

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

**A. PROJECT IDENTIFICATION**

1. Applicant/CON Action Number:

**Baptist Medical Center of Clay, Inc./CON #10393**

841 Prudential Drive  
Jacksonville, Florida 32207

Authorized Representative: A. Hugh Greene, President  
(904) 202-4011

2. Service District/Subdistrict

District 4/Subdistrict 4-2 (Baker, Clay and Duval Counties)

**B. PUBLIC HEARING**

A public hearing was not held or requested regarding the proposed 96-bed general hospital.

**Letters of Support**

Baptist Medical Center of Clay, Inc., submitted 52 unduplicated letters of support. These letters were primarily of District 4, Subdistrict 4-2/local area origin (mostly from Clay or Dual County), though a few were from District 3, Subdistrict 3-3 (Putnam County), the latter being contiguous to and immediately south of Clay County. Some of the support letters are of a general form letter variety but many are individually composed. Support letters from many physicians indicate a direct affiliation with the applicant's parent – Baptist Health – or indicate utilizing nearby Baptist Health facilities. Many of the physician support letters indicate pediatric physician specialties. The physician/allied health practitioner letters of support base their favorable recommendation of the proposed project on their experience. Some major themes expressed in support of the proposed project include:

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- According to the 2015 Clay County Community Health Assessment, Clay County has 225 hospital beds per 100,000 residents which is “well below” the Florida state average of 320 hospital beds per 100,000 residents (95 fewer hospital beds in Clay County per 100,000 residents than the state overall)<sup>1</sup>
- “Dramatic” population growth in Clay County
- Demographically, the area is underserved with hospital beds and physician manpower
- Medical services in the area have not kept pace with the needs of the community
- Since opening in 2013, Baptist Emergency Center Clay has treated on average more than 24,000 patients per year, with approximately 10 percent of those patients being transferred, usually to a corresponding Baptist Health facility, for inpatient care
- The Baptist Emergency Center Clay Campus has pediatric specialists from Nemours Specialty Care, the University of Florida and the Wolfson’s Children’s Rehabilitation Clinic
- Increase choice, availability and access for inpatient services
- Decrease the need for costly ambulance transfers from the existing Baptist Emergency Center Clay to receive inpatient services
- Reduce the many health disparities in the area due to a current lack of inpatient resources and specialists close to home
- Reduce the emotional stress, financial burden and time (anywhere from 20 minutes to an hour or more) required for patients and their families to travel outside the immediate area for inpatient hospital services and follow-up care
- Travel for out-of-area inpatient care and visits is especially challenging for the elderly and for the families of pediatric patients toward the southern and eastern portions of Clay County
- Reduce transfers out of Clay County from Baptist Emergency Center Clay currently required in order to remain within the Baptist Health network of providers/physicians/facilities
- Enhanced development of new diagnostic and outpatient services—multiplying the beneficial results of “quick, great access to high quality care”
- Positive impact in coordinating care with nonprofit organizations, including faith-based partners
- Putnam Community Medical Center does not admit and is not equipped or trained to care for pediatric patients and many of these patients already travel to Baptist Emergency Center Clay to seek treatment – travel can take up to an hour or longer

<sup>1</sup> The reviewer notes that an existing general hospital, including general hospitals within District 4, Subdistrict 4-2, may add or delicense acute care beds at will, through the notification process, pursuant to Section 408.036(5)(c), Florida Statutes.

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- The nearest board-certified pediatric emergency physicians to Putnam County are at Baptist Emergency Center Clay and “no other facility offers this” but there is still a service gap for these patients that Baptist Emergency Center Clay cannot yet provide

Some support letters are noted from the following:

- Clay County Board of County Commissioners-Resolution of September 8, 2015 (signed by the chairman, the vice-chairman and the three remaining county commissioners)
- City of Green Cove Springs
  - Mayor
  - Vice Mayor and
  - The three remaining city council members
- Town of Orange Park
  - Mayor
- Town of Penny Farms
  - Mayor
- President/CEO of
  - Rural Health Care, Inc. d/b/a Azalea Health (a federally qualified health center)
  - Clay Florida – Economic Development Corporation
  - Penny Retirement Community (stated to be one of the largest employers in Clay County, with “almost 500 seniors”)
  - Clay County Chamber of Commerce
  - YMCA of Florida’s First Coast
- Vice-President/Executive Director
  - Moosehaven, Inc., Retirement Community

The mayor, Town of Orange Park, states that in its September 3 meeting (no year indicated) the town council voted unanimously to support the proposed project.

The director, Career & Technical Education, Clay County School Board indicates that the proposed project would offer the school board “the opportunity to enhance our partnership with Baptist Clay Medical and in turn benefit our students, employees and the whole community of Clay County”. The vice president, Workforce Development, Orange Park Campus, St. Johns River State College notes that the proposed project “would serve as a possible training site for those wishing to begin careers in healthcare”.

**C. PROJECT SUMMARY**

**Baptist Medical Center of Clay, Inc. (CON application #10393)**, also referenced as Baptist Clay or the applicant, an affiliate of not-for-profit Baptist Health System (Baptist Health), proposes to establish a new 96-bed general hospital located at 1771 Baptist Clay Drive, Fleming Island, Florida 32003<sup>2</sup>, Clay County, District 4, Subdistrict 4-2. This location is at the existing Baptist Clay Medical Campus (Baptist Emergency Center Clay), also referenced as the Baptist & Wolfson Children’s Emergency Center. According to the applicant, the 40-acre site would accommodate the proposed project and allow for availability and “easy access” with major north/south highway access. The applicant maintains that the proposed facility addresses the following points:

- Providing care to Clay County residents close to home
- Providing primary care and emergency services by providing inpatient care
- Providing community partnerships with leadership, funding and services to residents of Clay County--with limitations removed for addressing inpatient care by this proposal

According to Baptist Medical Center of Clay, Inc., residents of Clay County feel the impact of higher prices for hospital care and this situation will be reduced by the proposed project. The applicant concludes that improvements occur in access and availability of inpatient services, reducing outmigration and delivering care close to home. Further, the applicant contends that residents benefit directly, and the commitments to the community enforce the partnerships in the community network of care.

Baptist Clay offers ZIP Code 32003 as the home ZIP Code but offers differing sets of primary service area (PSA) and secondary service area (SSA) ZIP Codes, depending on the occurrence of an acute care case or an obstetric case:

- Acute Care PSA ZIP Codes
  - 32003 (Fleming Island)
  - 32043 (Green Cove Springs)
  - 32073 (Orange Park)
- Acute Care SSA ZIP Codes
  - 32065 (Orange Park)
  - 32068 (Middleburg)
  - 32656 (Keystone Heights)

<sup>2</sup> The reviewer confirms that according to the United States Postal Service website at <https://tools.usps.com/go/ZipLookupAction!input.action>, 1771 Baptist Clay Drive, Fleming Island, Florida is at ZIP Code 32003.

- Obstetric Care PSA ZIP Codes
  - 32003 (Fleming Island)
  - 32043 (Green Cove Springs)
  - 32065 (Orange Park)
  - 32073 (Orange Park)
- Obstetric Care SSA ZIP Codes
  - 32068 (Middleburg)
  - 32656 (Keystone Heights)

As shown above, ZIP Code 32065 is an SSA for Baptist Clay's acute care total but is a PSA for Baptist Clay's obstetric care total. The reviewer confirms that the ZIP Codes and city assignments, as stated, are consistent with the United States Postal Service website at <https://tools.usps.com/go/ZipLookupAction!input.action>.

Baptist Medical Center Jacksonville, an affiliate of Baptist Health System, is a Class I not-for-profit general hospital with 676 licensed beds. This bed count includes: 578 acute care beds, 24 Level II neonatal intensive care unit (NICU) beds, 24 Level III NICU beds, 39 adult psychiatric beds and 11 child/adolescent psychiatric beds. The affiliate also provides pediatric cardiac catheterization, pediatric open heart surgery, Level II adult cardiovascular services and is a designated comprehensive stroke center<sup>3</sup>. Additionally, Baptist Medical Center Jacksonville operates a pediatric bone marrow transplantation program.

Baptist Medical Center of Clay, Inc. proposes the following conditions to CON approval on the application's Schedule C:

- The initial commitment represents the construction of the general hospital on the existing site at 1771 Baptist Clay Drive, Fleming Island, Florida 32003. The freestanding emergency department will be incorporated as part of the hospital. A letter within the application attests that Baptist Medical Center Jacksonville will surrender the license of the freestanding emergency department concurrent with the licensure of the hospital.

*Should the proposed project be approved, the applicant's condition 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.*

<sup>3</sup> Baptist Medical Center Jacksonville's pediatric cardiac catheterization and pediatric open heart surgery programs are shared programs with statutory teaching hospital UF Health Jacksonville.

**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), Florida Statutes, 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, 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.**

The existence of unmet need is not determined solely on the absence of a health service, healthcare facility, or beds in the district, subdistrict, region or proposed service area. Current and likely future levels of utilization are better indicators of need than bed-to-population ratios or similar measures, and, as such, the following table illustrates bed utilization levels in District 4, Subdistrict 4-2 for CY 2014.

<b>Acute Care Hospital Utilization District 4/Subdistrict 2 CY 2014</b>				
<b>Hospital/County</b>	<b>Beds</b>	<b>Bed Days</b>	<b>Patient Days</b>	<b>Utilization</b>
Ed Fraser Memorial Hospital/Baker	25	9,125	364	3.99%
Orange Park Medical Center/Clay	266	97,090	62,733	64.61%
St. Vincent's Medical Center-Clay County, Inc./Clay	64	23,360	18,260	78.17%
St. Vincent's Medical Center Riverside/Duval	518	189,070	118,591	62.72%
<b>Subdistrict 2 Total</b>	<b>873</b>	<b>318,645</b>	<b>199,948</b>	<b>62.75%</b>
<b>District 4 Total</b>	<b>5,070</b>	<b>1,846,689</b>	<b>1,085,766</b>	<b>58.80%</b>
<b>Statewide</b>	<b>50,946</b>	<b>18,574,725</b>	<b>10,107,989</b>	<b>54.42%</b>

Source: Florida Hospital Bed and Service Utilization by District, published July 17, 2015

District 4, Subdistrict 4-2 had a total of 873 licensed acute care beds with an occupancy rate of 62.75 percent during CY 2014. As shown above, the subdistrict occupancy rate (62.75 percent) was greater than that of District 4 (58.80 percent) and also greater than the statewide occupancy rate (54.42 percent).

There is one CON approved general hospital project in District 4, Subdistrict 4-2, pending licensure, this being the establishment of the 85-bed acute care hospital - West Jacksonville Medical Center (CON application #10059).

On July 8, 2015, St. Vincent's Health Care provided notification (NF#150034) to the Agency of its intent to add 42 acute care beds to St. Vincent's Medical Center Clay County, Inc. The reviewer notes that as shown in the table above, St. Vincent's Medical Center Clay County, Inc. had the highest utilization rate (78.17 percent) of any general hospital in the subdistrict in CY 2014.

Acute care utilization in Subdistrict 4-2 over the past three years is shown in the chart below.

**District 4/Subdistrict 4-2 Acute Care Hospital Utilization  
CY 2012-2014**

	2012	2013	2014
<b>Number of Acute Care Beds</b>	809	873	873
<b>Percentage Occupancy</b>	68.96%	64.91%	62.75%

Source: Florida Bed Need Projections and Services Utilization, published July 2013-July 2015

Note: Bed counts are as of December 31 for the appropriate years

As shown above, Subdistrict 4-2 had a 6.21 percent decrease in acute care bed utilization from 68.96 percent (CY 2012) to 62.75 percent (CY 2014). Subdistrict 4-2 had 197,444 acute care patient days in CY 2012 which increased to 199,948 (or by approximately 1.27 percent) by CY 2014 and this occupancy rate increase is notwithstanding an acute care bed increase, from 809 beds in CY 2012 to 873 beds in CY 2014.

Below is a chart showing District 4 population estimates for July 2014 and January 2021.

**District 4 Total Population and Population Age 65 and Over  
Estimates and Percent Change by County  
from July 2014 to January 2021**

County/Area	Total July 2014	Total January 2021	Percent Change	Age 65+ July 2014	Age 65+ January 2021	Age 65+ Percent Change
Baker	27,250	29,861	9.58%	3,276	4,305	31.41%
Clay	197,041	225,784	14.59%	26,292	35,769	36.05%
Duval	884,814	940,317	6.27%	112,189	143,643	28.04%
Flagler	101,680	127,680	25.57%	25,774	35,389	37.31%
Nassau	76,324	86,869	13.82%	14,024	19,580	39.62%
St. Johns	209,352	255,527	22.06%	35,913	51,209	42.59%
Volusia	503,179	532,674	5.86%	111,790	133,062	19.03%
<b>District 4 Total</b>	<b>1,999,640</b>	<b>2,198,712</b>	<b>9.96%</b>	<b>329,258</b>	<b>422,957</b>	<b>28.46%</b>
<b>State Total</b>	<b>19,548,031</b>	<b>21,352,993</b>	<b>9.23%</b>	<b>3,583,511</b>	<b>4,399,153</b>	<b>22.76%</b>

Source: Agency for Health Care Administration Population Projections, published February 2015

As shown above, Duval County has the largest total and the largest 65+ populations in District 4. Duval County's total population is projected to increase from 884,814 to 940,317 or by 6.27 percent and its 65+ population from 112,189 to 143,643 or by 28.04 percent, from July 2014 to January 2021. As shown above, Clay County, the proposed project location, has the fourth largest total population in the district and is expected to have the fourth largest total population by January 2021 (197,041 residents to 225,784 residents or a 14.59 percent total population increase). Clay County also has the fourth largest 65+ population in the district and is expected to have the fourth largest 65+ population by January 2021 (26,292 65+ residents to 35,769 65+).



residents or a 36.05 percent 65+ population increase). As previously stated, the applicant plans to locate its proposed facility in Clay County, ZIP Code 32003.

Subdistrict 4-2 had a higher utilization rate (62.75 percent) than District 4 overall (58.89 percent) and the state overall (54.42 percent). Additionally, for the same period, the general hospital nearest to the proposed project (St. Vincent's Medical Center Clay County, Inc.) had the highest utilization rate (78.17 percent) in all of Subdistrict 4-2.

The applicant references a "recent" Clay County Community Health Assessment, stating one conclusion is that:

Clay County residents overall might be healthier, and have better access to healthcare services than in the past, but the county lags behind when it comes to the number of licensed physicians and hospital beds per capita than the state average.

To confirm that conclusion, the applicant indicates that the Agency's population estimates for July 2015 show that the Clay County population is 201,895 people with the state's population estimate at 19,816,176. The applicant also states that the Agency's hospital inventory reflects 330 licensed acute care beds in Clay County with an additional 42 approved for St. Vincent's Hospital-Clay, for a total acute care capacity of 372 and a statewide acute care bed licensed bed inventory of 51,011, with an additional 1,744 approved, yielding a total capacity of 52,755 beds. The applicant then proceeds to note that calculating the beds per 1,000 persons respectively results in Clay County with 1.84 beds and the state at 2.66 beds per 1,000 persons. Baptist Clay contends that to reach parity with the state, Clay County would require 537 beds, at an increase of 165 acute care beds.

According to the applicant, creating additional capacity and expanding choice responds to need without over-bedding the county and that this establishes one numerical basis for the development of the proposed project. Baptist Clay asserts that the over-arching theme of Baptist Health is "Changing healthcare for good" and that this commitment reflects the objectives of the proposed project.

The applicant maintains that patient outmigration occurs at a rate of 17 percent from Clay County for services that small suburban hospitals typically provide. Baptist Clay states that Baptist Health maintains a primary healthcare presence in Clay County, with family practice physicians and pediatricians in Orange Park and Fleming Island. The applicant also states that "CareSpot" provides urgent care access to Clay County residents in both Orange Park and Middleburg. In addition, Baptist Clay notes that Baptist Health's emergency department (ED)

facility in Fleming Island has an adjacent medical office building that houses Nemours Children's Medical Care and University of Florida physicians to provide available and accessible pediatric outpatient services.

CON application #10393, Tab 5, includes Baptist Health's 2012, 2013 and 2014 Social Responsibility Reports (reports). The reviewer notes that these reports include, among other information, an extensive alphabetical list of community partners and faith-based partners throughout Baptist Health's network. According to Baptist Health, these reports showcase the depth of the commitment to health that Baptist Health provides but that without inpatient care, limitations exist to provide a continuum of care.

Baptist Health contends having three fundamental foundations: safety, quality and community. Baptist Health maintains that to accomplish the objective of adopting best practices to achieve high standards, all personnel must adopt the following behaviors:

- Active interest in education to understand innovations
- Engagement with others to work toward shared objectives for safety, quality and community
- Ability to recognize weaknesses and to address them proactively
- Willing adoption of the latest innovations
- Acceptance of accountability for the span of responsibilities
- Adoption of standards of practices toward defining and implementing "best practices" throughout the hospital

The applicant discusses safety (CON application #10393, pages 1-4 to 1-12), quality (pages 1-12 to 1-13) and community (page 1-14).

Baptist Health indicates that residential development surrounds the proposed site and is accessible by Highway 17 (see CON application #10393, page 1-16, Figure 1-2). The applicant contends that Fleming Island is protected from hurricane surge.

As corroborated by some of the letters of support, the applicant contends that travel to inpatient services represents difficulties for certain segments of the residents. Baptist Health indicates a lack of availability to southern and eastern regions of Clay County occasioned the development of five primary care physician practices, two urgent care centers, the medical office building and the freestanding emergency department (ED), augmenting services in the community. Using Health Planning Council of Northeast Florida, Inc., ED data, the applicant provides the following calendar year (CY) 2014 and CY 2015 (annualized) visits to EDs in Clay County.

**Most Recent Information on Visits to Emergency Departments in Clay County**

<b>Facility</b>	<b>CY 2014 ED Visits</b>	<b>2015 ED Visits Annualized</b>	<b>Percent Increase ED Visits</b>	<b>Percent Admits Inpatients CY 2014</b>
Baptist Medical Center Clay	22,625	23,309	3.0%	5.5%
St. Vincent's Medical Center Clay	35,439	36,602	3.3%	18.5%
Orange Park Medical Center	70,743	76,458	8.1%	19.0%
<b>TOTAL</b>	<b>128,807</b>	<b>136,369</b>	<b>5.9%</b>	<b>15.7%</b>

Source: CON application #10393, page 1-21, Table 1-1

The applicant contends that overall, visits to EDs result in admissions but that Baptist Clay's inpatient admission rate is small due to a lack of inpatient beds, necessitating transport of patients to a hospital. The applicant indicates that at 128,807 ED visits for Clay County with an inpatient admission rate of 15.7 percent, the result is 20,223 persons becoming inpatients. Baptist Clay states that at an applied length of stay of 4.0 days, the result is a total of 80,890 inpatient days, or an average daily census (ADC) of 221 persons requiring access to inpatient care. The applicant contends that its inability to admit persons for inpatient care delays services as well as necessitates transfers.

The applicant provides a Press Ganey publication excerpt (CON application #10393, page 1-22) and states that residents rate the service from the Baptist ED with a mean score of 90.3, with 17.6 percent reporting as "Good" and 73.2 percent as "Very Good" for "...the most survey period in July" (CON application #10393, page 1-22).

Baptist Clay indicates that components of access include geographic impediments, distance, time to travel and eligibility criteria for qualifying for service and considerations such as financial costs and methods or reimbursement from third parties.

The applicant states that the Clay County 2025 Comprehensive Plan finds relevance in the widening of U.S. 17, the major road used to access Baptist Clay Road. Other highway construction to connect I-10 and I-95 is discussed that will produce additional growth and development in Clay County. Baptist Clay references a 2006 Northeast Florida Regional Council Saratoga Springs presentation (CON application #10393, Tab 5) that includes a projected 2017 build-out of 2,577 single family residential units and a 250-bed hospital. The applicant states that the geographic location for Saratoga Springs is within the proposed project's 20-minute drive time contour (CON application #10393, page 1-18, Figure 1-3). Additionally, Baptist Clay discusses Sugar Leaf properties in southern Clay County and confirming the county's support for the development. According to the applicant, presented estimates by

England, Tims & Miller, Inc., as confirmed in testimony by Douglas C. Miller, P.E., planned are 5,932 residential units, 375,000 square feet of commercial development and augmented by 1,260,000 sq. ft. of industrial use in the development referred to as Sugar Leaf.

Using the Agency’s Hospital Bed Need Projections & Service Utilization by District publication data for CY 2010 to CY 2014, the applicant provides the table below to account for acute care patient days and acute care occupancy rates for Subdistrict 4-2 general hospitals and Subdistrict 4-3 Baptist Health general hospitals that the applicant states Clay County residents utilize.

**Patient Days by Hospital for Five Consecutive Years for District 4, Subdistrict 4-2 and Additional Hospitals Serving Residents of Clay County**

	Acute Care Patient Days				
	CY 2010	CY 2011	CY 2012	CY 2013	CY 2014
<b>Total Acute Care District 4</b>	<b>1,059,31</b>	<b>1,059,78</b>	<b>1,057,08</b>	<b>1,058,70</b>	<b>1,085,76</b>
<b>Total Number of District Acute Care Beds*</b>	<b>4,897</b>	<b>4,939</b>	<b>4,977</b>	<b>4,928</b>	<b>5,070</b>
<b>Hospital, Subdistrict 4-2</b>					
Orange Park Medical Center	62,726	64,568	73,485	69,971	62,733
St. Vincent’s Medical Center Clay	0	0	0	3,079	18,260
St. Vincent’s Medical Center Riverside	121,874	121,531	123,867	121,866	118,591
Ed Frasier Memorial Hospital	43	42	92	569	364
<b>Total Acute Care Subdistrict 4-2</b>	<b>184,643</b>	<b>186,141</b>	<b>197,444</b>	<b>195,485</b>	<b>199,948</b>
<b>Selected Hospitals Subdistrict 4-3</b>					
Baptist Medical Center Jacksonville	127,029	123,459	124,819	127,158	142,016
Baptist Medical Center South	40,050	43,589	45,582	49,925	56,907
<b>Subtotal</b>	<b>167,079</b>	<b>167,048</b>	<b>170,401</b>	<b>177,083</b>	<b>198,923</b>
<b>Total SD 4-2 and Selected Hospitals</b>	<b>351,722</b>	<b>353,189</b>	<b>367,845</b>	<b>372,568</b>	<b>398,871</b>
<b>Acute Care Occupancy</b>					
	<b>CY 2010</b>	<b>CY 2011</b>	<b>CY 2012</b>	<b>CY 2013</b>	<b>CY 2014</b>
<b>Total Acute Care District 4</b>	<b>59.3%</b>	<b>58.8%</b>	<b>58.2%</b>	<b>58.9%</b>	<b>58.7%</b>
<b>Hospital, Subdistrict 4-2</b>					
Orange Park Medical Center (N=266)*	70.4%	72.5%	83.9%	72.1%	64.6%
St. Vincent’s Medical Center Clay (N=64)	0.0%	0.0%	0.0%	52.3%	78.2%
St. Vincent’s Medical Center Riverside (N=518)*	64.5%	64.3%	65.4%	64.5%	62.7%
Ed Frasier Memorial Hospital (N=25)	0.5%	0.5%	1.0%	6.2%	4.0%
<b>Total Acute Care Subdistrict 4-2 (N=873)*</b>	<b>57.9%</b>	<b>58.4%</b>	<b>62.0%</b>	<b>61.3%</b>	<b>62.7%</b>
<b>Selected Hospitals Subdistrict 4-3</b>					
Baptist Medical Center Jacksonville (N=578)*	66.8%	64.9%	65.5%	64.6%	67.3%
Baptist Medical Center South (N=211)	52.0%	56.6%	59.2%	64.8%	73.9%
<b>Subtotal</b>	<b>62.5%</b>	<b>62.5%</b>	<b>63.7%</b>	<b>64.7%</b>	<b>69.1%</b>
<b>Total SD 4-2 and Selected Hospitals</b>	<b>63.4%</b>	<b>63.7%</b>	<b>66.3%</b>	<b>62.9%</b>	<b>65.8%</b>

\* Denotes bed increases occurring during a year  
Source: CON application #10393, page 1-25, Table 1-2

Based on the above table, the applicant contends increased utilization and occupancy over the five-year period ending CY 2014. Baptist Clay also notes, over the same five-year period, a Subdistrict 4-2 overall acute care patient day growth rate of 8.3 percent and for Orange Park Medical Center and St. Vincent’s Medical Center Clay overall acute care patient day growth rate of 29.1 percent. The applicant asserts that by bringing care closer to home, the proposed project targets residents of Fleming Island and southern areas of the county, allowing them to receive care closer to home.

- 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.**

Baptist Clay maintains that the proposed project will expand options for choice and how care is delivered to residents within Clay County. The applicant discusses (CON application #10393, page 2-3 to page 2-6) what the applicant references as an October 2014 to July 2015 survey by National Research Corporation. The survey was stated to capture greater Jacksonville area hospitals that addressed patient/family satisfaction. The survey was indicated to include 1,135 households with a standard error of 2.9 percent at a 95 percent confidence interval. Selected survey items include:

- Highest patient safety
- Care for those unable to pay
- Best doctors
- Latest technology and equipment
- Best nurses
- Best overall quality

Additionally, the survey was stated to also capture the following service lines:

- Women's/GYN
- Imaging services
- Hospital emergency room
- Maternity/OB
- Hospital inpatient stay

Baptist Clay asserts that according to survey results, respondents were not very familiar with St. Vincent's Medical Center Clay but indicated high familiarity with Baptist Medical Center Jacksonville and overall familiarity with Baptist Health, rating Baptist Health as "most preferred" on "the selected items". The applicant indicates that women's/GYN, imaging services, hospital emergency room, maternity/OB and hospital inpatient stay are among those that the proposed project would offer.

Baptist Clay addresses safety as an aspect of competition associated with quality. Additionally, the applicant contends that a feature of safety and quality is patient centered medical homes and states that since 2011 the

National Committee on Quality Assurance (NCQA) recognizes the Patient-Centered Medical Home (PCMH) to distinguish providers. The applicant attests that among Baptist Health's primary care offices, 95 percent have attained recognition for adopting the PCMH approach, including 19 offices in September 2015.

Presenting more conservative conclusions than indicated in support letters, the applicant states that Clay County has a rate of 168.8 beds per 100,000 persons in contrast to Florida with a rate of 263.6 acute care beds per 100,00 persons. The applicant also maintains that physicians in the Clay County are at a rate of 162.6 per 100,000 persons contrasting with the rate for the state at 275.7 licensed physicians per 100,000 persons. More specifically, Baptist Clay states that Clay County has 6.1 OB/GYN physicians per 100,000 persons, with the rate for Florida at 9.9 per 100,000 persons and that similarly, Clay County has 29.7 internal medicine physicians per 100,000 residents, with the Florida rate at 51.8 per 100,000 persons. According to the applicant, the proposed project will include obstetric and gynecologic services. Baptist Clay maintains that even with the recent addition of St. Vincent's Medical Center Clay and the expansion of beds at Orange Park Medical Center, Clay County lags in the provision of both primary and secondary care. Baptist Clay contends that the use of the freestanding ED on Fleming Island reflects "an important access point to better disperse care within the county".

Baptist Clay references a 2014 Johansen and Zhue report published in the Journal of Public Administration Research and Theory, Vol 24(1): 159-184, in which the applicant states that an important factor in the study is costs per patient day. According to Baptist Clay, the study concludes that a higher proportion of nonprofit hospital executives manage services efficiently measured by costs per patient day than their counterparts in private, for-profit hospitals. Baptist Clay states that the experience of Baptist Health along with the expectation of Baptist Clay holds cost control as an important factor in stewardship to maximize the use of funds providing services.

Using Health Planning Council of Northeast Florida, Inc., and Agency hospital inpatient discharge data, Baptist Clay asserts that Orange Park Medical Center's charges exceed those for Baptist Health and St. Vincent's facilities for both October 1 to December 31, 2014 and 2013, respectively. See the table below.

**Discharges, Average Length of Stay (ALOS) and Average Charge  
Inpatient Hospitals for Baptist Health and Other Hospitals**

Hospital	10/1/2014 to 12/31/2014			10/1/2013 to 12/31/2013		
	Cases	ALOS	Avg. Charge	Cases	ALOS	Avg. Charge
<b>Baptist and Other Hospitals</b>						
Baptist Medical Center Jacksonville	6,460	4.4	\$34,666	5,865	4.1	\$30,519
Baptist Medical Center South	2,587	4.5	\$34,887	2,045	4.8	\$35,200
Baptist Medical Center - Beaches	1,414	3.8	\$32,396	1,308	4	\$31,491
Baptist Medical Center - Nassau	623	3.6	\$24,304	571	3.8	\$24,602
Memorial Hospital Jacksonville	4,322	4.4	\$67,417	4,001	4.8	\$65,657
St. Vincent's Medical Center - Southside	1,387	4.2	\$35,693	1,414	4.4	\$36,262
St. Vincent's Medical Center - Riverside	3,984	5.2	\$39,982	3,923	5.2	\$37,313
<b>Clay County Hospitals</b>						
Orange Park Medical Center	3,253	4.3	\$80,457	3,176	4.5	\$79,305
St. Vincent Medical Center Clay	1,152	3.9	\$29,601	775	3.4	\$28,797

Source: CON application #10393, page 2-11, Table 2-1

Baptist Clay points out that in the above table, not for profit hospitals have average charges roughly two times less than the average charge at Orange Park Medical Center. Baptist Clay notes that Orange Park Medical Center was the “only hospital for years” in Clay County and that St. Vincent Medical Center Clay’s recent entrance into the county adds a competitor. However, the applicant contends that with the latter hospital having only 64 beds (with another 42 under construction to include obstetrical services), Orange Park Medical Center with 266 acute care beds is 2.5 times the size of St. Vincent’s Medical Center Clay at 106 beds. Baptist Clay maintains that size plays a role in the way in which competition and pressures affect setting charges. Additionally, Baptist Clay notes that the average charge for the other HCA hospital in the Jacksonville area, Memorial Hospital Jacksonville, well exceeds the average charge for the Baptist Health and St. Vincent facilities.

Baptist Clay references a 2015 Bai and Anderson report published in the journal Health Affairs, Vol 34(6): 922-928, in which the applicant states that hospital mark-ups of charges over Medicare-allowable amounts negatively affect patients who are uninsured, those receiving care at out-of-network hospitals and even those with private health insurance. According to Baptist Health, residents of Clay County feel the impact of higher prices for hospital care. The applicant also states that according to the same Health Affairs article, Orange Park Medical Center is one of the highest costs hospitals in the country, ranking it as eighth in the nation on the basis of charge-to-cost ratio. The applicant provides the article for Agency review (CON application #10393, Tab 5).

- 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 table below illustrates the Medicaid/Medicaid HMO days and percentages as well as charity percentages provided by Baptist Medical

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Center Jacksonville and District 4 overall, in fiscal year (FY) 2013 data from the Florida Hospital Uniform Reporting System (FHURS). BMCJ is Baptist Medical Center Jacksonville.

<b>Medicaid, Medicaid HMO and Charity Data District 4 and Baptist Medical Center Jacksonville FY 2013</b>				
<b>Applicant</b>	<b>Medicaid and Medicaid HMO Days</b>	<b>Medicaid and Medicaid HMO Percent</b>	<b>Percent of Charity Care</b>	<b>Percent Combined Medicaid, Medicaid HMO and Charity Care</b>
BMCJ	43,180	20.99%	5.55%	26.54%
District Total	208,356	15.92%	4.10%	20.02%

Source: Agency for Health Care Administration Florida Hospital Uniform Reporting System

Further review of the entire complement of District 4 general acute care hospital providers for FY 2013 indicates that Baptist Medical Center Jacksonville had the second highest number of Medicaid/Medicaid HMO patient days (43,180), the second highest percentage of these patient days (20.99 percent), and the third highest percentage of charity care patient days (5.55 percent), compared to any other hospital in District 4 overall, for the period. The reviewer confirms that Baptist Medical Center Jacksonville is District 4's second most predominant single provider of acute care services to patients served through Medicaid/Medicaid HMO and the medically indigent (with Baptist Medical Center Jacksonville being exceeded in this regard only by UF Health Jacksonville).

The table below illustrates Baptist Medical Center Jacksonville's state fiscal year (SFY) 2014-2015 low-income pool (LIP) program participation, as of July 2, 2015. For this period, Baptist Medical Center Jacksonville was not a disproportionate share hospital (DSH) program participant.

<b>Baptist Medical Center Jacksonville LIP and DSH Program Participation SFY 2014-2015</b>		
<b>Program</b>	<b>Annual Total Allocation</b>	<b>Year-to-Date Total Allocation as of July 2, 2015</b>
LIP	\$514,648	\$514,648
DSH	\$0	\$0

Source: Agency Division of Medicaid, Office of Program Finance

The applicant does not propose to condition project approval to its provision of Medicaid, Medicaid HMO or charity/medically indigent care patient days.

The applicant indicates that Baptist Health facilities, including the applicant, confirm commitments to serve enrollees in the Medicaid Program and the Medicaid Managed Care Program. Baptist Health indicates that for its most recently completed calendar year, Baptist



Health facilities provided 52,601 Medicaid and Medicaid Managed Care patient days, which represented 18.8 percent of the four hospitals' combined 279,357 patient days.

Baptist Clay states that Clay County residents of all ages represented a total of 25,737 cases at Florida hospitals during CY 2014 and that of these, 4,246 were Medicare or Medicaid Managed Care cases. The applicant notes that Medicaid cases represented 16.5 percent of total Clay County cases. The applicant also notes that with respect to patient days, Medicaid represented 17,755 of all patient days or 15.4 percent of total patient days. The applicant contends that this comparison shows that Baptist Health facilities exceeded the proportion of Clay County Medicaid days in CY 2014.

Baptist Health expects that 75 percent of cases within the selected group of Diagnostic Related Groups (DRGs)<sup>4</sup> that leave the area for care at either Baptist Medical Center South or Baptist Medical Center Jacksonville will find treatment at Baptist Clay.

Using Agency hospital inpatient discharge data, the applicant provides two CY 2014 Clay County resident case and patient day tables, one to account for all DRGs and one to account for selected DRGs, all served at Baptist Medical Center South and Baptist Medical Center Jacksonville, by payer. See the two tables below.

<sup>4</sup> CON application #10393, Tab 5, provides selected DRGs for acute care as follows: 38-39, 54, 55, 57, 59-63, 68-76, 78, 79, 81, 85-87, 89-93, 100-103, 123, 125, 133, 134, 137, 147, 149, 151-159, 165, 167, 168, 175-198, 200-208, 240, 252-256, 280-283, 286, 287, 291-293, 296, 299-316, 326-331, 333-343, 345, 346, 348-358, 368-382, 384-395, 414-419, 432-434, 436-446, 464, 467-470, 476, 478, 479-482, 485-489, 492-494, 496, 497, 501-502, 504, 505, 512, 514-517, 534-536, 540, 541, 543-547, 551, 552, 554-566, 571, 572, 578-585, 592-596, 600-605, 607, 617, 623, 627, 629, 637-645, 654, 655, 657, 658, 660, 661, 665, 666, 668-670, 673-675, 682-685, 687, 689-691, 693, 694, 696, 698-700, 713, 714, 726-729, 735, 741-743, 745-748, 750, 755, 757-761, 808-815, 853-855, 857, 858, 862-864, 866, 868-872, 902, 907-909, 914-921, 923, 935, 940, 947, 948, 951, 957 and 975-977. The same source indicates DRGs for obstetrical care as follows: 765-767, 769, 770, 774-779, 781 and 782.

**Clay County Residents' Cases and Patient Days for All DRGs  
Served at Baptist Medical Center South and Baptist Medical Center Jacksonville  
CY 2014**

Payer	Baptist Medical Center South		Baptist Medical Center Jacksonville		Combined Total	
	Cases	Days	Cases	Days	Cases	Days
A-Medicare	433	1,899	348	1,779	781	3,678
B-Medicare Managed Care	81	375	62	276	143	651
C-Medicaid	72	319	184	1,152	256	1,471
D-Medicaid Managed Care	95	292	398	1,545	493	1,837
E-Commercial Insurance	554	1,682	958	4,388	1,512	6,070
H-Workers Compensation	4	15	7	23	11	38
I-TriCare or (CHAMPUS)	59	175	221	1,100	280	1,275
L-Self Pay	117	394	165	618	282	1,012
M-Other		0	1	1	1	1
<b>Total</b>	<b>1,415</b>	<b>5,151</b>	<b>2,344</b>	<b>10,882</b>	<b>3,759</b>	<b>16,033</b>

Source: CON application #10393, page 3-2, Table 3-1

**Clay County Residents' Cases and Patient Days for Selected DRGs  
Served at Baptist Medical Center South and Baptist Medical Center Jacksonville  
CY 2014**

Payer	Baptist Medical Center South		Baptist Medical Center Jacksonville		Combined Total		Combined Percent	
	Cases	Days	Cases	Days	Cases	Days	Cases	Days
A-Medicare	394	1,747	226	1,059	620	1,973	23.0%	33.9%
B-Medicare Managed Care	69	324	37	134	106	361	3.9%	6.2%
C-Medicaid	52	169	126	504	178	295	6.6%	5.1%
D-Medicaid Managed Care	76	225	316	1,059	392	541	14.5%	9.3%
E-Commercial Insurance	420	1,311	591	1,979	1,011	1,902	37.4%	32.7%
H-Workers Compensation	3	14	4	20	7	18	0.3%	0.3%
I-TriCare or (CHAMPUS)	48	144	142	447	190	286	7.0%	4.9%
L-Self Pay	106	353	89	226	195	442	7.2%	7.6%
M-Other		0	1	1	1	1	0.0%	0.0%
<b>Total</b>	<b>1,168</b>	<b>4,287</b>	<b>1,532</b>	<b>5,429</b>	<b>2,700</b>	<b>5,819</b>	<b>100.0%</b>	<b>100.0%</b>

Source: CON application #10393, page 3-3, Table 3-2

In the case of Table 3-1 above (the all DRGs table), Medicaid and Medicaid Managed Care patient days indicate 20 percent of all cases and 21 percent of all patient days, respectively.

In the case of Table 3-2 above (the selected DRGs table), cases and patient days are shown as fewer, as they are a DRG subset. The applicant contends that the subset reduces the numbers of DRGs and removes many with higher case mix indices. The applicant asserts that the subset represents treatment for conditions appropriate for a community hospital, as submitted in the proposal. The reviewer notes (as shown above) that the applicant provides what Baptist Clay considers the complete list of Major Diagnostic Categories (MDCs) and DRGs on hospitals used in its analysis as well as a selected list of DRGs that the applicant identifies for the proposed project.

According to Baptist Clay, 21 percent of the cases and 14 percent of the days fall within Medicaid and Medicaid Managed Care. The applicant further states that the category of "Self Pay" represents 7.2 percent of the cases and 7.6 percent of the days, and that Self Pay includes charity care. Below, the applicant provides a table to account for the proportion

of payers that the DRGs from the selected subset compared to all DRGs for Clay County residents who sought care in CY 2014 at Baptist Medical Center South and Baptist Medical Center Jacksonville.

**Proportion of Cases and Patient Days for Selected DRGs of All DRGs Served Clay County Residents at Baptist Medical Center South and Baptist Medical Center Jacksonville  
CY 2014**

Payer	Baptist Medical Center South		Baptist Medical Center Jacksonville		Combined Total	
	Cases	Days	Cases	Days	Cases	Days
A-Medicare	91.0%	64.9%	92.0%	59.5%	79.4%	53.6%
B-Medicare Managed Care	85.2%	59.7%	86.4%	48.6%	74.1%	55.5%
C-Medicaid	72.2%	68.5%	53.0%	43.8%	69.5%	20.1%
D-Medicaid Managed Care	80.0%	79.4%	77.1%	68.5%	79.5%	29.5%
E-Commercial Insurance	75.8%	61.7%	77.9%	45.1%	66.9%	31.3%
H-Workers Compensation	75.0%	57.1%	93.3%	87.0%	63.6%	47.4%
I-TriCare or (CHAMPUS)	81.4%	64.3%	82.3%	40.6%	67.9%	22.4%
L-Self Pay	90.6%	53.9%	89.6%	36.6%	69.1%	43.7%
M-Other		100.0%		100.0%	100.0%	100.0%
<b>Total</b>	<b>82.5%</b>	<b>65.4%</b>	<b>83.2%</b>	<b>49.9%</b>	<b>71.8%</b>	<b>36.3%</b>

Source: CON application #10393, page 3-4, Table 3-3

According to the applicant, the above table shows that the subset of DRGs used in the analysis for the proposed new hospital represent 72 percent of the cases that left the county for care and 36 percent of the days for care at both Baptist Medical Center South and Baptist Medical Center Jacksonville.

Below, the applicant provides a table to account for the expected distribution of admissions and patient days, by payer, for the proposed project's first three years of operation.

**Expected Distribution of Admissions and Patient Days by Payer, Baptist Clay**

Payer	Total Admissions			Total Patient Days			Percent	
	Year One	Year Two	Year Three	Year One	Year Two	Year Three	Cases	Days
A-Medicare	1,656	2,007	2,355	7,013	8,531	10,033	41.0%	46.1%
B-Medicare Managed Care	388	470	552	1,618	1,968	2,315	9.6%	10.6%
C-Medicaid	212	257	302	847	1,030	1,211	5.3%	5.6%
D-Medicaid Managed Care	321	389	456	1,022	1,243	1,462	7.9%	6.7%
E-Commercial Insurance	941	1,141	1,339	3,007	3,658	4,302	23.3%	19.8%
H-Workers Compensation	13	16	19	89	109	128	0.3%	0.6%
I-TriCare or (CHAMPUS)	171	207	243	513	624	734	4.2%	3.4%
J-VA	43	52	62	180	219	258	1.1%	1.2%
K-Other State/Local Gov	8	10	11	21	26	31	0.2%	0.1%
L-Self Pay	213	258	303	662	805	947	5.3%	4.4%
M-Other	3	4	5	12	14	17	8.1%	0.1%
N-Non-Payment	58	71	83	204	248	291	1.4%	1.3%
O-KidCare	0	1	1	1	1	1	0.0%	0.0%
Q-Commercial Liability	6	7	8	28	34	40	0.1%	0.2%
<b>Total</b>	<b>4,034</b>	<b>4,890</b>	<b>5,738</b>	<b>15,216</b>	<b>18,510</b>	<b>21,769</b>	<b>100.0%</b>	<b>100.0%</b>

Source: CON application #10393, page 3-5, Table 3-4

According to the applicant's Table 3-4 above, Medicaid represents 5.6 percent of the patient days and Medicaid Managed Care represents 6.7 percent of total patient days. Baptist Clay states that uncompensated care is reported within the self-pay category which represents 4.4 percent

of patient days. The reviewer notes that estimated percentages (on the two extreme right columns of the table) are for each of year one through year three, with the exception of year two for self-pay which is arithmetically 4.3 percent.

- 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 secondary service areas, 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.**

As part of the proposed project description, the reviewer notes that in CON application #10393, Exhibit 4-1, a signed letter is provided to relinquish the license of Baptist Emergency Center Clay upon the licensure of the proposed project. According to Agency records, this off-site ED is located at 1771 Baptist Clay Drive, Fleming Island, Florida and is under Baptist Medical Center South’s hospital license.

Baptist Clay provides a constellation of services, by MDC and by DRG, identifying it as the Agency’s small suburban hospital group. This MDC and MS-DRG listing is stated by the applicant to capture the diagnoses appropriate to treat at small suburban hospitals (CON application #10393, Exhibit 4-2). Baptist Clay indicates that an extraction of all the MS-DRGs, cases and the associated case mix indices generate a list of the potential conditions that a new hospital would encounter. Baptist Clay states that this list receives closer scrutiny to remove MS-DRGs of higher complexity associated with higher case mix indices. According to Baptist Clay, subsequent reviews produce a list of MS-DRGs that represent conditions that the new hospital would treat. The applicant identifies these MS-DRGs as the “Selected DRGs” index (CON application #10393, Tab 5).

**Number of Clay County Residents by Age Served by Florida Hospitals within the Selected DRGs and All DRGs and Percent of Selected DRGs of the Total  
CY 2014**

<b>Clay Residents</b>	<b>Selected DRGs # of Cases</b>	<b>All DRGs # of Cases</b>	<b>Percent of Selected DRGs Cases of All DRGs</b>	<b>Distribution of Cases All DRGs</b>
Age 0-17	843	3,044	3.3%	11.8%
Age 18-44	4,783	6,195	18.6%	24.1%
Age 45-64	5,241	6,913	20.4%	26.9%
Age 65+	7,877	9,585	30.6%	37.2%
<b>Total</b>	<b>18,744</b>	<b>25,737</b>	<b>72.8%</b>	<b>100.0%</b>

Source: CON application #10393, page 4-3, Table 4-1

The applicant points out that in Table 4-1 above, the number of Clay County residents receiving hospital inpatient care by age accounts for 72.8 percent of all cases. Baptist Clay indicates that while pediatric patients (age 0-17) appear, the forecast excludes them. Baptist Clay maintains that two subsets for analysis occur using the selected DRGs: one for acute care services with cases age 18 years of age and older and the other for obstetrical services. The applicant contends that for the analysis using the selected DRGs, the number of cases for the acute care baseline is 14,617 while 1,982 cases define the baseline for obstetrical cases.

Below, the applicant provides a table to account for the number of Clay County residents treated at District 4 hospitals in CY 2014, falling within the selected DRGs for acute care services. The applicant lists 22 hospitals in this table, however, for brevity, the reviewer captures the 10 District 4 hospitals that have the highest number of cases for Clay County residents in CY 2014, with the remaining hospitals and cases listed as “All Other”.

**Clay County Residents Treated at District 4 Hospitals  
Falling within the Selected DRGs for Acute Care Services  
CY 2014**

<b>Hospital in District 4</b>	<b>Cases</b>	<b>Percent of Cases</b>	<b>Total Days</b>
Baptist Medical Center South	1,002	6.9%	3,874
Baptist Medical Center Jacksonville	638	4.4%	2,733
Kindred Hospital – North Florida	136	0.9%	3,038
Mayo Clinic	357	2.4%	1,133
Memorial Hospital Jacksonville	344	2.4%	1,317
Orange Park Medical Center	6,762	46.3%	29,480
St. Vincent’s Medical Center Riverside	1,108	7.6%	4,746
St. Vincent’s Medical Center Southside	307	2.1%	1,197
St. Vincent’s Medical Center Clay	3,506	24.0%	12,523
UF Health Jacksonville	349	2.4%	1,646
All Other (12 Hospitals)	108	0.7%	1,458
<b>Total</b>	<b>14,617</b>	<b>100.0%</b>	<b>63,146</b>

Source: CON application #10393, page 4-4, Table 4-2

The reviewer notes that according to the applicant’s Table 4-2 above, in CY 2014, Clay County residents out-migrated for inpatient hospital services at a rate of 11.3 percent (1,640 cases) to Baptist Health facilities and at a rate of 29.8 percent (4,349 cases) to other non-Clay County facilities in District 4.

Below, the applicant provides a table to account for the number of Clay County residents treated at District 4 hospitals in CY 2014, falling within the selected DRGs for obstetrical services. The applicant lists 14 hospitals in this table, however, for brevity, the reviewer captures the 10 District 4 hospitals that have the highest number of cases for Clay County residents in CY 2014, with the remaining hospitals and cases listed as “All Other”.

**Clay County Residents Treated at District 4 Hospitals  
Falling within the Selected DRGs for Obstetrical Services  
CY 2014**

Hospital in District 4	Cases	Percent of Cases	Total Days
Baptist Medical Center South	166	8.4%	413
Baptist Medical Center Jacksonville	170	8.6%	613
Baptist Medical Center Beaches	8	0.4%	23
Flagler Hospital	8	0.4%	22
Memorial Hospital Jacksonville	30	1.5%	85
Orange Park Medical Center	1,337	67.5%	3,246
St. Vincent's Medical Center Riverside	121	6.1%	317
St. Vincent's Medical Center Southside	61	3.1%	140
St. Vincent's Medical Center Clay	6	0.3%	17
UF Health Jacksonville	71	3.6%	302
All Other (Four Hospitals)	4	0.2%	9
<b>Total</b>	<b>1,982</b>	<b>100.0</b>	<b>5,187</b>

Source: CON application #10393, page 4-5, Table 4-3

Baptist Clay indicates that with respect to obstetrical services, Orange Park Medical Center dominates the market with 67.5 percent of the cases. Baptist Clay states that with no other obstetrical providers at this time, out-migration for obstetrical services is 32.5 percent, of which Baptist Medical Center South and Baptist Medical Center Jacksonville provided for over half the cases leaving the county (17 percent).

Using Nielsen Market Research data, Baptist Clay offers 2014 and 2019 population estimates, by age groups, among six ZIP Codes. See the table below.

**Population Estimates by Age for Clay County by ZIP Code  
Years 2014 and 2019**

Clay County		2014 Population			2019 Population			Compounded Annual Growth Rate 2014-2019		
ZIP Code	ZIP Code Area	Age 0-17	Age18+	Total	Age 0-17	Age18+	Total	Age 0-17	Age 18+	Total
32003	Fleming Island	6,750	21,742	28,492	6,057	24,289	30,346	-2.1%	2.2%	1.3%
32043	Green Cove Sprgs	6,276	19,862	26,138	6,211	21,232	27,443	-0.2%	1.3%	1.0%
32065	Orange Park	8,429	22,976	31,405	8,315	24,984	33,299	-0.3%	1.7%	1.2%
32068	Middleburg	13,604	39,411	53,015	13,196	42,799	55,995	-0.6%	1.7%	1.1%
32073	Orange Park	9,216	31,724	40,940	8,895	32,684	41,579	-0.7%	0.6%	0.3%
32656	Keystone Heights	2,989	11,08	14,075	2,765	11,572	14,337	-1.5%	0.9%	0.4%
<b>Total</b>		<b>47,264</b>	<b>146,801</b>	<b>194,065</b>	<b>45,439</b>	<b>157,560</b>	<b>202,999</b>	<b>-0.8%</b>	<b>1.4%</b>	<b>0.9%</b>

Source: CON application #10393, page 4-6, Table 4-4

Baptist Clay indicates that ZIP Code 32003 has the highest population growth rate for the proposed hospital service area. Additionally, using the same source, the applicant offers total population estimates for these same ZIP Codes each year from 2014 to 2020 (CON application #10393, page 4-7, Table 4-5). By 2020, the applicant estimates a total population of 159,818 residents for all six ZIP Codes.

Previously, the applicant contended that for the analysis using the selected DRGs, the number of cases for the acute care baseline is 14,617. Using Agency hospital inpatient discharge data, for the applicant's chosen selected DRGs, Baptist Clay provides a table to account for the acute care use rate per 1,000 adults (age 18+) by ZIP Code for the CY 2014 baseline period.

**Acute Care Use Rate per 1,000 Adults (Age 18+) by ZIP Code  
for the Baseline Period CY 2014**

<b>ZIP Code</b>	<b>Cases</b>	<b>Rate/1,000 Adults</b>
<b>32003 Location</b>	<b>1,449</b>	<b>67</b>
32043	2,331	117
32065	2,033	88
32068	4,140	105
32073	4,285	135
32656	379	34
<b>Total</b>	<b>14,617</b>	<b>100</b>

Source: CON application #10393, page 4-7, Table 4-6

The applicant estimates (CON application #10393, page 4-8, Table 4-7) the projected number of acute care cases with the selected DRGs for the six ZIP Code area to be 15,419 by 2018 (year one), growing to 15,627 by 2019 (year two) and 15,839 by 2020 (year three). The applicant indicates that using the same procedure, the population estimates by ZIP Code and baseline numbers of cases within MDC 14 (obstetric care) produce use rates. Using Nielsen Market Research data, Baptist Clay estimates the age 15-44 female population by ZIP Code, divided by 1,000, to produce an expected number of births. See the table below.

**Female Population Age 15-44 by ZIP Code**

<b>ZIP Code</b>	<b>ZIP Code Area</b>	<b>2014 Total Female 15-44</b>	<b>2019 Total Female 15-44</b>	<b>CAGR</b>
32003	Fleming Island	5,276	5,520	0.9%
32043	Green Cove Sprgs	4,707	4,864	0.7%
32065	Orange Park	6,682	6,887	0.6%
32068	Middleburg	10,766	11,099	0.6%
32073	Orange Park	7,966	7,912	-0.1%
32656	Keystone Heights	2,434	2,521	0.7%
<b>TOTAL</b>		<b>37,831</b>	<b>38,803</b>	<b>0.5%</b>

Source: CON application #10393, page 4-8, Table 4-8

The applicant estimates (CON application #10393, page 4-9, Table 4-9) the population projections for age 15-44 females for the six ZIP Code area to be 38,606 by 2018 (year one), growing to 38,803 by 2019 (year two) and 39,002 by 2020 (year three). Using the same methodology, Baptist Clay estimates a baseline of 2,082 births in CY 2014 with a projected number of births for age 15-44 females for the six ZIP Code area to be 2,121 by 2018 (year one), growing to 2,131 by 2019 (year two) and 2,141 by 2020 (year three).

The applicant contends that from the foregoing calculations, the number of future cases and births (obstetrical cases) result. Baptist Clay also applies a market share in its estimates. See the table below.

**Baptist Clay Market Share Applied to Forecasted Acute Care Cases  
by ZIP Code and Year**

ZIP Code	Market Share	Year One	Market Share	Year Two	Market Share	Year Three
32003	39%	617	45%	728	56%	927
32043	32%	787	38%	947	43%	1,086
32065	10%	217	15%	332	16%	360
32068	3%	133	6%	270	9%	411
32073	8%	351	13%	574	18%	799
32656	3%	12	4%	16	6%	24
<b>Subtotal</b>		<b>2,117</b>		<b>2,867</b>		<b>3,607</b>
<b>Cases from Baptist South and Baptist Jacksonville</b>		<b>1,304</b>		<b>1,323</b>		<b>1,343</b>
<b>TOTAL</b>		<b>3,421</b>		<b>4,190</b>		<b>4,950</b>

Source: CON application #10393, page 4-10, Table 4-12

Baptist Clay states that for years one through three, Baptist Clay “takes” 1,304, 1,323 and 1,343 cases, respectively from Baptist Medical Center South and Baptist Medical Center Jacksonville. Baptist Clay indicates that the estimate of 75 percent of the cases within the selected DRGs represent persons who elect to receive care from Baptist Clay and will remain in Clay County.

Baptist Clay then offers the combined percent that Baptist Medical Center South and Baptist Medical Center Jacksonville represent for the baseline period (CY 2014) for the group of selected DRGs, along with the forecast for the first three years of planned operation. According to Baptist Clay, 75 percent of the cases shift to Baptist Clay, with the other two hospitals retaining 25 percent of the Clay County cases. See the table below.

**Baptist Medical Center South and Baptist Medical Center Jacksonville’s Combined  
Percent by ZIP Code of Selected DRGs in CY 2014 and Forecasted Cases  
Showing the Cases Retained by Baptist Clay for the First Three Years**

ZIP Code	Combined Market Share	Forecasted Clay County Acute Cases in Selected DRGs			Market Share of Cases for Baptist South and Baptist Jacksonville			Cases Taken by Baptist Clay @ 75 Percent		
		2018	2019	2020	2018	2019	2020	2018	2019	2020
32003	<b>24.3%</b>	1,583	1,619	1,655	385	393	402	288	295	302
32043	<b>18.6%</b>	2,459	2,492	2,525	458	464	470	343	348	353
32065	<b>9.2%</b>	2,174	2,211	2,248	200	203	207	150	153	155
32068	<b>7.1%</b>	4,422	4,496	4,571	315	320	326	236	240	244
32073	<b>7.9%</b>	4,388	4,415	4,441	348	350	352	261	263	264
32656	<b>8.4%</b>	392	396	399	33	33	34	25	25	25
<b>Total</b>	<b>11.2%</b>	<b>15,419</b>	<b>15,627</b>	<b>15,839</b>	<b>1,739</b>	<b>1,765</b>	<b>1,791</b>	<b>1,304</b>	<b>1,323</b>	<b>1,343</b>

Source: CON application #10393, page 4-11, Table 4-13



Baptist Clay explains that in the case of ZIP Code 32003 (Fleming Island), with 1,583 cases, the historical baseline market share of 24.3 percent allocates 385 cases combined (to Baptist Medical Center South and Baptist Medical Center Jacksonville) and 288 cases to the proposed Baptist Clay hospital, in 2018. The applicant states that 288 is 75 percent of 385. The applicant further states that this same method is used for all ZIP Codes and years. Additionally, Baptist Clay indicates that Baptist Clay’s first three years, respectively of 1,304, 1,323 and 1,343 occur from the shift from the 1,739, 1,765 and 1,791 cases, respectively, that would go to the two Baptist hospitals. The applicant maintains that existing hospitals will continue to serve residents and provide care in DRGs that lie outside of those selected for the proposed community hospital analysis.

Baptist Clay next offers forecasts for acute care cases and corresponding cumulative percent by ZIP Code for Baptist Clay, for the first three years. The applicant ranks these cases as highest to lowest. Cases total 3,421 in 2018 (year one), 4,190 in 2019 (year two) and 4,950 in 2020 (year three). See the table below.

**Forecasted Acute Care Cases and Corresponding Cumulative Percent by ZIP Code for Baptist Clay, First Three Years**

<b>ZIP Code</b>	<b>2018 Cases</b>	<b>2019 Cases</b>	<b>2020 Cases</b>	<b>2018 Cumulative Percent</b>	<b>2019 Cumulative Percent</b>	<b>2020 Cumulative Percent</b>	<b>Service Area Acute Care</b>
32043	1,130	1,295	1,438	33.0%	30.9%	29.1%	<b>PSA</b>
32003	906	1,023	1,228	59.5%	55.3%	53.9%	<b>PSA</b>
32073	612	837	1,064	<u>77.4%</u>	<u>75.3%</u>	<u>75.4%</u>	<b>PSA</b>
32068	369	510	656	88.2%	87.5%	88.6%	SSA
32065	367	484	515	98.9%	99.0%	99.0%	SSA
32656	37	41	49	100.0%	100.0%	100.0%	SSA
<b>Total</b>	<b>3,421</b>	<b>4,190</b>	<b>4,950</b>				

Source: CON application #10393, page 4-12, Table 4-14

Baptist Clay states that the primary service area (PSA) comprises ZIP Codes 32043, 32003 and 32073.

Baptist Clay states that a separate forecast occurs for obstetrics (MDC 14) but that the steps for the forecast follow the same procedures. See the table below.

**Baptist Clay Market Share Applied to Forecasted Births (MDC 14)  
by ZIP Code and Year**

ZIP Code	Market Share Year One	Year One Cases	Market Share Year Two	Year Two Cases	Market Share Year Three	Year Three Cases
32003	60%	115	65%	126	70%	137
32043	45%	120	50%	134	50%	135
32065	14%	51	20%	73	26%	96
32068	3%	18	4%	24	5%	31
32073	8%	42	14%	73	22%	115
32656	3%	5	4%	7	6%	10
<b>Subtotal</b>		<b>351</b>		<b>438</b>		<b>523</b>
<b>Cases from Baptist South and Baptist Jacksonville</b>		<b>261</b>		<b>263</b>		<b>264</b>
<b>TOTAL</b>		<b>612</b>		<b>700</b>		<b>788</b>

Source: CON application #10393, page 4-12, Table 4-15

Baptist Clay projects that for years one through three--612, 700 and 788 births of which 261, 262 and 263 come from a shift of cases from Baptist Medical Center South and Baptist Medical Center Jacksonville. The reviewer notes that according to the applicant's Table 4-15 above, 263 births (year two) and 264 births (year three) come from the anticipated shift of cases from Baptist Medical Center South and Baptist Medical Center Jacksonville.

The applicant illustrates the combined percent by ZIP Code that Baptist Medical Center South and Baptist Medical Center Jacksonville represent for the baseline period (CY 2014) for the obstetric care along with the forecast for the first three years of operation for the proposed facility. According to Baptist Clay, 75 percent of the cases (42 cases for year one) shift to Baptist Clay, with the other two hospitals retaining 25 percent of the Clay County cases. See the table below.

**Baptist Medical Center South and Baptist Medical Center Jacksonville's Combined Percent by ZIP Code of Obstetric (MDC 14) in CY 2014 and Forecasted Cases Showing the Cases Retained by Baptist Clay for the First Three Years**

ZIP Code	Combined Market Share	Forecasted Clay County Obstetrics (MDC 14)			Market Share of Cases for Baptist South and Baptist Jacksonville			Cases Taken by Baptist Clay @ 75 Percent		
		CY 2014	2018	2019	2020	2018	2019	2020	2018	2019
32003	16.1%	192	194	195	56	57	57	42	43	43
32043	11.0%	266	268	269	39	39	39	29	29	29
32065	24.4%	365	367	369	84	85	86	63	64	64
32068	26.8%	608	611	615	92	93	93	69	70	70
32073	20.8%	525	524	524	70	70	70	53	52	52
32656	0.9%	166	167	168	7	7	7	5	5	5
<b>Total</b>	<b>100.0%</b>	<b>2,121</b>	<b>2,131</b>	<b>2,141</b>	<b>349</b>	<b>350</b>	<b>352</b>	<b>261</b>	<b>263</b>	<b>264</b>

Source: CON application #10393, page 4-13, Table 4-16

In the table above and utilizing the previous methodology, the applicant estimates having 261 obstetric cases in 2018 (year one), 263 cases in 2019 (year two) and 264 cases in 2020 (year three) shift from existing Baptist facilities.

Baptist Clay continues by offering forecasts for obstetrical cases and corresponding cumulative percent by ZIP Code for Baptist Clay, for the first three years. The applicant ranks these cases from highest to lowest. Cases total 612 in 2018 (year one), 700 in 2019 (year two) and 788 in 2020 (year three). See the table below.

**Forecasted Obstetrical Cases and Corresponding Cumulative Percent by ZIP Code for Baptist Clay, First Three Years**

<b>ZIP Code</b>	<b>2018 Cases</b>	<b>2019 Cases</b>	<b>2020 Cases</b>	<b>2018 Cumulative Percent</b>	<b>2019 Cumulative Percent</b>	<b>2020 Cumulative Percent</b>	<b>Service Area Acute Care</b>
32003	157	168	180	26%	24%	23%	<b>PSA</b>
32043	149	163	164	50%	47%	44%	<b>PSA</b>
32065	114	137	160	69%	67%	64%	<b>PSA</b>
32073	95	126	168	84%	85%	85%	<b>PSA</b>
32068	87	94	101	98%	98%	98%	SSA
32656	10	12	15	100%	100%	100%	SSA
<b>Total</b>	<b>612</b>	<b>700</b>	<b>788</b>				

Source: CON application #10393, page 4-14, Table 4-17

Baptist Clay states that the primary service area (PSA) comprises ZIP Codes 32003, 32043, 32065 and 32073.

Baptist Clay explains that the acute care PSA differs from the obstetric care PSA by one ZIP Code (this being ZIP Code 32065). The applicant asserts that the reason for this is due to the distribution of ages within the ZIP Code particularly, the number of females age 15-44, a portion of which will require obstetrical services.

Baptist Clay provides an overall forecast for the acute care cases and days and obstetrical cases and days for the first three years. Further, the applicant includes estimated occupancy rates for the same period. See the table below.

**Baptist Clay's Forecast and Days by ZIP Code with Corresponding Cumulative Percentages Defining the PSA and SSA**

ZIP Code	Acute Care Cases			Obstetrical Cases			Total Cases		
	2018	2019	2020	2018	2019	2020	2018	2019	2020
32003	906	1,023	1,228	157	168	180	1,063	1,192	1,408
32043	1,130	1,295	1,438	149	163	164	1,279	1,458	1,603
32065	367	484	515	114	137	160	482	621	675
32068	369	510	656	87	94	101	456	604	756
32073	612	837	1,064	95	126	168	707	962	1,231
32656	37	41	49	10	12	15	47	53	65
<b>TOTAL</b>	<b>3,421</b>	<b>4,190</b>	<b>4,950</b>	<b>612</b>	<b>700</b>	<b>788</b>	<b>4,034</b>	<b>4,890</b>	<b>5,738</b>

ZIP Code	Total Cases			Cumulative Percent and Service Area			
	2018	2019	2020	2018	2019	2020	Area
32043	1,279	1,458	1,603	31.7%	29.8%	27.9%	PSA
32003	1,063	1,192	1,408	58.1%	54.2%	52.5%	PSA
32073	707	962	1,231	75.6%	73.9%	73.9%	PSA
32065	482	621	675	87.5%	86.6%	85.7%	PSA
32068	456	604	756	98.8%	98.9%	98.9%	SSA
32656	47	53	65	100.0%	100.0%	100.0%	SSA
<b>TOTAL</b>	<b>4,034</b>	<b>4,890</b>	<b>5,738</b>				

ZIP Code	Acute Care Days			Obstetrical Days			Total Days		
	2018	2019	2020	2018	2019	2020	2018	2019	2020
32003	3,624	4,093	4,913	393	421	449	4,017	4,514	5,363
32043	4,521	5,179	5,754	372	408	410	4,892	5,587	6,164
32065	1,469	1,936	2,059	286	343	400	1,756	2,279	2,459
32068	1,476	2,040	2,623	218	235	252	1,695	2,275	2,874
32073	2,449	3,346	4,255	236	315	419	2,685	3,661	4,674
32656	146	164	197	25	30	38	172	193	235
<b>TOTAL</b>	<b>13,685</b>	<b>16,759</b>	<b>19,800</b>	<b>1,531</b>	<b>1,751</b>	<b>1,969</b>	<b>15,216</b>	<b>18,510</b>	<b>21,769</b>

Bed Type	Occupancy by Year		
	2018	2019	2020
Acute Beds = 84	44.6%	54.7%	64.6%
OB Beds = 12	35.0%	40.0%	45.0%
<b>Total Beds = 96</b>	<b>43.4%</b>	<b>52.8%</b>	<b>62.1%</b>

Source: CON application #10393, page 4-15, Table 4-18

Baptist Clay maintains that the PSA, influenced by the distribution of obstetrical cases, incorporates four ZIP Codes, with three comprising 74 percent of the expected cases. However, the reviewer notes that the applicant previously indicated two sets of PSAs, one for acute care cases and one for obstetrical care cases. The applicant indicates the proposed hospital's PSA adds ZIP Code 32068 representing 12 percent of the proposed project's cases, raising the proportion of cases within the PSA to 86 percent of the total cases. The reviewer notes that ZIP Code 32068 is an SSA for both its acute care and obstetric PSA/SSA listings.

Baptist Clay states that baseline information (CY 2014) reflects the services that each of the two hospitals in Clay County provide with respect to the selected group of DRGs that comprise the analysis. Baptist Clay indicates the use of Agency hospital inpatient discharge data to determine Orange Park Medical Center's CY 2014 PSA cases (acute and obstetric care) using selected DRGs in its analysis. According to Baptist Clay, of Orange Park Medical Center's total cases in this scenario (13,116 cases excluding MDC 15), 673 cases (or 5.1 percent) were drawn from the applicant's home ZIP Code 32003/Fleming Island.

Similarly, according to Baptist Clay, of St. Vincent’s Medical Center Clay’s total cases in this same scenario (4,656 cases, no MDC 15), 154 cases (or 3.3 percent) were drawn from the applicant’s home ZIP Code 32003/Fleming Island.

Below, the applicant offers a table to show data regarding selected hospitals serving residents of Clay County.

**Overview of Selected Hospitals Serving Residents of Clay County**

<b>All Clay Residents Treated</b>	<b>25,737</b>				
<b>Average Length of Stay</b>	<b>4.5</b>				
<b>Selected DRGs, All Clay Residents</b>	<b>18,744</b>				
<b>Average Length of Stay</b>	<b>4.1</b>				
<b>Selected DRGS, Clay Residents, All Ages</b>					
<b>Hospital</b>	<b>Cases</b>	<b>Days</b>	<b>Percent of Total Cases</b>	<b>Percent of Total Days</b>	<b>Percent of Clay Cases</b>
Orange Park Medical Center	8,110	32,744	52.2%	54.5%	31.5%
St. Vincent’s Medical Center Clay	3,512	12,540	22.6%	20.9%	13.6%
St. Vincent’s Medical Center Riverside	1,229	5,063	7.9%	8.4%	4.8%
Baptist Hospital Jacksonville	1,532	5,429	9.9%	9.0%	6.0%
Baptist Hospital South	1,168	4,287	7.5%	7.1%	4.5%
<b>Total</b>	<b>15,551</b>	<b>60,063</b>	<b>100%</b>	<b>100%</b>	<b>60.4%</b>
<b>All DRGs, Clay Residents, All Ages</b>					
<b>Hospital</b>	<b>Cases</b>	<b>Days</b>	<b>Percent of Total Cases</b>	<b>Percent of Total Days</b>	<b>Percent of Clay Cases</b>
Orange Park Medical Center	11,244	46,100	54.6%	54.9%	43.7%
St. Vincent’s Medical Center Clay	3,724	13,701	18.1%	16.3%	14.5%
St. Vincent’s Medical Center Riverside	1,873	8,124	9.1%	9.7%	7.3%
Baptist Hospital Jacksonville	2,344	10,883	1.4%	13.0%	9.1%
Baptist Hospital South	1,415	5,151	6.9%	6.1%	5.5%
<b>Total</b>	<b>20,600</b>	<b>83,958</b>	<b>100.0%</b>	<b>100.0%</b>	<b>80.0%</b>
<b>All DRGs, All Patients, All Ages</b>					
<b>Hospital</b>	<b>Cases</b>	<b>Days</b>	<b>Percent of Total Cases</b>	<b>Percent of Total Days</b>	<b>Percent of Clay Cases</b>
Orange Park Medical Center	18,654	75,380	18.1%	16.7%	69.5%
St. Vincent’s Medical Center Clay	4,963	18,115	4.8%	4.0%	77.5%
St. Vincent’s Medical Center Riverside	26,647	123,157	25.9%	27.2%	63.9%
Baptist Hospital Jacksonville	36,886	170,933	35.9%	37.8%	69.3%
Baptist Hospital South	15,690	64,655	15.3%	14.3%	71.1%
<b>Total</b>	<b>102,840</b>	<b>452,240</b>	<b>100.0%</b>	<b>100.0%</b>	<b>68.3%</b>
<b>Hospital</b>	<b>Licensed Beds</b>		<b>Percent of Clay Cases, Selected DRGs</b>	<b>Percent of Clay Cases, All DRGs</b>	
Orange Park Medical Center	297		43.3%	43.7%	
St. Vincent’s Medical Center Clay	64		18.7%	14.5%	
St. Vincent’s Medical Center Riverside	528		6.6%	7.3%	
Baptist Hospital Jacksonville	676		8.2%	9.1%	
Baptist Hospital South	249		6.2%	5.5%	
<b>Total</b>	<b>1,814</b>		<b>83.0%</b>	<b>80.0%</b>	

Source: CON application #10393, page 4-19, Table 4-25

Baptist Clay contends that pertinent in the information above, the group of selected DRGs used in the analysis reduces the overall number of residents of Clay County that use hospital inpatient services. The applicant indicates that the five hospitals shown above account for 83 percent of the inpatient services to Clay County residents and that correspondingly, 17 percent of Clay County residents use hospitals other

than the five identified above in the table. The applicant emphasizes that when gauging the impact of the proposed project on Orange Park Medical Center and St. Vincent’s Medical Center Clay, these hospitals’ full caseloads must be included.

Baptist Clay presents a calculated market share impact on the proposed project and states that the forecast of impact incorporates baseline assumptions. The applicant maintains that fixing the impact at the CY 2014 year and not adjusting it upwards provides a worst case scenario. The applicant states that in reality, the impact likely would be less if assumptions included upward adjustments that factor in additional services and innovations. See the table below.

**Summary of the Number of Cases at Baptist Clay by Type and Zip Code and Overall Market Shares by Year**

ZIP Code	Acute Care Cases			Obstetrical Cases			Total Cases		
	2018	2019	2020	2018	2019	2020	2018	2019	2020
32003	906	1,023	1,228	157	168	180	1,063	1,192	1,408
32043	1,130	1,295	1,438	149	163	164	1,279	1,458	1,603
32065	367	484	515	114	137	160	482	621	675
32068	369	510	656	87	94	101	456	604	756
32073	612	837	1,064	95	126	168	707	962	1,231
32656	37	41	49	10	12	15	47	53	65
<b>TOTAL</b>	<b>3,421</b>	<b>4,190</b>	<b>4,950</b>	<b>612</b>	<b>700</b>	<b>788</b>	<b>4,034</b>	<b>4,890</b>	<b>5,738</b>
<b>Forecast</b>	<b>15,419</b>	<b>15,627</b>	<b>15,839</b>	<b>2,121</b>	<b>2,131</b>	<b>2,141</b>	<b>17,540</b>	<b>17,758</b>	<b>17,980</b>
<b>Market Share</b>	<b>22.2%</b>	<b>26.8%</b>	<b>31.3%</b>	<b>28.9%</b>	<b>32.9%</b>	<b>36.8%</b>	<b>23.0%</b>	<b>27.5%</b>	<b>31.9%</b>

Source: CON application #10393, page 4-21, Table 4-26

Baptist Clay next provides an estimated impact on Orange Park Medical Center and St. Vincent’s Medical Center Clay.

**Calculated Impact with Baptist Clay in Clay County**

Factors	Orange Park Medical Center		St. Vincent’s Medical Center Clay	
	Baseline 2014	2018	Baseline 2014	2018
All DRGs, All Ages, Clay Residents	11,244	11,654	3,724	3,860
Selected DRGs, Forecasted	8,099	8,395	3,512	3,640
Selected DRGs, Baptist in Market		7,177		3,129
Loss Selected DRGs		-1,218		-511
Growth in All DRGs offsets Losses		410		136
Net Loss in DRGs		-807		-375
Percent Cases Loss Selected DRGs		-7%		-10%
All DRGs, All Ages, All Patients	18,654	19,335	4,963	5,144
Loss Selected DRGs		-807		-375
<b>Percent Impact</b>		<b>-4.2%</b>		<b>-7.3%</b>

Source: CON application #10393, page 4-21, Table 4-27

Baptist Clay states that the growth estimates above are based on the compound annual growth rate for the county adult population of 0.9 percent per year but that growth could be higher. Baptist Clay asserts that the overall impact on Orange Park Medical Center is a loss of 807 cases or 4.2 percent reduction (in 2018). However, the applicant contends that Orange Park Medical Center could capture additional cases, considering that that is a larger hospital with specialized services.

Additionally, Baptist Clay asserts that for St. Vincent's Medical Center Clay, the loss is 375 cases or a reduction of 7.3 percent (in 2018) based on the 2014 baseline information, with no obstetric services and the present bed complement of 64 beds. Baptist Clay contends that St. Vincent's losses can be mitigated with the increase in services that will occur with the addition of 42 beds, including adding expanded cardiac services and obstetrics. The applicant emphasizes that the proposed project analysis considers only the impact on hospitals for the selected DRGs, the defined pool of patients most likely to receive services from Baptist Clay as a community hospital.

Baptist Clay contends that the proposed project better disperses inpatient services for Clay County residents by integrating the Clay Medical Campus into the community. The applicant notes that the architectural style for the proposed project has been designed to blend with the existing geography and local construction styles of Fleming Island. Baptist Clay notes its current partnerships with other existing community organizations. The applicant discusses Baptist Health being a major funding partner with the First Coast YMCA (including the YMCA Daystar Program) and the Way Free Medical Clinic in Green Cove Springs. The applicant maintains that the proposed project expands Baptist Health's commitment to the area.

The applicant notes that the planned project proposes a range of diagnostic services, including complete imaging capabilities, surgical suites accommodating inpatients and outpatients, as well as special procedure rooms for general and cardiac-related services. The applicant indicates that the labor, delivery and recovery room for obstetrics as well as post-partum care offers a choice for patients and their physicians.

**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 two written statements of opposition to CON application #10393 on November 6, 2015. These were from representatives of Orange Park Medical Center and St. Vincent's Medical Center-Clay County, Inc.

**Orange Park Medical Center, Inc. d/b/a Orange Park Medical Center (OPMC)** submitted a detailed 216-page letter of opposition to the proposed project (including 39 exhibits and four attachments). The opposition was signed by Chad Patrick, CEO, OPMC. The statement attachments included the Florida Physician Workforce Analysis: Forecasting Supply and Demand, the 2015 Community Health Assessment for Clay County and data/statistical tables to support OPMC opposition arguments.

The opposition contends that the proposed project is duplicative of existing health offerings in Clay County. Further the opposition indicates that since the proposed project's offerings will be limited in scope, Clay County residents will be redirected to other Baptist Health facilities in Duval County for specialized care--defeating the main purpose of CON application #10393 to keep Clay County residents within the county for inpatient hospital care. OPMC notes that the proposed project focuses on treating a better paying patient base, offering a boutique hospital experience.

OPMC discusses the Clay County population (that much of the county residents live in the north to northeastern part of the county), OPMC's new cardiac care options, its growth in pediatric care, rehabilitation beds, graduate medical education for physician residents, its psychiatric/behavioral unit including Baker Act compliance, collaboration with other healthcare facilities, honors and awards and OPMC's overall investments in healthcare.

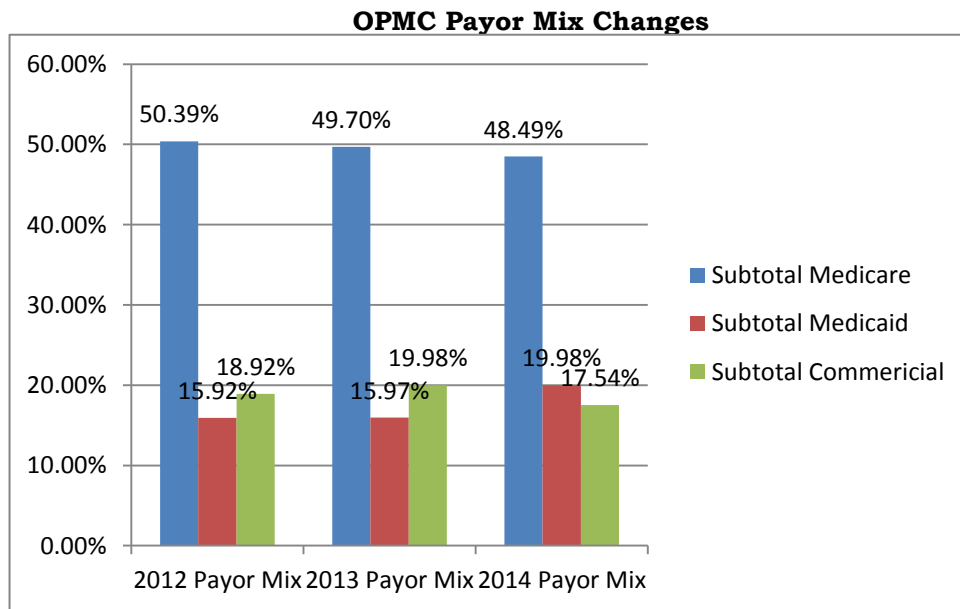
The opposition contends that St. Vincent's Medical Center-Clay County, Inc., approximately 10 miles from OPMC, "has had a detrimental effect on OPMC's provision of care to Clay County residents" and that Baptist Health's freestanding ED in Fleming Island, 8.3 miles south of OPMC, "has had an adverse impact on OPMC's ability to provide care to the residents of Clay County". OPMC asserts that these facilities have led to "a damaging impact across all levels of care" at OPMC.

OPMC notes that its number of outpatient visits at has dropped significantly from 49,560 visits in 2012 to an approximate annualized 40,069 visits for 2015. OPMC indicates that it had over 89 percent acute care occupancy in 2012 but only 62.9 percent in 2014--a drop of over 26 percent, "a significant adverse impact". OPMC states having struggled in 2014 and 2015 to recoup these losses by adding new services.



OPMC maintains that the proposed project on Fleming Island will not benefit the residents of northern Clay County who already have access to care but will indeed adversely affect OPMC and St. Vincent's Clay. The opposition indicates that in 2012 it saw 91,947 patients in its ED but for 2014 saw only 70,743 – a 21,204 decline in visits amounting to a 23 percent loss in volume.

According to OPMC, Baptist Health's Fleming Island ED "is cherry picking the better paying patients in the county". OPMC indicates that, from 2012 to 2014, OPMC realized a decreased Medicare payor mix (from 50.39 percent to 48.49 percent), an increased Medicaid payor mix (from 15.92 percent to 19.98 percent) and a decreased commercial payor mix (from 18.92 percent to 17.54 percent). See the exhibit below.



Source: OPMC statement of opposition, page 9, Exhibit 5

The opposition indicates that it has suffered impact financially due to the opening of St. Vincent's Clay and Baptist Health's ED on Fleming Island. OPMC states that from 2012 to 2014, total outpatient and inpatient revenue has dropped by over \$62.5 million – a 3.0 percent drop in revenue. OPMC states that total patient revenue in 2012 of \$2,070,194,339 dropped to \$2,007,551,408 in 2014. OPMC states that it will find it difficult to compete with the bed expansion at St. Vincent's Clay and the proposed project, if approved.

OPMC asserts significant losses in medical staff, nurses as was experienced when St. Vincent's Clay and Baptist Health's ED on Fleming Island began operations. According to OPMC, between 2012 and 2014, the facility lost 11 percent of its medical staff – dropping from 326

physicians to 290. OPMC itemizes 12 employees lost from its ED staff when Baptist Health's ED on Fleming Island began operations and another 12 employees lost to St. Vincent's-Clay when it began operations.

The opposition points to the Clay County 2015 Community Health Assessment indicating that there are fewer physicians in the county in comparison to the state average as well as a study entitled "Florida Physician Workforce Analysis: Forecasting Supply and Demand" estimating an 11 percent shortfall of physicians in total. OPMC notes that this same study indicates that there is currently a physician specialties shortfall of 18 percent, expected to reach 19 percent by 2025. The opposition contends that this makes OPMC's efforts to obtain "excellent physicians" even more difficult – especially when competing with two other hospitals within a 10-mile radius. OPMC states that this same study states that the outlook for the supply of physicians in Clay, Duval and surrounding counties is "even bleaker" than for the State of Florida, as a whole.

The opposition maintains it has incurred significant expense in recruiting physicians for patient care at its hospital. OPMC indicates that it currently supports the community by providing Graduate Medical Education in internal and family medicine and is the only facility providing medical residencies in the county.

The reviewer notes that some CON application #10393 letters of support as well as the applicant indicate a lower bed-to-population rate (in Clay County) than the state overall and that this is supported by the 2015 Clay County Health Assessment. OPMC asserts that "Baptist Clay has merely cherry picked one statement from the entire Community Health Assessment to argue in favor of a new 96-bed acute care hospital within minutes of two other existing county hospitals". OPMC maintains that the Community Health Assessment never concludes or makes any recommendation that the county needs another acute care hospital. OPMC states that much of the other material and findings in the Community Health Assessment show that the number of acute care hospital beds in the county is not a significant issue for the county or its residents. The opposition notes that according to the Health Assessment, Clay County ranked 11<sup>th</sup> among Florida's 67 counties for health outcomes, 14<sup>th</sup> for health factors and 25<sup>th</sup> for access to care and quality of care.

The opposition discusses results of stakeholder interviews and eight focus groups in compiling the 2015 Community Health Assessment. According to OPMC, some of the interview conclusions were:

- Rating of Community Healthcare Services – Significant majority of participants (two to one ratio) rated the services as “very good”
- Top Health Concerns of Clay County Residents 2015 – access to and number of acute care hospital beds not mentioned
- Preferred Healthcare Provider – Doctor’s Offices in Orange Park or OPMC

OPMC notes specific findings in the 2015 Community Health Assessment resulting from interviews with government representatives, healthcare providers, healthcare consumers as well as representatives of local businesses and community organizations. Some of these were:

- Most Pressing Healthcare Needs in Clay County – Unhealthy lifestyles and obesity top the list
- Reasons why Population has Difficulty Accessing Healthcare Services – lack of education and ability to pay top the list
- Overall Perspective of Healthcare Services – growth of services and demand for primary care
- Most Important Healthcare Issue – prevention and mental health top the list
- Ways to Address Important Health Issues – education, funding and culture

The reviewer confirms that interview conclusions and specific findings are consistent with those stated in the 2015 Clay County Community Health Assessment, with the exception that lack of transportation was equal to high cost of medical care (unaffordable) regarding reasons why population has difficulty accessing healthcare services. Also, the reviewer notes that lack of transportation was listed as the top reason for principal barriers to accessing care. The reviewer also notes, as stated by OPMC, that the number of acute care hospital beds was not mentioned as a barrier to care in the 2015 Community Health Assessment Community.

OPMC contends that acute care bed-to-population statistics in Clay County are not an accurate or appropriate comparison and do not take into account a number of factors. OPMC states that these factors include whether a fairly rural or bedroom community such as Clay County is part of or close to a large metropolitan area with a number of hospitals and a great number of hospital beds, such as Jacksonville and Duval County.

The opposition maintains that of the 67 counties in Florida, Duval has 5<sup>th</sup> largest bed-to-1,000 population ratio in the entire state - 3.31 beds per 100,000 population. OPMC also states that Clay County is ranked 26<sup>th</sup> “out of 68<sup>th</sup>” in bed population. The reviewer notes that Florida has 67 counties. OPMC asserts that what is not being considered with these statistics is the proximity of Clay County residents to Jacksonville and that much of Clay County are suburbs and bedroom communities of Jacksonville.

OPMC notes that the 2015 Clay County Community Health Assessment indicates that approximately 48 percent of workers living in Clay County travel to Duval County for work. OPMC indicates that it is therefore reasonable for Clay County residents to drive into Duval County for care from healthcare providers in Jacksonville such as Baptist, Mayo Clinic, UF Health Jacksonville and Memorial. The opposition maintains that in 2014, over 40 percent of Clay County residents went outside of the county for care. According to OPMC, such migration in no way establishes that the number of beds in the county caused the residents to leave the county for care as neither OPMC nor St. Vincent’s Clay were at capacity and turned away patients.

OPMC indicates that a more appropriate comparison is to consider the metropolitan area bed-to-population statistics in Florida. OPMC does not offer a source for this data but indicates that the Jacksonville area has a 2.74 acute care bed-to-1,000 population and that this is the third highest ratio in the state, among metropolitan areas. See the exhibit below.

**Acute Care Beds to 1,000 Population**

<b>Florida Metro-Areas</b>	<b>Counties</b>	<b>Population</b>	<b>Beds</b>	<b>Beds/1,000 Population</b>
Tampa Area	Hillsborough, Pasco, Pinellas	2,739,075	7,719	2.82
Miami Area	Miami-Dade, Broward	4,425,069	12,389	2.80
Jacksonville Area	Clay, Duval, St. Johns	1,311,807	3,594	2.74
Fort Myers Area	Sarasota, DeSoto, Lee, Charlotte	1,286,848	3,270	2.54
Pensacola Area	Bay, Walton, Washington	261,206	646	2.47
Orlando Area	Orange, Osceola, Seminole	1,995,814	4,619	2.31

Source: OPMC statement of opposition, page 17, Exhibit 11

The reviewer notes that Pensacola is in Escambia County, yet OPMC does not name Escambia in the Pensacola area counties column for its Exhibit 11.

OPMC contends that there are adequate acute care hospital beds and services available in Clay County and that there is no need for CON application #10393's proposed 12 OB beds especially given that St. Vincent's proposal to open its new OB service line with 30 new beds. Additionally, OPMC states that, according to the 2015 Clay County Community Health Assessment and the Florida Department of Health's CHARTS, the rate of live births (per 1,000 population) in Clay County have been consistent from 2010 (with 2,137 live births) to 2014 (with 2,083 live births). An annualized estimate of live births in 2015 is estimated to be 2,052 per 1,000 Clay County residents—a decline of four percent since 2010.

OPMC maintains that the proposed project's Fleming Island ZIP Code (32003) is the most affluent area of Clay County and the only portion of Clay County listed as an "Affluent Estates" area. The opposition states and the reviewer confirms that ZIP Code 32073 is the location of OPMC and is also in the PSA of CON application #10393. OPMC maintains that it is not reasonable to presume that this ZIP Code would generate enough patients for the proposed project to be part of its PSA.

OPMC discusses the likely overlapping of patient populations between the proposed project and existing hospitals, OPMC and St. Vincent's Medical Center Clay County. The opposition stresses that the proposed project is geographically hard to access due to multiple water features (Doctor's Inlet and St. Johns River) and few major traffic arteries in and out of Fleming Island. OPMC also discusses inpatient healthcare outside of Clay County and contends that Clay County residents may seek inpatient care outside of Clay County for a myriad of reasons:

- Knowledge and familiarity of the facilities in Jacksonville
- Family in area
- Proximity to work or other geographic considerations
- Overall reputation of facilities
- Bias
- Payment/insurance options and constraints
- Services offered

Concerning roadways, water features and other characteristics CON application #10393, OPMC points out that Camp Blanding, part of the Florida National Reserve, takes up a substantial part of southwestern Clay County and is one of the reasons this portion of Clay County is so sparsely populated. OPMC indicates that the proposed project's 75 percent (PSA) does not make geographic sense. The opposition maintains that it is inexplicable how the proposed project will obtain so many patients from ZIP Code 32073 when OPMC has been serving this ZIP Code for over 40 years.

OPMC next discusses estimated resident population growth in the applicant’s proposed service area. Using Claritas-Neilsen Research data, OPMC indicates that by 2020, the applicant’s total service area will reach 205,717 residents but that the applicant’s PSA will only reach 100,267 residents. OPMC contends that more importantly, the only two ZIP Codes for which the applicant would conceivably enhance access (32003 and 32043) will only reach 58,683—insufficient to justify the proposed project.

Again using Claritas-Neilsen Research data, OPMC states that the applicant can expect incremental residential growth in the PSA of 4,089 by 2020. OPMC asserts that this is not a sufficient volume of residential growth to justify the proposed project, particularly considering St. Vincent-Clay’s plans to add additional acute care beds. See the exhibit below.

**Incremental Population Growth 2015-2020**

	<b>0-14</b>	<b>15-44</b>	<b>45-64</b>	<b>65+</b>	<b>Total</b>
32003	-615	883	520	1,122	1,910
32043	-74	476	165	911	1,478
32073	-286	98	-132	1,021	701
<b>Total PSA</b>	<b>-975</b>	<b>-1,457</b>	<b>553</b>	<b>3,054</b>	<b>4,089</b>
32065	-199	651	628	1,046	2,126
32068	-441	1,013	621	1,920	3,113
32656	-174	210	-182	465	319
<b>Total</b>	<b>-1,789</b>	<b>3,331</b>	<b>1,620</b>	<b>6,485</b>	<b>9,647</b>

Source: OPMC statement of opposition, page 22, Exhibit 15

OPMC does not offer a source in determining the female population 15-44, who typically utilize OB services. However, OPMC projects this population to increase from 38,022 to 39,298 between 2015 and 2020 for the applicant’s total ZIP Code service area (3.4 percent). OPMC estimates this population will increase by 468 residents (2.6 percent) over the same period within the applicant’s PSA. OPMC asserts that the existing minimal population level and small incremental growth do not support the addition of 12 OB beds in the county. See the exhibit below.

**2015 Service Area Female Population, Ages 15-44**

	<b>2015</b>	<b>2020</b>	<b>Incremental Growth</b>	<b>Percent Change</b>
32003	5,299	5,575	276	5.2%
32043	4,747	4,943	196	4.1%
32073	7,913	7,909	-4	-0.1%
<b>Total PSA</b>	<b>17,959</b>	<b>18,427</b>	<b>468</b>	<b>2.6%</b>
32065	6,833	7,130	297	4.3%
32068	10,782	11,201	419	3.9%
32656	2,448	2,540	92	3.8%
<b>Total</b>	<b>38,022</b>	<b>39,298</b>	<b>1,276</b>	<b>3.4%</b>

Source: OPMC statement of opposition, page 23, Exhibit 16

The opposition notes Clay County’s population density but does not offer a source in determining Orange Park, Middleburg and the total Clay County resident populations. OPMC states that over 60 percent of the

Clay County population lives in four ZIP Codes and that the vast majority of Clay County residents live closer to OPMC and St. Vincent’s-Clay and will not have enhanced access through the proposed project. The reviewer collapses OPMC’s age cohort categories into its total population estimates. See the exhibit below.

**Northeast Clay County as a Percent of Total Population**

	<b>ZIP Code</b>	<b>Total</b>
Orange Park	32065	32,335
Orange Park	32073	40,883
Middleburg	32068	53,464
Subtotal		126,682
<b>Total County</b>		198,866
<b>Percent of County Population</b>		<b>63.7%</b>

Source: OPMC statement of opposition, page 25, Exhibit 18

The reviewer confirms that per the Agency’s website at <http://www.floridahealthfinder.gov/index.html>, Orange Park Medical Center is located at ZIP Code 32073 and St. Vincent’s Medical Center Clay County is located at ZIP Code 32068.

OPMC contends that Fleming Island is the only area that will have an improvement in access through the proposed project and that this only comprises 14.7 percent of Clay County’s—adding in Green Cover Springs brings the total to 28 percent of the county population. OPMC again stresses that this small population base is insufficient to support the proposed project. The opposition asserts that it is not logical to assume that overbedding one portion of a suburban county lying adjacent to a metropolitan area will capture 100 percent of the residents living in that county and that no residents will seek care outside the county.

OPMC utilizes the Agency bed need publications for 2012 to 2014 to present Baptist Health’s market dominance without the proposed project. OPMC discusses the historic acute care utilization of Clay and Duval County facilities with total patient days for 2012 (548,802) through 2014 (559,439) increasing 1.9 percent. OPMC indicates that for the same period, Baptist Health realized the greatest level of market growth (13.8 percent) and patient day (40.8 percent). According to OPMC, project approval will not enhance competition but will further solidify Baptist Health’s market dominance. See the exhibit below.

**Historic Acute Care Patient Days of Facilities/Health Systems Serving Clay County**

System	Facility	2012	2013	2014	Percent Change	Percent Of Market Days
HCA	Memorial Hospital Jacksonville	101,714	96,743	91,766	-9.8%	16.4%
HCA	Orange Park Medical Center	73,485	69,971	62,733	-14.6%	11.2%
<b>HCA Subtotal</b>		<b>175,199</b>	<b>166,714</b>	<b>154,499</b>	<b>-11.8%</b>	<b>27.6%</b>
Baptist	Baptist Medical Center Jacksonville	124,819	127,158	142,016	13.8%	25.4%
Baptist	Baptist Medical Center - Beaches	30,245	27,884	29,380	-2.9%	5.3%
Baptist	Baptist Medical Center South	45,582	49,925	56,907	24.8%	10.2%
<b>Baptist Subtotal</b>		<b>200,646</b>	<b>204,967</b>	<b>228,303</b>	<b>13.8%</b>	<b>40.8%</b>
St. Vincent's	St. Vincent's Medical Center-Clay County	-	3,079	18,260	493.0%	3.3%
St. Vincent's	St. Vincent's Medical Center Riverside	123,867	121,866	118,591	-4.3%	21.2%
St. Vincent's	St. Vincent's Medical Center Southside	49,090	47,823	39,786	-19.0%	7.1%
<b>St. Vincent's Subtotal</b>		<b>172,957</b>	<b>172,768</b>	<b>176,637</b>	<b>2.1%</b>	<b>31.6%</b>
Mayo Clinic	Mayo Clinic	64,338	62,747	59,060	-8.2%	10.6%
Shands	UF Health Jacksonville	112,397	118,491	126,132	12.2%	22.5%
<b>Total Providers</b>		<b>548,802</b>	<b>544,449</b>	<b>559,439</b>	<b>1.9%</b>	<b>100.0%</b>

Source: OPMC statement of opposition, page 36, Exhibit 26

The opposition asserts that overall, Baptist Health's market dominance is shown by their increasing occupancy rates at the expense of other systems and that the proposed project will only serve to increase Baptist Health's market dominance as opposed to enhancing competition.

Utilizing Agency inpatient hospital discharge data, OPMC presents 2012 to 2014 discharge totals for Clay County patients by facility. The opposition points out a decline of Clay County resident discharges compared to the applicant and St. Vincent hospitals. OPMC indicates that due to Baptist Health's freestanding ED in Clay County, Baptist Health is shifting more Clay County residents out of the county into Duval County at Baptist Health facilities. See the exhibit below.

**Historic Discharges of Clay County Patients by Facility**

System	Facility	2012	2013	2014
HCA	Memorial Hospital Jacksonville	436	504	515
HCA	Orange Park Medical Center	11,942	11,046	9,527
<b>HCA Subtotal</b>		<b>12,378</b>	<b>11,550</b>	<b>10,042</b>
Baptist	Baptist Medical Center Jacksonville	1,550	1,993	2,025
Baptist	Baptist Medical Center - Beaches	30	41	31
Baptist	Baptist Medical Center South	743	1,171	1,298
<b>Baptist Subtotal</b>		<b>2,323</b>	<b>3,205</b>	<b>3,354</b>
St. Vincent's	St. Vincent's Medical Center-Clay County	-	656	3,706
St. Vincent's	St. Vincent's Medical Center Riverside	2,079	1,959	1,770
St. Vincent's	St. Vincent's Medical Center Southside	633	614	541
<b>St. Vincent's Subtotal</b>		<b>2,712</b>	<b>3,229</b>	<b>6,017</b>
Mayo Clinic	Mayo Clinic	580	621	634
Shands	UF Health Jacksonville	2,478	2,514	2,341
<b>Clay County Total</b>		<b>20,471</b>	<b>21,119</b>	<b>22,388</b>

Source: OPMC statement of opposition, page 38, Exhibit 28

OPMC contends that the proposed project is more costly and would not be as cost effective as adding beds at the existing facilities. OPMC concludes that the proposed project is not efficient, economical or good health planning.



Utilizing Agency inpatient hospital discharge data and excluding DRG795 (normal newborn), OPMC indicates that in 2014, UF Health Jacksonville and HCA facilities had the highest Medicaid payer mix in Clay and Duval Counties. See the exhibit below.

**2014 Payer Mix for Facilities in Clay and Duval Counties**

<b>System</b>	<b>Medicare</b>	<b>Medicaid</b>	<b>Commercial</b>	<b>Self/No Pay</b>	<b>Other</b>	<b>Total</b>
HCA	44.9%	20.1%	17.2%	10.3%	7.4%	100.0%
Baptist	36.5%	18.1%	32.6%	9.4%	3.3%	100.0%
Mayo Clinic	55.7%	1.7%	36.4%	2.1%	4.2%	100.0%
St. Vincent's	53.8%	10.4%	24.0%	8.0%	3.8%	100.0%
UF/Shands	30.9%	36.4%	12.3%	14.4%	6.1%	100.0%

Source: OPMC, statement of opposition, page 39, Exhibit 29

OPMC offers payor mix information to indicate that lesser losses in Medicaid than Medicare regarding market share in non-tertiary Clay County patient, 2012 to 2014. OPMC contends that the two exhibits below show that Baptist Health and St. Vincent's are taking better paying patients. The opposition maintains that the proposed project will allow Baptist Health to continue to acquire these better paying patients and leave the area financially less accessible, thus placing a heavier burden on HCA affiliated facilities. See the exhibits below.

**Changes in Market Share of Clay County Non-Tertiary Patients by Payer by System (2012-2014)**

<b>System</b>	<b>Medicare</b>	<b>Medicaid</b>	<b>Commercial</b>	<b>Self/No Pay</b>	<b>Other</b>	<b>Total</b>
HCA	-19.7%	-9.4%	-16.2%	-25.0%	-17.3%	-18.2%
Baptist	2.7%	2.4%	1.4%	5.1%	0.2%	2.4%
St. Vincent's	18.7%	12.6%	14.3%	17.8%	10.5%	16.4%

Source: OPMC, statement of opposition, page 39, Exhibit 30

**Changes in Market Share of Clay County by Payer by System (2012-2014)**

<b>System</b>	<b>Medicare</b>	<b>Medicaid</b>	<b>Commercial</b>	<b>Self/No Pay</b>	<b>Other</b>	<b>Total</b>
HCA	-18.8%	-6.7%	12.9%	24.7%	-15.6%	-15.6%
Baptist	2.7%	2.0%	1.3%	5.0%	0.0%	2.2%
St. Vincent's	17.7%	7.0%	10.4%	17.3%	9.4%	13.6%

Source: OPMC, statement of opposition, page 40, Exhibit 31

The opposition uses CON application #10393 Tables 4-7, 4-8 and 4-11 to determine that the proposed project has not demonstrated need. OPMC stresses that with the proposed project, by 2020, there would be a surplus of 95 acute care beds and 12 OB beds, creating a total surplus of 107 beds in Clay County. See the exhibit below.

**Projected 2020 Clay County Bed Need**

	<b>Medical/Surgical</b>	<b>OB</b>	<b>Total</b>
2020 Discharges	15,839	2,141	17,980
2020 ALOS	4.0	2.5	3.8
2020 Days	63,356	5,351	68,708
2020 ADC	173	15	188
<b>Bed Need*</b>	<b>231</b>	<b>22</b>	<b>253</b>
Beds at OPMC**	244	22	266
Beds at St. Vincent's-Clay***	82	12	94
<b>Total Clay County Beds</b>	<b>326</b>	<b>34</b>	<b>360</b>
<b>Clay County Bed Surplus (Deficit)</b>	<b>95</b>	<b>12</b>	<b>107</b>

\* 75 percent occupancy threshold used for Medical/Surgical Beds, 65 percent occupancy for OB Beds

\*\* Does not include OPMC NICU and Psych beds

\*\*\* Includes St. Vincent's-Clay addition of 30 beds including 12 OB beds

Source: OPMC statement of opposition, page 41, Exhibit 32

OPMC states that utilizing the data above, by 2020 there will be an incremental need for 14 acute care beds in Clay County, as opposed to what has been proposed in CON application #10393. See the exhibit below.

**Incremental Clay County Bed Need**

	<b>Acute Care</b>	<b>OB</b>	<b>Total</b>
2014 Discharges	14,617	2,082	16,669
2020 Discharges	15,839	2,141	17,980
Incremental Change	1,222	59	1,281
Baptist Clay Assumed ALOS	4.0	2.5	3.9
Incremental Days	4,888	146	5,035
<b>Incremental ADC</b>	<b>13.4</b>	<b>0.4</b>	<b>13.8</b>

Source: OPMC statement of opposition, page 42, Exhibit 33

The opposition asserts that the proposed project's utilization is riddled with mistakes and inconsistencies resulting in unreasonable projections that cannot be supported. OPMC emphasizes that the applicant's market share projections are unrealistic resulting in flawed projections and unachievable utilization. OPMC notes that CON application #10393, Table 4-2 and Table 4-7 includes cases and patient days from hospitals other than acute care hospitals (specifically Brooks Rehabilitation Hospital, Kindred Hospital-North Florida, River Point Behavioral Health and Specialty Hospital Jacksonville) and that these are included in the applicant's calculations. This is confirmed by the reviewer.

OPMC disputes CON application #10393, Table 4-16 OB estimates, indicating that the 16.1 percent market share in ZIP Code 32003 multiplied times the forecasted total ZIP Code demand of 195 equals 31 discharges not the 57 discharges that the applicant used as the starting point to shift volume to the proposed project. OPMC asserts that this same flaw can be calculated for each ZIP Code in CON application #10393, Table 4-16. Based on this, the opposition contends that it is impossible to determine the accuracy or legitimacy of the applicant's assertions, projections and calculations.

OPMC discusses the applicant's variance in three to four ZIP Codes to draw 75 percent of the applicant's planned discharges and states that this variance in PSA and SSA ZIP Codes is unclear, inconsistent and confusing. The opposition specifically highlights that a 75 percent discharge estimate is exceeded with the inclusion of ZIP Code 32065.

In addition, the opposition contends that for a 75 percent of Baptist South and Baptist Jacksonville's patients/market share shift to the proposed project is unreasonable and that there is no evidence to suggest that the proposed project can uniformly shift 75 percent market share to the proposed facility across all ZIP Codes. OPMC maintains that the applicant's projections for OB services are unrealistic and overstated. The opposition discusses other market share shifts, by ZIP Code, should the proposed project be approved and how these estimates are unreasonable or, if realized, devastating to existing area hospitals.

OPMC indicates that the applicant's argument that the proposed project will lead to increased competition in the healthcare market and greater cost effectiveness is disingenuous, given Baptist Health's footprint and market dominance in Jacksonville, Duval County and northern Florida. OPMC contends that no other health provider in Jacksonville and the surrounding region has such connections, collaborations and extensive healthcare market. The opposition states that the applicant's estimated adverse impact table (Table 2-27) and analysis is difficult to understand, that there are no clear assumptions with the information listed and that there is no back-up data to support the analysis. OPMC further contends that the adverse impact estimates offered in the table do not match data from other tables in the application.

OPMC offers its own two adverse impact methodologies and states:

- Scenario #1 uses all of CON application #10393's assumptions including the expectation that 75 percent of Baptist Jacksonville and Baptist South's is shifted to the proposed project
- Scenario #2 assumes that CON application #10393 will not be able to shift these patients and that impact will be spread among all providers servicing the market based on Clay County market share by ZIP Code. OPMC maintains that this projection is the most realistic.

In both scenarios, the opposition states utilization of Agency inpatient hospital discharge data for 2014 and the same DRGs used in CON application #10393, 2014 facility total includes all DRGs, except 795 (Normal Newborns).

Below is OPMC’s Scenario #1:

**Adverse Impact with 75 Percent Shift of Patients from  
Baptist South and Baptist-Jacksonville  
2020 Facility Adverse Impact from Clay County Patients**

<b>Facility</b>	<b>Acute Care</b>	<b>OB</b>	<b>Total</b>	<b>Facility Total</b>	<b>Percent Impact</b>
Baptist Clay	4,948	783	5,730		
Baptist Medical Center South	(728)	(123)	(851)	13,746	-6.2%
Baptist Medical Center-Jacksonville	(465)	(126)	(591)	35,630	-1.7%
Orange Park Medical Center	(1,449)	(372)	(1,821)	17,305	-10.5%
St. Vincent’s Medical Center Riverside	(259)	(41)	(299)	25,277	-1.2%
St. Vincent’s Medical Center Clay	(454)	(1)	(455)	4,963	-9.2%
UF Health Jacksonville	(66)	(22)	(88)	26,287	-0.3%
All Other	(303)	(42)	(346)		
<b>County Total</b>	<b>1,224</b>	<b>55</b>	<b>1,279</b>		

Source: OPMC statement of opposition, page 52, Exhibit 37

Below is OPMC’s Scenario #2:

**Adverse Impact without the 75 Percent Patients from  
Baptist South and Baptist-Jacksonville (Even MS Distribution)  
2020 Facility Adverse Impact from Clay County Patients**

<b>Facility</b>	<b>Acute Care</b>	<b>OB</b>	<b>Total</b>	<b>Facility Total</b>	<b>Percent Impact</b>
Baptist Clay	4,948	783	5,730		
Baptist Medical Center South	(411)	(68)	(479)	13,746	-3.5%
Baptist Medical Center-Jacksonville	(189)	(72)	(262)	35,630	-0.7%
Orange Park Medical Center	(1,752)	(460)	(2,212)	17,305	-12.8%
St. Vincent’s Medical Center Riverside	(306)	(48)	(354)	25,277	-1.4%
St. Vincent’s Medical Center Clay	(626)	(2)	(628)	4,963	-12.7%
UF Health Jacksonville	(82)	(26)	(109)	26,287	-0.4%
All Other	(357)	(51)	(408)		
<b>County Total</b>	<b>1,224</b>	<b>55</b>	<b>1,279</b>		

Source: OPMC statement of opposition, page 53, Exhibit 38

OPMC points out that proposed project approval would eviscerate St. Vincent’s Clay and OPMC’s service area and do harm to the existing area. Further OPMC indicates that the impact to OPMC’s OB program is even more extreme because it will impact its neonatal intensive care unit (NICU) program. OPMC emphasizes that without sufficient births, Clay County risks losing its only Level II NICU program. The reviewer confirms that OPMC is the sole provider on Level II NICU services in Clay County. The opposition utilizes the 2014 financial reports from the Florida Hospital Uniform Reporting System (FHURS), estimating financial losses if the proposed project is approved. See the exhibit below.

**Financial Impact of Baptist Clay Hospital on OPMC**

	<b>With 75 Percent Shift</b>	<b>Without 75 Percent Shift</b>
<i>Impact with Constant Payor Mix</i>		
Discharges Lost	(1,821)	(2,212)
Lost Inpatient Gross Revenue	\$ (142,688,078)	\$ (173,325,660)
Lost Adjusted Discharges	(2,788)	(3,386)
Loss of Total Gross Revenue	\$ (218,449,424)	\$ (265,354,270)
Loss of Total Net Revenue	\$ (22,389,384)	\$ (27,196,769)
Less Variable Expenses	\$ (11,259,177)	\$ (13,676,715)
Lost Contribution Margin	\$ (11,130,207)	\$ (13,520,054)
<b>OPMC 2014 Total Contribution Margin</b>		
	\$ 103,924,828	\$ 103,924,828
<b>Percent Impact</b>	<b>-10.7%</b>	<b>13.0%</b>
<i>Impact with Payor Mix Shift</i>		
Loss of Total Net Revenue	\$ (24,573,878)	\$ (29,850,312)
Less Variable Expenses	\$ (11,259,177)	\$ (13,676,715)
Lost Contribution Margin	\$ (13,314,702)	\$ (16,173,592)
<b>OPMC 2014 Total Contribution Margin</b>		
	\$ 103,924,828	\$ 103,924,828
<b>Percent Impact</b>	<b>-12.8%</b>	<b>-15.6%</b>

Source: OPMC statement of opposition, page 54, Exhibit 39

OPMC stresses that such financial losses, on top of the impact of St. Vincent's Clay, do not take into consideration the potential for market erosion from the Agency approved general hospital project - West Jacksonville Medical Center (CON application #10059). In addition, OPMC contends that as the only tertiary provider in Clay County, offering OB, NICU and other complex services (cardiac care) as well as specialty services, such as psychiatric and comprehensive inpatient rehabilitation care, any financial losses are detrimental to OPMC's ability to continue to offer these specialized and costly services.

OPMC states that in summary, the proposed project fails to meet the applicable statutory review criteria found in Section 408.035(1), Section 408.037(2), Florida Statutes. OPMC reiterates its opposition to the proposed project pursuant to these sections.

**St. Vincent's Medical Center-Clay County, Inc. (St. Vincent's Clay)** submitted a detailed 109-page letter of opposition to the proposed project (including 25 exhibits, 10 figures and eight attachments). The opposition was signed by Stephen C. Emmanuel, Ausley McMullen, Attorneys and Counselors at Law, on behalf of St Vincent's Clay. The statement attachments included data/statistical tables to support the St. Vincent's Clay opposition arguments.

St. Vincent's Clay contends that CON application #10393 fails to give either a factual or a legal basis for approval, beyond the applicant asserting that there is outmigration by Clay County residents for inpatient hospital care. St. Vincent's Clay asserts that there is no documentation in the application of any access problems that affect the ability of residents of Clay County to access either of the two hospitals in

Clay County that are within 20 minutes' drive time for nearly all residents or any of the other existing hospitals in neighboring Duval County. The opposition maintains that the proposed project does not indicate that access or availability of existing hospitals is lacking or otherwise adversely impacts patient outcomes.

In its statement of opposition summary and overview, St. Vincent's Clay asserts that:

- Clay County does not have a rapidly growing population base
- Clay County does not have an expanding market that will minimize the impact on existing facilities
- There are no benefits of access enhancement that would outweigh the potential adverse impact
  - The proposed project will not result in an improvement in travel times
  - No unique or new services are proposed
  - The proposal offers less services than existing hospitals currently provide
  - No conditions were proposed with regard to a minimal number of patients by payor mix, such as Medicaid and charity or by service, such as OB
  - Proximity of the proposed project to St. Vincent's Clay of 10 miles and the significant overlap of services within 20 miles
  - St. Vincent's Clay estimates that it will lose 3,320 discharges over the first three years of the proposed project translating to a contribution margin loss of at least \$9,003,964 (which would be greater if outpatient services are included)
- The application does not identify any "not normal or extenuating" circumstances
- The application does not address findings of fact in DOAH Case No. 06-0555CON
- There is no projected bed need for Clay County

St. Vincent's Clay indicates that there are no current or future access issues that support the proposed project. The opposition contends that the applicant's statements about outmigration do not adequately identify an access problem or failure of existing hospitals to provide accessibility. Regarding geographic access, St. Vincent's Clay indicates that:

- The application contains no documentation of geographic access problems for residents of Clay County using any drive time standard
- There are no physical geographical barriers that limit access to the existing hospitals in Clay County by residents of the service area
- The application does not include a traffic or travel time study

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- Both existing hospitals in Clay County are within 10 miles and less than 20 minutes' drive time from the proposed project site.
- The application does not consider any planned roadway improvements identified for the service area and the effects they will have on future travel times

St. Vincent's Clay points out that it is almost always true that a proposed new hospital would improve access for the "home" ZIP Code, but differentials between the proposed hospital and existing hospital sites and ZIP Code centroids of the PSA and SSA should be taken into consideration. Using October 2015 Google Maps estimates, St. Vincent's Clay makes the following determinations about travel times in the PSA/SSA of the proposed project:

- Four of the six ZIP Code centroids are within 20 minutes' drive time of St. Vincent's Clay.
- Only three of the six ZIP Code centroids are within 20 minutes' drive time of the proposed project site.
- The Keystone Heights area in the far southwestern part of the County, ZIP Code 32656, is more than 30 minutes from all three hospital sites.
- The proposed project site would improve travel time for residents of only two ZIP Codes, 32003 and 32043, compared to the two existing hospitals. The net improvement in travel time will range from seven to 12 minutes.
- The proposed project site would worsen travel times for residents of four ZIP Codes: 32065, 32068, 32073 and 32656. The net deterioration in travel time ranges from one to 19 minutes.

The opposition indicates that access to tertiary services would not be geographically enhanced by the approval the proposed non-tertiary general hospital. St. Vincent's Clay contends that CON application #10393 does not demonstrate need for programmatic access in the proposed area and that the proposed project does not offer any additional programs or services to the residents of Clay County. St. Vincent's Clay discusses the ample availability of ED services in the area.

St. Vincent's Clay provides exhibits to address Clay County resident pediatric discharges and tertiary care patients and non-tertiary acute care discharges from short term acute care hospitals by location and by ZIP Code for adult residents of Clay County 2012-2014. The reviewer notes that none of these exhibits describe or present programmatic challenges that the proposed project is designed to address. Using 2012-2014 Agency inpatient hospital discharge data for acute myocardial infarction (DRGs 280-285), heart failure and shock (DRGs 291-293), cardiac arrest (DRGs 296-298) and chest pain (DRGs 313), St. Vincent's Clay indicates that, in 2014, of 875 adult residents of Clay County with a

heart attack, cardiac arrest or chest pain diagnosis, only 78 or 8.9 percent resided in the Fleming Island area. St. Vincent's Clay also indicates that the majority of the total 875 residents resided in areas closer to the two existing Clay County hospitals. See the exhibit below.

**Non-Tertiary Acute Care Discharges for Heart Attack, Heart Failure, Cardiac Arrest and Chest Pain from Short-Term Acute Care Hospitals in Florida by ZIP Code for Adult Residents of Clay County**

ZIP Code	Area	2012		2013		2014	
		Discharges	Percent	Discharges	Percent	Discharges	Percent
32003	Fleming Island	82	9.1%	78	9.4%	78	8.9%
32043	Green Cove Springs	163	18.0%	138	16.5%	150	17.1%
32065	Orange Park	117	12.9%	85	10.2%	106	12.1%
32068	Middleburg	189	20.9%	212	25.4%	199	22.7%
32073	Orange Park	269	29.7%	250	30.0%	259	29.6%
32656	Keystone Heights	85	9.4%	71	8.5%	83	9.5%
	<b>Total Clay County</b>	<b>905</b>	<b>100.0%</b>	<b>834</b>	<b>100.0%</b>	<b>875</b>	<b>100.0%</b>
	<b>Total Resident Discharges</b>	<b>16,858</b>		<b>17,489</b>		<b>18,839</b>	
	<b>Heart Attack, etc. %</b>		<b>5.4%</b>		<b>4.8%</b>		<b>4.6%</b>

Source: St. Vincent's Clay statement of opposition, page 9, Exhibit 2

Regarding the applicant's contention that for residents in Clay County within a selected group of DRGs, 17 percent of Clay County's adult residents leave the county for care, St. Vincent's Clay notes:

- There is no analysis in the application that demonstrates a correlation between beds per population and patient flow patterns of either immigration or outmigration
- The application contains no documentation that the statewide ratio of beds to population is appropriate, relevant or reasonable to the Clay County resident population
- The application does not include any data, research or information that supports a cause and effect statement related to the hospital of treatment patterns by Clay County residents

The opposition indicates, based on its examination of CON application #10393, that there is no evidence or documentation of patient flow patterns. St. Vincent's Clay references prior DOAH CON cases to reach significant findings concerning patient flow patterns:

- Patient flow patterns are an attribute of hospital utilization
- There are normal or typical patient flow patterns of immigration and outmigration between counties and districts and the boundary lines are frequently crossed in both directions, especially for adjacent counties or districts
- For outmigration to be a factor, it must be shown that it is due to a failure of existing programs and/or facilities in terms of their location, availability or quality



Using Agency inpatient hospital discharge data from CY 2014 for non-tertiary acute care and OB (not delivered) cases, St. Vincent’s Clay states that there are routine occurrences of patient flow patterns between resident counties and the hospital of treatment, as follows:

- 65.2 percent of Nassau County residents were discharged from hospitals in Duval County
- 46.5 percent of St. Johns County residents were discharged from hospitals in Duval County
- 16.5 percent of Flagler County residents were discharged from hospitals in Volusia County

Using the same source, time frame and non-tertiary discharge characteristics, St. Vincent’s offers similar patient flow patterns regarding District 7 and District 1.

The opposition asserts that geographic convenience is not a valid basis for approval, particularly when the existing hospitals are both within 20 minutes’ drive time to the proposed project site.

St. Vincent’s Clay contends that CON application #10393 does not present any information or statistics to demonstrate that there are any financial access problems in Subdistrict 4-2 or Clay County that the proposed hospital would address financial access issues. Using the Intellimed ESRI Demographic Profile System, October 2015, St. Vincent’s Clay maintains that ZIP Code 32003, Fleming Island, has a 2015 average household income of \$105,497, a net of \$32,205 or 30.5 percent greater than the PSA/SSA overall. See the exhibit below.

**Average Household Income by ZIP Code for Clay County**

			<b>Variance to Clay County Average</b>	
<b>ZIP Code</b>	<b>City</b>	<b>2015</b>	<b>Net</b>	<b>Percent</b>
32003	Fleming Island	\$105,497	\$32,205	30.5%
32043	Green Cove Springs	\$72,770	-\$522	-0.7%
32065	Orange Park	\$69,859	-\$3,433	-4.9%
32068	Middleburg	\$67,788	-\$5,504	-8.1%
32073	Orange Park	\$64,989	-\$8,303	-12.8%
32656	Keystone Heights	\$57,239	-\$16,053	-28.0%
<b>Total</b>		<b>\$73,292</b>	<b>\$0</b>	<b>\$0%</b>

Source: St. Vincent’s Clay statement of opposition, page 17, Exhibit 6

St. Vincent’s Clay references the applicant discussion of the Health Care Access Criteria (Rule 59C-1.030(2), Florida Administrative Code), stating that the applicant does not compare its proposed payer mix of services to historical data for the service area for each of the major services proposed in CON application #10393. Additionally, St. Vincent’s Clay maintains that cultural access was not advanced by the proposed project.

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The opposition asserts that neither its analysis nor CON application #10393 demonstrates that population growth supports need for the proposed project. St. Vincent’s Clay provides a breakdown of population estimates by age cohort, from 2015 to 2020, for Clay County, District 4 and Florida. This exhibit indicates that the Clay County elderly population cohorts (age 65-74 and age 75+), from 2015 to 2020, are growing at percentages below those of District 4 overall and Florida overall. More specific to the applicant’s PSA/SSA, St. Vincent’s Clay uses Nielsen-Claritas, Inc., September 2015 estimates to illustrate net population growth and percentages. Using the applicant’s total PSA/SSA, St. Vincent’s Clay estimates a net population increase of 1,603 (0.9 percent) residents from 2010 to 2015 and a net population increase of 1,929 (1.0 percent) from 2015 to 2020. See the exhibit below.

**Historical and Projected Total Population for Clay County by ZIP Code: 2010-2020**

					Annual Change			
					2010-2015		2015-2020	
ZIP Code	City	2010	2015	2020	Net	Percent	Net	Percent
32003	Fleming Island	27,133	28,854	30,764	344	1.3%	382	1.3%
32043	Green Cove Springs	25,166	26,441	27,919	255	1.0%	296	1.1%
32065	Orange Park	30,273	32,335	34,461	412	1.4%	425	1.3%
32068	Middleburg	50,713	53,464	56,577	550	1.1%	623	1.2%
32073	Orange Park	40,844	40,883	41,584	8	0.0%	140	0.3%
32656	Keystone Heights	13,928	14,093	14,412	33	0.2%	64	0.5%
<b>Total</b>		<b>188,057</b>	<b>196,070</b>	<b>205,717</b>	<b>1,603</b>	<b>0.9%</b>	<b>1,929</b>	<b>1.0%</b>
<b>Subdist. 4-2</b>		<b>412,</b>	<b>426,111</b>	<b>444,457</b>	<b>2,775</b>	<b>0.7%</b>	<b>3,669</b>	<b>0.9%</b>
<b>District 4</b>		<b>1,937,019</b>	<b>2,026,973</b>	<b>2,130,567</b>	<b>17,991</b>	<b>0.9%</b>	<b>20,719</b>	<b>1.0%</b>
<b>Florida</b>		<b>18,801,310</b>	<b>19,897,507</b>	<b>21,068,300</b>	<b>219,239</b>	<b>1.2%</b>	<b>234,159</b>	<b>1.2%</b>

Source: St. Vincent’s Clay, statement of opposition, page 26, Exhibit 11

St. Vincent’s Clay provides similar population growth exhibits, by the same source, years and PSA/SSA, for the adult population, age 18+ and for the female population age 15-44. These exhibits indicate an age 18+ population net growth in the area of 2,303 residents (1.5 percent) and a female population net growth in the area of 255 residents (0.7 percent) from 2015 to 2020. The opposition asserts that the provided population and demographic estimates do not support sufficient growth to justify the proposed project, now or in the foreseeable future.

St. Vincent’s Clay references CON application #10393, Tables 4-2, 4-3, 4-4, 4-9 and 4-10 as well as the applicant’s Table 4-6. Using these tables, a 75 percent acute care and OB not delivered occupancy rate and a 65 percent OB delivered rate for the proposed project, from 2015 to 2020, St. Vincent’s Clay estimates an incremental bed need of four. See below.

**Incremental Bed Need Analysis for Clay County: 2015-2020**

<b>Data Element</b>	<b>Non-Tertiary Medical/Surgical and Obstetrics Not Delivered</b>	<b>Obstetrics Nor Delivered</b>	<b>Total</b>
Annual Change in Population	2,187	979	--
Discharge Rate	100	55.03	--
Incremental Admissions	219	54	273
ALOS	4.3	2.6	4.0
Incremental ADC	2.6	0.4	3.0
<b>Incremental Bed Need</b>	<b>3</b>	<b>1</b>	<b>4</b>

Source: St. Vincent's Clay statement of opposition, page 30

Based on the above estimates, St. Vincent's Clay concludes that:

- Population growth alone in Clay County is insufficient to achieve the utilization projections for the proposed project
- Existing providers in the area have adequate capacity to meet the future needs of the Clay County population

The opposition notes that it is very significant that the Baptist Clay application does not include a section on bed need and that there is no narratives or data tables to be found regarding bed need on either a gross or net basis. St. Vincent's Clay asserts that this is likely due to the fact that there is no future bed need in Clay County. However, St. Vincent's Clay provides its own bed need analysis and concludes that:

- There is no projected bed need for Clay County, with a surplus of 80 beds forecast for 2020
- Existing providers in the area have adequate capacity to meet the future needs of the Clay County population

St. Vincent's Clay maintains that CON application #10393 Table 1-2 is a minimal presentation of data and its subsequent analysis is misleading and fails to consider several key points:

- Total acute care patient days are not the best indicator of utilization because certain services will not be provided at the proposed hospital, such as tertiary services and pediatric services
- Immigration of patients from areas outside of District 4 which is significant in District 4, but not necessarily to Clay County hospitals is included in CON application #10393, Table 1-2
- More recent trends in hospital utilization during the past three years of 2012-2014 are less visible compared to the five-year trend presented in the application

St. Vincent's Clay maintains that using more recent trends of hospital utilization during the past three years of 2012-2014 reflects the following:

- Patient days in Subdistrict 4-2 increased only by 0.6 percent per year
- Patient days in Clay County increased by 5.1 percent

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- Due to St. Vincent's Clay opening in late 2013 there have been additional beds in the inventory which significantly affect the occupancy rate trends in Clay County although this is not shown separately in CON application #10393, Table 1-2
- The Clay County occupancy rate declined from 83.9 percent in 2012 to 67.2 percent in 2014 which equates to a decline of 9.9 percent per year

Using Agency publications, for CY 2012, 2013 and 2014, St. Vincent's Clay provides an exhibit to for net changes and percentage changes for 2012-2013, for 2013-2014 and for 2012-2014 annualized utilization changes of short term acute care hospitals in Subdistrict 4-2 and District 4. The opposition states that this exhibit supports the bulleted points above.

St. Vincent's Clay also provides exhibits summarizing 2012-2014 resident utilization trends for non-tertiary medical/surgical and obstetrics not delivered from short-term acute care hospitals and resident utilization trends for non-tertiary medical/surgical obstetrics delivered from short term acute care hospitals. In both exhibits, St. Vincent's Clay describes these totals and percentages for Clay County, Subdistrict 4-2, District 4 and Florida. The opposition concludes the following based on the provided exhibits:

- The increase in discharges over the last three years are lower in comparison to the alleged increases in total facility patient days included in CON application #10393, Table 2-1
- The lower rates of increases in ADC are the result of declines in the ALOS values across all geographic areas
- The lower rate of increases and in some cases decreases in the discharge and patient day rates (e.g. Clay County discharge per 1,000 rate) are the product of two factors:
  - Discharges have not increased as fast as population
  - ALOS has declined
- The volumes and changes over the last three years are not indicative of an expanding market that will offset the impact if CON application #10393 is approved

St. Vincent's Clay presents five maps correlating with Attachment 2 and Attachment 3. Based on these maps and attachments, the opposition reaches the following conclusions:

- The Middleburg and Orange Park areas of Clay County have the most non-tertiary discharges, higher ADC, higher use rates, greater increases in the discharge and patient day rates than other areas in Clay County.
- The Fleming Island area ranked next to last in terms of non-tertiary discharges and ADC in 2014.

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- The Fleming Island area has the lowest discharge rate of the six ZIP Codes in Clay County in 2014.
- The Fleming Island and Green Cove Springs areas from which the proposed project will draw its highest market share percentages have experienced the lowest increases in their patient day rates over the 2012-2014 time frame. The Fleming Island ZIP Code 32003 increased its patient day rate by only 0.5 percent and the Green Cove Springs ZIP Code 32043 experienced a decrease in its patient day rate by -1.8 per year on average.
- It is clear that the two key PSA ZIP Codes of 32003 (Fleming Island) and 32043 (Green Cove Springs) are characterized by lower levels of non-tertiary utilization compared to the other areas of Clay County, particularly Middleburg (ZIP Code 32068) and Orange Park (ZIP Codes 32073 and 32065).
- Locating a new hospital in an area of lower resident utilization such as Fleming Island which already has reasonable access to existing hospitals is inconsistent with sound health planning principals

St. Vincent's Clay asserts that CON application #10393 ignores existing and approved beds that are readily available and accessible to residents of the proposed service area. The applicant indicates that it is generally accepted that medical treatment trends affecting future hospital inpatients will result in fewer and sicker patients generally requiring tertiary and specialized care. St. Vincent's Clay notes that it is progressing to be that kind of hospital in the near future and that the existing and currently approved inventory is essential for St. Vincent's Clay to develop a critical mass of patients to support tertiary physician specialists and services. St. Vincent's Clay expects its existing facility's progress will reduce outmigration to downtown Jacksonville hospitals and perhaps Gainesville hospitals in the future.

St. Vincent's Clay maintains that CON application #10393, Tables 4-19 and 4-20, present a significant overlap in the proposed PSA and SSA for the proposed project and the existing service areas of St. Vincent's Clay and OPMC. In addition, the opposition provides an exhibit to reflect anticipated overlap between the proposed project, St. Vincent's Medical Center-Clay County, Inc. and OPMC. St. Vincent Clay points out that each of the ZIP Codes in the CON application #10393 is also within the service area of a hospital with available, unused acute care beds. St. Vincent's Clay asserts that there is no need for the proposed project, on the basis of numeric need, given the utilization trends in the area and the inventory of acute care beds. See the table below.

**Overlap of Service Areas of Existing and Proposed Hospitals in Clay County  
for Adult Non-Tertiary Acute Care Services**

ZIP Code	Area	CY 2014 Agency Data		
		Baptist Clay Medical Center CON application #10393	St. Vincent's Medical Center- Clay County, Inc.	Orange Park Medical Center
32003	Fleming Island	Primary	Secondary	Secondary
32043	Green Cove Springs	Primary	Primary	Primary
32065	Orange Park	Secondary	Primary	Primary
32068	Middleburg	Secondary	Primary	Primary
32073	Orange Park	Primary	Primary	Primary
32656	Keystone Heights	Secondary	Secondary	Secondary

Source: St. Vincent's Clay, statement of opposition, page 53, Exhibit 21

The opposition challenges Table 4-25 in CON application #10393, Table 4-25, noting that the market share data is not presented at the ZIP Code level and therefore hides the variation in market share on a geographic basis which is important. In addition, St. Vincent's Clay indicates that the totals in the table are for all aged Clay County residents which is inconsistent with the applicant's intent and volume forecasts for adults 18+ years of age.

In addition, the opposition questions why the proposed project utilizes ZIP Code 32065 as an SSA for acute care but as a PSA for OB services.

St. Vincent's Clay asserts that CON application #10393, Table 4-27, does not sufficiently describe the impact analysis methodology nor does the applicant provide the source or origin of various data elements. St. Vincent's Clay states disagreement with the applicant's analysis on a conceptual basis for several reasons, as shown below:

- Holding the St. Vincent's Clay market share at a constant rate during the forecast period of 2018-2020 based on its first full year of operation in CY 2014 is unreasonable and not supported by the experience of new hospitals in Florida.
- St. Vincent's Clay will be adding new beds and services in CY 2016.
  - 30 acute care beds in August 2016
  - 12 OB beds in August 2016
  - 11 ED beds in May 2016
  - A pediatric service in 2016
  - A Level 1 interventional cardiac cath lab in January 2016
- The proposed project's market share for non-tertiary acute care from ZIP Code 32068 (Middleburg) where St. Vincent's Clay is located, is estimated as three percent, six percent and nine percent for the first three years (2018-2020). St. Vincent's Clay stresses that this rate is understated in order to minimize the impact on St. Vincent's Clay.
- Due to the absence of an OB service in CY 2014, St. Vincent's Clay did not have any market share but it proposes to add these services in the future.

- In addition to the market share changes, the proposed project impact analysis assumes that existing hospitals maintain their baseline volumes of discharges with the incremental growth attributed to its new proposed facility.

The opposition estimates a three-year loss of 2,978 non-tertiary acute discharges, 252 OB deliveries and a total loss of 3,230 discharges if the proposed project is approved. See the table below.

**Discharges Lost at St. Vincent’s Clay Due to the Proposed Project**

<b>Year and Service Area</b>	<b>Non-Tertiary Acute</b>	<b>OB Delivered</b>	<b>Total</b>
<b>2018</b>			
Primary	229	32	261
Secondary	552	36	588
<b>Total</b>	<b>781</b>	<b>68</b>	<b>849</b>
<b>2019</b>			
Primary	293	40	333
Secondary	707	43	750
<b>Total</b>	<b>1,000</b>	<b>83</b>	<b>1,083</b>
<b>2020</b>			
Primary	367	48	415
Secondary	830	53	883
<b>Total</b>	<b>1,197</b>	<b>101</b>	<b>1,298</b>
<b>Three Year Total</b>	<b>2,978</b>	<b>252</b>	<b>3,230</b>

Source: St. Vincent’s Clay, statement of opposition, page 60

The opposition contends in FY 2015 each lost non-tertiary discharge had a contribution margin estimated at approximately \$2,788 per case—resulting in a total loss of \$9,003,964 for the first three years to St. Vincent’s Clay if the proposed project is approved. See the table below.

**Contribution Margin Impact of Discharges Lost at St. Vincent’s Clay Due to the Proposed Project**

<b>Year</b>	<b>Lost Cases</b>	
2018	849	\$2,365,736
2019	1,083	\$3,019,404
2020	1,298	\$3,618,824
<b>Total</b>	<b>3,230</b>	<b>\$9,003,964</b>

Source: St. Vincent’s Clay, statement of opposition, page 60

St. Vincent’s Clay utilized the Agency’s Florida Hospital Bed Need Projections and Service Utilization by District (July 2015), Agency inpatient hospital discharge data (October 2015) and the Agency ED data file (October 2015) to conclude that Baptist Health has the leading

market share for major hospital systems in the Jacksonville area of District 4 for the following:

- Acute care hospitals and beds
- Acute care admissions
- Acute care patient days
- ED visits

According to St. Vincent's Clay, the proposed project will not enhance competition for those persons who reside in Clay County for the following reasons:

- The eastern Clay County location will not mount a competitive program, but will work strategically with Baptist Medical Center Jacksonville and Baptist Medical Center South
- The proposed project includes an explicit assumption that 75 percent of the Clay County patients currently hospitalized at Baptist South and Baptist Jacksonville will be re-directed to the proposed project

St. Vincent's Clay maintains that the proposed project does not introduce any new services or tertiary services that are not already available from existing hospitals and that a healthy, balanced competitive market in Clay County and the Jacksonville area for acute care hospital services already exists.

The opposition asserts that the absence of a condition in CON application #10393, Schedule C, with regard to a minimum level of discharges and/or patient days by service, especially OB, questions the reliability of the commitment to enhance financial access. In addition, St. Vincent Clay maintains that the proposed project is predicated on convenience and institutional-specific goals in the metro Jacksonville market. The opposition concludes that pursuant to the statutory review criteria found in Section 408.035(1), Florida Statutes, St. Vincent's Clay is opposed to the proposed project.

**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.**

**Baptist Medical Center of Clay, Inc. (CON application #10393)** responded to both the OPMC's and to the St. Vincent's Clay written statement of opposition on November 16, 2015. R. Terry Rigsby of Pennington, P.A., responded on behalf of the applicant. The response



contends that the opponents (OPMC and St. Vincent's Clay) engaged in new analyses using different population estimates, different groupings of MS-DRGs, inclusion of tertiary services as illustrative of points afield of the purpose of the application, questionable assertions regarding what factors should be given weight in deliberation, as well as citations to dated cases within as well as outside District 4, regardless of the facts upon which the findings in those cases derive.

The response asserts that the major theme in opposition is anti-competition. The response indicates that the structure for the opponents' approaches reflects adherence to bygone policies no longer applicable. The response states that the opponents' outmoded concepts employed in mounting the opposition include assertions that:

- Travel distance and time standards apply
- Surplus beds matter
- Those already in the market deserve protection (eliminated in the repeal of Rule 59C-1.035, Florida Administrative Code)
- Approval must remedy an identified problem
- Net population growth establishes the threshold for approval

According to the response, the opponents fail now to engage with the paradigm shift. Also according to the response, some concepts that move beyond the factors on which the opposition rely include:

- Decentralization of hospital services provides care close to home
- Competition benefits patients and payers
- Accommodation occurs to payers, including "openness to" bundled payments, episode of care, performance measures gain preference
- Commitment to patient-focused service delivery and building design yields improvement
- Provision of choice manifests for both patients and payers
- Investment occurs in the community in broad ways, not just in hospital-based services
- Development of a freestanding ED can be a precursor to submitting an application for a new general hospital

The Agency recognizes that a freestanding ED can be such a precursor but also recognizes that a freestanding ED in and of itself does not necessarily or automatically justify approval for a general hospital application. The Agency assesses the weight and balance of the entirety of the general hospital application, based on the totality of the statutory review criteria, along with due consideration of written statements of opposition and the applicant's response to such written oppositions.

The response holds that a plethora of ways exists to measure market share, adverse impact, caseload forecasting, etc. and that the contradictions and contraindications stated by the opposition represent

only a portion of the analyses to be addressed. According to the response, the proposed project restores the balance in choice available elsewhere in Duval County, maintaining that community benefit prevails, not hospital bottom-lines. Mr. Rigsby indicates that the response does not constitute the totality of incorrect information appearing in the opposition letters.

Mr. Rigsby further indicates that statutory review criteria does not direct the applicant to disclose problems requiring solutions and also indicates that no mention occurs of special circumstances connected to the proposal but that both opponents declare that such should be the case. The response asserts that most of the factors that the opponents raise are no longer relevant or controlling.

The response presents several excerpts of prior CON general hospital applications. The response states that the contention that the proposed project does not enhance access is false on its face. According to the response, the location by definition enhances access to those residents who reside closer to the site and farther away from two exiting hospitals.

The response maintains that the opponents' "strangle-hold" on net population growth ignores the fundamental importance of dispersion, a center-point to new hospital construction in Florida. The response also maintains that hospital development follows the shift of population concentrations. The response offers two excerpts of a prior CON application. The response contends that the fact that residents of Clay County seek care out of the county confirms that access is diminished. The response asserts that the act of *not choosing* an existing provider implicates many reasons including location, services, physicians, payers and reputation. The response states that the proposed project captures a segment of the Clay County population unmoved to accept care from OPMC or St. Vincent's Clay. The response notes that across all DRGs, Clay County residents show a 20 percent outmigration rate and that these area residents select Baptist Health's freestanding ED and its hospitals (Baptist Health's) for admissions, regardless of the presence of OPMC or St. Vincent's Clay.

The response emphasizes a shift to what communities deserve and desire and the providers that deliver to them. The response discusses actions providers take to become preferred providers. According to the response, the Clay County Community desires enhanced choices and that the proposed project demonstrates proof of overwhelming support from those residents, as well as its leadership. The response concludes that the opposition letters reflect a fear that competition beneficial to patients will produce change and that that change favors the proposed project where two hospitals now exist.

The response points out for an applicant to raise adverse impact or measure it is not a statutory or rule criteria. The response maintains that adverse impact was offered, that the opponents took issue, offered alternatives and argued that the Agency must consider adverse impact. The response offers an excerpt from each of two prior CON applications. According to the response, regardless of which adverse impact methodology is used, any weight given adverse impact exceeds the statutory authority for applicability to the proposed project.

Per the response, the advocacy of market protection for each hospital's market share is reactive to greater choice exercised among residents of Clay County. The response states that the St. Vincent's Clay proposed total bed count and services that lead to its approval, it now seeks to employ this to deny the proposed application. The response asserts that St. Vincent's Clay stands as testament to regrettable actions to reduce care to the community, only to discover that now it implements it at higher cost due to this delay. The response contends that the St. Vincent's Clay opposition relies on growth, yet denies that growth to the proposed project. The response emphasizes that that denial leads to the untenable position that St. Vincent's Clay has unique entitlement to growth. The Agency recognizes the general cost efficiency and overall economies of scale realized by adding acute care beds and/or adding or expanding additional services at an existing hospital as opposed to establishing additional acute care beds at a new physical location.

The response emphasizes that most revealing is OPMC's lack of any mention or discussion of the impact of losing trauma center Level II designation. According to the response, that event contributed markedly to its (OPMC's) staff decline volume loss and revenue drop. The Agency confirms that according to the Florida Department of Health's Division of Emergency Medical Operations, Office of Trauma website at [http://www.floridahealth.gov/licensing-and-regulation/trauma-system/\\_documents/traumacenterlisting2014.pdf](http://www.floridahealth.gov/licensing-and-regulation/trauma-system/_documents/traumacenterlisting2014.pdf), as of November 17, 2015, OPMC is not a designated trauma center.

The response indicates that OPMC fails to establish credibility with respect to its argument of losing experienced staff since no outcry exists of its concern with HCA's filing for a new nearby general hospital in West Jacksonville. The response contends that staff losses due to Baptist Health's ED at Fleming Island is simply false as the ED opened fully staffed and that the majority of the positions lost at OPMC were lost after the ED had already opened.

The response notes that according to OPMC, losses in volume occasions new service lines to increase revenues, an appropriate response to treating sickness in the population. The response also notes that competition produces the desired outcome, yet OPMC points to the event

as a negative consequence of competition when benefit accrued to Clay County patients. The response indicates that the OPMC compliant that the expansion of outpatient services and freestanding ED development reduces both its staff and service volumes rings hollow, lacking any merit or consideration.

Over-Bedding or Surplus Beds Now a Moot Point as is the Effect on Service Area and Related Market Shares

The response offers an excerpt from each of two prior CON applications and contends that the opponents rely on outdated policies, refuted in recent CON submissions.

Description of Services

Per the response, proposed project denial will not result in Clay County residents remaining within the county. The response states that it is telling in the selection pattern among Clay County residents is choice, coming at the expense of OPMC who complains about loss of both inpatient and outpatient volumes to St. Vincent's Clay as well as to Baptist Health's freestanding ED. The response indicates that St. Vincent's Clay opposition states that the proposed project offers no new services or programs that are not already available but that such an assertion is misplaced since a hospital follows medical constraints and established standards of practice (the following of The Joint Commission standards is mentioned in the response as a source of such standards). The response offers an excerpt from a prior CON application.

Competition Benefits Patients

The response offers an excerpt from a prior CON application and then emphasizes that OPMC vilifies Baptist Health's expansion and success in the existing service area, stating that this opposition comes across as little more than "sour-grapes". The response contends that citing growth, collaboration with others, expansion into other service areas, implied influence, Baptist Health out-strips the experience of Memorial Health System and St. Vincent's Health System. According to the response, the proposed project responds to community requests and that the focus is on community achievement.

Overall, the response concludes that, with OPMC, part of HCA and with St. Vincent's Clay, part of Ascension Health System, these area hospitals belong to health systems considerably larger than Baptist Health. The response asserts that if the two opponents fail to establish additional facilities within District 4, that failure cannot be assigned to Baptist Health.

Agency Shifts Policy on Conditions

The response points out that St. Vincent's Clay particularly cites the fact that the proposed project did not seek to have conditions imposed and did not offer any. The response indicates that this is misleading as CON application #10393, Schedule C acknowledges the statutory authority of the Agency to impose any condition or conditions from statements made within the application and states willing acceptance of any. The response challenges claims from OPMC and St. Vincent's Clay about their health systems' services to Medicaid recipients and to the medically indigent as questionable when compared to those of Baptist Health. Mr. Rigsby offers the Baptist Clay's response to written opposition, attachment, page 14-17, which dispute the opponents' assertions.

Medicaid Participation and Other Payers

The response notes that while OPMC indicates that the proposed project "cherry picks" the best patients with the better payers, leaving OPMC and St. Vincent's Clay with poorer payers, Baptist Health indicates that how a hospital "cherry picks" the best patients goes unexplained. According to the response, many area residents conclude that neither OPMC nor St. Vincent's Clay meet their needs and consequentially seek care from Baptist Health outside the county. The response maintains that such a result is not cherry picking but a matter of choice being exercised that eschews both OPMC and St. Vincent's Clay. The response also maintains that for OPMC to indicate that Baptist Health's presence in Clay County generates a reduction in Medicare and a rise in Medicaid, leaving OPMC with a poorer source of revenue, this scenario lies outside the statutory review criteria applicable to the proposed project. Mr. Rigsby again reiterates to the response's attachment that Baptist Health's affiliated hospitals provider higher proportions of Medicaid and Medicaid Managed Care among the hospital systems serving the area.

The Community's Voice

The response contends that the disasters concocted to dissuade proposed project approval all share two common underpinnings:

- Competition causes all negative events and the existing hospitals bear no responsibility for either acting or failing to act whether proactively or reactively
- Community residents show disloyalty asking for another choice when two good hospitals already serve the area

The response discusses trends and transformations in the medical/hospital landscape and contends that the proposed project embraces change, accepts uncertainty and advances options to gain community support.

**H. SUMMARY**

**Baptist Medical Center of Clay, Inc. (CON application #10393)**, an affiliate of not-for-profit Baptist Health, proposes to establish a new 96-bed general hospital located at 1771 Baptist Clay Drive, Fleming Island, Florida 32003, Clay County, Subdistrict 4-2. This location is at the existing Baptist Emergency Center Clay. According to the applicant, the 40-acre site accommodates the proposed project and allows for availability and easy access, with major north/south highway access.

Baptist Clay offers ZIP Code 32003 as the home ZIP Code but offers differing sets of PSA and SSA ZIP Codes, depending on the occurrence of an acute care case or an obstetric case:

- Acute Care PSA ZIP Codes
  - 32003 (Fleming Island)
  - 32043 (Green Cove Springs)
  - 32073 (Orange Park)
- Acute Care SSA ZIP Codes
  - 32065 (Orange Park)
  - 32068 (Middleburg)
  - 32656 (Keystone Heights)
- Obstetric Care PSA ZIP Codes
  - 32003 (Fleming Island)
  - 32043 (Green Cove Springs)
  - 32065 (Orange Park)
  - 32073 (Orange Park)
- Obstetric Care SSA ZIP Codes
  - 32068 (Middleburg)
  - 32656 (Keystone Heights)

As shown above, ZIP Code 32065 is an SSA for Baptist Clay's acute care total PSA/SSA but is a PSA for Baptist Clay's obstetric care total PSA/SSA.

The applicant proposes to condition project approval to the proposal as shown on page five of this report.

**Need:**

According to the Agency's *Florida Hospital Bed Need Projections & Service Utilization by District* (published on July 17, 2015) District 4, Subdistrict 4-2 had a total of 873 licensed acute care beds with an occupancy rate of 62.10 percent for the January through December 2014 reporting period.

There is one CON approved general hospital project in District 4-2 pending licensure, this being the establishment of the 85-bed acute care hospital West Jacksonville Medical Center (CON application #10059). St. Vincent's Health Care has provided the Agency with notification (NF #150034) to add 42 acute care beds to St. Vincent's Medical Center Clay County, Inc. (District 4-2/Clay County).

The applicant contends that need for the proposed facility is justified on the following:

- Providing care to Clay County residents close to home
- Providing primary and emergency services with expansion to inpatient care
- Providing improved area partnerships in the community network of care
- Without a Baptist Health inpatient facility in Clay County, Baptist Health experiences limitations to provide a continuum of care
- A better dispersal of care within Clay County
- An inability to promptly admit patients to an inpatient facility in Clay County delays services and necessitates transfers
- A reduction in outmigration
- Improving access for residents of southern and eastern portions of Clay County
- Clay County lags behind when it comes to the number of licensed physicians and hospital beds per capita than the state average
- Overall, the proposed project will make available and accessible a Baptist Health general hospital presence in the subdistrict, fostering competition with the nearest two existing Clay County general hospitals, enhancing inpatient acute care access to a segment of Clay County residents

In addition, Baptist Clay states that the proposed project will foster competition and promote quality and cost-effectiveness for several reasons, including:

- Residents of Clay County feel the impact of higher prices for hospital care which will be reduced by the proposal
- Expand choice, options and how care is delivered for area residents and physicians
- Baptist Health was rated by respondents as "most preferred" among Greater Jacksonville hospitals in an October 2014-July 2015 survey by the National Research Corporation.
- A Press Ganey publication showing that residents rate the service from the Baptist ED with a mean score of 90.3, with 17.6 percent reporting as "Good" and 73.2 percent as "Very Good"
- As of September 2015, 95 percent of Baptist Health primary care offices (19 offices in all) have attained the Patient-Centered Medical Home, recognized by the National Committee on Quality Assurance

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- Baptist Health has an urgent care center “CareSpot” location in Orange Park and in Middleburg
- Baptist Health has three foundations – safety, quality and community

The Agency received two written statement of opposition stating that the proposed project should be denied based on the following reasons:

OPMC Opposition:

- The proposed project is duplicative of existing health offerings in Clay County
- The proposed project’s limited scope of offerings will mean that Clay County residents will be redirected to other Baptist Health facilities in Duval County for specialized care—defeating the main purpose of the proposal to keep Clay County residents in Clay County for inpatient hospital care
- The 2015 Clay County Community Health Assessment never concludes or makes any recommendation that the county needs another acute care hospital and the number of acute care beds in the area was not mentioned as a barrier to care
- The proposed project’s 75 percent PSA does not make geographic sense
- By 2020, estimated population growth in the proposed service area is insufficient to justify the proposal
- The vast majority of Clay County residents live closer to OPMC and St. Vincent’s-Clay and will not have enhanced access through the proposed project

St. Vincent’s Clay Opposition:

- There is no factual or legal basis upon which to approve the proposal other than the assertion that outmigration is occurring
- No documentation is shown to indicate any access problems that affect the ability of residents of Clay County to access either of the existing hospitals in the county that are within 20 miles drive time of nearly all residents of Clay County
- No documentation is presented that indicates access or availability of existing hospitals is lacking or adverse patient outcome
- Clay County does not have a rapidly growing population base
- Clay County does not have an expanding market that will minimize the impact on existing facilities
- The application does not identify any “not normal or extenuating” circumstances



The Agency finds that the applicant failed to demonstrate the criteria specified in 408.035 (2) for a general acute hospital. The Agency has determined that within the context of the criteria, need for the project nor a lack of availability or accessibility of health care facilities to the residents of the subdistrict was not established by the applicant in order to merit approval of the proposed project. In addition, the Agency did not find that the applicant demonstrated the extent that proposed project would foster competition and promote quality and cost-effectiveness to all residents of Clay County. The Agency notes that the applicant's proposed provision of health care services to Medicaid patients and the medically indigent populations did not demonstrate an increase of financial access to the residents of Clay County and the subdistrict.

**Medicaid/charity care:**

The applicant proposes no Medicaid/Medicaid HMO or charity/medically indigent care condition.

Florida Hospital Uniform Reporting System data indicates that during FYE June 30, 2013, Baptist Medical Center Jacksonville provided 26.54 percent of its total patient days to Medicaid, Medicaid HMO and charity care. These are the second highest percentages of Medicaid/Medicaid HMO and charity care patient days (combined) in the district and subdistrict, for the 2013 reporting period. Overall, District 4 acute care facilities averaged 20.02 percent Medicaid, Medicaid HMO and charity care patient days, during this same time frame.

Baptist Medical Center Jacksonville participates in the low-income LIP program but not the DSH program. The applicant's SFY 2014-2015 total LIP allocation was \$514,648. The entirety of this allocation was received by July 2, 2015.

**I. RECOMMENDATION:**

Deny CON #10393.

**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: \_\_\_\_\_

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Marisol Fitch  
**Health Administration Services Manager**  
**Certificate of Need**