5%	9.0%	11.0%
Projected Discharges-EFH	1,897	2,661	3,295
In-migration %	25.0%	25.0%	25.0%
Total Projected Discharges	2,529	3,547	4,393
Projected ALOS	4.35	4.36	4.36
Total Projected Patient Days	11,011	15,477	19,166
Total Projected ADC	30	42	53
Bed Need at 75 % Occupancy	40	57	70
Projected Hospital beds	75	75	75
Target Occupancy Rate	40%	57%	70%

Source: CON application #10202, page 77.

The applicant projects discharges for obstetric beds will be 687 in 2016, 810 in 2017 and 875 in 2018, with market shares of 18.5 percent, 22.0 percent and 24.0 percent respectively.

Similarly, the applicant projects discharges for psychiatric and substance abuse beds will be 367 in 2016, 460 in 2017 and 531 in 2018, the first three years of the project, with market shares of 14.0 percent, 17.0 percent and 19.0 percent.

Impact on Existing Providers

East Florida Healthcare, LLC projects the proposed project will capture 11.0 percent of the total (3,295) general acute discharges in the service area by 2018.

Additionally, the applicant projects the proposed project will capture 24 percent (875) of OB discharges by 2018, and 19.0 percent (531) of adult psychiatric/substance abuse discharges.

In terms of impact on existing providers, the applicant states that based on 2012 discharges, Memorial Hospital West will lose just 1.3 percent of total discharges (20,192), Memorial Regional Hospital will lose 0.9 percent of discharges (25,882), Westside Regional Medical Center will lose 1.9 percent of total discharges (12,314) and Memorial Hospital Pembroke will lose 2.4 percent of total discharges (5,541).

East Florida Healthcare, LLC concludes that the project will not have a major impact on other service area providers due to serve area population growth and aging population trends.

Nova Southeastern University

The applicant provides an extensive and detailed overview of NSU programs and collaborative contributions to the project, a summary of which is provided by the reviewer.

In addition to NSU background information provided previously in the application, the applicant provides a comprehensive description of the history and scope the university.

Program descriptions are provided for each of the following:

- The Carnegie Foundation for the Advancement of Teaching Classifications
- Research focus of the university
- NSU Health Care Clinics
- NSU Academical Village
- NSU's Center for Collaborative Research
- NSU's Accessibility and Connectivity to the Caribbean and Central and South America
- NSU Mission, Vision 2020 and Core Values
- NSU Economic Impact
- Technology initiatives
- Clinical Facilities in each of the following: speech, language, communication, psychology services, community resolution services, marriage and family therapy, medical services, dental services, eye care institute, pharmacy, hearing and balance, neuro-immune medicine, autism assessment and diagnosis.

East Florida Healthcare, LLC includes a detailed list of the institutional and professional accreditations of the university. A comprehensive list of NSU community outreach services is provided for each of the following NSU colleges: osteopathic medicine, health care sciences, nursing, dental medicine, optometry, Autism Institute, psychological studies, pharmacy. The applicant includes a detailed discussion of the geriatric programs and services provided to the community by NSU, as well as services to veterans.

NSU's Division of Applied Interdisciplinary Studies is reviewed in detail.

East Florida Healthcare, LLC states the proposed project will allow NSU to pursue significant biomedical research with benefits accruing to Broward County and south Florida residents.

Additionally, the applicant describes telemedicine, technology and Florida LambdaRail Network, an

independent research and education network owned by all the doctoral research universities within Florida, of which NSU was a founding member.

Additionally, the applicant provides a description of NSU training programs specializing in service to minority-majority populations in South Florida.

A detailed discussion is provided of the benefits the proposed project would bring to the following NSU Health Professions Division programs:

- College of Dental Medicine
- College of Health Care Sciences (Anesthesiologist and Physician Assistants, Physical Therapists, Medical Sciences, Nursing, Optometry, Osteopathic Medicine, Pharmacy)
- Multi-Specialty Centers, Autism and Neuro-Development Disorders and Intellectual Disability Inpatient Services.

East Florida Healthcare, LLC discusses additional benefits the proposed program will bring to the community and describes specific ways the proposed project will allow for expansion of NSU College of Dental Medicine's educational, clinical and research programs, and the College of Osteopathic Medicine.

Availability, Quality, Efficiency, Access, Extent of Utilization

Availability

East Florida Healthcare, LLC states the proposed project will allow for expanded continuum of care to residents of the proposed service area by appropriately positioning services to maximize access and competitive balance in southern Broward County, and improve distribution of health services in the area, through collaboration with the teaching and research efforts of NSU. As EFH stated previously, the South Broward Hospital District is served primarily by Memorial Health, and as a consequence, the availability of competitive alternatives is severely limited. However, as noted previously in this report, there are two existing HCA hospitals within 4.1 miles and 11 acute care hospitals (four of these are HCA facilities) within ten miles of the proposed location.

Quality

The applicant re-states the reputation of the parent, HCA, as a provider of high quality health care services, Joint Commission status, and awards.

Efficiency

East Florida Healthcare, LLC states the project will improve efficiency of acute care services in Broward County and enhance continuity of care for residents in the service area. Through the affiliation with HCA, EFH will benefit from the size and experience of the parent company in delivering health services efficiently, and pricing efficiency will be promoted through enhanced health services competition in south Broward County with the approval of the project.

Access

The applicant states HCA affiliated hospitals within the service area have a strong record of providing care to patients with little or no private insurance and to Medicaid beneficiaries, as well as discounts to the uninsured. The applicant re-states amounts provided to charity and uninsured patients at each of the four HCA hospitals in the East Florida Division, and the Essential Community Provider status held by NSU through its health care clinics.

Extent of Utilization

East Florida Healthcare, LLC previously provided the number of discharges (34,526) from the service area in the service lines EFH proposes to service, as well as number of beds filled by these patients on a daily basis (380) and patient visits at NSU clinics during FY 2013 (in excess of 240,000). The applicant states the proposed project would improve continuity of care for patients that are treated at NSU physicians. However, with reference to improving continuity, the applicant does not address the 49.46 percent occupancy rate for District 10's acute care beds in CY 2012.

EFH Has the Necessary Resources to Implement the Project

East Florida Healthcare, LLC cites the parent company, HCA, as a key resource in the implementation of the project. The applicant re-states the scope, history, and financial resources of HCA as a leader in the provision of health care services in the U.S., with 40

affiliated hospitals and 34 affiliated ambulatory surgical centers in Florida alone.

As stated previously, shared services is a formal initiative that is part of HCA's strategy to improve performance and reduce costs by consolidating several non-clinical, administrative functions.

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.

Competition

East Florida Healthcare, LLC states the proposed project represents an opportunity to address the need for enhanced competition in south Broward County while creating a clinical setting to support NSU's health education and research mission. As stated previously, Memorial Health is the dominant provider of inpatient acute care services in south Broward County, with five acute care hospitals, more than 1,800 beds, a children's hospital, network of outpatient facilities and large physician network.

Per the applicant, the lack of competition in south Broward negatively affects the health care system by limiting choice of hospitals, medical staff affiliations for physicians and ability of payors to negotiate market-driven rates for hospital services.

Cost-Effectiveness

The applicant states price competition is increasingly important in Florida, and competition in a market affords managed care organizations (MCOs) greater negotiating flexibility to obtain market driven prices. The applicant restates the cost-effectiveness discussion previously noted in the section of this report titled "Memorial Health's Market Dominance".

Quality

The applicant refers to previous discussion of HCA quality measures and awards.

- 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 presents the historical payor mix at the four HCA hospitals in Broward County—Westside, Plantation, Northwest and University:

2012 HCA Broward County General Acute & OB Payor Mix		
Payor	Discharges	Percentage
Medicare/Medicare HMO	21,927	51.80%
Medicaid/Medicaid HMO	6,602	15.60%
Commercial/HMO/PPO	9,164	21.65%
CHAMPUS	547	1.29%
Self-Pay	2,238	5.29%
All Other	1,856	4.38%
Total	42,334	100.0%

Source: CON application #10202, page 156.

As shown above, the four facilities treated 6,602 general acute Medicaid patients comprising 15.60 percent of general acute patients treated at the four facilities during 2012.

Per the applicant, HCA affiliates consider patients with incomes less than 200 percent of the Federal Poverty Level who are having non-elective procedures to be eligible for charity care. Additionally, all self-pay patients, excluding those receiving elective cosmetic procedures, hospital designated self-pay flat rate procedures, and scheduled/discounted procedures for International patients, will receive a managed care like discount. The four EFD hospitals provided \$56 million in charity and discounts to the uninsured in 2012.

2012 Charity and Uninsured Figures at East Florida Division	
Westside Regional Medical Center	\$10,083,940
Plantation General Hospital	\$17,912,261
Northwest Medical Center	\$16,267,116
University Hospital & Medical Center	\$12,334,927
Total	\$56,598,244

Source: CON application #10202, page 157.

The applicant states intent to utilize the same charity care policies and uninsured discount policies as other HCA affiliated facilities, and includes a sample charity care and uninsured discount policy with the application (Attachment 8).

Payor mix for general acute discharges for the PSA is provided by the applicant for 2010 through 2012:

Historic Primary Service Area Payor Mix					
Payor	2010	2011	2012	Percent Change 2010-2012	Percent by Payor 2012
Medicare/Medicare HMO	11,797	12,526	12,268	4.0%	43.6%
Medicaid/Medicaid HMO	4,768	4,700	4,536	-4.9%	16.1%
Commercial/HMO/PPO	9,058	7,280	7,046	-22.2%	25.0%
CHAMPUS	165	144	192	16.4%	0.7%
Self-Pay	2,372	2,238	2,605	9.8%	9.3%
All Other	1,471	1,487	1,501	2.0%	5.3%
Total	29,631	28,375	28,148	--	--

Source: CON application #10202, page 157.

In 2012, the applicant states Medicaid patients accounted for 16.1 percent of general acute discharges for the service area, and the number decreased by 4.9 percent between 2010 and 2012. Per the applicant, the reduction in Medicaid patients shows access has been tightening.

Payor mix for psychiatric discharges for the service area is provided by the applicant for 2010 through 2012:

Service Area Psych Payor Mix					
Payor	2010	2011	2012	Percent Change 2010-2012	Percent by Payor 2012
Medicare/Medicare HMC	1,050	1,178	846	-19.4%	28.5%
Medicaid/Medicaid HMC	683	531	500	-26.8%	16.8%
Commercial/HMO/PPO	851	773	1,028	-20.8%	34.6%
CHAMPUS	13	20	12	-7.7%	0.4%
Self-Pay	424	392	403	-5.0%	13.6%
All Other	149	175	179	20.1%	6.0%
Total	3,170	3,069	2,968	--	--

Source: CON application #10202, page 158.

As shown above, in 2012 Medicaid patients accounted for 16.8 percent of psych discharges for the service area, a decrease of 26.8 percent from 2010, which the applicant states is evidence that access for these patients has tightened. Per the applicant, adult Medicaid patients in need of psychiatric services will be accepted at the proposed facility.

- 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.**

A detailed description of the proposed project was presented previously in the application. Per the applicant, the project, located in zip code 33328 on the NSU campus, will encompass 100 beds including 75 general acute beds, 10 OB beds, and 15 adult psychiatric beds to be converted from acute care beds immediately after licensure of the hospital.⁴

East Florida Healthcare, LLC states that projected patient origin is based on historical use rates for patient admissions and population growth by zip code and age for the service area. EFH’s projected market share by service line (medical/surgical, OB and psychiatric/substance abuse) is applied to the projected demand by zip code to project patient origin.

Summary of Patient Origin by Zip Code				
Primary Service Area	2016	2017	2018	Percent
33024	597	793	946	15.1%
33026	274	363	433	6.9%
33312	474	634	760	12.1%
33314	205	270	320	5.1%
33317	329	437	522	8.3%
33324	459	615	740	11.8%
33325	248	330	394	6.3%
33328	250	334	401	6.4%
33330	138	187	226	3.6%
Primary Service Area	2,975	3,964	4,743	75.7%
Secondary Service Area	960	1,276	1,525	24.3%
Total	3,935	5,240	6,268	100.0%

Source: CON application #10202, page 160.

As shown above, EFH projects 75.7 percent of patients will come from the PSA, and 24.3 percent of total discharges from the SSA.

⁴ East Florida Healthcare, LLC previously indicated in the project summary (CON application #10202, page 6) that the facility would have both adult psychiatric and substance abuse beds and includes these in its analysis.

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.

The Agency received five written statements of opposition to CON application #10202 on November 1, 2013. These were from representatives of Cleveland Clinic Florida, Florida Medical Center, Holy Cross Hospital, North Broward Hospital District and South Broward Hospital District.

Cleveland Clinic Florida Health System Nonprofit Corporation d/b/a Cleveland Clinic Hospital (CCH) submitted a 66-page detailed statement of opposition to this project. The opposition was signed by Bernardo B. Fernandez, Jr., M.D., and President of Cleveland Clinic Florida Health System Nonprofit Corporation d/b/a Cleveland Clinic Hospital. The statement included two attachments.

CCH states opposition to approval of CON #10202 stating that it would be a duplication of readily available services in both the immediate geography of the proposed hospital site, the EFH defined PSA and Broward County.

CCH provides a review of occupancy rates and market conditions in Broward County and the proposed service area, in order to demonstrate that there is ample existing bed occupancy and competing hospital systems that meet the needs of residents in Broward County. Regardless of the bed mix of the proposed project, the constant variable would be that each service line proposed, from pediatrics to obstetrics to psychiatric, is available and accessible to residents of the proposed service area, where a competitive market exists with multiple hospital systems.

CCH notes that Broward County's 16 acute care hospitals function at only a 49.4 percent occupancy rate, with an average of 2,483 vacant acute care beds daily in Broward County. Broward County is the only single county acute care district in Florida, with three

major health systems operating within the district (HCA, North Broward Hospital District (NBHD) and South Broward Hospital District (SBHD)), as well as three additional hospital providers. Two existing hospitals are just 3.4 to 3.5 miles from the proposed project site: one owned by HCA, the other operated by SBHD.

While the applicant argues there is a lack of competition in SBHD, based on legal boundaries of SBHD, the proposed hospital will not be located within SBHD: half the service area will fall to NBHD. Approval of the project will reduce competition by increasing HCA's percentage of beds, admissions and services within the defined primary service area.

Despite arguing there is a lack of competition in SBHD, in 1995 the applicant withdrew its stake as operator of Pembroke Pines Hospital located in SBHD, today known as Memorial Hospital Pembroke. While the applicant complains it has no presence in SBHD and that Memorial Health System has a monopoly in this area, it is notable that HCA sold its interest in the southern region of the county.

CCH also addresses the relationship between NSU and the applicant, concluding that no document evidencing any relationship between HCA and NSU is included in the application. NSU previously partnered with NBHD twice to establish a 144-bed acute care hospital on the NSU campus (CON numbers 9839 and 9920), but the Agency determined the applicant did not demonstrate need for the project based on current and forecasted population growth and other factors service area factors. While NSU's hospital affiliation has changed from NBHD to HCA, the demographics, occupancy rates, utilization patterns, location of proposal and overall feasibility of the project have not significantly changed. Cleveland Clinic states that need for the project is not supported by the data.

CCH states the project EFH presents for review is not an academic medical center, but a 100-bed community hospital serving residents of the immediate area. There is zero numeric demand for this facility nor is there a lack of competition in the market.

CCH states that 86 physician letters of support were included within the CON application; however, these physicians only admitted 1.7 percent of the PSA's overall non-tertiary utilization, or just 385 cases. None of the letters provided evidence of geographic barriers for patients.

Although the applicant proposes to condition CON #10202 to the provision of eight percent of admissions to Medicaid/charity care patients, this is less than the proposed service area average of more than 19 percent, and Broward County's average of over 20 percent.

If approved, the project would have a material adverse operational and financial impact on Cleveland Clinic Hospital as the inpatient, outpatient and clinic operations would suffer. The annual financial impact on operations would exceed \$4,000,000.

The hospital proposed by EFH is not supported by: historical or forecasted utilization of non-tertiary or psychiatric services within the service area, population growth, lack of geographic or programmatic accessibility, high provision of Medicaid care, formal agreement with NSU, improving competition.

CCH provides a review of the scope of the proposed project in CON application #10202, noting inconsistencies including:

- Conversion of 15 acute care beds into psychiatric beds is not a condition of the approval of the CON application; there is no requirement of EFH to implement the conversion.
- The applicant does not provide details about how the hospital will focus on academics and research nor does EFH condition approval of the application on the provision it will commit to providing a specific minimum of medical training residencies or any similar commitment for training students.

CCH provides a detailed overview of the following:

- Their own hospital system and provision of care to residents in and around Broward County, as well as existing educational agreements with NSU
- HCA, the applicant
- NSU Collaboration, both past and present
- Approximately 12 inconsistencies in the application
- Needs of research and education facilities
- Review of Broward County Hospitals and Health Systems including: Broward Health (four hospitals), Memorial Health System (five hospitals), HCA (four hospitals), Tenet Healthcare, Cleveland Clinic Hospital, and Holy Cross Hospital
- Existing psychiatric/substance abuse services in the service area

- Population growth in the applicants defined PSA: less than five percent growth is projected in the next five years, from 319,528 to 334,805
- Geographic accessibility-almost every service area zip code is closer to an existing acute care hospital than the proposed project site
- Emergency Department Wait Times-less than 10 minutes at nearby hospitals
- Occupancy rates-in 2012 2,483 of 4,912 acute care beds in Broward County were empty, 209 adult psychiatric/substance abuse beds were empty, and 10 child/adolescent beds were unused
- Utilization and bed need, including a list of approximately five errors made by the applicant in this section
- Letters of Support-none of the letters provide evidence of geographic barriers for patients, need for enhanced access or improved wait times.

CCH notes that HCA currently owns and operates 18.6 percent of all acute care beds in Broward County through a network of four hospitals. Two HCA hospitals are within the boundaries of the proposed project PSA and one of these (Westside Regional Medical Center) averaged 79 vacant acute care beds, with just a 64.8 percent average annual occupancy rate in 2012. CCH asks why if NSU wants a teaching hospital and HCA has bed vacancies in existing hospitals, would the two entities not collaborate to make Westside Regional Medical Center NSU's teaching hospital?

CCH concludes that given all of the issues, factors, errors, inconsistencies, unsupported claims and lack of demonstrated need by EFH in its CON application, Cleveland Clinic Hospital requests the Agency deny CON application #10202.

Tenet Healthsystem North Shore, Inc. d/b/a Florida Medical Center-A Campus of North Shore submitted a 109-page detailed statement of opposition to this project. The opposition was signed by Manny Linares, Chief Executive Officer of Tenet Healthsystem North Shore, Inc. d/b/a Florida Medical Center-A Campus of North Shore (FMC). The statement included 11 attachments.

FMC states the application from EFH should be denied because it fails to satisfy any of the applicable statutory and rule criteria. Two HCA hospitals (Westside Regional Medical Center and Plantation General Hospital) are located within the PSA for the proposed facility, six and 12 minutes away respectively from the

proposed site. These HCA facilities acute care occupancy rates for CY 2012 were 64.8 percent and 42.1 percent, showing that bed capacity and need are not problems justifying approval of another hospital.

EFH asserts that the application should be approved because it will be an academic medical center and teaching hospital affiliated with NSU; however, there is little analysis in the application that identifies and directly links the health care needs of the PSA population that could be met by such an institution. There is no documentation in the application of any access problems affecting the ability of residents of the PSA to access one of any number of nearby hospitals, many of which offer tertiary health services not offered at the proposed hospital. Neither current nor future population growth supports a need for the new hospital. The new hospital, if approved, will have an adverse impact on existing hospitals and will not enhance competition in an already competitive market. FMC states the applicant's hospital project, in its third year of operation, will take away 533 non-tertiary and adult psych/substance abuse admissions from FMC.

FMC provides an in depth discussion of all population and demographic factors and the availability, accessibility, and extent of utilization of acute care hospitals in the district, including service area delineation, definition of "non-tertiary" or "community hospital" discharges vs. tertiary and specialty cases, current and projected population, travel time, historical utilization trends, and competition.

FMC questions the existing HCA hospitals in the service area mentioned previously, Westside Regional Medical Center and Plantation General Hospital, which per Mapquest are six minutes/3.5 miles driving distance and 12 minutes/6.8 miles driving distance respectively from the proposed HCA project site, and asks why neither are reasonable alternatives to the proposed hospital? FMC notes both of these HCA hospitals have available bed capacity: in CY 2012 Westside reported 65 percent occupancy on 224 acute care beds, and Plantation reported 42.2 percent occupancy on 217 acute care beds.

FMC concludes that EFH has proposed to build a hospital in what is essentially a suburban area that has been over-bedded for many years. EFH has failed to identify any types of problems for residents of the PSA with respect to accessing existing acute care hospitals. Numerous hospitals exist within the service area, with available beds, and neither current nor projected population

numbers nor declining utilization rates of inpatient hospital services support need for another hospital in this district. Approval of the project will have an adverse impact on existing facilities, including Florida Medical Center. A highly competitive market already exists in the district and competition will not be enhanced with another hospital facility. No populations are currently underserved that would benefit from approval of the proposed facility. The application contains many errors and inconsistencies and fails to meet any applicable statutory or rule criteria.

Holy Cross Hospital submitted a 33-page detailed statement of opposition to this project. The opposition was signed by Cynthia S. Tunnick, Attorney-at-Law at Pennington P.A., on behalf of Holy Cross Hospital (Holy Cross). The statement included three appendices.

Holy Cross states that CON application #10202 presents no compelling evidence of need for the establishment of an additional hospital in District 10. Holy Cross states this application is in fact three separate proposals. Each application for a CON should encompass only one type of project in order to group applicants for like projects and to afford adversely affected parties standing in administrative proceedings.

1. CON application #10202 includes a project for building a freestanding emergency room licensed by a different HCA hospital yet unidentified. This does not support need for a hospital in the proposed area and is confusing to the public.
2. The second project is a 15-bed psychiatric unit to be formed using existing acute care beds converted at the time of licensing. There is no published need for psychiatric beds. In fact, HCA's University Hospital 12 miles away has a 60-bed behavioral health facility.
3. The third project is the acute care hospital, which due to the 15 psychiatric bed conversion, is really an 85-bed acute care hospital, not a 100-bed hospital as stated.

Holy Cross states there is a misplaced teaching emphasis in the application-the proposed 100-bed facility provides insufficient complexity of cases to provide a true teaching hospital. The Agency publication "Hospital Financial Data 2011" (included in the appendices) provides a benchmark for teaching hospitals, dividing them accordingly: *Group 8: Major Teaching Hospitals* and *Group 9: Teaching Group*. Group 8 has a mean of 1,136 beds and a median of 996 beds. Group 9 has a 608-bed mean/median. The

proposed project is far too small to provide services for all of the specialties listed by the applicant.

Holy Cross states that while East Florida Division of HCA, a for profit hospital company, actually controls the project, the project mission is that of an academic institution for NSU. Holy Cross asks:

- Is a small community hospital application promoting price competition and choice as stated?
- Is price competition possible when fixed governmental payors represent the majority of proposed cases?
- Can a small 100-bed facility compete with 3,651 beds already in existence within eight miles?

- Does the project afford any demonstrable access or availability to the public when Plantation General Hospital has 264 beds, NICU II beds to support its own OB program as well as 29 psychiatric and substance abuse beds within 6.3 miles and 10-minute travel time from the proposed facility?
- Is Memorial Hospital Pembroke with 301 beds an accessible and available hospital just eight minutes and 4.3 miles from the NSU campus?
- Is the application for a teaching hospital that by mission and required service complexity must encompass at least 500 as suggested by current hospitals within the teaching hospitals groups?
- If teaching is the mission wouldn't existing facilities afford similar opportunities and are not some of those hospitals already HCA affiliates?

Holy Cross discusses other discrepancies in the application, including:

- The defined DRG grouping that the applicant proposes to serve includes tertiary services even though the applicant states it will only provide "Non-tertiary services"
- Inconsistencies in the case mix indices
- Unrealistic assumptions, missing critical mass of cases, no discussion on how the facility will pay for the costs associated with the proposed teaching and research functions of the project
- The application forecast of need, beds and service utilization is overstated and not reliable
- The application includes double counting of OB DRGs
- Approximately 1,988 residents of the PSA would not find the 75-bed acute care hospital accessible or available, since it is highly unlikely that the hospital would be equipped to provide the depth and breadth of care required for them.

Holy Cross discusses its own facility, services and provision of care to the community in the proposed service area, and the impact the proposed project would have on Holy Cross, in order to demonstrate that the lost cases to the new project would produce an overall impact on Holy Cross that threatens to reduce its total margin while increasing the expenses per adjusted patient day. Applying Holy Cross Hospital's market share of 2.6 percent results in an acute care caseload loss of 52 cases, greater than the 34 cases lost in EFH's projections. Holy Cross concludes the difference in the net loss is 9.5 percent.

Holy Cross concludes that the application failed to demonstrate need for the proposed hospital, the actual numeric need analysis in the application is overstated, there is no access problem for the proposed service area, utilization of beds in Broward County is only 49 percent and failed to establish that further competition is needed in what is already a diverse acute care provider presence in District 10.

North Broward Hospital District d/b/a Broward Health

submitted a 21-page detailed statement of opposition to this project. The opposition was signed by Seann M. Frazier, of Parker Hudson Rainer and Dobbs, on behalf of Broward Health.

Broward Health states the HCA proposed facility does not answer any unmet need, unnecessarily duplicates health care resources, and would have a substantial adverse impact on existing providers, including the hospitals operated by Broward Health. The proposed hospital will not offer any tertiary services nor any service line that isn't already available within a few minutes of the proposed site.

Broward Health opposes the project for reasons including:

- No community problems are identified in CON application #10202 that would be resolved by the proposed project.
- There is no direct contractual linkage between East Florida Healthcare and NSU research or education activities.
- The proposed hospital is too small to qualify as a teaching and research hospital as suggested by the application.
- The applicant's competition arguments are not applicable to the PSA or SSA.
- Flawed project concept: the application does not seek approval of new psychiatric or substance abuse beds now, making discussion of such beds irrelevant to the review of the application at hand.
- Forecast methodology supporting the proposed project is unrealistic and not viable. The proposal includes a flawed service area definition, impossible patient selection criteria set, improbable forecast assumptions, and incorrect obstetric analysis.
- The proposed project will have a material adverse impact on existing providers, including Broward Health.

Broward Health reviews the applicant's need argument and provides a detailed discussion of bed utilization, geographic access, financial access and research and educational needs of the

community to conclude the proposed project will not resolve any existing issues in these areas.

Broward Health states the proposed hospital will have just as much impact on the central and northern portions of Broward County as it will south Broward County. While the major competition theme presented in the application relates to the Memorial System's strong market position in South Broward Hospital District, the proposed new hospital will be located in the North Broward Hospital District, not the southern district area. The PSA for the proposed project spans both North and South Broward Hospital District geographic areas, and the combined PSA and SSA actually encompass all of Broward County. The applicant's focus on the south district does not give a clear picture of the need for additional competition or the actual market dynamics that may be impacted by the proposed new facility. There is not a competitive imbalance among providers that requires the proposed project.

Broward Health states the proposed facility will have an adverse impact on Broward Health, in the form of lost patient volume and a loss of contribution margin to the organization—the revenues in excess of variable expenses that serve as the typical measure of adverse financial impact on a hospital.

Broward Health estimates the loss of 1,128 cases annually to the new facility, which translates into a yearly loss of \$3.8 million of inpatient contribution margin for the system. Additional outpatient contribution margin losses are also anticipated. This loss of inpatient and outpatient contribution margin is material to the Broward Health System, with the organization's ongoing ability to provide needed care and services to the service area's neediest residents at risk with this potential loss of cases and margin.

Broward Health concludes the proposed hospital does not address any documented need for additional acute care beds in an already well-served urban market.

The South Broward Hospital District d/b/a Memorial Healthcare System submitted a 21-page detailed statement of opposition to this project. The opposition was signed by F. Philip Blank, of Blank Meenan Attorneys at Law, on behalf of The South Broward Hospital District d/b/a Memorial Healthcare System (MHS).

MHS indicates that CON application #10202 should be denied because it fails to justify the establishment and operation of the proposed hospital in Broward County, Health Planning District 10, for the following reasons:

- There are four acute care hospitals in the proposed PSA of the project, including two HCA operated hospitals. Residents of the PSA already have a choice of several nearby hospitals when they need acute inpatient care, all of which have substantial unused inpatient capacity.
- The application does not indicate that residents of the PSA or SSA are experiencing problems obtaining access to acute inpatient care, either from time or distance travelling to existing hospitals, lack of access due to physical plant constraints at such hospitals, problems with quality of care, lack of programs that should be available but are not, or economic factors preventing PSA residents from obtaining needed inpatient services.
- The proposed hospital will not offer any services that are not readily available to service area residents.
- The application overstates the need for general acute care beds in the PSA.
- The application ignores the fact that demand for acute inpatient care has been steadily declining in Broward County, and that inpatient use rates are likely to continue to decline between 2013 and 2018, given the emphasis on population health management under health care reform and other factors.
- The application does not explain why there is need for an additional hospital to meet NSU's "need" to meet its teaching and research mission, or quantify any such need.
- The application understates the impact of the proposed hospital on MHS.

MHS states the District, also known as Memorial Healthcare System or MHS, is an independent special taxing district established by legislature in 1947 for the purpose of providing health care services to residents of the geographic area established, and is governed by a seven member board appointed by the Governor. The District consists of five Memorial hospitals and one children's hospital, with a total of 1,900 beds, as well as a nursing home, urgent care center and network of primary care centers. Together these facilities provided 134,818 medical encounters, 50,620 urgent care visits, and 41,822 resident days in FY 2013.

MHS provides additional details of the role it plays as a safety net provider for the uninsured and underinsured (including the provision of over \$918.8 million in uncompensated care to the uninsured in FY 2013), and the services provided at its facilities, such as a Cancer Institute, Trauma Center, and Children's Hospital.

The Proposed Hospital

MHS provides an overview of the application's (CON application #10202) need argument and the applicable statutory CON review criteria.

MHS concludes that the Agency policy (for CON review of hospitals) has been summarized as requiring a PSA with a large and rapidly growing population base, expanding market in the applicant service area, which minimizes impact on existing providers, and the benefit of enhanced access outweighs the adverse impact on existing hospitals.

The Affiliation with NSU

MHS states the core argument for approval of the application appears to be an "affiliation with NSU" that will "differentiate the new HCA East Florida hospital from other providers and offer a unique array of program that can address needs not currently being met". MHS states that there is no evidence to support either claim.

- No evidence is provided that NSU needs an acute care hospital on campus to satisfy teaching and research needs.
- The application does not include a letter of intent or any other signed document between the applicant and NSU that would support a finding that the hospital would be anything other than a community hospital.
- No explanation of what the "collaboration" between HCA and NSU is or how it will function.
- HCA will not provide tertiary services at EFH which is puzzling given the goal to create a "world class academic and research hospital".
- MHS already has an established relationship with NSU's College of Osteopathic medicine and provides training of students as part of NSU's medical education program. MHS offers rotations at all MHS facilities for specific NSU students, including Memorial Regional Hospital, a tertiary care facility and level 1 trauma center. MHS provides extensive description of existing collaborative student training programs between NSU and MHS.

The Primary Service Area and “need” analysis used by the applicant

MHS states the application fails to meet the requirements of the following: *The need for the health care facilities and health services being proposed. Section 408.038(1)(a), Fla. Stat. and Rule 59C-1.008(2)(e)2., F.A.C.*

- The applicant defines a service area and indicates the PSA will generate 75 percent of admissions and identifies the location on the NSU campus; but there is no explanation as to why there is need in this PSA or elsewhere in the district for the proposed hospital.
- Population demographics and dynamics: no discussion of the age, conditions, or characteristics of the identified population.
- Availability, utilization and quality of like services in the district is not discussed, as though facilities just minutes away do not exist.
- Insufficient discussion of medical treatment trends.
- No factual discussion of any market conditions that may exist.
- Only three of four existing acute care hospitals in the PSA are identified.
- The methodology used in the application to determine the appropriate number of general acute care beds in the PSA and at the proposed hospital is based on assumptions that appear to exclude specific DRGs, yet the applicant expects the proposed hospital will admit patients who cannot be treated without additional applications filed with and approved by the Agency.⁵ The DRG assumptions are inappropriate for a small 80-100 bed acute care hospital. The applicant double counted the discharges of OB related DRGs. The cumulative effect of these erroneous assumptions and inclusion of patients is to artificially inflate the proposed hospital’s future volume.
- The assumption in the application that general acute care discharge rates will remain at levels experienced in 2012 for the next six years ignores the fact that demand for general acute inpatient care has been declining in Broward County since 2010, and will likely continue to decline given the emphasis on population health management and other factors, including health reform initiatives.
- MHS includes analysis of discharge rates to demonstrate the applicant overstated projected discharges in the PSA, creating bed need in the service area that does not exist when realistic

⁵ As previously stated, the facility would have to have approved exemptions to add the mental health services. OB services are not subject to CON review.

discharge projections are used. MHS analysis concludes the general medical-surgical bed need ranges from 57 to 66 beds at EFH in 2018, well below the calculated need for 70 beds in the application, and far below the 75 general acute care beds planned in the proposal.

The availability, quality of care, accessibility, and extent of utilization of existing health care facilities and health services in the service district of the applicant. Section 408.035(1)(b), Fla. Stat.

MHS states that for CY 2012, there were 574 beds in the PSA and 2661 beds in District 10; further, hospitals in the PSA and District 10 reported 49 percent occupancy rates for licensed acute care, obstetric and mental health beds. In light of this, MHS responds to the above criteria:

- *Geographic Access Considerations*-there is no information in the application to indicate any geographic problems experienced by residents of the PSA or District 10 accessing existing hospitals. MHS provides figures and data to conclude the proposed hospital would not materially improve times and distances experienced by residents of the PSA accessing health services. Existing facilities are minutes away from the proposed location of the proposed hospital and establishment of the project would not markedly improve time and travel distances experienced by residents of the PSA.
- *Physical Plant Considerations*-there is no fact in the application that would lead the Agency to conclude that the infrastructure of the hospitals in the PSA or in District 10 prevent full utilization of their acute care beds or services.
- *Programmatic Access Considerations*-there are no facts in the application that would lead to the conclusion there are problems with staffing, physician admission privileges or other factors impeding access to residents of the proposed PSA.
- *Economic Access Considerations*-the applicant does not allege that economic conditions are present in such magnitude as to prevent access to existing hospitals.

MHS provides an overview of MHS services to demonstrate existing access to health care services in the service area.

The extent to which the proposed services will enhance access to health care for residents of the service district. Section 408.035(1)(e), Fla. Stat.

MHS states there is nothing in the application to indicate residents of the PSA or District 10 are experiencing unusual problems accessing acute care inpatient services, nor does the applicant indicate how establishment of the proposed hospital would markedly enhance services already provided at existing facilities.

The extent to which the proposal will foster competition that promotes quality and cost-effectiveness. Section 408.035(1)(g), Fla. Stat.

MHS responds to the applicant's claim the proposed hospital will provide "a clear choice and a badly needed competitive alternative to Memorial Health" and conclusion that "Memorial Health enjoys a highly dominant market position in the South Broward Hospital District". MHS responds in three categories: market share, price and managed care.

Market Share

MHS provides analysis to support the conclusion that although MHS has the highest market share (44.5 percent) in the PSA in 2012, HCA had a 24.4 percent share, and Broward General Medical Center had 13.1 percent. In 2012, Broward Health hospitals had the highest collective market share in Broward County (27.6 percent), MHS had 24.7 percent and HCA held 21.7 percent. MHS states these numbers demonstrate that no single hospital, or hospital system, controls the market.

Price

MHS includes analysis to demonstrate that HCA maintains a significant competitive advantage over MHS from a price perspective.

Managed Care

MHS states that the comparative rate table and proactive measures taken by HCA hospitals to reduce unnecessary utilization of health services demonstrate HCA is already well positioned to compete with MHS and other health systems in Broward County in a reform environment that rewards value-based care.

The applicant's past and proposed provision of health care services to Medicaid patients and the medically indigent. Section 408.035(1)(i) F.S.

MHS reviews HCA Medicaid rates, provides a comparison to MHS' greater contributions to Medicaid and charity care, and concludes that while the applicant's parent company has a record of providing health care services to Medicaid patients and the

medically indigent, the application does not contain any condition that leads to a conclusion that its commitment to providing services to these groups is of such magnitude to warrant approval of the application.

Flaws In the Application

MHS notes a discrepancy in the bed count of the application. The Letter of Intent describes the project as “up to 100 acute care beds”, however, the application (CON application #10202 - Exhibit 35) later identifies 75 proposed medical surgical beds, 10 obstetrical beds (Exhibit 36) and 20 psychiatric and substance abuse beds (Exhibit 37), for a total of 105 beds.

The Proposed Obstetric Services

MHS states that the proposed hospital would only have 10 obstetric beds and no NICU care, yet within the PSA, two hospitals exist with robust obstetric and neonatal programs that include Level II, and in one case Level III, NICU services.

The Proposed Mental Health Services

MHS notes three of four hospitals in a five to seven mile ring surrounding the NSU campus offer mental health services in units ranging in size from 45 to 83 beds. In CY 2012 the average occupancy for adult psychiatric beds in District 10 was 56.7 percent. MHS also states that the application does not indicate compliance with the 408.036(3)(o), Florida Statutes:

The addition of mental health services or beds if the applicant commits to providing services to Medicaid or charity care patients at a level equal to or greater than the district average. Such a commitment is subject to s. 408.040.

MHS states there is no commitment for the service proposed consistent with the requirement for the exemption for mental health services.

The Impact of EFH on Memorial Healthcare is Significantly Understated

MHS states the applicant understates the impact of the proposed hospital in three ways:

- By comparing 2018 PSA discharges at each MHS hospital to 2012 PSA discharges at each MHS hospital, instead of comparing 2018 PSA discharges with EFH to 2018 PSA discharges without EFH

- By not accounting for discharges MHS hospitals will lose outside the PSA
- By assuming the impact of EFH on MHS hospitals will be in proportion to 2012 PSA market shares

MHS provides analysis to support these claims, and concludes that if all market share losses at MHS hospitals are proportionate to current market shares, MHS hospitals will lose approximately 1,696 admissions to the proposed hospital in 2018, a thousand more admissions than estimated by the applicant. MHS provides three financial forecasts indicating the project could result MHS having lost net revenues of \$3.2 million to excess of \$20 million.

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.

East Florida Healthcare, LLC (CON #10202) responded to four of the five opposition statements: Cleveland Clinic, Florida Medical Center, North Broward Hospital District d/b/a Broward Health and South Broward Hospital District d/b/a Memorial Healthcare System. EFH did not indicate that it was responding to the opposition submitted by Holy Cross Hospital.

EFH responds to the opponents suggestion that as an alternative to constructing the EFH facility, the same goals could be reached by implementing collaborative arrangements at one of HCA's two hospitals located in the PSA, Westside Regional Medical Center (WRMC) or Plantation General Hospital (PGH), stating that neither hospital is designed or operationally structured to meet the clinical, teaching, and research goals that EFH seeks to achieve in conjunction with NSU.

EFH states specific deficiencies with Westside Regional Medical Center as a potential academic medical center include:

- The physical plant is small (200,000 square feet).

- WRMC has the second highest occupancy rate in Broward County, which provides limited capacity to expand and accommodate new programs.
- 85 percent of its beds are semi-private, which is not conducive to a teaching and research hospital setting.
- There is limited infrastructure and capacity to provide high-definition technology such as LambdaRail network system that will be available at the EFH site.
- WRMC cannot efficiently and cost-effectively accommodate new high-tech technology initiatives needed to support research, such as robotic surgery training area.
- Other clinical spaces such as laboratory, operating rooms, and nursing stations are not sized for training activities conducted in an academic hospital.
- The hospital lacks conference space for teaching and group academic activities.

EFH states that Plantation General Hospital also has significant limitations that would prevent it from filling the role EFH proposes to serve with NSU:

- The physical plant is small and dated.
- The services at PGH focus on maternal and pediatric medicine, and the medical staff lacks the broad range of medical specialties necessary to support an academic center.
- PGH lacks adequately sized ancillary departments, nursing units, and operating rooms to support teaching and research activities.
- PGH does not have classroom or conference rooms sufficient for teaching activities.

EFH responds to the opponents claim that NSU's teaching and research needs are well-served by existing relationships with other hospitals in Broward County, and provides a detailed list of limitations to NSU engaging in research activities with existing community hospitals, including the following:

- Many NSU research faculties require an on-campus hospital to conduct long-term sustained research.
- There would be great logistical challenges for NSU students to travel to offsite hospital locations to engage in the research with faculty.
- Many of NSU's community hospitals are generally less interested in collaborating in research ventures that are not significantly financially profitable or that may lower the productivity of their employees.

- The lack of adjacency creates more difficulty in coordinating groups of interdisciplinary health teams to take advantage of collaborative research opportunities.
- Many of the local hospitals do not have the solid infrastructure in place to support significant research projects.
- There is greater difficulty in gaining ready access to patients who are at distant locations from the university.

EFH responds to opponents claim that there is no evidence that an inpatient hospital on the NSU campus is required to achieve the objectives discussed in the application, stating this contention is incorrect and ignores the numerous examples of how the goals of the EFH-NSU collaboration could not be achieved but for approval of a new hospital on the NSU campus. EFH lists the reasons they say NSU must have the proposed project.

EFH notes that HCA has national experience providing teaching hospitals to support the efforts of medical schools. HCA Largo Medical Center in Pinellas County sought and received approval to become a statutory teaching hospital for osteopathic medicine. EFH responds to the opponent's statement that the bed need projections in the EFH application overstate the need for inpatient beds on a number of bases.

- EFH provides a detailed response to challenges related to the service area definition in order to demonstrate the PSA includes zip codes in close proximity to EFH, with reasonable access to the proposed site, and is appropriately sized compared to other similar providers.
- EFH provides a detailed response to challenges related to use rates employed in projecting utilization and bed need for the project in order to demonstrate that, even when the suggested DRG corrections and definitions are applied, there is still sufficient utilization and bed need to support the project.
- EFH provides an explanation to demonstrate that the projected average length of stay (ALOS) in the utilization, even when assumptions are adjusted, supports need for the proposed project.
- EFH provides a detailed response to criticism that the application did not include projected patients by zip code for the PSA and SSA. This is neither reasonable nor required given the scope and size of the service area, and utilization projects shown the proposed 100 beds will be efficiently utilized.

EFH provides a detailed response to the opposition statement that EFH did not address or did not demonstrate support for the project based on the requirements of Rule 59C-1.008(2)(e)2., Florida Administrative Code. EFH concludes that an extensive discussion of all issues was in fact provided in the application, and after evaluation of all considerations under this rule, there is support for the proposed project.

EFH presents a detailed response to opponents' statements regarding adverse impact to existing providers from the proposed project. EFH concludes that the proposed project will not have a significant adverse impact on other providers for non-tertiary services.

EFH responds to opponents' statements regarding HCA's previous ownership of Pembroke Pines Hospital, stating that unlike the Pembroke Pines facility, EFH will present a much different competitive health care alternative as a new, state-of-the-art facility located on the campus of a major university.

Broward Health Specific Issues

Regarding the existing research and educational activities at Broward Health, EFH states that research is a collaborative endeavor and NSU educational programs and professional medical staff would, with a co-located hospital on the NSU campus, bring to fruition true collaborative research an explosion in research endeavors.

CCH Specific Issues

Regarding existing CCH training opportunities for NSU students, EFH states that while CCH may provide residency slots to other medical schools as it describes, these activities are not addressing the needs of medical students at NSU nor sponsoring NSU hospital-based research initiatives.

Regarding CCH's statement that the 86 physician letters of support for the EFH project comprise only 1.7 percent of hospital discharges from the PSA, EFH states that expecting new hospitals to obtain physician letters of support that document they would bring all or most of the projected discharges to a facility is an impossible standard. HCA has the track record to demonstrate it can implement a physician development plan that will ensure EFH will be well utilized.

Regarding CCH's criticism of the EFH project as providing insufficient complex services to train medical students on providing tertiary and complex services, EFH states that NSU's focus is not solely on training primary care physicians; EFH provides a detailed list of specialty training slots it contends would benefit from the proposed project.

MHS Specific Comments

Regarding MHS's criticism that the bed count differs between the Letter of Intent and the application narrative, MHS states the application consistently refers to a 100-bed project with the exception of a single typographical error in Exhibit 37.

Regarding MHS's statement that the application fails to commit to providing services to Medicaid or charity care patients at a level equal to or greater than the district average, EFH responds that 15 acute care beds will be converted to psychiatric beds after the proposed project facility is licensed, at which time all necessary documentation, including a commitment to provide services to Medicaid and charity care at the district average, will be filed with the Agency.

Regarding MHS's statement that they could not identify the "statutory" inpatient rate referenced in the application, EFH responds that the rates referenced in the application are those mandated in Florida Statute and the General Appropriations Act, and provides a detailed response to this issue.

EFH includes an extensive appendix comprised of patient origin tables by zip code.

H. SUMMARY

East Florida Healthcare, LLC (CON #10202), an affiliate of HCA, proposes to develop an acute care hospital in Davie, Broward County, Florida. The proposed hospital will be located on the main campus of NSU in zip code 33328. The new facility will have a total bed complement of 100 licensed acute care beds and will serve to enhance teaching and research on the main NSU campus.

EFH will anchor NSU's Academical Village as the foundation for Broward County's only academic and research hospital to be located on a doctoral high research university campus. Teaching and research will serve as the cornerstone of the collaborative

relationship between NSU and HCA, enhancing competition and bringing greater choice and access for community residents. The hospital will be constructed alongside NSU's Health Care Clinics within steps of the new NSU Center for Collaborative Research, a six-story, 215,000 square foot, \$80 million facility.

The proposed acute care hospital will be fully accredited by The Joint Commission and licensed by the State of Florida.

Need:

As of July 19, 2013, District 10 had a total of 4,912 licensed acute care beds averaging 49.46 percent occupancy during CY 2012. Holy Cross has notification (NF #120035) to delicense two acute care beds, which were delicensed effective August 5, 2013.

East Florida Healthcare, LLC states that only three hospitals exist within the proposed primary service area, two of which are HCA affiliated hospitals (Plantation and Westside), the third being Memorial Hospital Pembroke. The applicant states these facilities will be unable to address the need for enhanced competition in southern Broward County.

The applicant provides analysis of population by zip code, demonstrating that populations ages 65 and over are projected to increase by 19.73 percent, with a total population increase of 4.78 percent, between 2013 and 2018.

EFH discusses need in terms of PSA community hospital acute discharges for 2012, stating there were 28,148 general acute discharges and 121,807 patient days, with an ADC of 333.7 and a discharge rate per 1,000 of 90.1, which the applicant states can support a 100-bed hospital.

The applicant provides an extensive and detailed overview of NSU programs and collaborative contributions to the project, stating the combined history of HCA and NSU as providers of medical and academic excellence will, with the implementation of the proposed on campus 100-bed hospital, bring essential and critical medical research to NSU, and expand access and choice for patients in Broward County.

East Florida Healthcare, LLC states the proposed project will improve the availability, quality, access and utilization of acute care services to residents of the proposed service area in Broward County.

Competition

East Florida Healthcare, LLC states that Memorial Health System is the only other acute care hospital provider operating in south Broward County. Memorial Health has five acute care hospitals with over 1,800 beds and a geographically dispersed network of outpatient facilities, capturing 63.4 percent of 2012 SBDH discharges.

EFH includes a legal definition of south Broward County and converts this into a zip-code map that includes 19 south Broward zip codes. In 2012 the applicant states residents of this area experienced 69,492 acute care discharges, generating an ADC of 798 patients; the size of this service area should have more than one health system competing to provide patient services.

EFH states that Memorial Health captures an even larger market share, 77.7 percent of obstetric services; the next closest system is Broward Health with only 6.9 percent of the market.

The applicant discusses competition within the PSA alone, concluding that Memorial Health facilities combined have 44.5 percent market share of acute care discharges in the PSA.

Per the applicant, during CY 2012, there were 1,926 OB discharges from the proposed project service area, of which 1,048, or 54.41 percent (1048/1926), were from three Memorial Health hospitals.

Additionally, there were 2,968 psychiatric discharges in CY 2012, of which 632, or 21.3 percent, came from Memorial Regional Hospital.

EFH concludes that Memorial Health enjoys an unusually large concentration of hospital market share in its geographic market, which could be improved through approval of the proposed 100-bed acute care hospital.

Medicaid/charity care:

The applicant conditions the project on the provision of a minimum eight percent TAPD to Medicaid and charity patients.

I. RECOMMENDATION:

Deny CON #10202.

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