

STATE AGENCY ACTION REPORT

CON APPLICATION FOR CERTIFICATE OF NEED

A. PROJECT IDENTIFICATION

1. Applicant/CON Action Number:

Suwanee River Community Hospital, Inc. (CON #10232)

193 Ventana Boulevard
Santa Rosa Beach, Florida 32459

Authorized Representative: Mr. Frank Schupp
Senior VP-Development
(850) 496-7471

2. Service District/Subdistrict

District 3/Subdistrict 2 (Alachua, Bradford, Dixie, Gilchrist, Lafayette,
Levy and Union Counties)

B. PUBLIC HEARING

A public hearing was not held or requested regarding the establishment of the proposed general acute care hospital in District 3, Subdistrict 2, Levy County.

Letters of Support

The applicant submitted approximately 316 letters of support (some being e-mail correspondence) and approximately 6,500 signatures by petition, in support of the proposed project. Many support letters were individually composed and some were of a form letter variety. Below is a brief description of this written/signed support.

Ted S. Yoho, DVM, Member of the United States Congress, House of Representative (Florida's Third District), states that the project would "help overcome the lack of community-based hospital services" in the proposed area. He also states that for rural counties, hospital and emergency medical care is difficult to receive in a timely manner and that the proposed project would increase the effectiveness of emergency care.

Members of the Florida House of Representative who provided a support letter include:

- Charlie Stone, District 22
- Keith Perry, District 21
- Dennis K. Baxter, District 23

Several area county commissioners, mayors and other elected/appointed area officials provided letters of support. These letters included statements regarding the lack of geographic access to hospital care and the willingness to assist in the implementation of the proposed project. One particular letter noted that the City of Chiefland is prepared to “move forward” with an Economic Development grant for funding to provide public water and wastewater infrastructure improvements to accommodate the proposed project.

Twenty-seven letters of support were from physicians, health organizations or health care executives. Some of these physicians express interest in providing necessary medical staff services for the proposed project.

Stephanie Tarry, Senior Vice President, Business Development, Nueterra U.S. Operations, Nueterra-Taking HealthCare Forward® (Nueterra), states her organization’s support, indicating Nueterra began operations in 1997 by pioneering the majority physician-ownership model in U.S. surgical facilities. She indicates Nueterra has acquired Metropolitan Hospital of Miami, in partnership with Miami Children’s Hospital. Ms. Tarry states that Nueterra owns and operates 11 hospitals and has another four hospitals in development. Ms. Tarry’s support letter documents that the proposed project will be both jointly owned and operationally managed by her organization and Ameris Healthcare. Ms. Tarry affirms that “Nueterra and Ameris will fund the initial cash equity needs for the operating entity”. Further, this support letter indicates that “additional funding will be provided through the syndication of a Private Placement Offering to business leaders in Gainesville, Chiefland, the tri-county area and other eligible investors”. The financing of equipment and working capital is to be established through bank relationships and financing of the real estate through CBC Real Estate Group. Additionally, the proposed hospital will be leased to the operating entity.

Walter M. “Marty” Cummins, Jr., Florida EB-5 Investments, LLC writes “I would be delighted to work with the applicant regarding any Florida location operations” and “the EB5 Visa Program is ideally suited” for the proposed project. He also writes “if your budget is around \$28 million and the EB5 funding component is merely \$7 million to \$9 million or

even more, you would likely have up to over double the job credits needed to support the 14 to 18 or so investors (within a Targeted Employment Area)”.

David Pieklik, Executive Director, Nature Coast Business Development Council of Levy County and Enterprise Development Agency, states the proposed project location brings “numerous tax incentives” that are designed to foster further development. Mr. Pieklik briefly discusses such incentives as the “jobs credit”, “sales tax equipment purchasing”, “building materials credit” and the “property tax credit”. Per Mr. Pieklik’s summary, total potential incentives for the proposed project total \$7,780,000.

The applicant quotes four of the approximately 240 letters of support from community residents.

- Luther Drummond, President, Drummond Community Bank, states that one of his bank’s board members suffered from a heart condition that usually is not fatal, but died in route to North Florida Regional Medical Center (NFRMC). Per Mr. Drummon, NFRMC staff indicated that the victim most likely would have survived had he lived closer to a hospital where he could have received more immediate attention.
- Toni Baldwin-Dufour, DNP, FNP-BC, Family Nurse Practitioner, Palms Medical Group (Chiefland), describes a situation where due to the current EMS situation in the area, there was a 50-minute time frame between a man’s presentation of symptoms at her office and meeting a helicopter for definitive care in Gainesville.
- Paul T. Phillips, RN, MBA, MHA, states having been in the health care industry for 31 years and having resided in the tri-county area for 23 years. He states “I have witnessed time after time extensive injuries and even death as a result of delay in medical treatment due to illness and injuries from the tri-county area.”
- Don Quincey, President, Quincey Cattle Co., Inc., states he currently employs 30 people and that in the cattle industry, unfortunately “we do have accidents”. He indicates the current distance to the nearest hospital is 45 minutes and that “this could mean life or death”.

Approximately 6,500 signatures were provided on multiple petitions (CON application #10232, Volume 5 of 6, Appendix L) that read:

“We, the undersigned residents, respectfully appeal to you for the Agency to grant a Certificate of Need for the Hospital Project. As individuals or our friends and or family members, we have all experienced the dilemma and far too often tragic loss of loved ones as a result of not having access to a hospital within the tri-county area. The travel time and distance to Gainesville to a hospital is far too long and when forced to do so results in hours upon hours of waiting to be seen in the emergency room due to

the overwhelming number of people waiting to be seen. Far too often our Emergency Medical Services as good as they are cannot respond as quickly as they would like due to the vast areas they must cover and the limited number of ambulances. Please look favorably on the application in the behalf of all the residents of Dixie, Gilchrist and Levy Counties.”

C. PROJECT SUMMARY

Suwanee River Community Hospital, Inc. (CON application #10232), also referenced as SRCH, stated to be a wholly owned subsidiary of Ameris Acquisitions, LLC d/b/a Ameris Health of Nashville, Tennessee (Ameris), proposes to construct a 28-bed acute care hospital in Chiefland, Levy County, Florida (Subdistrict 3-2), in the 32626 ZIP code. Collectively, the proposed project is to serve the “exceedingly underserved” acute care needs for the tri-county area of Levy, Dixie and Gilchrist Counties; however, ZIP code 32696 is excluded (Levy County, Williston), which the reviewer confirms is the ZIP code location of Regional General Hospital-Williston.

The Agency notes that CON application #9936 was issued to address acute care hospital need in the Chiefland area. However, after multiple 60-day extension approvals, the CON was surrendered to the Agency (on September 3, 2013). Per the applicant, the issuance of CON application #9936 coincided with the financial crisis of 2008 and “Ameris was unable to secure financing for the project”. SRCH states having “developed working relationships with new partners to ensure that the project can be successfully constructed and operated” if approved. These stated partners are Carr, Baier and Crandall Real Estate Group (CBC) who will assist with construction and financing as well as Nueterra Healthcare who will address the development, management and operation of the facility following construction.

The proposed primary service area (PSA) is comprised of five ZIP codes (32621, 32626, 32693, 32680 and 32628), and the secondary service area (SSA) is comprised of six ZIP codes (32619, 32648, 32625, 34449, 32668 and 34498).

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

- The proposed hospital will be built in Chiefland, Florida on a site at the corner of Levy County Road 320 and U.S. 19/27/98. The applicant currently holds an option to purchase this property, which it will exercise once the final CON is awarded. This location will place the facility in the heart of the tri-county area and will support the mission of the proposed hospital to enhance geographic and programmatic access to health care services to all of the residents of the proposed service area.

The applicant will provide the Agency with proof of ownership or long-term leasehold of the above-referenced parcel within 120 days of the issuance of the final CON.

- The applicant commits to provide Medicaid/Medicaid HMO and self-pay care in its proposed hospital in a combined amount of at least 19 percent of total charges on a combined basis for inpatient and outpatient services. Further, the applicant will not discriminate against any patient on the basis of payor source or inability to pay.

The applicant will provide the Agency with annual utilization data to verify its compliance with this commitment.

Should the proposed project be approved, the applicant's conditions would be reported in the annual condition compliance report as required by Rule 59C-1.013 (3) Florida Administrative Code. The Agency will not impose conditions on already mandated reporting requirements.

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, Steve Love, analyzed the application in its entirety.

E. CONFORMITY OF PROJECT WITH REVIEW CRITERIA

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

1. Statutory Review Criteria

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

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

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As of July 18, 2014, District 3, Subdistrict 3-2 had a total of 1,366 licensed acute care beds. In addition, the subdistrict has:

- 33 acute care beds approved for delicensure at North Florida Regional Medical Center (Exemption #130012)
- 24 acute care beds approved to be added that were previously deactivated at Shands Starke Regional Medical Center (pursuant to s. 395.603(1), Florida Statutes)
- 240 acute care beds approved for licensure at UF Health Shands Hospital (NF #140015).

Subdistrict 3-2's acute care beds averaged 69.60 percent occupancy during calendar year (CY) 2013.

The Service Area

The applicant states that total population estimates for the planned service area are 75,336 in July 2014 increasing to 80,682 by July 2019. This represents a population increase estimate of 7.1 percent for the planned service area, as well as Florida overall. See the table below.

**Population Projections: Levy, Dixie and Gilchrist Counties
2014-2019**

	July 2014 Total	July 2019 Total	Percent Increase 2014-2019
Levy	41,139	44,043	7.1%
Dixie	16,905	18,133	7.3%
Gilchrist	17,292	18,506	7.0%
Total	75,336	80,682	7.1%
Balance of District 3	1,592,730	1,745,301	9.6%
Florida	19,552,248	20,937,474	7.1%

Source: CON application #10232, page 20, Table 1.

The reviewer confirms that the data in the table above is consistent with the Agency's publication.¹

SRCH indicates that using the same time frame and planned service area, 15,300 residents or 20.3 percent were over the age of 65 in July 2014 and this cohort will grow to 18,401 residents by July 2019, an increase of 20.3 percent.

¹ Florida Population Estimates and Projections by AHCA District, 2010 to 2030 published September 2013.

Availability & Extent of Utilization

The applicant states that of the 1,302 acute care beds licensed in the subdistrict--1,213 are located in Alachua County, 49 in Bradford County and 40 in Levy County. See the table below.

**Licensed Acute Hospital Beds
District 3/Subdistrict 2**

Hospital	County	Licensed Acute Care Beds
North Florida Regional Medical Center	Alachua	400
UF Health Shands Hospital	Alachua	813
Subtotal Alachua County		1,213
Shands Starke Regional Medical Center	Bradford	49
Regional General Hospital-Williston	Levy	40
Total		1,302

Source: CON application #10232, page 22, Table 3.

SRCH maintains that “the picture does not change much” if one considers the total acute care bed inventory that exists in all of the counties that border the three-county service area. The applicant notes that in addition to the large inventory of beds in Alachua County, there are smaller concentrations of acute care beds in Citrus and Marion Counties—and only one small hospital in Suwannee County and one small hospital in Taylor County. All bed counts apply to licensed acute care beds.

The reviewer confirms that Alachua County has the highest single concentration of acute care beds (1,213) among Levy County’s contiguous counties, followed by Marion County (691 beds), Citrus County (310 beds), Taylor County (48 beds) and Suwannee County (25 beds).

SRCH illustrates utilization levels for the acute care beds in the subdistrict since 2009, stating the total inpatient days delivered at the subdistrict’s acute care hospitals has grown from 307,058 to 325,859. The applicant indicates that during the same time period, the subdistrict’s bed inventory has declined from 1,336 to 1,259, with average occupancy among these beds having increased from 63.0 percent in 2009 to 70.9 percent in 2013.

Accessibility

The applicant submitted an analysis of the road system in west central Florida that it maintains “reveals that the hospitals in Citrus and Marion

Counties do not provide a compelling alternative for the residents of Levy, Dixie and Gilchrist Counties to the Alachua County hospitals”. SRCH contends that acute care beds that are most available to the residents of the proposed service area are the beds at North Florida Regional Medical Center and UF Health Shands Hospital.

SRCH states that of the total proposed service area 2013 resident acute care hospital discharges--4,743 discharges were from North Florida Regional Medical Center, 3,423 discharges were from UF Health Shands Hospital and 562 discharges were from Regional General Hospital-Williston. The applicant indicates that the remaining total proposed service area resident discharges for the same time frame was 1,350--spread among Seven Rivers Regional Hospital, Munroe Regional Medical Center, Ocala Regional Medical Center and additional hospitals. See the table below.

**Acute Care Patient Destination
Residents of Levy, Dixie and Gilchrist Counties
Acute Discharges Excluding Psychiatric, Substance Abuse and Normal Newborns
Calendar Year 2013**

Patient ZIP Code	North Florida Regional Medical Center	UF Health Shands Hospital	Regional General Hospital-Williston	All Others
32619 Bell	345	182	1	44
32621 Bronson	357	416	103	49
32625 Cedar Key	73	86	8	23
32626 Chiefland	745	507	17	66
32628 Cross City	414	248	0	30
32648 Horseshoe Beach	45	8	0	7
32668 Morriston	172	173	89	296
32680 Old Town	940	513	4	76
32693 Trenton	889	502	14	49
32696 Williston	730	709	313	212
34448 Inglis	32	76	3	415
34498 Yankeetown	1	3	0	47
Grand Total	4,743	3,423	562	1,350

Source: CON application #10232, page 25, Table 6.

The reviewer notes that in the above table, 11 of the ZIP codes are consistent with the applicant’s PSA and SSA (CON application #10232, page 57) with one exception--ZIP code 32696 (Williston) is added, resulting in a total of 12 ZIP codes. SRCH excluded ZIP code 32696 as part of its total proposed service area, but the reviewer notes that this ZIP code is included in the above table.

SRCH submitted non-tertiary, non-specialty proposed service area resident acute care discharges among the same hospitals for the same time frame as shown in CON application #10232, Table 6. The applicant indicates 4,196 discharges at North Florida Regional Medical Center, 2,613 discharges at UF Health Shands Hospital, 548 discharges at Regional General Hospital and 1,214 for “All Other”, with a sum total of

all discharges reaching 8,570. SRCR concludes that “approximately 80 percent” of these discharges occurred at North Florida Regional Medical Center or UF Health Shands Hospital. The reviewer notes an actual arithmetic calculation of 79.45 percent.

The applicant also presents outpatient procedures for proposed service area resident discharges among the Alachua County facilities for the same time frame as shown in CON application #10232, Table 8. SRCH indicates 1,353 discharges at North Florida Endoscopy Center, 1,475 at North Florida Regional Medical Center, 52 at North Florida Surgery Center, 585 at North Florida Surgical Pavilion, 1,908 at UF Health Shands Hospital and 3,042 for “All Other”, with a sum total of all discharges reaching 8,415. Of these outpatient discharges, 63.85 percent are shown to have occurred in Alachua County.

The applicant concludes that not only are Levy, Dixie and Gilchrist Counties underserved with respect to inpatient care facilities and beds, they are even more underserved with respect to major outpatient services. SRCH contends that the residents of these three counties have no alternative but to travel to Gainesville or to other distant locations to obtain even simple services such as endoscopy procedures or minor surgical interventions. The applicant asserts that the proposed project will directly and materially relieve the access problems that are identified through the analysis of patient migration patterns.

SRCH discusses the system of roads that serve Levy, Dixie and Gilchrist Counties and the centers of population in each county, providing general highway maps (CON application #10232, Volume 6 of 6, Appendix N). Using Claritas data, the applicant indicates that outside of the Williston area most of the population in the tri-county area lives along the US 19-98 corridor in Dixie and Levy Counties and along the US 129 corridor in Gilchrist County. Using the website Mapquest.com for driving time estimates and population estimates from Claritas data, SRCH provides the following table.

**Driving Times of Service Area Population
to Gainesville and Chiefland**

	2014 Population	Percentage of 2014 Population	Driving Time (in minutes) to:	
			Gainesville	Chiefland
<i>Levy County</i>				
32621 Bronson	5,438	9.8%	36	23
32625 Cedar Key	1,786	3.2%	64	21
32626 Chiefland	8,461	14.9%	54	0
32668 Morriston	5,330	9.4%	45	41
34448 Inglis	3,070	5.4%	70	38
34498 Yankeetown	469	0.8%	67	40
<i>Dixie County</i>				
32628 Cross City	4,782	8.4%	61	31
32648 Horseshoe Beach	421	0.7%	75	45
32680 Old Town	10,443	18.4%	71	41
<i>Gilchrist County</i>				
32619 Bell	4,704	8.3%	50	39
32693 Trenton	11,789	20.8%	40	21
Total	56,693	100.0%		

Source: CON application #10232, page 30, Table 9.

According to the applicant’s table above, the single highest population in Levy County (other than Chiefland) is ZIP code 32621 (Bronson) with 5,438 residents. SRCH indicates that the proposed project would reduce travel-to-hospital time by 13 minutes. From the same sources, the single highest population in Dixie County is ZIP code 32680 (Old Town) with 10,443 residents with the proposed project reducing travel-to-hospital time by 30 minutes. For Gilchrist County, the single highest population ZIP code 32693 (Trenton) will experience a reduction in the travel-to-hospital time of 19 minutes.

The applicant holds that none of the ZIP codes in the proposed service area lie within a 30-minute driving time of Gainesville and that Bronson, Morriston and Trenton lie within 45 minutes driving time of Gainesville. SRCH states that in 2014, per Claritas, these three localities comprised 39.8 percent of the service area’s total population. The applicant continues that an additional 23.2 percent of the service area’s population was 46 to 60 minutes driving time from Gainesville and that 37 percent of the service area’s population was an hour (or more) from Gainesville. SRCH contends that 48.5 percent of the proposed service area’s population currently lives within 30 minutes driving time of Chiefland and that the remaining 51.5 percent of the service area’s population lives within 31 to 45 minutes driving time of Chiefland.

SRCH offers excerpts of letters of support from Lt. J. Manning, Administrative Operations/Public Information Officer/Training Coordinator, Gilchrist County Sheriff’s Office. Lt. Manning states that

the proposed project would benefit all emergency first responders—fire, emergency medical services (EMS) and law enforcement. The support letter further estimates that approximately 15 travel miles could be reduced from each municipality in Gilchrist County (Town of Bell, City of Fanning Springs and City of Trenton) to the nearest emergency medical facility, provided the proposed project is approved.

Role of the Project in the Service Area’s Delivery System

SRCH included the 2012 Mobilizing for Action through Planning and Partnerships (MAPP) Health Needs Assessment reports for Dixie, Levy and Gilchrest Counties issued by WellFlorida Council, Inc. The applicant presents a summary of health and socio-economic characteristics drawn from the MAPP needs assessment. In brief, SRCH indicates that the poverty rates in each of the counties in the planned service area “are significantly higher” than the corresponding statewide figures. The applicant also indicates that statewide income estimates are higher than each of the planned service area counties. College degreed residents in the planned service area are also below the state average. SRCH asserts that “the most alarming statistic” in the needs assessment is the age-adjusted mortality rate reported for each of the three counties. The applicant indicates that the number of physicians, dentists and other health care professionals within the three counties is “shocking”. The reviewer notes that a lack of “other health care professionals” is mentioned by the applicant but is not listed numerically. See the table below.

Comparison of Health and Socio-Economic Characteristics

Indicator	Tri-County Area			Florida
	Levy	Gilchrist	Dixie	
Percentage of Population Living in Poverty 2010				
Total	21.8%	21.0%	26.6%	16.5%
Children	32.6%	26.9%	37.1%	23.6%
African American	39.8%	28.4%	44.9%	25.9%
Income Data				
Median Household Income 2010	\$33,375	\$35,732	\$31,173	\$49,910
Average Household Income 2010	\$42,834	\$44,114	\$40,623	\$64,516
Per Capita Income 2010	\$17,684	\$16,889	\$16,778	\$25,768
Highest Level of Educational Attainment				
High School Diploma	58.4%	57.4%	55.9%	50.5%
College Degrees	15.5%	15.0%	10.0%	29.4%
Health and Welfare				
Age-Adjusted Mortality Rate (Deaths per 100,000 Persons)	826.3	778.6	866.0	666.7
Cancer Death Rates (Deaths per 100,000 Persons)	323.9	245.7	--	216.9
Percentage of Population in Poor or Fair Health 2011				
Adult Obesity 2011	24.0%	25.0%	24.0%	16.0%
2011 Teen Birth Rate: Births Per 1,000 Females 15-19	61	65	81	45
Health Care Access				
Physicians Per 100,000 Residents 2010	39.0	34.3	12.4	300.6
Dentists Per 100,000 Residents 2009-2010	21.9	5.7	6.2	61.9

Source: CON application #10232, page 33, Table 10.

SRCH points out that the “severe underdevelopment” of the tri-county area’s health care delivery system correlates with the poor health outcomes and health factors reported for the residents of the tri-county area by the University of Wisconsin. The applicant notes that The University of Wisconsin Population Health Institute collects data on health factors and health outcomes for states and counties across the United States. These health factors are collected as environmental and behavioral factors that would contribute to good or poor health within populations such as (but not limited to):

- Smoking
- Diet and exercise
- Alcohol and drug use
- Sexually transmitted diseases
- Low birth weights
- Access to care
- Education
- Income and
- Environmental pollution

SRCH indicates the following University of Wisconsin “2014 Health Outcomes and Health Factors Rankings” for the 67 counties in Florida, in “Health Outcomes”:

- Dixie County ranked 62nd
- Gilchrist County ranked 33rd
- Levy County ranked 49th

In “Health Factors”:

- Dixie County ranked 66th
- Gilchrist County ranked 41st
- Levy County ranked 51st

In “Clinical Care Access”:

- Dixie County ranked 59th
- Gilchrist County ranked 51st
- Levy County ranked 46th

SRCH asserts that the above rankings and data show that there is a consistent pattern of poor health outcomes and poor health factors in the planned service area.

Role of the Project in Enhancing Access

The applicant asserts that the proposed project will provide emergency and urgent care services, community education and training for health care professionals and those in the allied professions. A stated indirect benefit is for the proposed site to establish “a physical center for the practice of medicine”.

SRCH indicates that there is an extensive body of literature that addresses the problems associated with health delivery and health status in rural areas. The applicant states that one such publication is the 14-page *Levy County Community Health Improvement Plan 2013 Update*, prepared by the Florida Department of Health in Levy County. SRCH notes that page six of this publication reads:

“There was consensus from all the groups that specialty care, hospital care and dental care were missing or limited in their community. All of the groups mentioned lack of health services and lack of health insurance are reasons there are health issues in the community.”

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The applicant indicates that Ameris and Neuterra have already started their (physician and allied health) recruiting initiatives. SRCH states plans to have physicians in the following specialties on its staff:

- Family Practice
- Pediatrics
- Internal Medicine
- Allergist
- Dermatology
- Cardiology
- Psychiatry
- General Surgeons
- Gastroenterology
- Orthopedics
- Podiatry
- Ophthalmology
- Plastic
- Oral
- Radiology
- Anesthesia
- Pathology and
- Hospitalist/ED

SRCH indicates that some areas of specialty such as plastic surgery, psychiatry or allergy will be provided on an episodic basis via cooperative agreements with larger area hospitals such as UF Health Shands Hospital.

SRCH states that the three counties in the planned service area are federally designated medical shortage areas and that recruiting can also target the Conrad-30 J-1 Visa Waiver Foreign Physician Program. The reviewer confirms that per the US Department of Health and Human Services, Dixie, Gilchrist and Levy Counties are federally designated Health Professional Shortage Areas (HPSAs) for primary care and dental health. Dixie and Gilchrist Counties are also mental health HPSAs and are designated as Medically Underserved Areas (MUAs). This was also confirmed by the reviewer. SRCH contends that if the proposed project is approved “physicians will be drawn to the area”.

Nursing and Other Clinical Staff Recruiting

SRCH indicates that success in recruiting a well-qualified and competent work force includes such factors as a competitive salary structure, a competitive benefits package, recognition and reward for meritorious service, longevity and other factors. SRCH asserts that it has support from Central Florida Community College and the Florida Crown

Workforce Board including collaboration as an educational partner/training site and recruitment for medical/nursing and medical/nursing-related professions in the community.

The applicant states that project approval will provide for a modern, properly equipped and professionally managed hospital in the heart of the service area. Furthermore, the applicant asserts that the proposed project will contribute meaningfully to the development of a full array of health care services and support for the service area's population.

- 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.**

The applicant maintains that the proposed project will result in some cost savings to residents of the service area, primarily related to travel and transportation costs. In addition, the applicant states that there will be an indirect impact on long-term costs with improving timely access to primary and sub-acute care services.

The applicant does not anticipate the proposed project will have a material impact on patient charges in the service area. SRCH indicates that the proposed hospital will have to accept the customary reimbursement rates that prevail in the service area. The applicant contends that because, historically, the majority of service area residents' charges were compensated through a combination of Medicare/Medicare Managed Care and Medicaid/Medicaid Managed Care--the ability to affect reimbursement by the proposed project "will be marginal".

SRCH contends that the proposed project will have important effects in reducing the cost of caring for patients in the service area and will result in some savings to third-party payers. Further, the applicant indicates that a direct impact will be realized in the reduction of EMS expenses. SRCH offers a four-year history (2010-2013) of EMS cases for Levy, Dixie and Gilchrest Counties and the corresponding volume between the categories of cardiac arrest, chest pain/discomfort, traumatic injury and "other". See the table below.

Levy, Dixie and Gilchrist County EMS Chief Complaints 2013

Calendar Year 2013	EMS “Other” Category Cases	Total EMS Cases
Levy County	5,197	6,185
Dixie County	2,575	3,612
Gilchrist County	1,643	2,498
Total	9,415	12,295

Source: CON application #10232, pages 47-48, Tables 14, 15 and 16.

The reviewer notes that per the above table, “other” category EMS cases account for 76.58 percent of total cases in 2013. SRCH stresses that any patient complaint that cannot be treated at the scene must be transported to an acute care hospital “which in the vast majority of cases will be located in Gainesville”. SRCH contends that such transports are time consuming and take scarce emergency vehicle resources out of service for a prolonged period of time. The reviewer notes that the applicant does not provide EMS logs to document the above table.

SRCH emphasizes that a very large fraction of EMS cases that must be transported to an acute care hospital could be appropriately cared for at the emergency department of the proposed project. The applicant draws attention to the large number of EMS “other” category cases in the above table and notes that most are not of a tertiary nature. SRCH indicates that a more cost-effective alternative to current practice would be the approval and construction of the proposed project. The Agency notes that the applicant offers support letter and anecdotal events but no documentary evidence that poor health care outcomes are occurring as a result of the current EMS situation in the planned service area. The reviewer notes the applicant could, without CON review, establish a freestanding emergency department (ED). There are currently 14 freestanding EDs operated by Class I general acute care hospitals in Florida, the nearest to the proposed project being located in Gainesville (Alachua County) and operated by UF Health Shands Hospital.

SRCH offers excerpts in letters of support from the following:

- Chief, David Knowles, Director, Levy County Department of Public Safety
- James M. (Mitch) Harrell, Chief, Gilchrist County Fire Rescue
- Timothy W. Alexander, Director/Chief, CMTE, CCEMT-P, PMD, FPED, Dixie County Emergency Services
- James Harris, Fire Chief, City of Chiefland

Letters of support from these fire rescue/EMS managers indicate that in the current situation, total transport duration can consume anywhere from two to three hours, or more, often placing an EMS vehicle out-of-service for that length of time and unavailable for other emergencies.

Enhanced Access and Quality of Care

The applicant contends that the primary benefit of the approval of the proposed application will pertain to the improved access to health care for the service area.

SRCH asserts that quality management is a key component of its operational and management partner, Nueterra. The applicant states that Nueterra's operational philosophy includes collaboration among insurers, patients, physicians and hospital staff. The applicant states the scope of services is as follows:

- Strategic planning
- Physician alignment
- Physician recruitment and retention
- Growth strategies
- Operational performance
- Electronic Medical Records
- Capital funding
- Facility development
- Physician services

The applicant discusses Nueterra's Quality Assessment and Performance Improvement and Patient Safety Plan and provides the plan (CON application #10232, Volume 6 of 6, Appendix S). Major topics are monitoring quality and safety data collection, the quality improvement process, ongoing reviews, and special physician peer-review panels. SRCH further offers a five-page *Nueterra Patient Satisfaction Performance* ASC publication, issued by Paul G. Faraclas, President and Chief Executive Officer, Voyance, LLC for seven² of the eight acute care hospitals it operates. SRCH notes that Voyance, LLC is an independent quality assessment and management firm. This survey is stated to cover the 12-month period ending June 2013 and reflects high scores (9 or 10) for five of the seven Nueterra hospitals, having a top decile of 81 or above.

SRCH states that although Ameris does not currently own or manage any acute care facilities, a quality assessment of Smith Northview Hospital, a then Ameris-managed-hospital on May 23, 2100 [sic] is provided in the application. The applicant maintains that the hospital received rankings at or above the State of Georgia and national averages among the following metrics:

² A Voyance survey on various quality metrics was not conducted at the eighth acute care hospital operated or managed by Nueterra.

- Admissions
- Quality and cleanliness of patient rooms
- Laboratory
- Accommodation of Visitors and Families
- Physician Satisfaction
- Staff responsiveness

The reviewer notes that report indicates that the Smith Northview Hospital “Overall” ranking was 85.7, compared to a stated national ranking of 85.9 and a State of Georgia ranking of 86.1.

SRCH concludes that based on the historical record of high quality care at Nueterra and Ameris’ owned or managed facilities, the proposed project will provide a superior level of patient care.

- 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.**

SRCH indicates that all Ameris’ owned or managed hospitals³ or other health care facilities have been located in rural areas--primarily in smaller, poorer states such as Georgia, Mississippi and Alabama. The applicant states Ameris understands that its business model must incorporate care for Medicaid and indigent patients.

SRCH offers December 31, 2010 and 2011 audited financial statements of an Ameris previously operated acute care hospital, Smith of Georgia, LLC. The applicant states and the reviewer confirms based on an examination of these documents that the facility provided approximately:

Year Ending 2010

- 19 percent revenue from Medicaid
- \$1.4 million in charity and indigent care
- \$6.1 million in bad debt expense

Year Ending 2011

- 17 percent revenue from Medicaid
- \$1.6 million in charity and indigent care
- \$1.4 million bad debt expense

SRCH states intent to provide the following outreach and assistance to the indigent populations in its planned service area:

³ The reviewer notes that Ameris does not currently own or operate any acute care hospitals.

- Financial relief for uninsured patients who require emergent services including discounts from charges comparable to those provided to the proposed hospital's managed care patients
- Charity policy discount
- Financial counseling to evaluate eligibility for state/local financial assistance programs
- Extended payment options for patients unable to pay for services entirely at the time of service

The applicant states that Ameris' partner Nueterra's corporate policy is that no patient will be discriminated against on the basis of payor source or inability to pay. SRCH includes the Nueterra Charity Care Policy (CON application #10232, Volume 6 of 6, Appendix W). The reviewer notes that per the policy, patients whose income does not exceed 300 percent of the most current poverty income guidelines issued by the US Department of Health and Human Services will qualify for charity care discounts after verification of employment. The applicant states that outreach to Medicaid patients and the medically indigent is not an incidental feature of the proposed project and is in fact among its fundamental goals.

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

The applicant indicates that the proposed PSA is comprised of five ZIP codes (32621, 32626, 32693, 32680 and 32628), and the SSA is comprised of six ZIP codes (32619, 32648, 32625, 34449, 32668 and 34498). SRCH states and the reviewer confirms that there are no existing acute care hospitals in any of the proposed PSA or SSA zip code.

The applicant presents CY 2013 acute care hospital discharges among total proposed service area residents and payor sources. See the table below.

2013 Service Area Acute Care Discharges by Payor

Payor	2013 Acute Care Discharges	Percent of 2013 Acute Care Discharges
Medicare	3,599	44.4%
Medicare Managed Care	698	8.6%
Medicaid	1,615	19.9%
Medicaid Managed Care	189	2.3%
Commercial Health Insurance	1,033	12.8%
Workers Compensation	24	0.3%
TriCare or Federal Govt (CHAMPUS)	65	0.8%
VA	36	0.4%
Other State/Local Government	54	0.7%
Self-Pay	670	8.3%
Other	9	0.1%
Non-Payment	38	0.5%
KidCare	8	0.1%
Commercial Liability Coverage	63	0.8%
Total	8,101	100.0%

Source: CON application #10232, page 58, Table 17.

In forecasting the proposed hospital’s MS-DRG mix and patient day estimates, SRCH utilizes the MS-DRG discharges from 11 hospitals statewide with 50 beds or fewer (in 2013)--excluding any MS-DRGs that were encountered fewer than 25 times in the combined data set of the 11 hospitals. The applicant states that these parameters resulted in estimated 2013 discharges for the proposed service area of 3,430 and a corresponding estimated 2013 patient day count of 12,437. SRCH points out that the estimated 3,430 discharges is less than the 2013 actual discharges of 8,101.

Using Claritas data, SRCH estimates that for the proposed service area plus ZIP code 32696 (Williston), the total population will increase from 68,368 to 68,576, or by 0.30 percent from 2014 to 2019. Per the same source, ZIP codes and time frame, the age 65 and over population will increase from 14,295 to 15,828, or by 10.72 percent. SRCH mentions that the elderly population is the population segment most likely to require acute care services. See the table below.

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Forecast Population/Tri-County

2014					
	Age				
Area	0-17	18-64	Subtotal Under 65	65+	Total
Total Tri-County	13,953	40,120	54,073	14,295	68,368
2019					
	Age				
Area	0-17	18-64	Subtotal Under 65	65+	Total
Total Tri-County	13,770	38,978	52,748	15,828	68,576
Percent Increase 2014-2019					
	Age				
Area	0-17	18-64	Subtotal Under 65	65+	Total
Total Tri-County	-1.3%	-2.8%	-2.5%	10.7%	0.3%

Source: CON application #10232, page 61, Table 19.

SRCH states that the age 65 and older population for the tri-county area is to increase from 15,300 (as of July 2014) to 18,401 (as of July 2019), an increase of 20.3 percent. See the table below.

**Forecast Population
Tri-County Area/2014-2019**

2014			
County	Under 65	65 & Over	Total
Levy	32,567	8,572	41,139
Dixie	13,419	3,486	16,905
Gilchrist	14,050	3,242	17,292
Total	60,036	15,300	75,336
2019			
County	Under 65	65 & Over	Total
Levy	33,883	10,160	44,043
Dixie	13,944	4,189	18,133
Gilchrist	14,454	4,052	18,506
Total	62,281	18,401	80,682
Percent Increase 2014-2019			
County	Under 65	65 & Over	Total
Levy	4.0%	18.5%	7.1%
Dixie	3.9%	20.2%	7.3%
Gilchrist	2.9%	25.0%	7.0%
Total	3.7%	20.3%	7.1%

Source: CON application #10232, page 62, Table 20.

SRCH projects that for each year (2017-2021), approximately 76 percent of discharges at the proposed hospital will be from PSA residents, with approximately 24 percent being from SSA residents. Therefore, the applicant estimates 1,458 discharges in 2017 to 2,223 discharges by 2021 for the proposed project. See the table below.

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Projected Service Area Discharges in Targeted MS-DRGs / 2017-2019

Service Area	2017	2018	2019	2020	2021
PSA	1,104	1,278	1,638	1,660	1,681
SSA	354	408	525	530	542
Total	1,458	1,686	2,163	2,189	2,223
PSA Discharges as Percentage of Total	75.7%	75.8%	75.7%	75.8%	75.6%
SSA Discharges as Percentage of Total	24.3%	24.2%	24.3%	24.2%	24.4%

Source: CON application #10232, page 64, Table 23.

SRCH projects total service area patient days in targeted MS-DRGs for the same time frames as shown above, with patient days increasing from 5,161 (in 2017) to 7,600 (in 2021). In the same time frame, average occupancy is estimated to increase from 50.5 percent to 74.4 percent, correspondingly. Other occupancy data is also offered (average daily census (ADC), average length of stay (ALOS) and projected licensed beds). See the table below.

Projected Service Area Patient Days MS-DRGs / 2017-2021

Service Area	2017	2018	2019	2020	2021
PSA	3,922	4,505	5,723	5,745	5,769
SSA	1,239	1,417	1,807	1,809	1,831
Total	5,161	5,922	7,530	7,554	7,600
ADC	14.1	16.2	20.6	20.7	20.8
Projected Licensed Beds	28	28	28	28	28
Percent Bed Occupancy	50.5%	57.9%	73.7%	73.9%	74.4%
ALOS	3.54	3.51	3.48	3.45%	3.42

Source: CON application #10232, page 64, Table 24.

The applicant contends that North Florida Regional Medical Center and UF Health Shands Hospital will be the facilities most impacted by the proposed project but that the impact on both of these providers is modest compared with their size. Other facilities are Seven Rivers Regional Medical Center and Regional General Hospital-Williston. The applicant estimates that by 2016 the four listed hospitals would lose 4,625 patient days in aggregate to the proposed project and by 2020 these same hospitals would lose 6,811 patient days in aggregate. See the table below.

Projected Impact of Proposed SRCH Project on Existing Providers

Existing Provider	2013 Patient Days in Selected MS-DRGs from SRCH Service Area ZIP Codes	Percent of 2013 Patient Days	Annual Reduction in Patient Days from SRCH Project				
			2016	2017	2018	2019	2020
North Florida Regional Medical Center	6,171	49.6%	2,561	2,939	3,736	3,748	3,771
UF Health Shands Hospital	3,647	29.3%	1,513	1,737	2,208	2,215	2,229
Seven Rivers Regional Medical Center	819	6.6%	340	390	496	497	501
Regional General Hospital-Williston	509	4.1%	211	242	308	309	311
Subtotal	11,146	89.6%	4,625	5,308	6,748	6,770	6,811
All Other	1,291	10.4%	536	615	782	784	789
Total	12,437	100.0%	5,161	5,922	7,530	7,554	7,600

Source: CON application #10232, page 66, Table 25.

SRCH indicates its intent to partner with Regional General Hospital-Williston to help the hospital in its efforts to recruit additional medical staff and allied health professionals to the service area. Further, the applicant contends that opportunities to share resources, especially human resources will be fully explored and implemented to the extent feasible. SRCH included a letter to Regional General Hospital-Williston to this effect in the application.

F. Written Statement(s) of Opposition

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

No written statement of opposition was submitted in response to CON application #10232.

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

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

No applicant response to a written statement of opposition was submitted in response to CON application #10232, thus this section does not apply.

H. SUMMARY

Suwanee River Community Hospital, Inc., (CON application #10232) stated to be a wholly owned subsidiary of Ameris Acquisitions, LLC d/b/a Ameris Health of Nashville, Tennessee, proposes to construct a 28-bed acute care hospital in Chiefland, Levy County, Florida (District 3, Subdistrict 3-2), in the 32626 ZIP code.

The applicant states that it will be partnering with CBC in the constructing and equipping the proposed project and Nueterra Healthcare will share in operations and management.

The proposed PSA is comprised of five ZIP codes (32621, 32626, 32693, 32680 and 32628), and the SSA is comprised of six ZIP codes (32619, 32648, 32625, 34449, 32668 and 34498).

SRCH conditions approval of the proposed project on page 5 of this report.

Need:

The Agency previously approved a prior application by Ameris (CON application #9936) for a hospital in Chiefland. However, after several years of multiple 60-day extension requests, each approved by the Agency, construction was never commenced on CON application #9936, pursuant to s. 408.032(4), Florida Statutes and Rule 59C-1.018(2), Florida Administrative Code. On September 3, 2013, CON #9936 was surrendered to the Agency and hence voided. The Chiefland area still lacks a local acute care hospital.

The applicant states that the planned tri-county service area (Dixie, Gilchrist and Levy Counties) is expected to realize a total population growth rate of 7.1 percent (from July 2014 to July 2019) and that the

elderly segment of the population is expected to increase from 15,300 to 18,401, a 20.3 percent increase. SRCH also indicates that since 2009 the acute care bed inventory has declined but the inpatient day count has increased.

The applicant contends that the proposed service area is particularly underserved with respect to major outpatient services, with major population centers in the area being highly dependent on the road system.

SRCH provides local health council data, including Florida Department of Health County Health Department initiatives, along with federal HPSA and MUA designations that verify challenging socio-economic conditions, poor health care delivery options and a lack of basic health care delivery infrastructure.

For 2021, SRCH expects to realize 2,223 discharges and 7,600 patient days from residents within the proposed service area. The applicant mentions that the elderly population (age 65 and over) is the fastest growth population segment in the planned service area and is the population most likely to require acute care services. By the 2021, SRCH anticipates a 74.4 percent total occupancy rate, having modest impact on surrounding acute care hospitals (North Florida Regional Medical Center and UF Health Shands Hospital).

SRCH states that it reached out to the nearest acute care hospital, Regional General Hospital-Williston, to express interest in working together in areas that can serve both the proposed hospital (if approved) and Regional General Hospital-Williston as well as their respective communities.

Competition

SRCH indicates that a direct impact of the proposed project will be realized in the reduction of EMS expenses for the tri-county service area. SRCH contends that such transports are time consuming and take scarce emergency vehicle resources out of service for prolonged periods of time. Letters of support from fire rescue and EMS professionals indicated that in the current situation, total transport duration can consume anywhere from two to three hours, often placing an EMS vehicle out-of-service and unavailable for other emergencies.

SRCH maintains that the primary benefit of the proposed project will be the improved access to health care for the proposed service area. The applicant states and the reviewer confirms that there are no existing acute care hospitals in the planned service area.

Medicaid/charity care:

SRCH offers December 31, 2010 and 2011 audited financial statements of an Ameris previously operated acute care hospital, Smith of Georgia, LLC. The reviewer confirms that these documents reflect that for this facility, approximately:

Year Ending 2011

- 17 percent revenue from Medicaid
- \$1.6 MIL charity and indigent care
- \$1.4 bad debt expense

Year Ending 2012

- 19 percent revenue from Medicaid
- \$1.4 MIL charity and indigent care
- \$6.1 bad debt expense

I. RECOMMENDATION:

Approve CON #10232 to construct a 28-bed acute care hospital in Chiefland, Levy County, Florida (District 3, Subdistrict 3-2), in the 32626 ZIP code.

CONDITIONS:

- The proposed hospital will be built in Chiefland, Florida on a site at the corner of Levy County Road 320 and U.S. 19/27/98. The applicant currently holds an option to purchase this property, which it will exercise once the final CON is awarded. This location will place the facility in the heart of the tri-county area and will support the mission of the proposed hospital to enhance geographic and programmatic access to health care services to all of the residents of the proposed service area.

The applicant will provide the Agency with proof of ownership or long-term leasehold of the above-referenced parcel within 120 days of the issuance of the final CON.

- The applicant commits to provide Medicaid/Medicaid HMO and self-pay care in its proposed hospital in a combined amount of at least 19 percent of total charges on a combined basis for inpatient and outpatient services. Further, the applicant will not discriminate against any patient on the basis of payor source or inability to pay.

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The applicant will provide the Agency with annual utilization data to verify its compliance with this commitment.

AUTHORIZATION FOR AGENCY ACTION

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

DATE: _____

Marisol Fitch
**Health Services and Facilities Consultant Supervisor
Certificate of Need⁴**