STATE AGENCY ACTION REPORT

CON APPLICATION FOR CERTIFICATE OF NEED

A. PROJECT IDENTIFICATION

1. Applicant/CON Action Number:

Wolfson Children's Hospital of Jacksonville, Inc./CON #10442

841 Prudential Drive, Suite 1802 Jacksonville, Florida 32207

Authorized Representative: Michael D. Aubin

Senior Vice President

(904) 202-5066

2. Service District

Pediatric Cardiac Catheterization Service Planning Area 2 which includes District 3 (Alachua, Bradford, Citrus, Columbia, Dixie, Gilchrist, Hamilton, Hernando, Lafayette, Lake, Levy, Marion, Putnam, Sumter, Suwannee and Union Counties) and District 4 (Baker, Clay, Duval, Flagler, Nassau, St. Johns and Volusia Counties).

B. PUBLIC HEARING

A public hearing was not held or requested regarding the establishment of a pediatric cardiac catheterization program within approved CON #10426, in Pediatric Cardiac Catheterization Service Planning Area (PCCSPA) 2.

Letters of Support

The applicant includes 29 unduplicated letters of support in CON application #10442 (Appendix-Letters of Support). Of these 29 letters, 28 are of PCCSPA 2 origin and one is from the State of New York authored by a trustee of the Baptist Health Foundation. All 29 letters indicate an affiliation with the applicant and are all individually composed. All these letters are complimentary of the services provided to children at Wolfson Children's Hospital. All these letters indicate need and support of the applicant to acquire its own Class 2 specialty hospital license. However, the reviewer notes that none of the 29 letters are specific to the application as proposed to establish a pediatric cardiac catheterization program. The letters are generically supportive of the applicant acquiring its own Class 2 specialty hospital license. The reviewer also notes that these 29 support letters are duplicates of the 29 support letters for co-batched, companion CON applications #10443 and #10445.

The 29 letters can be categorized as follows: physicians (16 letters), parents of children who are current or former recipients of services at Wolfson Children's Hospital (six letters), Wolfson Children's Hospital board members (three letters), one letter each from a hospital trustee (Baptist Health Foundation), a hospice provider (Northeast Florida Community Hospice®), a Wolfson Children's Hospital volunteer and a supportive area resident.

Some noted themes among the physician letters include:

- Wolfson Children's Hospital has progressed through developmental periods and has functioned well in its current status but for future stages of development as a tertiary and quaternary regional children's hospital, it needs to become a Class 2 institution.
- A separate Class 2 hospital license would allow the hospital to operate without the unnecessary interference of the operations of the adult hospital and without being subservient to the adult hospital's needs.
- In the current situation, there is duplication of effort in regards to Joint Commission compliance.
- The proposal would allow practitioners to be better able to use pediatric processes, operations, administrative support, policies/bylaws and other support services that are more attuned to the unique needs of children
- While in the current situation Wolfson Children's Hospital provides outstanding care to children, there are barriers because of:
 - The existing combined children and adult hospital operations
 - Substantial burden in providing effective and efficient care for children under these circumstances
- Being administratively combined with adult colleagues via a common Class 1 license has led to many "speed bumps" and barriers to a smooth partnership.
- The world of pediatric medicine is vastly different than the world of Adult Medicine, not just in terms of size of equipment but in disease processes and the very specific requirements that accompany those needs the proposed project would allow for improved efficiency and elevated quality.
- Wolfson Children's Hospital provides a continuum of care from the prenatal period through transition into adulthood—serving in a lead role in developing national public policy to develop and implement new systems approaches. Becoming a Class 2 institution will be instrumental in the development of the proposed project.
- "Independent" children's hospitals are viewed substantively differently by communities than adult hospitals.
- The essence of children's hospitals is their uniqueness which is always overshadowed by the needs and politics of the adult hospital where a children's hospital is not operating independently.
- Proposed project board structure will allow for decisions in the best interest of the child and their families—not influenced by the needs and priorities of an adult hospital system.

- Budgets, programs, services, professional staff structures, community relationships, etc. will all be improved, facilitated and advanced with the proposed project.
- Limitation in the current structure as:
 - Bylaws are set for adult services with limited knowledge of unique differences in providing services to pediatric patients
 - > Unnecessary efforts regarding credentialing
 - Combined medical staffs and medical boards resulting in inefficiencies
- A more nimble structure is needed to address the complexity of navigating operations for a pediatric hospital system.
- Future plans for the applicant to move toward comprehensive pediatric trauma care possibly enabling the hospital to compete for federal funding from a more advantageous position leading to enhanced quality care for children and their health needs.

C. PROJECT SUMMARY

Wolfson Children's Hospital of Jacksonville, Inc. (CON application #10442), also referenced as WCHJ or the applicant, a development stage corporation and affiliate of not-for-profit hospital provider Baptist Health, is applying to establish a pediatric cardiac catheterization program within approved CON #10426, in PCCSPA 2, District 4, Duval County, Florida. Wolfson Children's Hospital (WCH) and Baptist Medical Center Jacksonville (BMCJ) are both located at the same physical location and currently operate under a common license for Southern Baptist Hospital of Florida, Inc. (SBHF). WCH/BMCJ operate a pediatric cardiac catheterization program jointly with a statutory teaching hospital, UF Health Jacksonville (UFHJ). The applicant is proposing to establish and operate a specialty hospital for children (patients 17 and under) at its current site under a new separate license in order to better serve children and their health needs. CON application #10442 is specific to a pediatric cardiac catheterization program at its current site, under a new separate license. WCHJ maintains that the change in structure reflects an internal reorganization and will have no impact on the quality of care provided to children on existing providers.

The pediatric cardiac catheterization program being proposed is currently shared between SBHF and UFHJ. The applicant states that patient care and hospital operations will be seamless during the proposed transition from the SBHF license to the WCHJ license.

Other existing SBHF-licensed services which the applicant is seeking cobatched CON approval in this batching cycle include:

- Pediatric open heart surgery (CON application #10443)
- Pediatric bone marrow transplantation (CON application #10445)

Provided that the proposed co-batched/companion projects are approved the applicant plans to transition all these projects from their current licensed operations at WCH/BMCJ to approved CON #10426 (WCHJ).

According to the applicant, the projects are clearly connected to fully establish the proposed children's specialty hospital. The applicant expects that if approved, the proposed project will not increase the total number of pediatric cardiac catheterization programs in PCCSPA 2.

BMCJ is a Class 1 not-for-profit general hospital with 691 licensed beds and is located at the same physical location as the proposed project. This bed count includes: 582 acute care beds, 24 Level II neonatal intensive care unit (NICU) beds, 32 Level III NICU beds, 39 adult psychiatric beds and 14 child/adolescent psychiatric beds. The affiliate also provides Level II adult cardiovascular services and is a comprehensive stroke center. BMCJ operates a pediatric bone marrow transplantation program and shares a pediatric cardiac catheterization program and a pediatric open heart surgery (OHS) program with UFHJ.

The Agency notes WCHJ have CONs issued to establish a new 132-bed Class 2 specialty children's hospital (CON #10426), establish a new 24-bed Level II NICU (CON #10427) and establish a new 32-bed Level III NICU (CON #10428) through the delicensure of these same beds from BMCJ.

As a part of the proposed project, if approved and upon licensure, BMCJ will voluntarily delicense the existing pediatric cardiac catheterization program, the existing pediatric open heart surgery program and the existing pediatric bone marrow transplantation program—and will simultaneously license those same programs at their existing location, pursuant to the approved CON #10426. CON application #10442 includes a letter to this effect, dated June 6, 2016, signed by A. Hugh Greene, FACHE, President and CEO of Baptist Health, SBHF and Wolfson, Inc.

Upon approval and licensure of the proposed project, UFHJ will voluntarily delicense the existing pediatric cardiac catheterization program and the existing pediatric open heart surgery program. CON application #10442 includes a letter to this effect, dated May 5, 2016, signed by Russell E. Armistead, CEO, UFHJ.

The proposed pediatric cardiac catheterization program, if approved, is expected to have initiation of service on October 1, 2016. Project costs total \$10,000. The project involves zero gross square feet (GSF) of renovated space and zero GSF of new construction, with no renovation and no construction costs. Total project costs include only the project development cost.

In Schedule C of CON application #10442, the applicant conditions the proposed project as follows:

- C.1. Specific site within the subdistrict. The parcel or address is as follows: 800 Prudential Drive, Jacksonville, Florida 32207, Duval County, District 4, Pediatric Heart Service Area 2; the present site; this condition has been included in all related applications
- C.2. Percent of a particular population subgroup to be served. The population subgroup, along with the percent to be served, is as follows: 33 percent of pediatric cardiac catheterizations to Medicaid, defined as Medicaid and Medicaid managed care combined
- C.3. Special programs listed as: Wolfson, Inc., will operate the beds and services listed below in the children's specialty (Class 2) hospital (ages 17 and under) along with the pediatric cardiac catheterization program in this application:
 - Acute Care 132 beds
 - ➤ NICU Level II 24 beds
 - ➤ NICU Level III 32 beds
 - Child and Adolescent Psychiatric 14 beds via CON exemption request
 - Pediatric Cardiac Catheterization (this application)
 - Pediatric Open Heart Surgery
 - > Pediatric Bone Marrow Transplantation

This condition will be included in all related applications.

• C.4. Other, specified as: Simultaneously voluntarily delicense the pediatric cardiac catheterization program currently licensed under SBHF and UF Health Jacksonville with the licensure the pediatric cardiac catheterization program at Wolfson, Inc.; this application includes letters from the CEOs of Baptist Health and UF Health Jacksonville agreeing to this condition following Schedule C. This delicensure condition has been included in all associated applications

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

D. REVIEW PROCEDURE

The evaluation process is structured by the certificate of need review criteria found in Section 408.035, Florida Statutes and 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 meet the review criteria.

Rule 59C-1.010(3)(b), Florida Administrative Code, prohibits any amendments once an application has been deemed complete. 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 with consultation from the financial analyst Eric West, Bureau of Central Services, who reviewed the financial data and Gregory Register, of the Office of Plans and Construction, who reviewed the application for conformance with the architectural criteria.

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; applicable rules of the State of Florida, Chapters 59C-1 and 59C-2, Florida Administrative Code. The reviewer provides the following analysis and review of CON application #10442 with regard to statutory and rule criteria.

1. Fixed Need Pool

a. Does the project proposed respond to need as published by a fixed need pool? Or does the project proposed seek beds or services in excess of the fixed need pool? Ch. 59C-1.008(2), Florida Administrative Code.

In Volume 42, Number 64, dated April 1, 2016 of the Florida Administrative Register, a fixed need pool of zero was published for additional pediatric cardiac catheterization programs in Service Planning Area 2 for the July 2018 planning horizon. The applicant states that it is not responding to published need—the proposed project is intended to replace the current pediatric cardiac catheterization program at Wolfson.

As of April 1, 2016, PCCSPA 2 had one independent operational and one shared operational pediatric cardiac catheterization program. The applicant is applying to delicense the pediatric cardiac catheterization program at BMCJ and simultaneously reestablish that same program at WCHJ. The

proposed project will not change the total inventory of pediatric cardiac catheterization programs in the service area.

- b. In addition to the published zero fixed need pool, Ch. 59C-1.032, Florida Administrative Code, outlines the criteria currently in effect for evaluating applications for pediatric cardiac catheterization programs and standards which cardiac catheterization programs must follow:
 - 1. Pediatric cardiac catheterization programs shall be established on a regional basis. A new pediatric cardiac catheterization program shall not normally be approved unless the number of live births in the service planning area, minus the number of existing and approved programs multiplied by 30,000, is at or exceeds 30,000.

PCCSPA 2 consists of Districts 3 and 4. The following table shows the number of live births by county in Districts 3 and 4.

Total Resident Live Births by County CY 2014

	Resident Live Births by County	Birth Rate
County	Number of Live Births	per 1,000 Population
Alachua	2,916	11.6
Baker	365	13.4
Bradford	282	10.3
Citrus	1,016	7.1
Clay	2,083	10.6
Columbia	832	12.2
Dixie	169	10.3
Duval	12,514	14.1
Flagler	833	8.2
Gilchrist	167	9.8
Hamilton	145	10.0
Hernando	1,488	8.4
Lafayette	76	8.7
Lake	3,166	10.2
Levy	409	10.0
Marion	3,417	10.0
Nassau	745	9.8
Putnam	831	11.4
Saint Johns	2,148	10.3
Sumter	494	4.5
Suwannee	440	9.9
Union	154	9.8
Volusia	4,767	9.5
TOTAL	39,457	10.8

Source: Florida Department of Health (DOH), Community Health Assessment Resource Tool Set (CHARTS) website at http://www.floridacharts.com/charts/BirthCharacteristics/, on June 7, 2016

As shown above, the number of live births in PCCSPA 2 in CY 2014, according to the Florida Department of Health's CHARTS, was 39,457. PCCSPA 2 has one independent operational and one shared operational pediatric cardiac catheterization program. Therefore,

50,543 additional live births would be required to meet the need threshold in Rule 59C-1.032(8)(e) F.A.C.

The Agency notes that the proposed project is to delicense the pediatric cardiac catheterization program at BMCJ and simultaneously reestablish that same program at WCHJ (CON application #10442).

WCHJ indicates that according to Florida Vital Statistics, in PCCSPA 2, the CY 2013 live births totaled 38,973, in CY 2014 this total was 39,457 and the provisional total for CY 2015 is 40,301. The applicant contends that the PCCSPA 2 births in 2014 were 20,543 short of the threshold for a second pediatric cardiac program and that this directs the applicant to provide "not normal" and/or special circumstances that document the need for the proposed program.

2. Programs catheterizing pediatric patients only shall project a minimum service volume of 150 cardiac catheterizations per year within two years of the initial operation of the program. Programs serving both adult and pediatric patients shall project a program volume of 350 cardiac catheterizations per year.

The applicant projects 263 pediatric catheterizations in year one (2017) and 272 in year two (2018), surpassing the minimum service volume requirements. The reviewer confirms that year one (ending 2017) and year two (ending 2018) is consistent with Schedules 6, 7A and 8A of CON application #10442.

3. Actual inpatient and outpatient migration from one service planning area to another shall be considered in the review of certificate of need applications.

The applicant indicates that Agency data does not provide insight into patient origin for cardiac catheterization services so that patient origin is discussed in terms of pediatric open heart surgery cases. The table below represents use rates by District 3 and District 4 pediatric open heart surgery cases for CY 2015, which demonstrates that 22 of 97 (22.68 percent) PCCSPA 2 residents out-migrated to other service areas to obtain needed surgery with 75 of 97 (77.32 percent) remaining in PCCSPA 2. The Agency utilized MSDRGs 216-221 and 228-236 in its 2015 discharge data run, to attain these totals. See the table below.

Hospital of Treatment for District 3 and District 4 Residents CY 2015 Pediatric Open Heart Surgery Cases

		District 3 and District 4	Out- Migration
Facility	Service Area	Patients	Cases
BMCJ	II	47	
UFHSH	II	28	
Johns Hopkins/All Children's Hospital	III	8	8
Arnold Palmer Medical Center	IV	7	7
Florida Hospital	IV	5	5
St. Joseph's Hospital	III	1	1
Nicklaus Children's Hospital	V	1	1
Total		97	22

Source: Florida Center for Health Information and Transparency

WCHJ states the utilization of the Agency inpatient database in providing out-migration and retention totals, by county for PCCSPA 2 OHS patients (age 0-17) for October 2014 to September 2015. See the table below.

Out-Migration and Retention PCCSPA 2 OHS Patients 0-17 by County October 2014 - September 2015

	O	ctober 2014 - S	September 2015		October 2014 - September 2015							
	County's	SBHF/		Total	Percent Retained at							
Patient	Total	UHFJ	UFHS	PHSA 2	PHSA 2							
County	Patients	County	From County	Hospitals	Hospitals							
Alachua	12		11	11	91.7%							
Bradford	1		1	1								
Citrus	2		1	1	50.0%							
Clay	7	6	1	7								
Columbia	3		3	3								
Duval	43	41	2	43								
Flagler	2	2		2								
Gilchrist	1		1	1								
Hernando	13			0	0.0%							
Lake	6		1	1	16.7%							
Levy	4		4	4								
Marion	18		15	15	83.3%							
Nassau	4	4		4								
Putnam	3		3	3								
Saint Johns	11	9	1	10	90.9%							
Suwannee	2		2	2								
Volusia	21	5		5	23.8%							
TOTAL	153	67	46	113	73.9%							
			1									
TOTAL												
Without												
Border												
Counties	111	62	44	106	95.5%							

Source: CON application #10442, page 17, Table 1-2

WCHJ indicates that the lowest percentage of patients retained by the PCCSPA 2 programs is in Hernando (0.0 percent), Lake (16.7 percent), Volusia (23.8 percent) and Citrus (50.0 percent) Counties. The

applicant maintains that these four counties are "border" counties that share a border with another PCCSPA. The applicant briefly discusses the non-PCCSPA 2 pediatric OHS programs that are physically near the stated border counties. WCHJ points out that when the two border counties are removed, the two existing pediatric OHS programs in PCCSPA 2 retain 95.5 percent of the PCCSPA 2 patients. According to WCHJ, this analysis clearly demonstrates that the presence of the two existing programs in Jacksonville and Gainesville are appropriate for meeting the OHS needs for patients and for pediatric cardiac catheterization.

c. Special and "Not Normal" Circumstances

WCHJ summarizes on page 29 of the application that the need for the proposed project is documented by three main factors:

- Utilization at the existing shared program have provided 139, 153 and 220 patients over CYs 2013, 2014 and 2015, respectively
- Projection of 263 and 272 pediatric cardiac cath patients, in year one (ending 2017) and year two (ending 2018), the first two years of operation
- Available utilization data for pediatric OHS patients by county documents that programs in Jacksonville and Gainesville are appropriate to treat the service area residents retaining 95.5 percent of patients when the four border counties are removed

WCHJ states that the argument for the proposed program begins with recent utilization of the existing program licensed under SBHF/UFHJ along with the other licensed pediatric cardiac catheterization programs in Florida. See the table below.

Pediatric Cardiac Catheterization Utilization Florida Licensed Programs CY 2013 – CY 2015

Service				
Area	Facility	CY 2013	CY 2014	CY 2015
PCCSPA 1	No Programs			
PCCSPA 2	UF Health Shands Hospital	162	135	171
	SBHF/UFHJ	139	153	220
PCCSPA 3	All Children's Hospital	286	291	281
	St. Joseph's Hospital	350	142	0
PCCSPA 4	Arnold Palmer Medical Center	211	250	179
	Florida Hospital	147	138	242
	St. Mary's Medical Center	52	25	0
PCCSPA 5	Memorial Regional Hospital	201	148	147
	Jackson Memorial Hospital	208	199	211
	Nicklaus Children's Hospital	355	420	399
	Florida Total	2,111	1,901	1,850

Source: CON application #10442, page 18, Table 1-3

The reviewer confirms that the table above is consistent with the Agency's records except that in CY 2015, St. Mary's Medical Center performed a total of 10 pediatric cardiac catheterizations before July 1, 2015. St. Mary's Medical Center provided notification of closing its pediatric cardiac catheterization program effective September 1, 2015.

The applicant discusses discrepancies in the reporting of pediatric OHS programs, as shown in the Agency's Florida Need Projections issued April 2016 (for CY 2015) and the corresponding Agency inpatient hospital database for the same facilities for the same period. WCHJ indicates that its projections will be based primarily on the Agency's publication with information obtained from the database as guidance. The applicant points out 1,141 pediatric OHS procedures statewide reported in the Agency publication is 50.5 percent higher than the 758 surgeries for age 0-14 in the database and 41.6 percent higher than the 806 surgeries reported for the population age 0-17 in the database. WCHJ asserts that the discrepancy is most likely related to OHS for neonatal patients that are discharged under a neonatal MSDRG rather than an OHS MSDRG. See the table below.

Comparison of Pediatric OHS Data

Agency Need Publication and Agency Inpatient Databases

	1-801107 11000 1 00011000	,			
Service Area	Facility	Database* Age 0-14 for FY15	Database* Age 15-17 for FY15	Database* Age 0-17 for FY15	Agency Need Publication CY15
PCCSPA 1	No Programs				
PCCSPA 2	UF Health Shands Hospital	87	8	95	127
	SBHF/UFHJ	83	5	88	122
PCCSPA 3	All Children's Hospital	125	3	128	207
	St. Joseph's Hospital	79	7	86	112
PCCSPA 4	Arnold Palmer Medical Center	71	2	73	98
	Florida Hospital	44	8	52	120
PCCSPA 5	Memorial Regional Hospital	75	5	80	121
	Jackson Memorial Hospital	42	1	43	40
	Nicklaus Children's Hospital	152	9	161	194
	Florida Total	758	48	806	1,141

* October 2014 to September 2015

Source: CON application #10442, page 20, Table 1-4

WCHJ contends that consistent with its proposal to operate a children's specialty hospital for children ages 0 to 17, the applicant's projections for pediatric OHS considers the patient population 0 to 17 rather than the 0-14 age range in Agency rule. The applicant estimates a three year (CY 2013 to CY 2015) statewide pediatric OHS use rate of 5.21 (per 1,000 births) and an estimated three year PCCSPA 2 pediatric OHS use rate of 5.89 (per 1,000 births). According to WCHJ, these use rates are determined from data reported in the Agency's Florida Need Projections. In addition, live birth totals are drawn for the same three year period from Florida Vital Statistics. See the table below.

Pediatric OHS Use Rate Florida and PCCSPA 2 2013-2015

	2013	2014	2015	Average
FL Births	215,194	219,905	223,666	
FL OHS	1,181	1,109	1,141	
OHS Rate/1000				
Births	5.49	5.04	5.10	5.21
PCCSPA 2 Births	38,973	39,457	40,301	
PCCSPA 2 OHS	222	229	249	
OHS Rate/ 1000				
Births	5.70	5.80	6.18	5.89

Source: CON application #10442, page 21, Table 1-5

WCHJ indicates a PCCSPA 2 birth rate of 10.8 per 1,000 population. The applicant notes that PCCSPA 2 will have a total population of 3,765,980 residents (in 2016) and 3,956,034 residents (in 2021). Using these total population estimates, a constant birth rate of 10.8 and a constant OHS rate of 5.89, WCHJ projects 240 OHSs and 252 OHSs in 2021. See the table below.

OHS Projections for PCCSPA 2 2016 - 2021

Year	Total Population	Birth Rate	Births	OHS Rate	PHSA 2 OHS
2016	3,765,980		40,673		240
2017	3,803,991		41,083		242
2018	3,842,002	10.8	41,494	5.89	244
2019	3,880,012		41,904		247
2020	3,918,023		42,315		249
2021	3,956,034		42,725		252

CON application #10442, page 24, Table 1-8

WCHJ projects caths based on the number of OHSs in PCCSPA 2 given the difference in the distribution of OHS and cardiac cath between the two PCCSPA 2 providers. The applicant indicates that in CY 2013, Wolfson performed 46.2 percent of the total pediatric cardiac catheterizations in PCCSPA 2 and that in CY 2015, Wolfson performed 56.3 percent of the total pediatric cardiac catheterizations in the same area. See the table below.

Distribution of Pediatric Open Heart and Cath PCCSPA 2 Facilities

Program	Facility	CY13	CY14	CY15
Open	UFHS	118	109	127
Heart	Wolfson	104	120	122
	TOTAL	222	229	249
Percent of	UFHS	53.2%	47.6%	51.0%
Open Heart	Wolfson	46.8%	52.4%	49.0%
Cath	UFHS	162	135	171
	Wolfson	139	153	220
	TOTAL	301	288	391
Percent of	UFHS	53.8%	46.9%	43.7%
Cath	Wolfson	46.2%	53.1%	56.3%

Source: CON application #10442, page 25, Table 1-9

WCHJ states that the next step is to determine the pediatric cardiac cath use rate and indicates a rate of 1.8 cardiac caths to OHSs at SBHF/UFHJ for the existing service in CY 2015—an increase from a rate of 1.3 in CY 2013 and CY 2014. Using a constant 1.8 cath to OHS rate, the applicant estimates 431 PCCSPA 2 caths in 2016, increasing to 453 by 2021. See the tables below.

Cath Use Rate - SBHF/UFHJ

	CY13	CY14	CY15				
Open Heart	104	120	122				
Cardiac Cath	139	153	220				
Rate	1.3	1.3	1.8				

Source: CON application #10442, page 26, Table 1-10

Cardiac Catheterization Projections for PCCSPA 2 / 2016-2021

Year	PHSA 2 OHS	Cath:OHS Rate	PHSA 2 Caths
2016	240		431
2017	242		436
2018	244	1.8	440
2019	247		444
2020	249		449
2021	252		453

Source: CON application #10442, page 26, Table 1-11

The applicant indicates that SBHF/UFHJ performed 67 of 153 (43.79 percent) of the PCCSPA 2 pediatric (age 0-17) OHS procedures. WCHJ believes that this places Wolfson's market share for pediatric cardiac cath at 52.0 percent and maintains that this share accommodates out-migration. See the table below.

OHS Market Share – PCCSPA 2 Pediatrics 0 to 17

FY15 (October 2014 to September 2015)

	SBHF/ UFHJ	All Children's	Arnold Palmer	Florida Hospital	Nicklaus Children's	St. Joseph's	UFHS	Total Patients
PCCSPA 2	01 110	011111111111111111111111111111111111111	1 00111101		011111111111111111111111111111111111111		01110	1 440101100
Patients	67	13	14	10	1	2	46	153
PCCSPA 2								
Share								
Percent	43.8%	8.5%	9.2%	6.5%	0.7%	1.3%	30.1%	

CON application #10442, page 27, Table 1-12

The applicant states that based on experience in 2015, 12 percent of the hospital's inpatients were non-PCCSPA 2 residents. WCHJ discusses the delivery of pediatric services outside PCCSPA 2 due to collaborations and pediatric specialty centers in PCCSPA 2 as well as non-PCCSPA 2 areas. The applicant maintains these regional children's specialty centers provide clinics for local children to see Wolfson-based specialist and use Wolfson-based services:

- Fleming Island
- Lake City
- Daytona Beach
- Tallahassee
- Brunswick

WCHJ estimates an out-of-area percentage forecast to increase from 12.0 percent to 13.0 percent in 2016, 14.0 percent in 2017 and stabilizing at 16 percent in 2018. The applicant maintains that based on its prior projections and its out-of-area patient estimates, WCHJ anticipates 263 and 272 cardiac catheterization patients in 2017 and 2018, respectively. See the table below.

Projected Pediatric Cardiac Catheterization Patients Wolfson, Inc. Proposed Specialty Hospital for Children

wonson, inc. Proposed Specialty Hospital for Children							
		2017	2018				
	2016	Year 1	Year 2	2019	2020	2021	
Service							
Area							
(PCCSPA 2)							
Patients	431	436	440	444	449	453	
Wolfson Share							
Percent	52%	52%	52%	52%	52%	52%	
Wolfson Patients							
From PCCSPA 2							
	224	226	229	231	233	236	
Out-of-Area							
Percent	13.0%	14.0%	16.0%	16.0%	16.0%	16.0%	
Wolfson							
Out-of-Area							
Patients	34	37	44	44	44	44	
Wolfson							
Total							
Cath Patients	258	263	272	275	278	280	
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CON application #10442, page 28, Table 1-13

WCJH emphasizes that its estimates will not adversely impact any other existing pediatric cardiac catheterization programs in Florida. The applicant contends that the need for the proposed project extends beyond the reasons shown above. The applicant maintains that there are many benefits to licensing Wolfson separately from SBHF:

- Increased focus and efficiency:
 - ➤ Under the current combined hospital model, policies and procedures generally must apply to both pediatric and adult patients. With WCHJ separately licensed, the facility can focus all of its efforts exclusively on pediatrics and the care of children.
- Increased grant funding and philanthropy:
 - Combined financial results disguise Wolfson's need for grant funding for patient care initiatives, teaching and research efforts. Separate licensure will allow Wolfson to accurately provide the hospital's true costs and provide separate financial statements.
- Enhanced access to care:
 - As a separate entity, WCHJ will have more flexibility to participate as a pediatric health care provider for health plans and allow for the development of pediatric direct contracts with insurers or employers. The expansion will increase the region's access to pediatric specialties and specialists at Wolfson.
- Attracting more pediatric specialists:
 - ➤ Separate licensure will provide possible access to federal Children's Hospital Graduate Medical Education (CHGME) funds for the training of future pediatric medical professionals. Physicians often choose to live and work in the community where they trained.

The applicant discusses these four topics in greater detail (pages 30 to 37 of the application). WCHJ contends that if approved, the proposed project will eliminate requirements and distractions to adult care, allowing a singular focus on the care of children.

2. Agency Rule Preferences

Does the project respond to preferences stated in Agency rules? See Chapter 59C-1.032 of the Florida Administrative Code.

Chapter 59C-1.032 of the Florida Administrative Code does not contain preferences relative to pediatric cardiac catheterization programs. However, the rule does contain standards the Agency utilizes in assessing an applicant's ability to provide quality care. References to adult cardiac catheterization programs have been deleted.

The reviewer notes that the applicant is a development stage corporation and has no operating history. However, the referenced current/existing program is that of Wolfson, within the existing BMCJ, and is currently licensed by the Agency to provide pediatric cardiac catheterizations as a shared program with UFHJ.

- a. Scope of Service Ch. 59C-1.032(3), Florida Administrative Code.
 - (1) Each cardiac catheterization program shall be capable of providing immediate endocardiac catheter pacemaking in cases of cardiac arrest, and pressure recording for monitoring and to evaluate valvular disease, or heart failure. Applicants for cardiac catheterization programs shall document the manner in which they will meet this requirement.

The applicant states that it currently provides a full range of pediatric cardiac cath services, including but not limited to, immediate endocardiac catheter pacemaking and pressure recording for monitoring. WCHJ indicates that these services will continue to be provided at the proposed program.

- (2) A range of non-invasive cardiac or circulatory diagnostic services must be available within the health care facility itself, including:
 - (a) Hematology studies or coagulation studies;
 - (b) Electrocardiography;
 - (c) Chest x-ray;
 - (d) Blood gas studies; and
 - (e) Clinical pathology studies and blood chemistry analysis.

The applicant states that it currently provides a full range of "non-invasive or circulator diagnostic services" including, but not limited to the items listed above. WCHJ indicates that these services will continue to be provided at the proposed program.

- (3) At a minimum a cardiac catheterization program shall include:
 - (a) A special procedure x-ray room;
 - (b) A film storage and darkroom for proper processing of films:
 - (c) X-ray equipment with the capability in cineangiocardiography, or equipment with similar capabilities;
 - (d) An image intensifier;
 - (e) An automatic injector;
 - (f) A diagnostic x-ray examination table for special procedures;
 - (g) An electrocardiograph;
 - (h) A blood gas analyzer;
 - (i) A multi-channel polygraph; and
 - (j) Emergency equipment including but not limited to a temporary pacemaker unit with catheters, ventilitory assistance devices, and a DC defibrillator.

The applicant states that it currently provides facilities and equipment including, but not limited to the items listed above in the operation of its pediatric cardiac cath program. WCHJ indicates that these facilities and equipment will continue to be provided at the proposed program.

- b. Service Accessibility Ch. 59C-1.032(4), Florida Administrative Code.
 - (1) Hours of Operation. Every cardiac catheterization program shall have the capability of rapid mobilization of the study team within 30 minutes for emergency procedures 24 hours a day, seven days a week. Applicants for new cardiac catheterization programs shall document the manner in which they will meet this requirement.

WCHJ states that the current pediatric cardiac cath lab is included within Baptist Health policies for 24/7 coverage that allows for the rapid mobilization of the lab within 30 minutes. The applicant indicates that these policies and practices will continue to be provided at the proposed program.

(2) Underserved Population Groups. Applicants for a cardiac catheterization program shall indicate the projected number of medically indigent and Medicaid patients to be served annually. Applicants shall indicate their past provision of health services to medically indigent and Medicaid patients.

The applicant indicates that 21.6 percent of Baptist Jacksonville's patient days were for Medicaid patients and 6.4 percent were Self-Pay. WCJH points out that when isolating patient activity to Wolfson, 51.9 percent of the gross revenue was Medicaid.

WCHJ indicates that for the proposed project, the payer mix as presented in the applicant's Schedule 7A is based on the applicant's historical experience and the expected utilization by payer is expected to be 46.4 percent Medicaid, 38.4 percent non-Medicaid managed care, 10.6 percent self-pay, 2.3 percent other payers, 1.5 percent Medicare and 0.8 percent commercial insurance. The applicant indicates that the Medicare activity reflects the limited utilization of cath services of congenital heart patients who have reached Medicare eligibility. According to WCHJ, care for these patients is generally in tandem with adult cardiologists with the pediatric cath lab as the site of care.

- c. Service Quality Ch. 59C-1.032(5), Florida Administrative Code.
 - (1) Accreditation. Any health care facility providing inpatient catheterization only, or inpatient and outpatient cardiac catheterization, or angioplasty, must be fully accredited by the Joint Commission for special care units, or be accredited by the American Osteopathic Association.

According to WCHJ, the applicant is accredited by The Joint Commission as part of the full SBHF survey and the services covered under this accreditation include the pediatric cardiac catheterization program. The reviewer notes that the applicant includes The Joint Commission accreditation for the Baptist Medical Center/Wolfson Children's Hospital, effective October 12, 2013 along with the accredited services of a Cardiac Catheterization Lab.

(2) Availability of Health Personnel. Any applicant proposing to establish a cardiac catheterization program must document that adequate numbers of properly trained personnel will be available. At a minimum, a team involved in cardiac catheterization consists of a physician, one nurse, and one or more technicians. An applicant for a new cardiac catheterization program shall document that the following staff are available:

The applicant states that it currently provides the above staffing in the operation of its pediatric cardiac catheterization program. WCHJ indicates that the staffing will continue to be provided at the proposed program.

(a) A program director, board-certified or board-eligible in internal medicine, or radiology with subspecialty training in

cardiology or cardiovascular radiology; the program director for programs performing pediatric cardiac catheterization shall be board-eligible or board-certified by the Sub-Board of Pediatric Cardiology of the American Board of Pediatrics or the American Osteopathic Association in the area of pediatric cardiology.

The reviewer notes that the applicant includes a curriculum vitae (CV) for Robert Frank English, MD. The CV indicates that Dr. English's present position and appointment is Associate Professor, Pediatric Cardiology, University of Florida/Jacksonville Department of Pediatrics, Division of Pediatric Cardiology. WCHJ states that Dr. English is the current program director for the pediatric cardiac catheterization program and will continue that role with the proposed program. According to WCHJ, Dr. English is a fellowship-trained pediatric cardiologist who is board-certified in pediatric cardiology and pediatrics.

The reviewer notes that the applicant includes a CV for Jose A. Ettedgui, MD, MPH. The CV indicates that Dr. Ettedgui's present business address is UF Health Pediatric Cardiovascular Center-Wolfson Children's Hospital and that Dr. Ettedigui is board certified in Pediatric Cardiology, with this board certification having an expiration date in December 2014. WCHJ states that Dr. Ettedgui is the chief of cardiology with oversight over the full program including cardiac catheterization and cardiac electrophysiology and will continue that role in the proposed program. According to WCHJ, Dr. Ettedgui is a fellowship-trained pediatric cardiologist who is board-certified in pediatric cardiology and pediatrics.

The reviewer notes that Wolfson and UFHJ currently share a licensed and operational pediatric cardiac catheterization program and the proposed program will transfer this shared program to WCHJ.

(b) A physician, board-certified or board-eligible in cardiology, radiology, or with specialized training in cardiac catheterization and angiographic techniques who will perform the examination.

WCHJ states having four pediatric cardiologists who are board certified in pediatric cardiology and that these physicians will continue to provide pediatric cath services under Wolfson, Inc. See the table below.

Active Pediatric Cardiologists with Cath Privileges at Wolfson

Pediatric		
Cardiologist	Florida License	Board Certification(s)
Randall M. Bryant, MD	ME72840	Pediatric Cardiology: Pediatrics
Robert F. English, MD	ME87563	Pediatric Cardiology: Pediatrics
Jose A. Ettedgui, MD	ME86378	Pediatric Cardiology: Pediatrics
Jason G. Ho, MD	ME113301	Pediatric Cardiology: Pediatrics

CON application #10442, page 42, Table 2-1

The reviewer notes that the applicant includes a CV for each of the four physicians listed above and current board-certified or board eligible certification in pediatric cardiology, with the exception of Dr. Ettedgui's CV which indicates that his board certification in pediatric cardiology expired in December 2014.

(c) Support staff, specially trained in critical care of cardiac patients, with a knowledge of cardiovascular medication and an understanding of catheterization and angiographic equipment;

The applicant states that the existing program is staffed by registered nurses with training and experience in the pediatric cath lab, including knowledge of cardiovascular medication and an understanding of catheterization. According to WCHJ, the three current cath lab RNs have an average of 23.3 years of health care experience and an average of 11.7 years of cath lab experience. WCHJ asserts that these RNs will seamlessly transition to the proposed program.

(d) Support staff, highly skilled in conventional radiographic techniques and angiographic principles, knowledgeable in every aspect of catheterization and angiographic instrumentation, with a thorough knowledge of the anatomy and physiology of the circulatory system;

The applicant states that the existing program is staffed by certified and registered radiology technologists with training and experience in the pediatric cath lab, including knowledge of catheterization and angiographic instrumentation, as well as knowledge of the anatomy and physiology of the circulatory system. According to WCHJ, the three current cath lab technologists have an average of 7.7 years of cath lab experience. WCHJ asserts that these technologists will seamlessly transition to the proposed program.

(e) Support staff for patient observation, handling blood samples and performing blood gas evaluation calculations;

The applicant states that the existing cath lab teams have training, skills and experience that address these requirements and that these teams will seamlessly transition to the proposed program.

(f) Support staff for monitoring physiologic data and alerting the physician of any changes;

The applicant states that the existing cath lab teams have training, skills and experience required to meet these requirements, including altering the cardiologist of any changes, and that these teams will seamlessly transition to the proposed program.

(g) Support staff to perform systematic tests and routine maintenance on cardiac catheterization equipment, who must be available immediately in the event of equipment failure during a procedure;

The applicant states that it has a contractual relationship with CE-Tech and GE for the maintenance and repair of the equipment used in the existing cath lab. WCHJ states that CE-Tech is a division of Baptist Health that employs factory-trained engineers to maintain and repair clinical equipment including 24/7 emergency service. WCHJ contends that these relationships will continue with the proposed program. The reviewer notes that a copy of the stated contractual relationship with CE-Tech and GE is not included in the application for Agency review.

(h) Support staff trained in photographic processing and in the operation of automatic processors used for both sheet and cine film.

The applicant states that the existing program is staff by certified and registered technologists with training and experience in the pediatric cath lab to meet these requirements. According to WCHJ, these technologists will seamlessly transition to the pediatric cath lab program licensed under Wolfson, Inc.

(i) A Medical Review Committee, which reviews medical invasive procedures such as endoscopy and cardiac catheterization.

The applicant states that a weekly Cath Case Conference currently meets to review cardiac catheterization procedures and this practice will continue with the proposed program. According to WCHJ, the attendees include pediatric cardiologists, ARNPs, cath lab RNs, CVICU RNs and cath lab techs. The reviewer notes that no minutes of these stated conferences are included for Agency review and no policies and procedures are included to document the protocols or steps performed in the stated conferences.

- d. Coordination of Services 59C-1.032(6), Florida Administrative Code.
 - (1) Cardiac Catheterization programs proposed in a facility not performing open heart surgery must submit a written protocol as part of their certificate of need application for the transfer of emergency patients to a hospital providing open heart surgery, which is within 30 minutes travel time by emergency vehicle under average travel conditions.

The applicant states and the reviewer confirms that WCHJ submitted a co-batched/companion application for CON application #10443 (pediatric open heart surgery). WCHJ maintains being exempt from this requirement.

(2) Cardiac catheterization programs which include the provision of coronary angioplasty, valvuloplasty, or ablation of intracardiac bypass tracts must be located within a hospital which also provides open heart surgery.

The applicant states and the reviewer confirms that WCHJ submitted a co-batched/companion application for CON application #10443 (pediatric open heart surgery). WCHJ maintains that the requirement to provide coronary angioplasty, valvuloplasty or ablation of intracardiac bypass tracts with the approval of the companion applications.

(3) Pediatric cardiac catheterization programs must be located in a hospital in which pediatric open heart surgery is being performed.

The applicant states and the reviewer confirms that WCHJ submitted a co-batched/companion application for CON application #10443 (pediatric open heart surgery). WCHJ maintains that this requirement will be met with approval of the companion applications.

e. Service Cost 59C-1.032(7), Florida Administrative Code.

Cost data for cardiac catheterization programs, among similar institutions, shall be comparable when patient mix, cost accounting methods, labor market differences and other extenuating factors are taken into account.

WCHJ expects its proposed pediatric cardiac cath program will be comparable with other existing providers in the area for the same types of patients when mix of patients, cost accounting methods and market factors are considered. WCHJ maintains that the net patient service revenue per case in year one is \$29,859 based on total net operating revenue of \$7,852,876.

3. Statutory Review Criteria

a. Is need for the project evidenced by the availability, quality of care, 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 applicant states that BMCJ will voluntarily delicense the existing pediatric cardiac catheterization program, the existing pediatric open heart surgery program and the existing pediatric bone marrow transplantation program and will simultaneously license those same programs at their existing location, pursuant to the approved CON #10426. Letters signed by authorized representatives of BMCJ and UFHJ, the two existing shared pediatric cardiac catheterization program providers in Duval County are included in the application. These letters indicate plans to voluntarily delicense each of the shared pediatric cardiac catheterization programs upon CON approval and licensure of the proposed program.

UF Health Shands Hospital, located in District 3 and the shared program between BMCJ and UFHJ, located in District 4 are the operational providers of pediatric cardiac catheterization services in Service Area II. There are no CON approved pediatric cardiac catheterization programs pending licensure in Service Area II. The chart below demonstrates pediatric cardiac catheterization program utilization for CY 2015:

Pediatric Cardiac Catheterization Program Utilization Data CY 2015

Facility by Service Area	Total # of Procedures		
Service Area 1 (Districts 1 and 2)			
No Providers	0		
Service Area 2 (Districts 3 and 4)			
UF Health Shands Hospital	171		
BMCJ/UFHJ	220		
Service Area 3 (Districts 5, 6 and 8)			
All Children's Hospital	281		
St. Joseph's Hospital	0		
Service Area 4 (Districts 7 and 9)			
Arnold Palmer Medical Center	179		
Florida Hospital	242		
Service Area 5 (Districts 10 and 11)			
Memorial Regional Hospital	147		
Jackson Memorial Hospital	211		
Nicklaus Children's Hospital	399		
Total	1,850		

Source: Florida Need Projections and Utilization for Pediatric Cardiac Catheterization and Pediatric Heart Surgery Programs and Transplantation Programs for July 2018 Planning Horizon, issued April 1, 2016

The table below represents the historical utilization reported by UF Health Shands Hospital and the shared BMCJ/UFHJ program, Service Area II's pediatric cardiac catheterization providers for the periods specified.

Pediatric Service Planning Area II Cardiac Catheterization Procedures CY 2011 - 2015

Facility	District	County	2011	2012	2013	2014	2015
UFHSH	3	Alachua	146	150	162	135	171
BMCJ/UFHJ	4	Duval	544	404	139	153	220
Total			690	554	301	288	391

Source: Florida Need Projections and Utilization for Pediatric Cardiac Catheterization and Pediatric Heart Surgery Programs and Transplantation Programs for years indicated

As shown in the table above, for the five years ending December 31, 2015, Service Area II pediatric cardiac catheterization procedures generally tended downward. Overall, there were declines in each year from CY 2011 to CY 2014 but an increase from CY 2014 to CY 2015.

The reviewer notes that Agency data does not provide insight into patient origin for cardiac catheterization services. Therefore, the applicant discusses patient origin in terms of pediatric open heart surgery cases. The table below represents use rates by District 3 and District 4 pediatric open heart surgery cases for CY 2015, which demonstrates that 22 of 97 (22.68 percent) Pediatric Cardiac Catheterization Service Area 2 residents out-migrated to other service areas to obtain needed surgery and 75 of 97 (77.32 percent) remained in Service Area 2. The Agency utilized MSDRGs 216-221 and 228-236 in its 2015 discharge data run, to attain these totals. See the table below.

Hospital of Treatment for District 3 and District 4 Residents
CY 2015 Pediatric Open Heart Surgery Cases

		District 3 and District 4	Out- Migration
Facility	Service Area	Patients	Cases
BMCJ	II	47	
UFHSH	II	28	
Johns Hopkins/All Children's Hospital	III	8	8
Arnold Palmer Medical Center	IV	7	7
Florida Hospital	IV	5	5
St. Joseph's Hospital	III	1	1
Nicklaus Children's Hospital	V	1	1
Total		97	22

Source: Florida Center for Health Information and Transparency

The applicant reiterates that the proposed project is part of a series of CON applications to operate a children's specialty hospital under a separate hospital license, with the same beds and services that are currently operated under the SBHF license.

WCHJ discusses that three of Wolfson's five Children's Specialty Centers—Clay County, Volusia County and Columbia County—are located in PCCSPA 2 and that these centers further enhance access to pediatric care and to Wolfson services. The applicant discusses that hospitals under the SBHF license have opened freestanding emergency rooms and that these provide access to pediatric emergency medicine specialists and nurses near where patients live, including emergency transportation for direct admission to Wolfson when the patient's condition requires an inpatient admission.

The applicant indicates that part of its need justification is that by operating under a separate license, the applicant will be relieved of the distractions and duplications that result from its pairing with adult hospitals.

WCHJ notes the total pediatric cardiac catheterization procedures in PCCSPA 2 and indicates that for the 12-month period ending September 2015, the two existing programs retained 73.9 percent of pediatric OHS patients originating in PCCSPA 2. Finally, WCHJ states forecasted pediatric cardiac catheterization utilization from PCCSPA 2 and out-of-area patients yielding 263 and 272 patients in year one (ending 2017) and year two (ending 2018), respectively.

b. Does the applicant have a history of providing quality of care? Has the applicant demonstrated the ability to provide quality care? ss. 408.035(1)(c), Florida Statutes.

WCHJ is a development stage corporation and has no operating history. However, WCH currently operates under the license held by BMCJ/SBHF and the applicant included the Agency License and The Joint Commission Accreditation Summary. The applicant points out that The Joint

Commission recognizes SBHF as a Top Performer on Key Quality Measures for children's asthma for 2014.

The applicant discusses the specific awards below and eight additional awards on pages 54 through 55 of the application. WCHJ indicates that the following recognitions/award are held by Baptist Health (the parent) facilities, including Wolfson's current operations:

- Magnet Designation
- *US News* Best Children's Hospitals
- Beacon Award for Excellence Gold

Baptist Health operates four hospitals in Florida, three hospitals in Duval County and one hospital in Nassau County, with a cumulative total of 1,022 licensed beds. Agency records indicate that Baptist Health affiliated hospitals had four substantiated complaints during the three-year period ending June 7, 2016 with BMCJ having three substantiated complaints. A single complaint can encompass multiple complaint categories. The tables below account for these Baptist Health and BMCJ substantiated complaints by complaint categories.

Baptist Health Substantiated Complaint Categories Three Years Ending June 7, 2016

Complaint Category	Number Substantiated
Quality of Care/Treatment	3
Admission/Transfer/Discharge Rights	1
Nursing Services	1

Source: Agency for Health Care Administration complaint records

Baptist Medical Center Jacksonville Substantiated Complaint Categories Three Years Ending June 7, 2016

Complaint Category	Number Substantiated
Quality of Care/Treatment	2
Admission/Transfer/Discharge Rights	1
Nursing Services	1

Source: Agency for Health Care Administration complaint records

c. What resources, including health manpower, management personnel, and funds for capital and operating expenditures, are available for project accomplishment and operation? ss. 408.035(1)(d) Florida Statutes.

The purpose of our analysis for this section is to determine if the applicant has access to the funds necessary to fund this and all capital projects. Our review includes an analysis of the short and long-term position of the applicant, parent, or other related parties who will fund the project. The analysis of the short and long term position is intended to provide some level of objective assurance on the likelihood that funding will be available. The stronger the short term position, the more likely cash on hand or cash flows could be used to fund the project. The stronger the long-term position, the

more likely that debt financing could be achieved if necessary to fund the project. We also calculate working capital (current assets less current liabilities) a measure of excess liquidity that could be used to fund capital projects.

Historically we have compared all applicant financial ratios regardless of type to bench marks established from financial ratios collected from Florida acute care hospitals. While not always a perfect match to a particular CON project it is a reasonable proxy for health care related entities. Below is an analysis of the audited financial statements of Baptist Health System, Inc. and Subsidiaries (Parent) where the short term and long term measures fall on the scale (highlighted in gray) for the most recent year. All numbers except for ratios are in thousands.

Baptist Health System, Inc. and Subsidiaries (in thousand					
•	Sep-15	Sep-14			
Current Assets	\$361,527	\$352,243			
Total Assets	\$2,789,741	\$2,445,858			
Current Liabilities	\$197,040	\$186,901			
Total Liabilities	\$1,132,303	\$893,545			
Net Assets	\$1,657,438	\$1,552,313			
Total Revenues	\$1,511,271	\$1,349,954			
Excess of Revenues Over Expenses	\$119,072	\$191,439			
Cash Flow from Operations	\$144,799	\$173,494			
Short-Term Analysis					
Current Ratio (CA/CL)	1.8	1.9			
Cash Flow to Current Liabilities (CFO/CL)	73.49%	92.83%			
Long-Term Analysis					
Long-Term Debt to Net Assets (TL-CL/NA)	56.4%	45.5%			
Total Margin (ER/TR)	7.88%	14.18%			
Measure of Available Funding					
Working Capital	\$164,487	\$165,342			

Position	Strong	Good	Adequate	Moderately Weak	Weak
Current Ratio	above 3	3 - 2.3	2.3 - 1.7	1.7 - 1.0	< 1.0
Cash Flow to Current Liabilities	>150%	150%- 100%	100% - 50%	50% - 0%	< 0%
Debt to Equity	0% - 10%	10%-35%	35%-65%	65%-95%	> 95% or < 0%
Total Margin	> 12%	12% - 8.5%	8.5% - 5.5%	5.5% - 0%	< 0%

Capital Requirements and Funding:

The applicant indicates on Schedule 2 capital projects totaling \$16,034,386 which includes equipment, renovations, acute care beds, NICU III Beds, NICU II Beds, Ped Cardiac Catheterization (the CON currently under review), Ped Open Heart Surgery, and Ped Bone Marrow Transplant. Funding for this project will be provided by the parent. The parent provided a copy of its September 30, 2015 and 2014 audited financial statements. These statements were analyzed for the purpose of evaluating the parent's ability to provide the capital and operational funding necessary to implement the project. Based on our analysis above, the parent has an adequate financial position.

Staffing:

The applicant provides a Schedule 6 for new inpatient health care facilities. Schedule 6 indicates that the proposed project will consist of 8.7 FTEs in year one (ending 2017) and 9.0 FTEs in year two (ending 2018). The reviewer notes that according to Schedule 10 of the application, initiation of service is set for October 1, 2016. See the table below.

Wolfson Children's Hospital of Jacksonville, Inc. (CON application #10442) Staffing Patterns Year One and Year Two of Operations					
Year One Years Two Ending 2017 Ending 2018					
Administration					
Physicians					
Nursing					
R.N.s	5.1	5.2			
Ancillary					
Other	3.6	3.7			
GRAND TOTAL	8.7	9.0*			

Source: CON application #10442, Schedule 6

NOTE: * The reviewer notes that the grand total for year two is arithmetically 8.9 FTEs.

Notes to Schedule 6 indicate that the "other" ancillary category includes the invasive cardiology technologists, as well as an allocated portion of the man hours for the clinical manager who oversees both the cardiac catheterization lab and the non-invasive cardiology practice. The Schedule 6 notes further indicate that staffing levels were determined by comparing the current staffing levels by job code for the functions included specifically for cardiac catheterization procedures and associated pre- and post- procedural care.

Conclusion:

Funding for this project and the entire capital budget should be available as needed.

d. What is the immediate and long-term financial feasibility of the proposal? ss. 408.035(1)(f), Florida Statutes.

A comparison of the applicant's estimates to the control group values provides for an objective evaluation of financial feasibility, (the likelihood that the services can be provided under the parameters and conditions contained in schedules seven and eight), and efficiency, (the degree of economies achievable through the management skills of the applicant). In general, projections that approximate the median are the most desirable, and balance the opposing forces of feasibility and efficiency. In other words, as estimates approach the highest in the group, it is more likely that the project is feasible, because fewer economies must be realized to achieve the desired outcome. Conversely, as estimates approach the lowest in the group, it is less likely that the project is feasible, because a much higher level of economies must be realized to achieve the desired outcome. These relationships hold true for a constant intensity of service through the relevant range of outcomes. As these relationships go beyond the relevant range of outcomes, revenues and expenses may go either beyond what the market will tolerate, or may decrease to levels where activities are no longer sustainable.

Because the proposed pediatric cardiac catheterization program cannot operate without the support of the hospital, we have evaluated the reasonableness of the projections of the entire hospital including the project. The applicant was compared to other pediatric hospitals. This hospital does not have historical operations to determine the average length of stay to calculate the case mix. However, this hospital was formerly part of an established hospital. Because of this, the Agency used the case mix for the former parent facility. This methodology is used to adjust the group values to reflect the intensity of the patient as measured by length of stay. Inflation adjustments were based on the new CMS Market Basket, 1st Quarter, 2016.

NRPD, CPD and profitability or operating margin that fall within the group range are considered reasonable projections.

	PROJECTION APPLICAL	COMPARATIVE GROUP VALUES PPD			
	Total	PPD	Highest	Median	Lowest
Net Revenues	251,243,757	4,178	4,447	3,691	2,972
Total Expenses	231,567,741	3,850	6,028	3,757	2,887
Operating Income	19,676,016	327	481	311	-2,340
Operating Margin	7.83%		Compai	ative Group	Values
	Days	Percent	Highest	Median	Lowest
Occupancy	60,141	81.57%	72.52%	57.22%	27.25%
Medicaid/MDCD HMO	33,251	55.29%	70.73%	68.52%	66.40%
Medicare	173	0.29%	0.42%	0.38%	0.25%

The projected net revenue, total expenses and profit per patient day fall within the group range and are considered reasonable. Profitability appears achievable.

Conclusion:

This project appears to be financially feasible.

e. Will the proposed project foster competition to promote quality and cost-effectiveness? ss.408.035(1)(e) and (g), Florida Statutes.

Strictly from a financial perspective, the type of competition that would result in increased efficiencies, service, and quality is limited in health care. Cost effectiveness through competition is typically achieved via a combination of competitive pricing that forces more efficient cost to remain profitable and offering higher quality and additional services to attract patients from competitors. In addition, competitive forces truly do not begin to take shape until existing business' market share is threatened. The existing health care system's barrier to price based competition via fixed price payers limits any significant gains in cost effectiveness and quality that would be generated from competition.

Conclusion:

This project is not likely to have a material impact on competition to promote quality and cost-effectiveness.

f. Are the proposed costs and methods of construction reasonable?

Do they comply with statutory and rule requirements?

ss. 408.035(1)(h), Florida Statutes; Ch 59A-3, Florida Administrative Code.

The applicant has submitted all information and documentation necessary to demonstrate compliance with the architectural review criteria. The cost

estimate for the proposed project provided in Schedule 9, Table A and the project completion forecast provided in Schedule 10 appear to be reasonable. A review of the architectural plans, narratives and other supporting documents did not reveal any deficiencies that are likely to have a significant impact on either construction costs or the proposed completion schedule.

The plans submitted with this application were schematic in detail with the expectation that they will be necessarily revised and refined prior to being submitted for full plan review. The architectural review of this application shall not be construed as an in-depth effort to determine complete compliance with all applicable codes and standards. The final responsibility for facility compliance ultimately rests with the applicant owner. Approval from the Agency for Health Care Administration's Office of Plans and Construction is required before the commencement of any construction.

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

The applicant is a development stage corporation and has no Medicaid history. However, the parent, not-for-profit hospital provider Baptist Health, operates a total of four hospitals in District 4, with BMCJ the current provider of the licensed pediatric cardiac catheterization program slated for delicensure to be simultaneously licensed at WCHJ.

The Agency does not have payer source data for pediatric cardiac catheterization. MS-DRG data obtained from the Florida Center for Health Information and Transparency indicates that Florida hospitals reported 549 pediatric open heart surgery procedures in CY 2015. See the table below.

Florida Pediatric Open Heart Surgery Discharges MS-DRGs 216-221 and 228-236 CY 2015

Facility	Total Procedures	Total Medicaid/ Medicaid Managed Care and Charity Care Procedures	Percent Medicaid/ Medicaid Managed Care and Charity Care Procedures	Total Patient Days	Medicaid/ Medicaid Managed Care and Charity Care Days	Percent Medicaid/ Medicaid Managed Care and Charity Care
St. Mary's Medical Center	4	4	100.00%	23	23	100.00%
Tampa General Hospital	1	1	100.00%	2	2	100.00%
St. Joseph's Hospital	56	40	71.43%	376	304	80.85%
Arnold Palmer Medical Center	50	31	62.00%	607	458	75.45%
Jackson Memorial Hospital	21	16	76.19%	144	108	75.00%
UF Health Shands Hospital	63	36	57.14%	952	705	74.05%
Florida Hospital	32	20	62.50%	260	174	66.92%
Johns Hopkins/All Children's Hosp	92	57	61.96%	1,642	1,066	64.92%
Nicklaus Children's Hospital*	107	64	59.81%	1,229	774	62.98%
Memorial Regional Hospital	57	28	49.12%	865	457	52.83%
Baptist Medical Center Jacksonville	66	30	45.45%	527	216	40.99%
Total	549	327	59.56%	6,627	4,287	64.69%

Source: Center for Health Information and Transparency

As shown above, 59.56 percent of the state's total pediatric open heart surgery procedures and 64.69 percent of the total pediatric open heart surgery patient days were provided to Medicaid and Medicaid Managed Care, in CY 2015. It is noted that there were no reported charity care procedures and no charity care patient days for this procedure in CY 2015.

The table below illustrates BMCJ state fiscal year (SFY) 2015-2016 low-income pool (LIP) program participation, as of June 6, 2016. Baptist Health Medical Center Jacksonville is currently not a disproportionate share hospital (DSH) provider. The reviewer notes that BMCJ has fully exhausted its SFY 2015-2016 LIP allocation.

Baptist Health Medical Center Jacksonville LIP and DSH Program Participation SFY 2015-2016					
Year-to-Date Annual Total Allocation Program Total Allocation as of June 6, 2016					
LIP	\$264,548	\$264,548			

Source: Agency Division of Medicaid, Office of Program Finance

WCHJ points out that Wolfson's operations are governed and will continue to be directed by Baptist Health's ongoing policy and practice of providing health care services in a non-discriminatory manner to all patients, including Medicaid and the medically indigent. The applicant indicates that Baptist Health's services to those who lack financial resources to obtain health care is directed by system-wide financial policies.

The applicant includes the signed, five-page Baptist Health Policy and Procedure Manual (Hospital Financial Assistance Policy effective September 1, 2015). In this policy, the reviewer notes that for patients with family income equal to or less than 200 percent of the Federal Poverty Level (FPL), the amount eligible for financial assistance equals the patient responsible balance. Eligibility for financial assistance for patients with family income in excess of 200 percent FPL is also described in this policy.

The applicant additionally includes the signed, one-page Baptist Health Policy and Procedure Manual (Self-Pay Discounts Policy effective October 2013). In this policy, the reviewer notes that for fully uninsured patients (except for CT, MRI, and childbirth services) patients verified to have no form of third party healthcare services will be provided discounts necessary to reduce their self-pay obligation to 35 percent of billed charges. Eligibility for discount assistance for third party coverage for patients that have exhausted their benefit or for non-covered services is also described in this policy.

WCHJ indicates that its commitment to Medicaid patients and the medically indigent is evident when the analysis is restricted to those patients who were treated in units with services that are part of WCH. The applicant contends that using Wolfson's internal financial statements, 52.8 percent of WCH's gross revenue was from Medicaid and self-pay in FY 2015. See the table below.

Wolfson Children's Hospital Revenue Analysis by Payer / FY 2015

Payer	Percent Gross Revenue			
Medicaid	51.9%			
Self-Pay	0.9%			
Managed Care	37.8%			
Tricare and Other	8.5%			
Medicare	1.0%			
TOTAL	100.0%			

Source: CON application #10442, page 72, Table 3-5

The applicant's Schedule 7A includes estimates of utilization for the proposed program by payer mix, for year one and year two. See the table below.

Wolfson Children's Hospital of Jacksonville, Inc. (CON application #10442) Estimated Patient Days and Percentage by Payer Mix for the Proposed Pediatric Cardiac Catheterization Program Year One and Year Two

	Year One (Ending 2017)		Year Two (Ending 2018)	
	Total Patient	Percent of	Total Patient	Percent of
Payer	Days	Patient Days	Days	Patient Days
Medicaid	25	9.5%	26	9.6%
Medicaid HMO	97	36.9%	95	34.9%
Medicare	1	0.4%	1	0.4%
Medicare HMO	3	1.1%	3	1.1%
Commercial Ins.	2	0.8%	2	0.7%
Other Managed Care	101	38.4%	109	40.1%
Other Payers	6	2.3%	7	2.6%
Self-Pay	28	10.6%	29	10.7%
Total	263	100.0%	272	100.0%*

Source: CON application #10442, Schedule 7A

NOTE: * The reviewer notes that the total for year two is arithmetically 100.1 percent. This difference is likely due to rounding.

The applicant conditions project approval to 33 percent of pediatric cardiac catheterizations to Medicaid, defined as Medicaid and Medicaid managed care combined. There are no conditions on the existing pediatric cardiac catheterization program at WCH/BMCJ and no conditions on the existing shared program between WCH/BMCJ and UFHJ.

F. SUMMARY

Wolfson Children's Hospital of Jacksonville, Inc. (CON application #10442), a development stage corporation and an affiliate of not-for-profit hospital provider Baptist Health, is applying to establish a pediatric cardiac catheterization program within approved CON #10426, in PCCSPA 2, Duval County, Florida. The applicant submitted additional companion applications in this batching cycle (CON applications #10443 and #10445). The proposed project would result in the applicant absorbing the entirety of the shared BMCJ/UFHJ pediatric cardiac catheterization program with WCHJ becoming the exclusive license-holder of the proposed program in District 4. The proposed project would not change the inventory count or the physical location of the existing pediatric cardiac catheterization program.

Letters signed by authorized representatives of BMCJ and UFHJ, the two existing shared pediatric cardiac catheterization program providers in Jacksonville (Duval County) are included in the application. These letters indicate plans to voluntarily delicense each of the shared pediatric cardiac catheterization programs upon CON approval and licensure of the proposed program.

Project costs total \$10,000. The project involves zero GSF of renovated space and zero GSF of new construction, with no renovation and no construction costs. Total project costs include only the project development cost.

The applicant's proposed conditions are included on page five of this report.

Need:

The applicant is applying in the absence of published need. However, the Agency notes that the proposed project would not change the inventory count or the physical location of the existing pediatric cardiac catheterization program—therefore there would be no proposed increase in the total number of the existing pediatric cardiac catheterization programs in PCCSPA 2. The applicant contends that "not normal" circumstances, discussed extensively, warrant project approval, these circumstances include:

- Utilization at the existing program—with care having been provided to 139, 153 and 220 patients over CYs 2013, 2014 and 2015
- Projection of 263 and 272 pediatric cardiac cath patients, in year one (ending 2017) and year two (ending 2018)
- Retentions of 95.5 percent of patients when the four "border" counties are removed from the planning service area
- Increased focus and efficiency, as operating under a separate license will relieve WCHJ of the distractions and duplications that result from pairing with adult hospitals
- Increased grant funding and philanthropy
- Enhanced access to care
- Attracting more pediatric specialists

Quality of Care:

As a development stage corporation, the applicant has no operating history. However, the pediatric cardiac catheterization program slated for licensure to the applicant at approved Class 2 hospital CON #10426 is already licensed by the Agency and is operational as a shared program under the Class 1 hospital license for BMCJ which is accredited by The Joint Commission.

Agency data indicates that Baptist Health affiliated hospitals had four substantiated complaints during the three-year period ending June 7, 2016 with BMCJ having three substantiated complaints during this same three-year period.

The applicant's parent demonstrates the ability to provide quality care.

Financial Feasibility/Availability of Funds

- Funding for this project and the entire capital budget should be available as needed
- This project appears to be financially feasible
- This project is not likely to have a material impact on competition to promote quality and cost-effectiveness

Architectural Analysis

The cost estimate and project completion forecast appear to be reasonable. A review of the architectural plans, narratives and other supporting documents did not reveal any deficiencies that are likely to have a significant impact on either construction costs or the proposed completion schedule.

Medicaid/Charity Care:

The applicant conditions project approval to 33 percent of pediatric cardiac catheterizations to Medicaid, defined as Medicaid and Medicaid managed care combined.

Schedule 7A of the application indicates that in year one (ending 2017), the applicant estimates Medicaid/Medicaid HMO at 46.4 percent and self-pay at 10.6 percent and in year two (ending 2018), the applicant estimates Medicaid/Medicaid HMO at 44.5 percent and self-pay at 10.7 percent, total annual patient days.

BCMJ had an annual allocation of \$264,548 for SFY 2015-2016 for the LIP, has fully exhausted that allocation and is not a DSH provider.

G. RECOMMENDATION

Approve CON #10442 to establish a new pediatric cardiac catheterization program within approved CON #10426, in PCCSPA 2, District 4, Duval County, Florida. The total project cost is \$10,000. Project costs total \$10,000. The project involves zero GSF of renovated space and zero GSF of new construction, with no renovation and no construction costs.

CONDITIONS:

- C.1. Specific site within the subdistrict. The parcel or address is as follows: 800 Prudential Drive, Jacksonville, Florida 32207, Duval County, District 4, Pediatric Heart Service Area 2; the present site; this condition has been included in all related applications
- C.2. Percent of a particular population subgroup to be served. The population subgroup, along with the percent to be served, is as follows: 33 percent of pediatric cardiac catheterizations to Medicaid, defined as Medicaid and Medicaid managed care combined
- C.3. Special programs listed as: Wolfson, Inc., will operate the beds and services listed below in the children's specialty (Class 2) hospital (ages 17 and under) along with the pediatric cardiac catheterization program in this application:
 - ➤ Acute Care 132 beds
 - ➤ NICU Level II 24 beds
 - ➤ NICU Level III 32 beds

- ➤ Child and Adolescent Psychiatric 14 beds via CON exemption request
- Pediatric Cardiac Catheterization (this application)
- Pediatric Open Heart Surgery
- Pediatric Bone Marrow Transplantation

This condition will be included in all related applications.

• C.4. Other, specified as: Simultaneously voluntarily delicense the pediatric cardiac catheterization program currently licensed under SBHF and UF Health Jacksonville with the licensure the pediatric cardiac catheterization program at Wolfson, Inc.; this application includes letters from the CEOs of Baptist Health and UF Health Jacksonville agreeing to this condition following Schedule C. This delicensure condition has been included in all associated applications

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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