

STATE AGENCY ACTION REPORT
CON APPLICATION FOR CERTIFICATE OF NEED

A. PROJECT IDENTIFICATION

1. Applicant/CON Action Number:

Adventist Health System/Sunbelt, Inc. d/b/a Florida Hospital/CON #10450

550 E. Rollins Street
Orlando, Florida 32803

Authorized Representative: Diane Godfrey, ASH
Florida Division-Regulatory Administration
(407) 303-9808

Central Florida Health Services, LLC/CON #10451

HCA North Florida Division
101 North Monroe Street, Suite 801
Tallahassee, Florida 32301

Authorized Representative: Ricardo Pavon
Vice President
(615) 344-9551

Orlando Health Central, Inc./CON #10454

1414 Kuhl Avenue, MP 4
Orlando, Florida 32606

Authorized Representative: R. Erick Hawkins
Senior Vice President of
Strategic Management
(321) 853-7000

2. Service District/Subdistrict

District 7/Subdistrict 7-2 (Orange County)

B. PUBLIC HEARING

A public hearing was not held or requested regarding any of the co-batched proposed projects.

Letters of Support

Adventist Health System/Sunbelt, Inc. d/b/a Florida Hospital/CON application #10450 submitted 93 unduplicated letters of support in Attachment F of the application and the Agency independently received letters of support for the proposal. In addition, Attachment F of the application includes Winter Garden Proclamation 16-15 (dated October 3, 2016, signed by the Winter Garden Mayor John Rees and the Winter Garden City Clerk Kathy Golben) and a separate petition/signature page with 60 signatures supporting the proposal. On pages 54-66 of the application, the applicant quotes extracts from some of these support letters. The applicant divides its support letters into various groups including: physicians, community leaders, community outreach/organizations, community residents and Florida Hospital Winter Garden and system patients. Many of these support letters are individually composed, some are of a form letter variety but in many instances address some recurring themes. Some noted comments expressed in support of the proposed project include:

- The applicant as a whole provides over a billion dollars in bad debt and charity care on an annual basis and is known to serve a large portion of patients who have financial access to care problems
- Seniors and younger families are a large percent of the growth in the area
- Currently, the population within five miles of the proposed site is nearly 150,000 residents
- The proposal would build onto already operational services at the existing Florida Hospital emergency department (ED) in Winter Garden currently utilized by Winter Garden area residents
- Costly and inconvenient transfers to inpatient beds due to medical issues being beyond the scope of ED services would be reduced or eliminated
- Corresponding outpatient and inpatient care coverage will ensure continuity of care
- Higher acuity patients could be cared for on campus
- Shorter ED wait times
- Greater access to more specialists
- Keeping the West Orange County community close-to-home
- The proposal is integral to a rapidly growing county and medical community
- Once licensed, the proposed project would seek primary stroke center designation
- Current pre-hospital protocols prohibit area fire rescue from transporting stemi alert, stroke alert and sepsis alert patients to free-standing EDs and project approval would allow these patients to be transported to the proposed site

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- A reduction in the risks inherent in longer ambulance transports and also a reduction in total call duration time for first responders

Some support letters are noted from the following:

- Geraldine F. Thompson, State Senator (12th District), The Florida Senate
- Eric Eisnaugle, State Representative (District 44), The Florida House of Representatives
- Sheriff (Orange County)
- Orange County Government (Orange County Mayor and Orange County Commissioner-District 2)
- City of Orlando (Mayor)
- City of Orlando (Commissioner-District 3)
- City of Winter Garden (Mayor, Commissioners-Districts 1, 2, 3 and 4, Economic Development Director and Chief of Police)
- Winter Garden Fire Rescue Department (Fire Chief)
- Apopka Fire Department (Fire Chief)
- International Association of Fire Fighters, Local 4947, Winter Garden Professional Firefighters (President)
- Community Health Centers, Inc.¹, (President, Chief Executive Officer)
- Orange County Public Schools (School Board Member-District 4)
- Hebni Nutrition Consultant's, Inc.² (Executive Director)
- Heart of Florida United Way (President/CEO)
- Community Based Care of Central Florida³ (President and CEO)
- First Baptist Church of Winter Garden⁴ (Pastor)
- Matthews Hope Ministries⁵ (CEO/President and Founder)
- New Beginnings of Central Florida⁶ (President)
- Sonata Senior Living⁷ (Regional Director)

¹ Community Health Centers, Inc., is a federally qualified health center (FQHC) and a member of the Florida Association of Community Health Centers (FACHC), per the website: <http://www.fachc.org/>.

² According to their support letter, Hebni stands for Health Empowerment by providing Nutrition Interventions for communities of color and that further, it is an Orlando-based community leader that supports health, wellness and prevention with underserved populations in Central Florida.

³ According to their website (<http://www.cbccfl.org/about-us/our-work/>), this organization is the region's lead organization for community-based child welfare services, serving more than 3,000 vulnerable kids and their families each day.

⁴ The pastor states that his church has the largest congregation in Winter Garden.

⁵ According to their website (<http://www.matthewshopeministries.org/homelessness/>), this Winter Garden organization serves those who experience a loss of income/wages or unemployment, a lack of affordable housing, domestic violence or drug/alcohol addiction or mental illness.

⁶ New Beginnings of Central Florida states being a 501(c)3 organization that provides support services for homeless families and the working poor, along with providing low income affordable housing (<http://www.nbcfl.org/>).

⁷ According to their website (<http://www.sonataseniorliving.com/about-us/>) Sonata Senior Living is an Orlando-based developer and operator of innovative senior living communities, offering a combination of independent living, assisted living and memory care, as well as stand-alone memory care communities in Central Florida.

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- Target Store #2264⁸ (Team Leader)

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submitted 355 letters of support (some of these are e-mails of support) in Attachment 26 of the application. This attachment includes an itemized list of these support letters by name, position, organization and affiliation. The applicant quotes extracts from some of these support letters in on pages 51-55. The applicant divides its support letters into various groups, including: residents, UCF College of Medicine staff, other health care providers, members of the medical community, community officials and business/industry representatives. Many of these support letters are individually composed, some are of a form letter variety but in many instances address some recurring themes. The reviewer notes that many of these support letters indicate an understanding that the proposed project will be a teaching hospital to be located on the campus of the University of Central Florida (UCF) College of Medicine (COM). Some noted comments expressed in support of the proposed project include:

- The Lake Nona area and nearby future developments are lacking a nearby hospital except for a children's hospital
- Lake Nona is dubbed a "Medical City", yet there is no adult hospital in the area and in order to grow into a true "Medical City"
- The proposed project would augment the activities of the many healthcare organizations in the area, bringing credibility and validity to the Lake Nona Medical City
- The presence of "a third principal source of hospital care" will generate economies of competition in Central Florida—lowering the cost of hospital care
- In the current situation, there is difficulty in admitting patients due to the overload of beds in other hospitals in the area and the difficulties of patients traveling outside Lake Nona into other Orlando area hospitals
- HCA is an outstanding partner for the proposed project, given its ability to build excellence at lower cost, due to its size and its high quality care
- HCA has extensive experience in developing community hospitals
- The proposed hospital
 - Will provide a high standard for quality patient care and academic medicine
 - Would make the entire Orlando region become more attractive to medical and healthcare related companies, accelerating medical research and discovery
 - Would provide exciting training opportunities for medical students and residents who are likely to stay in the community and continue to practice in Orlando after medical school and residency training

⁸ This Winter Garden Target Store is stated to have 400+ team members.

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- Will be close to other medical providers, including Nemours Children's Hospital and the new VA Medical Center

Some support letters are noted from the following:

- Geraldine F. Thompson (12th District), Darren M. Soto (14th District and Democratic Caucus Rules Chair), Kelli Stargel (15th District), Denise Grimsley (21st District and Deputy Majority Leader), State Senators, The Florida Senate
- Steve Crisafulli (District 51 and House Speaker), Dwayne L. Taylor (District 26), Jason Brodeur (District 28), Scott Plakon (District 29), Robert "Bob" Cortes (District 30), Mike La Rosa (District 42), Bruce Antone (District 46), Rene "Coach P" Plasencia (District 49), Ritch Workman (District 50), State Representatives, The Florida House of Representatives
- Orange County Government
 - County Mayor
 - County Commissioner-District 5
- Osceola County, Board of County Commissioners, Commissioners-Chairwoman and Districts 2 and 4
- Seminole County, Board of County Commissioners
 - Commission Chairman and Commissioner-District 4
 - Commissioner-District 5
- Orange County Public Schools
 - School Board Superintendent
 - Career and Technical Education (Senior Executive Director)
- Osceola County Public Schools
 - School Board Superintendent
- City of Orlando (Mayor)
- City of Orlando (Commissioner-District 1)
- City of Oviedo (Mayor)
- Oviedo Fire/Rescue Department (Fire Chief)
- Florida Emergency Medicine Foundation, Emergency Medicine Learning and Resource Center-The National Center for Simulation (President)
- Nemours Children's Health System and Nemours Children's Hospital
 - Chief of Nemours Children's Care, Medical Director of Nemours Telemedicine
 - President
- UCF
 - President
 - Provost and Executive Vice President
 - Office of Research and Commercialization (Associate Vice President)
- Stetson University (President)
- Eastern Florida State College (President)
- Orange County Medical Society (Past President)

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- Skilled Nursing Facilities (SNFs)
 - Orlando Health and Rehabilitation Center⁹ (Administrator/Executive Director)
 - DeBary Health and Rehabilitation Center¹⁰ (Administrator)
 - Orange City Nursing and Rehab Center¹¹ (Administrator)
- U. S. Department of Veterans Affairs, Bay Pines VA Healthcare System¹²
 - Director
 - Chief of Staff
 - Deputy Chief of Staff
- City of Sanford, Planning and Development Services Department (Project Planner)
- Orlando Economic Development Commission (Executive Vice President)
- Chambers of Commerce
 - African American Chamber of Commerce Central Florida (AACCCF)¹³
 - City of Winter Park (Chairman)
 - City of Winter Park (former President/CEO)
 - East Orlando (President)
 - Oviedo-Winter Springs (Regional President/CEO)
- JSA Healthcare Corporation¹⁴-A Division of DaVita, Inc. (Market Vice President-Orlando)
- VITAS Healthcare (General Manager-Maitland, Florida)
- American Ambulance of Central Florida (General Manager)
- The Corridor¹⁵ (President)
- Grace Medical Home¹⁶ (Executive Director and Medical Director)

⁹ Per the website <http://www.floridahealthfinder.gov/facilitylocator/FacilityProfilePage.aspx?id=28887>, this is an Orange County SNF with 420 licensed community beds.

¹⁰ Per the website <http://www.floridahealthfinder.gov/facilitylocator/FacilityProfilePage.aspx?id=28673>, this is a Volusia County (District 4) SNF with 120 licensed community beds.

¹¹ Per the website <http://www.floridahealthfinder.gov/facilitylocator/FacilityProfilePage.aspx?id=28690>, this is a Volusia County (District 4) SNF with 120 licensed community beds.

¹² The website <http://www.baypines.va.gov/> indicates that physical location of this VA hospital is 10000 Bay Pines Boulevard, Bay Pines, Florida 33744. The reviewer notes that this is in District 5.

¹³ According to their support letter, the AACCCF was established in 1945 and is a membership organization serving public, private and not-for-profit African American-owned businesses and organizations in Brevard, Lake, Orange, Osceola, Seminole and Volusia Counties.

¹⁴ According to their website (<https://www.jsahealthcare.com/aboutUs/>), this organization is Central and South Florida's largest provider of primary health care services to the Medicare population.

¹⁵ According to The Corridor website (<http://www.floridahightech.com/>), this organization spans 23 counties across the state, connected by three research universities, more than 20 local and regional economic development organizations, 14 community and state colleges, 12 regional workforce boards, countless industry groups and the thousands of innovative companies that call this region home.

¹⁶ According to their support letter, this is a non-profit organization with a mission to provide comprehensive, excellent care for the whole person through an ongoing relationship with the uninsured of Orange County.

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- Edyth Bush Charitable Foundation¹⁷ (President/CEO)
- International Consortium of Advanced Manufacturing Research¹⁸ (Executive Director)
- Universal Parks & Resorts (Executive Vice President and Chief Administrative Officer)
- United States Tennis Association (General Counsel and Managing Director, Business Affairs)
- Park Avenue Merchants Association (PAMA)¹⁹ (President)

An October 4, 2016, 35-page PowerPoint presentation in support of the proposed project is also included.

Letter of Opposition

The Agency received one letter of opposition to **Central Florida Health Services, LLC/CON application #10451**, from a physician, who indicates having almost 30 years of service to Central Florida, mainly at Winter Park Memorial Hospital. According to this physician's opposition letter, HCA is perhaps the worst choice possible for a collaboration with UCF, indicating that HCA has responsibility to its shareholders, not the State of Florida. This opposition letter also indicates that there are already two well run, well-funded academic hospitals in the Orlando area: "ORHS" and the Florida Hospital System. This physician states that both have residencies, well established teaching programs and research capabilities.

Letters of Support

Orlando Health Central, Inc./CON application #10454 submitted 30 unduplicated letters of support in Appendix 7 of the application. On pages 62-68 of the application, the Orlando Health Central, Inc., quotes extracts from some of these support letters. The applicant indicates that its support letters are from varied sectors of the community including local politicians, healthcare leaders, physicians and the business community. Many of these support letters are individually composed,

¹⁷ Per their website (<http://www.edythbush.org/>), this organization was created 40 years ago to grant funding to qualified, non-profit organizations whose mission is to improve the quality of life for people of Central Florida.

¹⁸ According to the ICAMR website (<http://www.icamr.net/about.html>), this organization invites leading global companies with Internet-of-Everything manufacturing endeavors to participate in an industry-friendly consortium for advanced sensors, photonics and optics, and other advanced device manufacturing opportunities. ICAMR is initially targeting the mega-growth technologies that will lead to over 50 billion devices being connected by sensors by the beginning of the next decade.

¹⁹ According to the website <http://experienceparkavenue.com/about/>, this 120+ member committee is a division of the Winter Park Chamber of Commerce and is the voice for business owners in the downtown business district.

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some are of a form letter variety but in many instances address some recurring themes. The applicant states and the reviewer confirms that common themes included in these letters are:

- A strong and growing need for an additional acute care hospital to serve the growing Horizon West/Southwest Orange County communities
- The ability of the proposed new facility to utilize the breadth and depth of existing resources available within the Orlando Health and Orlando Health Central organizations
- Acknowledgment of Orlando Health's and Orlando Health Central's strong history and commitment to providing needed care within Southwestern Orange County
- Appreciation of Orlando Health's and Orlando Health Central's provision of care to all members of the community - regardless of financial resources or ability to pay

In addition, the reviewer notes some other individually stated or commonly expressed themes in support of the proposed project:

- More than 20,000 people call Horizon West home²⁰ and the population continues to grow
- The proposal in Horizon West is in the best interest of the residents of west Orange County and the southwest region of Orange County
- In the current situation, there are major transportation barriers to care-local residents face obstacles from a transportation perspective, poor driving routes to outlying providers or lack of public transportation
- In 2015, Orlando Health Central provided approximately \$41 million in community benefit serving over 30 percent of inpatients and 50 percent of ED patients who had no insurance or were underinsured
- Orlando Health Central's commitment to minority employment is extremely important, as their current team member population is 78 percent female, 35 percent African American, 17 percent Hispanic and six percent Asian
- Each day, Orlando Health's dedicated physicians, team members, volunteers and board members go above and beyond their daily contributions to improve the health and quality of life of area residents of West Orange County
- For more than 60 years, Health Central has provided quality care to the West Orange Community and for nearly 100 years through Orlando Health

²⁰ According to the United States Bureau of Census American FactFinder website on October 14, 2016 at https://factfinder.census.gov/faces/nav/jsf/pages/community_facts.xhtml, Horizon West CDP (Census Designated Place), Florida, had a total population of 14,000 residents, as of the 2010 Demographic Profile (the latest information available).

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- The proposed project would transform the community into a destination medical campus and provide West Orange County residents more access to world-class healthcare services-close to home
- When the concept of Horizon West began in 1995, Orlando Health showed their support in 2000, purchasing 40 acres of land in the area
- Most of the public schools in Horizon West were built in the last 10 years, showing the significant growth of families moving to the area over the past decade
- Orlando Health Central's ED has tripled in size in order to accommodate the volume in the community
- Being aligned with a major healthcare system like Orlando Health is convenient for both provider and patient with ease of access to obtaining a patient's medical history as there is the use of a fully integrated electronic medical system, GE Healthcare's Centricity Practice Solution²¹
- The proposed hospital will offer residents greater access to advanced medical care, without the burden and risk of long travel distances to other parts of the county

Some support letters are noted from the following:

- Geraldine F. Thompson, State Senator (12th District) and Kelli Stargel, State Senator (15th District), The Florida Senate
- Randolph Bracy, State Representative (District 45) and Victor Manuel "Vic" Torres, Jr., State Representative (District 48), The Florida House of Representatives
- Orange County Government (Orange County Mayor, Orange County Commissioner-District 1 and Orange County Deputy Administrator/ Director of Health and Public Safety/Medical Director, Orange County EMS System)
- City of Orlando (Mayor) and City of Ocoee (Mayor)
- City of Winter Garden (Commissioner-District 3)
- Town of Windermere (Mayor) and Town of Oakland (Mayor)
- Orange County Public Schools (School Board Member-District 4)
- Community Health Centers, Inc.²², (President/CEO) and Health Care Center for the Homeless, Inc., d/b/a Orange Blossom Family Health²³, (President/CEO)
- Grace Medical Home²⁴, (Executive Director)

²¹ According to the website

https://www.google.com/?gws_rd=ssl#safe=active&q=ge+healthcare+centricity+practice+solution, the GE Healthcare Centricity Practice Solution is an integrated electronic medical record (EMR) and practice management system for practices of all sizes.

²² Community Health Centers, Inc., is an FQHC and a member of the FACHC (<http://www.fachc.org/>). According to their support letter, each year, this FQHC provides care to nearly 60,000 patients in the Central Florida region.

²³ Orange Blossom Family Health is an FQHC and a member of the FACHC (<http://www.fachc.org/>).

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- African American Chamber of Commerce Central Florida (AACCCF)²⁵ (President)
- Central Florida Hotel and Lodging Association (CFHLA)²⁶, (President/CEO)
- Orlando Regional Medical Center, Health Central, South Lake Hospital and Dr. P. Phillips Hospital (President of each)
- Dr. Phillips, Inc.²⁷ (President and CEO)
- The YMCA of Central Florida (President)

C. PROJECT SUMMARY

Adventist Health System/Sunbelt, Inc. d/b/a Florida Hospital/CON application #10450, a non-profit hospital system, also referenced as FH or the applicant, proposes to establish a new 100-bed general acute care hospital (FHWG) in District 7, Subdistrict 7-2. As required in Section 408.037(2), Florida Statutes (F.S.), the applicant offers a proposed project location on the current FHWG campus within ZIP Code 34787 (at 2000 Fowler Grove Boulevard, Winter Garden, Florida). The applicant maintains that the proposed project will focus on adult (age 18+), non-tertiary care.

AHS/S offers 14 ZIP Codes to account for the total proposed service area, with the following four ZIP Codes as the primary service area (PSA) and the remaining 10 ZIP Codes as the secondary service area (SSA), all in Orange County unless otherwise indicated.

PSA ZIP Codes:

- 34787 (Winter Garden)
- 34786 (Windermere)
- 34761 (Ocoee)
- 34711 (Clermont –Lake County)

²⁴ According to their support letter, this is a non-profit organization with a mission to provide comprehensive, excellent care for the whole person through an ongoing relationship with the uninsured of Orange County. Again, according to their support letter, in 2015, this organization experienced 11,032 patient visits

²⁵ According to their support letter, the AACCCF was established in 1945 and is a membership organization serving public, private and not-for-profit African American-owned businesses and organizations in Brevard, Lake, Orange, Osceola, Seminole and Volusia Counties.

²⁶ This support letter indicates that CFHLA is one of Central Florida's largest and most influential trade groups, with a membership including nearly 80 percent of the more than 118,000 hotel rooms in Orange, Seminole and Osceola Counties and nearly 500 "supplier" organizations that do business with the hospitality and tourism industries, to include Orlando Health and Orlando Health Central.

²⁷ This support letter indicates that Dr. Phillips, Inc., and The Dr. P. Phillips Foundation, have made grants, pledges and program related investments in excess of \$170 million. The website <http://www.drphillips.org/> indicates that the Dr. Phillips Charities honors the legacy of the Phillips family and its support of organizations that live up to the motto "to help others help themselves."

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SSA ZIP Codes:

- 32818 (Orlando)
- 32808 (Orlando)
- 34734 (Gotha)
- 32835 (Orlando)
- 32819 (Orlando)
- 32836 (Orlando)
- 32830 (Orlando)
- 34714 (Clermont – Lake County)
- 34756 (Montverde – Lake County)
- 34760 (Oakland)

The applicant anticipates that from 2020 through 2022, 4.5 percent of forecasted volume will originate from beyond the 14 ZIP Codes proposed total service area.

The Agency notes that **CON application #10450 and CON application #10454** have these same overlapping respective PSA ZIP Codes: 34787 (Winter Garden) and 34786 (Windermere), that **CON application #10450's** PSA ZIP Code 34711 (Clermont) overlaps with **CON application #10454's** SSA ZIP Code 34711 (Clermont) and that **CON application #10450's** SSA ZIP Codes 34714 (Clermont) and 34760 (Oakland) overlap with **CON application #10454's** PSA ZIP Codes 34714 (Clermont) and 34760 (Oakland).

FH is a Class 1 general hospital (and a statutory teaching hospital) with 1,289 licensed beds, including: 1,139 acute care beds, 28 Level II neonatal intensive care unit (NICU) beds, 53 Level III NICU beds, 59 adult psychiatric beds and 10 comprehensive medical rehabilitation (CMR) beds. FH is also a provider of pediatric cardiac catheterization and pediatric open heart surgery and the following pediatric transplantation services: kidney and bone marrow. FH is a provider of the following adult transplantation services: kidney, heart, liver, bone marrow, lung and pancreas. Agency records indicate the following approved five notification (NF) actions and one exemption (E) action for FH: delicense 17 acute care beds (NF#130022), add 36 acute care beds (NF#150028), add 36 acute care beds (NF#150029), add 32 acute care beds (NF#150030), add 21 Level III NICU beds (NF#160004) and add 10 CMR beds (E#130011). Further, FH is a provider of non-CON regulated Level II adult cardiovascular services and is a designated comprehensive stroke center.

In addition to FH, the Adventist Health System operates the following general acute care hospitals: Florida Hospital Altamonte, Florida Hospital Apopka, Florida Hospital Celebration Health, Florida Hospital East Orlando, Florida

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Hospital Kissimmee and Winter Park Memorial Hospital. These facilities total 2,741 licensed beds.

AHS/S proposes the following condition(s) to CON approval on the application's Schedule C:

1. Site

The applicant will build the proposed 100-bed hospital at the site specified in the CON application. The site address is:
2000 Fowler Grove Boulevard
Winter Garden, FL 34787

2. Winter Garden Community Garden Support

Florida Hospital Winter Garden will pledge \$300,000 over a three year period to support the Winter Garden Community Garden health and wellness initiative in the East Winter Garden neighborhood, which is a USDA-designated Food Desert. Providing access to healthy, fresh food and a gathering place for the community are both highly aligned with extending Florida Hospital's whole-person approach to healthcare.

The East Winter Garden neighborhood project will include:

- A staff supported community garden with 100 plots
- A small sustainable working farm that will provide fresh produce for sale at a satellite weekly farmers market held onsite
- A community pavilion and outdoor kitchen with restrooms that will be the new home to a weekly farmers market and serve as a community venue to support events and the community garden
- Create a SNAP program for the weekly farmers market so that the community has all the necessary resources to buy local, fresh and healthy food
- A teaching garden with school tours and classes in conjunction with UF/IFAS
- Provide fresh, healthy food on a weekly basis to the Kids Café program

3. Education and Community Health Improvement Activities

FHWG will plan and conduct wellness activities aimed at improving the overall health and wellness of the communities it serves. Specifically, FHWG will offer periodic healthy lifestyle workshops and educational seminars on the facility campus. These classes will feature physicians or other healthcare professionals providing education on topics such as healthy lifestyle changes, chronic disease management, or new advances in clinical care. Programming and frequency will be based on the specific health needs of the community.

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

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Central Florida Health Services, LLC/CON application #10451, also referenced as CFHS or the applicant, a developmental stage entity, affiliated with the private-for-profit/proprietary hospital system Hospital Corporation of America (HCA®) North Florida Division, proposes to establish a new 100-bed general acute care community hospital, to eventually develop into a teaching hospital (in the planned community of Lake Nona/Lake Nona Medical City, adjacent to the UCF COM campus), within the City of Orlando, in Orange County, Florida, District 7, Subdistrict 7-2. According to the applicant, this proposal is in collaboration of a joint venture between HCA-North Florida Division and UCF²⁸. As required in Section 408.037(2), F.S., the applicant offers a proposed project location within ZIP Code 32827. The applicant maintains that the proposed project will focus on adult (age 18+) non-tertiary and OB patients within the planned total service area and to some extent, Floridians living throughout southeast metro Orlando/Orange County and northern Osceola County.

CFHS offers 13 ZIP Codes to account for the total proposed service area, with the following five ZIP Codes as the PSA and the remaining eight ZIP Codes as the SSA, all in Orange County unless otherwise indicated.

PSA ZIP Codes:

- 34827 (Lake Nona)
- 32824 (Lake Nona)
- 32832 (Lake Nona)
- 34744 (Western Kissimmee – Osceola County)
- 34743 (Buena Ventura Lakes – Osceola County)

SSA ZIP Codes:

- 34771 (Saint Cloud – Osceola County)
- 32822 (Orlando)
- 32829 (Orlando)
- 32831 (Orlando)
- 32809 (Orlando)
- 32812 (Orlando)
- 32837 (Orlando)
- 34773 (Saint Cloud – Osceola County)

The applicant anticipates that 5.0 percent of forecasted volume will originate from in-migration beyond the 13 ZIP Codes proposed total service area.

²⁸ CON application #10451, Vol. I, page 35, states that an operating agreement establishing the terms of the joint venture was executed in October 2016. The reviewer notes that a copy of the stated operating agreement was not included in the application for Agency review.

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CFHS proposes the following condition(s) to CON approval on the application's Schedule C:

- Central Florida Health Services, LLC commits to provide a minimum of 15 percent of its patient days to patients covered by Medicaid/Medicaid managed care or who meet the criteria for charity care, combined.

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.

Orlando Health Central, Inc./CON application #10454, referenced also as OHC or the applicant, a not-for-profit Class 1 hospital, affiliated with not-for-profit hospital system Orlando Health (OH), proposes to establish a new 103-bed general acute care hospital (to be named Orlando Health Central Horizon West Hospital) in the Horizon West Town Center in southwestern Orange County, Florida, District 7, Subdistrict 7-2. As required in Section 408.037(2), F.S., the applicant offers a proposed project location within ZIP Code 34787. The applicant maintains that the proposed project will initially focus on primary and secondary acute care services, targeted to the adult (age 15+) population within the area, excluding tertiary/specialty/obstetric care. The applicant also maintains that the future development of Level II Trauma services will be considered.

OHC offers seven ZIP Codes to account for the total proposed service area, with the following five ZIP Codes as the PSA and the remaining two ZIP Codes as the (SSA), with corresponding cities and counties shown.

PSA ZIP Codes:

- 34787 (Winter Garden-Orange County)
- 34786 (Windermere-Orange County)
- 34714 (Clermont-Lake County)
- 34747 (Kissimmee-Osceola County)
- 34760 (Oakland-Orange County)

SSA ZIP Codes:

- 33897 (Davenport-Polk County)
- 34711 (Clermont-Lake County)

The applicant anticipates that in 2020, 15 percent of forecasted volume will originate from beyond the seven ZIP Codes in the proposed total service area.

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The Agency notes that **CON application #10454 and CON application #10450** have these same overlapping respective PSA ZIP Codes: 34787 (Winter Garden) and 34786 (Windermere), that **CON application #10454's** SSA ZIP Code 34711 (Clermont) overlaps with **CON application #10450's** PSA ZIP Code 34711 (Clermont) and that **CON application #10454's** PSA ZIP Codes 34714 (Clermont) and 34760 (Oakland) overlap with **CON application #10450's** SSA ZIP Codes 34714 (Clermont) and 34760 (Oakland).

Health Central is a Class 1 general hospital with 171 licensed acute care beds. Agency records indicate the following approved notification (NF) action for Orlando Health: add 146 acute care beds (NF#120010). Health Central is a provider of non-CON regulated Level I adult cardiovascular services and is a designated primary stroke center.

In addition to Health Central, the OH hospital system operates the following general acute care hospitals: Arnold Palmer Medical Center, Dr. P. Phillips Hospital, South Lake Hospital and South Seminole Hospital. These facilities total 2,051 licensed beds.

OHC proposes the following condition(s) to CON approval on the application's Schedule C:

- The proposed new hospital will be located in the Town Center village of Horizon West – located on Porter Road – immediately east of Highway 429 (Daniel Webster Western Beltway) – at the 80 acre site currently owned by Orlando Health Central. The site is bordered on the west by County Road 545/Avalon Road, a major north/south route within Horizon West and bordered on the north by Porter Road.
- The proposed new hospital will provide 17.5 percent of patient volume to a combination of Medicaid/Medicaid Managed Care/Self Pay/Non-Pay/Other/Charity patients. This combination is being made to solidify Orlando Health Central's provision of needed care to all patients regardless of an individual's financial resources or insurance coverage.
- Upon licensure and opening of the proposed new hospital, Orlando Health Central will provide the following local community investments in support of the organization's overall Mission "*To improve the health and quality of life of the individuals and communities we serve.*"
 - A minimum contribution of \$100,000 per year for at least three years to Shepard's Hope to support its activities within Southwest Orange County.
 - A minimum contribution of \$100,000 per year for at least three years to affiliated members of the Primary Care Access Network (PCAN) to expand its provision and coordination of care within Southwest Orange County.
 - A minimum contribution of \$100,000 per year for at least three years to Healthy West Orange to expand program activities aimed at empowering West Orange community members to take control of their health and

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pledge to themselves and their community that they will do their part to better the overall health of their community.

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.

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 (sub district), 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.

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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.

The reviewer presents the following analysis and review of CON application #s 10450, 10451 and 10454 regarding the identified statutory criteria of 408.035, Florida Statutes.

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, health care 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. The following table illustrates bed utilization levels in District 7, Subdistrict 7-2 for the 12-month period ending December 31, 2015.

**Acute Care Hospital Utilization
District 7/Subdistrict 7-2
12-Month Period Ending December 31, 2015**

Hospital/Orange County	Beds	Bed Days	Patient Days	Utilization
Arnold Palmer Medical Center	331	120,815	80,681	66.78%
Dr. P. Phillips Hospital	237	86,505	56,172	64.93%
Florida Hospital	1,067	389,455	332,080	85.27%
Florida Hospital-Apopka	50	18,250	8,360	45.81%
Florida Hospital-East Orlando	265	95,381	77,157	80.89%
Health Central	171	62,415	48,414	77.57%
Nemours Children's Hospital	90	32,850	10,177	30.98%
Orlando Health	741	270,325	151,616	56.09%
Winter Park Memorial Hospital	288	105,120	65,221	62.04%
Subdistrict 7-2 Total	3,240	1,170,708	829,878	70.89%
District 7 Total	6,115	2,232,946	1,489,146	66.69%
Statewide	50,888	18,432,010	10,613,962	57.58%

Source: Florida Hospital Bed and Service Utilization by District, published July 15, 2016

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District 7, Subdistrict 7-2 had 3,240 licensed acute care beds with an occupancy rate of 70.89 percent during the 12-month period ending December 31, 2015. As shown above, the subdistrict occupancy rate (70.89 percent) was greater than that of District 7 overall (66.69 percent) and also greater than that of the state overall (57.58 percent). CON #10222 was approved on June 6, 2014 to construct a 50-bed acute care replacement hospital for Florida Hospital Apopka in Orange County, Florida 32703. CON #10222 does not alter the net acute care bed count in the subdistrict. There is no other CON approved general hospital project in District 7, Subdistrict 7-2, pending licensure.

Below is a chart to account for existing notifications in Agency records concerning the addition or deletion of acute care beds at District 7/Subdistrict 7-2 general acute care hospitals, pursuant to Section 408.036(5), F.S. As shown below, notifications indicate that a net increase of 367 acute care beds are pending licensure in Orange County/Greater Orlando. See the chart below.

Acute Care Bed Addition or Deletion through Notification at District 7/Subdistrict 7-2 Licensed General Acute Care Hospitals

Notification Number	Notification Date	Facility	City	Notification Action	
				No. of Beds to Add	No. of Beds to Delete
NF#150050	12/4/2015	Arnold Palmer Medical Center	Orlando	35	
NF#140011	2/21/2014	Florida Hospital Apopka	Apopka	30	
NF#150013	3/30/2015	Florida Hospital Apopka	Apopka	40	
NF#130022	9/16/2013	Florida Hospital	Orlando		17
NF#150028	6/26/2015	Florida Hospital	Orlando	36	
NF#150029	6/26/2015	Florida Hospital	Orlando	36	
NF#150030	6/26/2015	Florida Hospital	Orlando	32	
NF#150026	6/18/2015	Florida Hospital East Orlando	Orlando		12
NF#140038	9/10/2014	Health Central	Ocoee	50	
NF#160028	6/16/2016	Nemours Children's Hospital	Orlando		9
NF#120010	2/21/2012	Orlando Health	Orlando	146	
Total Number of Beds to Add/Delete				405	38
Net Number of Beds to Add				367	

Source: Florida Hospital Bed and Service Utilization by District, published July 15, 2016

Acute care bed utilization in the district/subdistrict over the past three years is shown in the chart below.

District 7/Subdistrict 7-2 Acute Care Hospital Utilization Three Years Ending December 31, 2015

	JAN 2013 DEC 2013	JAN 2014 DEC 2014	JAN 2015 DEC 2015
Number of Acute Care Beds	3,242	3,250	3,228
Percentage Occupancy	69.00%	68.80%	70.89%

Source: Florida Bed Need Projections and Services Utilization, published July 2014-July 2016

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As shown above, Subdistrict 7-2 had a 1.89 percent increase in acute care bed utilization (from 69.00 percent to 70.89 percent) over the three year period ending December 31, 2015. Patient days increased approximately 3.08 percent from the 12 months ending December 31, 2013 (805,116 acute care patient days) to the 12 months ending December 31, 2015 (829,878 acute care patient days). Below is a chart illustrating District 7 population estimates for July 2015 and January 2022.

**District 7 Total Population and Population Age 65 and Over
Estimates and Percent Change by County
From July 2015 to January 2022**

County/Area	Total July 2015	Total January 2022	Percent Change	Age 65+ July 2015	Age 65+ January 2022	Age 65+ Percent Change
Brevard	559,975	599,373	7.04	121,354	148,156	22.09
Orange	1,258,033	1,443,090	14.71	134,364	175,396	30.54
Osceola	309,494	378,327	22.24	37,104	52,332	41.04
Seminole	440,915	473,476	7.38	61,504	76,682	24.68
District 7 Total	2,568,417	2,894,266	12.69	354,326	452,566	27.73
State Total	19,816,176	21,618,641	9.10	3,691,561	4,515,707	22.33

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

As shown above, Orange County has the largest total population and the largest age 65+ population of any county in District 7. Orange County’s total population is projected to increase from 1,258,033 to 1,443,090 (14.71 percent) and its age 65+ population from 134,364 to 175,396 (30.54 percent) from July 2015 to January 2022. The co-batched applicant’s state plans to establish their proposed projects at various locations within the subdistrict.

Adventist Health System/Sunbelt, Inc. d/b/a Florida Hospital/CON application #10450: The reviewer confirms that FH currently holds a valid license to operate an off-site ED at 2000 Fowler Grove Blvd., Winter Garden, Florida 34787, the location of the proposed project. FH states that in addition to operating an off-site ED at this location, other operational services include an outpatient surgery department, comprehensive imaging and medical offices. In addition, FH indicates that the proposed facility will not include a pediatric unit or an obstetrics program but will add such program at a later time if the market demand indicates a need.

According to FH, the need and health planning justification for the proposed project is supported by a varied of factors, including:

- Large and growing population base in the proposed service area
- Robust utilization of the existing off-site ED on the Winter Garden campus which has exceeded initial projections and is on track to serve more than 23,000 visits in the first full year of operation

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- Comprehensive infrastructure of emergency, ambulatory and physician services available on the FHWG Campus
- Historical increase in non-tertiary hospital discharges within the defined service area
- Florida Hospital System currently serves a significant number of patients who reside in the defined service area
- Lack of impact to other area hospital providers given market growth and the potential for redirection of existing Florida Hospital patient volume
- Overwhelming community support for the proposed project

The applicant offers more detailed summary justifications for each of the seven bullet points above (pages 15-17, CON application #10450).

CON application #10450 shows that FH’s proposed site is in west central Orange County with a geographical depiction of the applicant’s PSA and SSA Zip Codes on page 20, Figure 4. An included Traffic Count Map in attachment A shows traffic patterns in the proposed project area. According to FH, FHWG is located along SR 429, also known as the Western Expressway, accommodates 45,000 cars daily and the section of the Turnpike to the north of FHWG accommodates nearly 70,000 cars daily. Attachment B indicates an estimated need of 9,443 new housing units by 2020. According to FH, there are currently 48 new subdivisions planned or under construction in the applicant’s total service area, with over 300,000 people living in the West Orange County area.

FH maintains that using data from Claritas, Inc., the proposed 14-ZIP Code service area is currently home to 408,896 residents, approximately half of whom reside in the PSA. FH also maintains that this population will rise to 447,101 by 2021, with the total change percentage and the average annual growth rate (AAGR) in the PSA and total service area being greater than that of Orange County, Lake County or Florida for the same period. The reviewer collapses the population by each ZIP Code into the PSA and SSA subtotals. See the figure below.

**Florida Hospital Winter Garden
2016-2021 Total Population Growth by ZIP Code / PSA and SSA**

	2016 Total Pop	2021 Total Pop	Total Change	AAGR
Subtotal PSA	196,633	218,656	11.2%	2.2%
Subtotal SSA	212,263	228,445	7.7%	1.5%
Total Service Area	408,896	447,101	9.3%	1.9%
Orange County Total	1,292,120	1,397,244	8.1%	1.6%
Lake County Total	323,944	345,305	6.6%	1.3%
Florida Total	20,299,288	21,515,406	6.0%	1.2%

Source: CON application #10450, page 22, Figure 5

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The applicant contends that the projected population growth of 38,205 over the five year period (2016-2021) would support a gross bed need of 99 additional beds based on the Florida bed ratio of 2.58 inpatient acute hospital beds per 1,000 population. The applicant divides by age cohorts the same PSA/SSA, total service area, Orange and Lake Counties and Florida population estimates for the same five-year period. On pages 23 to 25 of the application, the applicant discusses that for this same five-year period the 18-44 age cohort is projected to increase by 7.5 percent in the PSA, compared to 3.5 percent for Orange County as a whole. FH further discusses that consistent with many areas, the 14-ZIP Code population service area is aging but that as a whole, the elderly population accounts for far less than the current and projected Lake County or statewide averages. Based on this, FH contends that, overall, the proposed service area and Orange County have younger adult populations than other parts of the State. FH asserts that this is particularly applicable to a non-tertiary facility, as proposed.

Again, using data from Claritas, Inc., the applicant offers adult population growth estimates (2016-2021) for the proposed 14-ZIP Code service area, by age cohorts of 18-44, 45-64, 65+ and total 18+. The applicant estimates an age 18+ growth rate of 13.3 percent for the PSA, a 9.0 percent growth rate for the SSA and an 11.0 percent growth rate for the total service area. The applicant asserts that the PSA and total service area growth rates for the 18+ population are greater than that of the same age cohorts for Orange County, Lake County and Florida, for the same period. The reviewer collapses the population by each ZIP Code into the PSA and SSA subtotals for the age 18-44 population and the total age 18+ population. See the figure below.

**Florida Hospital Winter Garden
2016-2021 Adult Population Growth by Age Cohort ZIP Code / PSA and SSA**

	18-44	Total 18+	18-44	Total 18+	18+ Growth 2016-2021
Subtotal PSA	68,001	148,064	73,102	167,755	13.3%
Subtotal SSA	82,365	165,399	86,341	180,341	9.0%
Total Service Area	150,366	313,463	159,443	348,096	11.0%
Orange County Total	529,145	999,178	547,921	1,090,501	9.1%
Lake County Total	90,507	260,103	96,409	279,431	7.4%
Florida Total	6,781,317	16,171,808	7,039,055	17,255,336	6.7%

Source: CON application #10450, page 26, Figure 9

FH maintains that, the adult population in the proposed 14-ZIP Code service area is projected to increase at a rate that exceeds the County and State averages, particularly in the PSA. FH also indicates that while the significant growth is notably younger than the state average it will continue to drive the demand for non-tertiary hospital services for residents of the area. FH asserts that the proposed project will allow it to better meet the needs of these residents, many of whom seek care within the Florida Hospital System.

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Using its own internal data, the applicant estimates an annualized FHWG off-site ED count of 23,067 visits, with average visits per day totaling 63 (year one). The applicant states performing an analysis using other Florida Hospital facilities and indicates that these facilities have a similar non-tertiary service mix consistent with the proposed project, to determine potential inpatient admissions for the proposed project. The applicant asserts that applying a range of admission rates to FHWG’s projected annualized year one ED volume of 23,067 results in the potential for 2,768 to 4,152 admissions from the ED. See the figure below.

**Florida Hospital Winter Garden
Potential Admissions from the ED
Based on Other Similar Florida Hospital Facilities’ Admission Rates
Year 1 Annualized Volume**

Annualized ED Visits	23,067
ED Admission Rate	12.0%
Potential Admissions from ED	2,768
Annualized ED Visits	23,067
ED Admission Rate	18.0%
Potential Admissions from ED	4,152

Source: CON application #10450, page 28, Figure 12

According to the applicant, based on the actual 2015 average length of stay (ALOS) for non-tertiary adult patients in the 14-ZIP Code service area (4.6 days), the potential admissions generated by the FHWG ED would result in 12,733 to 19,099 patient days, or an average daily census (ADC) of 35 to 52 patients. According to the applicant, this supports the proposal.

CON application #10450, Attachment C (EMS Studies) shows Orange County Fire Rescue Department fiscal year 2015/2016, (ending August 31, 2016) hospital offload summary data for Orange County hospitals and out-of-county hospitals. Based on this source, the applicant states and the reviewer confirms that for the referenced period, the FHWG ED had an average offload time of 16 minutes 19 seconds and a 90 percentile offload time of 24 minutes 41 minutes, whereas, correspondingly for the same period, the total average offload time was 31 minutes and the total 90 percent offload time was 36 minutes. Based on this same source, the applicant states and the reviewer confirms that these are among the lowest offload times in Orange County. FH states that it is clear that the ED at FHWG has increased access and decreased transport and wait times for emergency services. According to the applicant, the proposed project, if approved, will further increase access to care and enhance the overall experience at FHWG.

The applicant maintains that the current FHWG campus currently has comprehensive infrastructure of emergency, ambulatory and physician

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services. FH asserts that the proposed project is supported by three factors related to FH’s comprehensive planning for services in Winter Garden:

- A large number of patients in the service area utilize FH facilities
- Outpatient resources at FHWG which are highly utilized by residents of the area
- Extensive medical staff resources located within the 14-ZIP Code area to serve area residents

The ultimate vision for FHWG includes two phases:

- Phase I: offsite ED and outpatient surgery department on the northern half of the site
- Phase II: bed tower and medical office building on the southern half of the site

According to FH, there are currently physicians representing 13 medical and surgical specialties who practice at FHWG and there are 197 FH medical staff physicians who have offices within the proposed 14-ZIP Code service area. The applicant provides a list of 13 specialties that FH indicates these 197 physicians offer (CON application #10450, page 30).

Using its own internal data, the applicant states that FH medical staff physicians represent nearly 40 percent of the total physicians who have offices within the 14-ZIP Code area. See the figure below.

**Current Winter Garden Area Physician Supply and FH Medical Staff Physicians
14-ZIP Code Service Area**

FH Medical Staff 14-ZIP Code Area Physicians	197
Total 14-ZIP Code Area Physicians	536
FH Percent of 14-ZIP Code Area Physician Supply	36.8%

Source: CON application #10450, page 30, Figure 13

FH points out having an FHWG physician and medical staff development focused to:

- Align with current FH CIN (Clinically Integrated Network) physicians
- Recruit new physicians to the area/market
- Align with other physicians currently practicing in the area

The applicant further discusses facility design and physical plant characteristics and features (pages 31 – 33 of the application) and additionally offers a site plan and a rendering of the proposed project (CON application #10450, Attachment D).

The applicant offers discussion of non-tertiary discharge trends for residents of the total service area and indicates that the proposed project’s non-tertiary discharges are those that do not fall into a certain set of more severe MS-DRGs. FH provides a list of the tertiary MS-DRGs that are excluded from the FHWG analysis and future service mix (CON application #10450, Attachment E).

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Using the Agency’s inpatient discharge database from 2012-2015, FH indicates the following discharge characteristics:

- Non-tertiary adult discharges increased in all PSA ZIP Codes by 2,024 discharges to a total of 11,774 discharges in 2015
- Non-tertiary adult discharges increased in 12 service area ZIP Codes by 2,952 discharges overall
- Non-tertiary discharges increased in both age cohorts (18-64 and 65+) in eight of the proposed service area ZIP Codes including all four PSA ZIP Codes
- Discharges for the 18-64 population increased in 10 of the service area ZIP Codes, including all the PSA ZIP Codes by 1,667 discharges to a total of 15,907 discharges in 2015
- The overall use rate of non-tertiary discharges per 1,000 population increased in eight of the service area ZIP Codes including all four PSA ZIP Codes
- The overall use rate of non-tertiary discharges per 1,000 population increased in 18-64 age cohort in 10 of the proposed service area ZIP Codes including all four PSA ZIP Codes

In the next three figures in the application (CON application #10450, Figures 15 thru 17), using Agency inpatient database records for calendar years (CYs) 2012-2015, FH provides non-tertiary discharges and use rates per 1,000 population for ages 18+, 18-64 and 65+, with AAGR percentages for each age cohort. The reviewer collapses the population by each ZIP Code into the PSA and SSA subtotals. See the figures below.

2012-2015 Non-Tertiary Discharges and Use Rate, Ages 18+

Area	Non-Tertiary Discharges					Non-Tertiary Discharges per 1,000 Population				
	2012	2013	2014	2015	AAGR	2012	2013	2014	2015	AAGR
Subtotal PSA	9,750	10,552	10,917	11,774	6.9%	75.3	79.1	79.9	83.8	3.7%
Subtotal SSA	14,128	14,647	14,948	15,056	2.2%	94.9	96.6	96.7	95.5	0.2%
14-ZIP Code Area Total	23,878	25,169	25,865	26,830	4.1%	85.8	88.4	88.8	90.0	1.6%

Source: CON application #10450, page 34, Figure 15

2012-2015 Non-Tertiary Discharges and Use Rate, Ages 18-64

Area	Non-Tertiary Discharges					Non-Tertiary Discharges per 1,000 Population				
	2012	2013	2014	2015	AAGR	2012	2013	2014	2015	AAGR
Subtotal PSA	5,186	5,647	5,791	6,228	6.7%	47.5	50.6	50.9	53.5	4.2%
Subtotal SSA	9,054	9,495	9,564	9,679	2.3%	69.3	71.8	71.4	71.4	1.0%
14-ZIP Code Area Total	14,240	15,142	15,355	15,907	3.9%	94.9	96.6	96.7	95.5	0.2%

Source: CON application #10450, page 35, Figure 16

In the above figure, FH points out that between 2012 and 2015, the number of 18-64 non-tertiary discharges increased by approximately 6.7 percent annually in the PSA and nearly 4.0 percent annually in the combined 14-ZIP Code area.

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2012-2015 Non-Tertiary Discharges and Use Rate, Ages 65+

Area	Non-Tertiary Discharges					Non-Tertiary Discharges per 1,000 Population				
	2012	2013	2014	2015	AAGR	2012	2013	2014	2015	AAGR
Subtotal PSA	4,564	4,875	5,126	5,546	7.2%	226.1	227.9	226.1	230.8	0.7
Subtotal SSA	5,074	5,152	5,384	5,377	2.0%	279.3	265.8	260.4	243.6	-4.3
14-ZIP Code Area Total	9,638	10,027	10,510	10,923	4.4%	251.3	245.9	242.4	236.9	-1.9

Source: CON application #10450, page 36, Figure 17

The applicant asserts that in most markets, both non-tertiary discharges and the use rate of non-tertiary discharges are declining for elderly patients age 65+ but that this PSA is an exception. In the above figure, FH points out that between 2012 and 2015, non-tertiary discharges of elderly patients in the PSA increased by 7.2 percent annually. FH further points out that the non-tertiary discharge rate per 1,000 for elderly patients in the PSA experienced approximately 2.1 percent growth during the three-year period of 0.7 percent annually.

The applicant emphasizes that the stated growth trends in discharge and discharge rates, coupled with the significantly expanding adult population base in the area will ensure that demand for inpatient services will continue into the future.

FH maintains that its main campus and affiliated facilities throughout Central Florida serve a large number of patients who reside in the proposed 14-ZIP Code service area

In pages 38 – 40 of the application, FH discusses the applicant’s (and other hospital providers in the area) adult non-tertiary market share within the total proposed service area, including both the PSA and SSA. The applicant offers figures to account for this topic (CON application #10450, Figures 19 thru 21). Using Agency inpatient database records for 2015, the applicant indicates that of 26,830 adult non-tertiary discharges in the total service area (excluding newborns and OB), FH facilities in total accounted for 7,558 of these discharges, or 28.2 percent. See the figure on the following page.

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**2015 Market Share of the 14-ZIP Code Area
Adult Non-Tertiary Discharges**

Rank	Hospital Name	2015 Non-Tertiary Discharges (Excl. OB)	2015 Market Share
1	Health Central	7,250	27.0%
2	Florida Hospital	4,987	18.6%
3	South Lake Hospital	4,192	15.6%
4	Dr. P Phillips Hospital	3,583	13.4%
5	Orlando Regional Medical Center	3,135	11.7%
6	Florida Hospital Celebration Health	1,159	4.3%
7	Florida Hospital Altamonte	551	2.1%
8	Winter Park Memorial Hospital	368	1.4%
9	Osceola Regional Medical Center	215	0.8%
10	Florida Hospital East Orlando	177	0.7%
11	Florida Hospital Apopka	171	0.6%
12	Heart of Florida Regional Medical Center	101	0.4%
13	UF Health Shands Hospital	97	0.4%
14	Arnold Palmer Medical Center	76	0.3%
15	South Seminole Hospital	72	0.3%
Total, Top 15 Providers		26,134	97.4%
All Other Providers (125 facilities)		696	2.6%
Grand Total 14-ZIP Code Non-Tertiary Discharges Ages 18+ (Excluding OB)		26,830	100.0%
Florida Hospital Facilities' Combined Discharges and Market Share (14 facilities)		7,558	28.2%

Source: CON application #10450, page 41, Figure 22

The applicant next contends that the proposed project would have no impact on other area hospital providers. In fact, the applicant indicates that while it is likely that patients currently treated within the Florida Hospital System would choose to be admitted to the inpatient beds at the proposed project, in a conservative approach, FHWG has not relied upon anticipated redirection to reach its projected ADC. According to the applicant, the projected utilization of the proposed facility assumed:

- Non-tertiary discharge rates by ZIP Code for the 18-64 population would remain constant at 2015 levels
- Non-tertiary discharge rates by ZIP Code for the 65+ population would experience slowed levels of decline as compared to the 2012-2015 trend
- Projected non-tertiary ALOS used to project service area patient days and census would remain constant at actual 2015 levels for the proposed 14-ZIP Code area

FH emphasizes that projections are conservative and do not assume increases in use rates, significant changes in referral patterns or increases in LOS.

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FH states a four-step process (pages 42 – 52 of the application) to assure no impact on other area providers, concern the proposed project.

In Step 1, the applicant reiterates CON application #10450, Figure 15 (shown earlier in this report). In CON application #10450, Figure 24 and 25, FH offers 2015 and 2020-2022 adult non-tertiary discharge estimates per 1,000 population age 18-64 and age 65+, respectively. According to the applicant’s estimates, by 2022, the age 18-64 discharges per 1,000 population in the proposed total service area will be 95.5 and by the same year, the age 65+ discharges per 1,000 population in the proposed total service area will be 227.0.

In Step 2, the applicant provides estimated total service area adult non-tertiary total discharges, a total growth estimate (2015-2022) and an AAGR (2015-2022). The reviewer collapses the population by each ZIP Code into the applicable PSA and SSA totals. See the figure below.

2015 Actual and 2020-2022 Projected Adult Non-Tertiary Discharges Generated by Residents of the Proposed 14-ZIP Code Service Area

	2015	2020	2021	2022	Total Growth (2015-2022)	AAGR (2015-2022)
PSA Total	11,774	13,794	14,568	15,087	28.1%	4.0%
SSA total	15,056	17,050	17,425	17,916	19.0%	2.7%
PSA+SSA	26,830	30,843	31,993	33,003	23.0%	3.3%

Source: CON application #10450, page 46, Figure 26

By 2022, FH expects a growth of total service area non-tertiary, adult discharge increase of 6,173 cases (a rise from 26,830 in 2015 to 33,003 in 2022). See the figure below.

Projected Market Growth, 2015-2022 Total Service Area

	2015 Actual	2022 Projected	Actual Change
PSA	11,774	15,087	+3,313
SSA	15,056	17,916	+2,860
14-ZIP Code Area Total	26,830	33,003	+6,173

Source: CON application #10450, page 46, Figure 27

In Step 3, the applicant reiterates CON application #10450, Figure 22 (shown earlier in this report). FH states that the proposed project market share was projected based on patient origin from the ED, geographic proximity/travel distances, historical FH System draw from the area and discussion with administration and leadership. If the proposed project is approved, FH expects a year one (2020) total service area market share of 9.7 percent, a year two (2021) market share of 13.0 percent and a year three (2022) market share of 14.6 percent (CON application #10450, page 47, Figure 28).

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In Step 4, FH calculates remaining discharges for existing providers in the area after the proposed project’s discharges are subtracted. FH estimates that by 2020, market discharges remaining for existing providers will total 27,859, by year two (2021) 27,829 and by year three (2022) 28,173. See the figure below.

2020-2022 Projected Market Discharges Remaining for Other Providers

	2020	2021	2022
Projected Market Discharges	30,843	31,993	33,003
Projected FHVG Discharges	2,984	4,165	4,830
Market Discharges Remaining for Existing Providers	27,859	27,829	28,173
2015 Actual Discharges	26,830	26,830	26,830

Source: CON application #10450, page 46, Figure 30

Continuing in the applicant’s Step 4 process, FH states that the projected remaining market discharges were then distributed based on each providers’ 2015 market share of adult non-tertiary discharges from the area, so that the highest market share providers experience impact that is in line with their current draw from the service area and that the estimates are a “worst case scenario”. The applicant provides these estimates for 2020 (CON application #10450, page 49, Figure 31) for 2021 (CON application #10450, page 50, Figure 32) and for year three (2022). The reviewer collapses the discharges by total service area (PSA plus SSA) into each of 15 market share holders in the area. See the figure below.

**2022 Projected Impact for Total Service Area
Top 15 Market Share Holders**

Hospital Name	2015-2021 Change
Florida Hospital Winter Garden	4,830
Health Central	168
Florida Hospital	286
South Lake Hospital	(5)
Dr. P Phillips Hospital	467
Orlando Regional Medical Center ²⁹	178
Florida Hospital Celebration Health	80
Florida Hospital Altamonte	27
Winter Park Memorial Hospital	29
Osceola Regional Medical Center	20
Florida Hospital East Orlando	14
Florida Hospital Apopka	8
Heart of Florida Regional Medical Center	11
UF Health Shands Hospital	6
Arnold Palmer Medical Center	5
South Seminole Hospital	5
All Other Hospitals	45

Source: CON application #10450, page 50, Figure 33

²⁹ The reviewer notes that according to Agency licensure records, Orlando Health was f/k/a Orlando Regional Medical Center.

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FH stresses that it is important to note that the analysis of adverse impact does not account for any overall increases in utilization between 2015 and 2020-2022 at any existing providers.

FH discusses relatively high acute care bed utilization and patient day growth among select Orange and Lake County hospitals from 2012 – 2015 (CON application #10450, pages 52 – 53).

Central Florida Health Services, LLC/CON application #10451 indicates that the proposed facility will offer a full range of non-tertiary services, including emergency, imaging, surgery, intensive care, cardiac catheterization and women’s services, including an obstetrics (OB) unit.

CFHS provides a pictorial depiction of the proposed project location (CON application #10451, Vol, I, page 35), a legal description (CON application #10451, Vol. I, Attachment 1) of the 25 acre area and also includes in its Attachment 2, a rendering of the proposed project site. The site is located in the Lake Nona Medical City area. CFHS points out that there is currently no existing general acute care hospital in the proposed PSA.

CFHS indicates that the proposed project (if approved) will be operated under the direction and supervision of HCA’s North Florida Division, with HCA having 80 percent ownership and UCF having 20 percent ownership but that UCF and HCA will have equal representation in the governance of the proposed facility. CFHS divides the 13 ZIP Code total service area into market share zones and asserts that these zones take into consideration location, patient travel patterns and roadways, locations of other existing hospitals and market share of other hospitals. CFHS expects Zone 1 to have the highest market share, with Zone 2 having a medium market share and for Zone 3 to have a low market share. See the exhibit below.

CFHS Proposed Hospital Service Area – Projected Market Share Zones

Market Share Zone	ZIP Code	Service Area Description
1 – Highest	32827	PSA
	32824	PSA
	32832	PSA
2 – Medium	34744	PSA
	34743	PSA
	34771	SSA
3 – Low	32822	SSA
	32829	SSA
	32831	SSA
	32809	SSA
	32812	SSA
	32837	SSA
	34773	SSA

Source: CON application #10451, Vol. 1, page 63, Exhibit 24

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CON application #10451, Vol. I, page 64, Exhibit 25 is a map with a legend to indicate the three market share zones as they relate to the 13 ZIP Code total service area and corresponding area hospitals. The reviewer notes that in the remainder of CON application #10451, CFHS identifies population in terms of these three market share zones.

Using Agency for Health Care Administration Population Projections for 2016-2021, CFHS states that the total population for Orange County is estimated to rise from 1,285,043 (2016) to 1,429,632 (2021), a percentage increase of 11.3 percent (CON application #10451, Vol. I, page 65, Exhibit 26). Using the same source for the same period, the applicant indicates that the total population for Osceola County is estimated to rise from 320,089 (2016) to 373,310 (2021), a percentage increase of 16.6 percent (CON application #10451, Vol. I, page 65, Exhibit 27). CFHS notes that again using the same source for the same time period, the age 65+ population in Orange County is to rise by 22.9 percent and the same age cohort in Osceola County is to rise by 30.3 percent.

Using 2016 Claritas population demographics 2016-2021 (Claritas SMS 2016-July release), the applicant offers total population projections and expected population growth percentages for the proposed 13-ZIP Code service area, by age cohorts of 0-17, 18-44, 45-64 and 65+. The applicant emphasizes that the total service area population is anticipated to increase by 35,146 residents or 9.08 percent and that the age 65+ population in the total service area is expected to increase by 12,259 persons or 27.46 percent. CFHS states that the growth of the age 65+ population is significant, as older individuals utilize healthcare resources, including hospital services, at a higher rate than other groups. The reviewer collapses the population by each ZIP Code into the PSA and SSA subtotals for the referenced age cohorts. See the exhibit below.

CFHS Proposed Hospital's Service Area Population (2016)

Service Area	0-17	18-44	45-64	65+	Total
PSA Total	41,635	64,309	40,703	17,810	164,457
SSA Total	50,160	87,219	58,282	26,833	222,494
All Total	91,795	151,528	98,985	44,643	386,951

CFHS Proposed Hospital's Service Area Population (2021)

Service Area	0-17	18-44	45-64	65+	Total
PSA Total	43,883	68,960	46,412	23,096	182,351
SSA Total	51,975	89,993	63,972	33,806	239,746
All Total	95,858	158,953	110,384	56,902	422,097

Percent Change (2016-2021)

Service Area	0-17	18-44	45-64	65+	Total
PSA Total	5.40%	7.23%	14.03%	29.68%	10.88%
SSA Total	3.62%	3.18%	9.76%	25.99%	7.75%
All Total	4.43%	4.90%	11.52%	27.46%	9.08%

Source: CON application #10451, Vol. I, page67-68, Exhibit 28

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Again, using Claritas SMS 2016-July release data, with plans for the proposed project to include an eight-bed OB unit, the applicant offers the age 15-44 female population growth by number of residents and percentages, from 2016-2021. The applicant emphasizes that this female age cohort is to increase from 83,259 (2016) to 86,973 (2021), or 4.46 percent with the PSA experiencing a greater increase – 6.48 percent. The reviewer collapses this female age cohort by each ZIP Code into the PSA and SSA subtotals for the referenced population and time period. See the exhibit below.

**CFHS Proposed Hospital’s Female Population (Age 15-44)
2016-2021**

Service Area	2016	2021	Percent Change
PSA Total	35,719	38,032	6.48%
SSA Total	47,540	48,941	2.95%
All Total	83,259	86,973	4.46%

Source: CON application #10451, Vol. I, page 69, Exhibit 29

Once again, using 2016 Claritas SMS 2016-July release data, the applicant offers total population projections and expected population growth percentages (2016-2021) for the proposed 13-ZIP Code service area, by race (white, African American, American Indian, Asian, Pacific Islander, other and two or more races). For the proposed service area for this period, the applicant emphasizes that the African American population is projected to grow by 7.4 percent (from 44,849 to 49,139). The reviewer notes that arithmetically, this is a 9.57 percent increase (as indicated in the applicant’s exhibit below). Again, for the proposed service area for this same period, the applicant emphasizes that the Asian population is projected to grow by 12.2 percent (from 18,406 to 20,708). The reviewer notes that arithmetically, this is a 12.51 percent increase (as indicated in the applicant’s exhibit below). CFHS points out that overall, the non-white population is expected to increase from 32.7 percent (in 2016) to 33.9 percent (by 2021) and that this trend is reflective of the growing diversity within the service area. The reviewer collapses the population by each ZIP Code into the PSA and SSA subtotals for the referenced age cohorts. See the three exhibits below.

CFHS’ Proposed Hospital’s Service Area Population by Race 2016

Service Area	White	African American	American Indian	Asian	Pacific Islander	Other	Two or More Races	Total
PSA	107,530	19,964	824	7,622	192	20,237	8,090	164,457
SSA	152,855	24,887	1,015	10,784	276	23,480	9,197	222,494
All Total	260,385	44,849	1,839	18,406	468	43,717	17,287	386,951
Percent of Total	67.3%	11.6%	0.5%	4.6%	0.0%	11.3%	4.6%	100%

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CFHS' Proposed Hospital's Service Area Population by Race 2021

Service Area	White	African American	American Indian	Asian	Pacific Islander	Other	Two or More Races	Total
PSA	116,933	22,186	958	8,919	197	23,456	9,702	182,351
SSA	161,980	26,953	1,114	11,789	276	27,211	10,423	239,746
All Total	278,913	49,139	2,072	20,708	473	50,667	20,125	422,097
Percent of Total	66.1%	11.6%	0.5%	4.9%	0.0%	12.0%	4.8%	100%

**CFHS' Proposed Hospital's Service Area Population by Race
Percent Change 2016-2021**

Service Area	White	African American	American Indian	Asian	Pacific Islander	Other	Two or More Races	Total
PSA	8.7%	11.1%	16.3%	17.0%	2.6%	15.9%	19.9%	10.9%
SSA	6.0%	8.3%	9.8%	9.3%	0.0%	15.9%	13.3%	7.8%
All Total	7.1%	9.6%	12.7%	12.5%	1.1%	15.9%	16.4%	9.1%

Source: CON application #10451, Vol. I, pages 70-72, Exhibit 30

Further presenting population growth estimates, CFHS uses Claritas Marketplace 2016 data to offer ethnicity (Hispanic population) estimates 2016-2021 for the total service area. CFHS indicates that the population of Lake Nona has a significant Hispanic population which is growing quickly and that the parent's (HCA-North Florida Division) facilities have significant experience in serving the Hispanic population throughout north and central Florida. The applicant maintains that the Hispanic population in the total service area will increase from 203,922 (2016) to 241,388 (2021), an 18.37 percent increase. The applicant also points out the PSA and SSA percentage increases for this same population for the same five year period. CHFS emphasizes that the Hispanic population of the service area is growing faster than the population as a whole (from 52.7 percent in 2016 to 57.2 percent in 2021). The reviewer collapses this ethnic group by each ZIP Code into the PSA and SSA subtotals for the referenced population and time period. See the exhibit below.

CFHS Proposed Hospital's Service Area Hispanic Population

Service Area	2016	2021	Percent Change
PSA Total	99,840	119,308	19.50%
Percent of Total Population	60.7%	65.4%	
SSA Total	104,082	122,080	17.29%
All Total	203,922	241,388	18.37%
Percent of Total Population	52.7%	57.2%	

Source: CON application #10451, Vol. I, page 69, Exhibit 29

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CFHS discusses population in the context of other new hospital CON applications (CON application #10451, Vol. 1, page 74).

Proceeding, CFHS indicates that its planned non-tertiary services are defined by DRG and exclude separately CON reviewable services such as:

- Level II and Level III Neonatal Intensive Care
- Comprehensive inpatient physical rehabilitation
- Psychiatric and substance abuse services
- Open heart surgery³⁰
- Transplant services

The applicant also indicates that trauma and neurosurgery are also excluded from its non-tertiary definition. For its planned adult acute care services, CFHS provides a list of excluded DRGs³¹. For its planned OB services, CFHS further provides a list of included DRGs³².

CON application #10451, Vol. I, pages 75-79, provide a description of the location of existing acute care hospitals in District 7 and Metro Orlando (Vol. I, Exhibits 34 – 37). CFHS emphasizes that only Nemours Children's Hospital and the VA hospital are located within the southeastern quadrant of Orange County (with no acute care hospitals for adults in that portion of the county). The applicant also emphasizes that in Orange County, FH and OH control most of the beds and much of the market share in metro Orlando – thereby limiting the choices that residents have to quality, accessible acute care hospital care.

CON application #10451, Vol. I, pages 81-88, provide the PSA (75 percent of discharges) and a corresponding map for the following existing community hospitals in the area: Florida Hospital East Orlando (Exhibit 40), Osceola Regional Medical Center (Exhibits 41 and 42), Winter Park Memorial Hospital (Exhibit 43), Florida Hospital Kissimmee (Exhibit 44), Dr. P. Phillips Hospital (Exhibit 45) and Health Central (Exhibit 46).

The applicant contends that the CFHS's proposed PSA:

- Is not part of Florida Hospital East Orlando's PSA
- In the south and east encompass some of Osceola Regional Medical Center's PSA but that Osceola Regional Medical Center has relatively high occupancy rates (for the three-year period ending December 31, 2015)³³.

³⁰ The reviewer notes that adult open heart surgery is not subject to CON regulation.

³¹ CON application #10451, Vol. I, page 75 lists excluded DRGs as: 1-10, 14-42, 183-185, 215-238, 246-251, 652, 765-770, 774-782, 789-795, 849, 876-887, 894-897, 901-914, 927-935, 945-946, 955-965 and 998-999.

³² CON application #10451, Vol. I, page 93 lists included DRGs as: 765-770 and 774-782.

³³ The reviewer notes letters of support for the proposed project from Osceola Regional Medical Center's Medical Staff President and Pathology and Laboratory Medicine Chief.

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- Does not overlap with Winter Park Memorial Hospital's PSA
- In the southernmost ZIP Codes overlap with Florida Hospital Kissimmee
- Does not approach Health Central's PSA

CON application #10451, Vol. I, page 89, Exhibit 47 indicates that, per www.googlemaps.com, the driving distance to the nearest existing community hospital to the proposed project is HCA's Osceola Regional Medical Center (at 11.2 miles distant). This same exhibit lists four other area community hospitals to the proposed project, with the greatest distance of the five facilities being FH's Winter Park Memorial Hospital (at 23.0 miles distant). These stated mileages could not be verified by the Agency, as the applicant does not offer a street address for the proposed project, which would be required to utilize www.healthfinder.gov to determinate distances in miles. CHFS contends that the proposed hospital's PSA will grow to over 180,000 residents by 2021 and that this is more than sufficient population to support a local hospital.

Using Agency inpatient database records for 2015, and excluding previously identified DRGs, CFHS indicates that Osceola Regional Medical Center realized 20.73 percent of the proposed total service area market share of adult, non-tertiary discharges and that this was the largest single hospital market share for this population in the period. However, the applicant also points out that FH facilities (Florida Hospital East Orlando, Florida Hospital, Florida Hospital Kissimmee, Florida Hospital Celebration, St. Cloud Reginal Hospital and Winter Park Memorial Hospital), combined, had a larger market share than Osceola Regional Medical Center (CON application #10451, Vol. I, page 92, Exhibit 50).

Again using Agency inpatient database records for 2015 but including previously identified DRGs, CFHS indicates that OH's Winnie Palmer Hospital for Women & Babies realized 58.60 percent of the planned total service area market share of OB discharges and that this was the largest single hospital market share for this population in the period (CON application #10451, Vol. I, page 93, Exhibit 51).

CFHS discusses the HCA's physician presence in the area (Vol. I, page 94, Exhibit 52) and the UCF's physician presence in the area (Vol. I, page 95, Exhibit 53).

Using Agency inpatient discharge data, CFHS then discusses PSA, SSA and total service area non-tertiary discharges by age and corresponding use rates by age, from 2013 to 2015, for the following age cohorts 0-17, 18-24, 45-64 and 65+. CFHS comments that from 2013 to 2015, the service area total discharges increased from 29,459 to 30,854,

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respectively and that for the same years, the use rate increased from 80.0 to 81.1. The applicant contends that most of this growth has been due to an increase in PSA resident discharges. The reviewer notes that the applicant does not define “use rate”. The reviewer collapses the age cohorts into an all ages total and combines the applicant’s next two exhibits to indicate discharges for all ages and a use rate for all ages. See the exhibit below.

CFHS Service Area Non-Tertiary Discharges by Age and Use Rates by Age

Year	Discharge Total	Use Rate Total
Primary Service Area		
2013 PSA	11,453	73.9
2014 PSA	12,069	76.4
2015 PSA	12,839	79.6
Secondary Service Area		
2013 SSA	18,006	84.4
2014 SSA	18,191	84.1
2015 SSA	18,015	82.1
Service Area Total		
2013 Total SA	29,459	80.0
2014 Total SA	30,260	80.8
2015 Total SA	30,854	81.1

Source: CON application #10451, Vol. I, page 96, Exhibit 54 and Vol. I, age 97, Exhibit55, combined

Using Agency inpatient database records for 2015 and Florida WinStat, 2013-2014, CFHS discusses PSA, SSA and total service area OB discharge from 2013 to 2015. CFHS comments that from 2013 to 2015, the service area total discharges increased from 4,827 to 5,135, respectively and that for the same years, the use rate increased from 59.5 to 62.2. The applicant states that the use rate is discharges per 1,000 women ages 15 to 44. The applicant previously stated included DRGs for OB services. See the two exhibits below.

CFHS Service Area OB Discharges 2013-2015

Service Area	Years		
	2013	2014	2015
PSA	2,023	2,036	2,209
SSA	2,804	3,027	2,926
Total SA	4,827	5,063	5,135

Source: CON application #10451, Vol. I, page 97, Exhibit 56

CFHS Service Area OB Use Rate 2013-2015

Service Area	Years		
	2013	2014	2015
PSA	58.8	58.4	62.6
SSA	60.0	64.4	61.9
Total SA	59.5	61.9	62.2

Source: CON application #10451, Vol. I, page 98, Exhibit 57

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CFHS states that a service area bed need analysis was performed with the assumption that non-tertiary discharge rates would continue to decline at 0.5 percent per year while OB discharge rates would increase at one percent per year, through 2021. CFHS estimates a gross bed need of 620 non-tertiary acute care beds (excluding pediatric) and 67 OB beds, to total a 687 bed need. This is by 2021 at 70 percent occupancy. The reviewer collapses the PSA and SSA ZIP codes into subtotals. See the exhibit below.

2021 CFHS Total Service Area Gross Bed Need

ZIP Codes	Non-Tertiary	OB	Total
PSA Total	14,071	2,528	16,599
SSA Total	19,420	3,213	22,633
Total Discharges	33,491	5,741	39,232
ALOS	4.73	2.95	4.48
Total Patient Days	158,393	17,223	175,616
ADC	434	47	481
Gross Bed Need at 70 Percent Occupancy	620	67	687

Source: CON application #10451, Vol. I, page 100, Exhibit 59

CFHS estimates a different magnitude of market share, depending on the market share “zone” described earlier. The applicant indicates the estimated non-tertiary market share for the PSA, the SSA and the total service area from 2018 to 2021, with a total market share in 2018 of 8.4 percent, rising to 13.1 percent by 2021. Correspondingly, the applicant indicates the estimated OB market share for the PSA, the SSA and the total service area for the same period, with a total market share in 2018 of 7.1 percent, rising to 10.3 percent by 2020 and 2021.1. The reviewer collapses the PSA and SSA ZIP codes into subtotals. See the two exhibits below.

Projected CFHS Market Share – Non-Tertiary Services

Service Area	2018	2019	2020	2021
PSA Total	15.5%	20.4%	23.9%	24.8%
SSA Total	3.3%	4.0%	4.5%	4.6%
Total	8.4%	10.9%	12.6%	13.1%

Source: CON application #10451, Vol. I, page 102, Exhibit 61

Projected CFHS Market Share – OB Services

Service Area	2018	2019	2020	2021
PSA Total	14.2	17.9	20.4	20.5
SSA Total	1.6	2.0	2.4	2.4
Total	7.1	9.0	10.3	10.3

Source: CON application #10451, Vol. I, page 103, Exhibit 62

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Next, using Agency inpatient discharge database (2015) records and Claritas, Inc., data, CFHS projects non-tertiary (acute) and OB utilization 2018-2021. The reviewer collapses the PSA and SSA ZIP codes into subtotals. See the two exhibits below.

Projected CFHS Non-Tertiary Discharges

Service Area	2018	2019	2020	2021
PSA Total	2,000	2,712	3,264	3,487
SSA Total	605	750	857	888
Total	2,605	3,462	4,120	4,375
In-Migration	137	182	217	230
Total Discharges	2,742	3,644	4,337	4,606
Projected ALOS	4.73	4.73	4.73	4.73
Projected Days	12,968	17,234	20,512	21,781
Projected ADC	35.53	47.22	56.20	59.67
Occupancy Percent for 92 Beds	38.6%	51.3%	61.1%	64.9%

Source: CON application #10451, Vol. I, page 105, Exhibit 63

Projected CFHS OB Discharges

Service Area	2018	2019	2020	2021
PSA Total	336	434	505	517
SSA Total	50	63	75	77
Total	387	496	581	594
In-Migration	20	26	31	31
Total Discharges	407	522	611	625
Projected ALOS	2.95	2.95	2.95	2.95
Projected Days	1,201	1,521	1,804	1,844
Projected ADC	3.29	4.22	4.94	5.05
Occupancy Percent for 8 Beds	41.1%	52.8%	61.8%	63.1%

Source: CON application #10451, Vol. I, page 107, Exhibit 64

CFHS combines the two exhibits above and provides summary estimates for both non-tertiary (acute) and OB discharges. The reviewer collapses the PSA and SSA ZIP codes into subtotals. See the exhibit below.

Projected CFHS Total Non-Tertiary and OB Discharges

Service Area	2018	2019	2020	2021
PSA Total	2,336	3,146	3,769	4,004
SSA Total	656	812	932	965
Total	2,992	3,958	4,701	4,969
In-Migration	157	208	247	262
Total Discharges	3,149	4,166	4,949	5,231
Projected ALOS	4.50	4.51	4.51	4.52
Projected Days	14,168	18,775	22,316	23,625
Projected ADC	38.8	51.4	61.1	64.7
Occupancy Percent for 8 Beds	38.8%	51.4%	61.1%	64.7%

Source: CON application #10451, Vol. I, page 107, Exhibit 64

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CFHS expects that 76.6 percent of its total discharges will be from its PSA and 18.4 percent of its total discharges will be from its SSA (CON application #10451, Vol. I, page 109, Exhibit 66).

CFHS considers adverse impact to individual hospitals (CON application #10451, Vol., I, page 111, Exhibit 67), as well as to hospital systems (HCA, FH, OH and other facilities). The applicant does not expect that the proposed project’s market competition will adversely affect existing providers and that the provider that will incur the largest impact will be HCA’s Osceola Regional Medical Center. CFHS anticipates that for the overall service area, there is projected incremental growth of 5,491 discharges in 2020 for non-tertiary patients and projected incremental growth of 501 discharges in the same year for OB patients. CFHS expects that by the third year of operation, the proposed new hospital will realize 7,384 non-tertiary discharges, 581 OB discharges (with total discharges of 7,965) and that approximately 75.2 percent of the proposed hospital’s total service area patient discharges are due to incremental growth solely within the service area. See the exhibit below.

Adverse Impact by System – Service Area Discharges

	CFHS	Osceola Regional	Florida Hospital System	Orlando Health System	Other Facilities	ZIP Total
Non-Tertiary Change from 2015	7,384	(855)	(513)	(250)	(79)	5,491
OB Change from 2015	581	(11)	(9)	(39)	1	501
Total Change	7,965	(866)	(522)	(288)	(78)	5,992

Source: CON application #10451, Vol. I, page 112, Exhibit 68

The applicant asserts that most importantly, the proposed project will increase hospital access to the Lake Nona community, provide a teaching affiliation and partnership with UCFCOM, can develop with little impact and add needed competition to the market.

CFHS uses 2015 Agency discharge database records and Claritas, Inc., to contend that (if approved) the proposed project will reflect a greater balance among hospital systems. See the exhibit on the following page.

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CFHS Service Area Market Share of Discharges

System	2015 Market Share		2021 Market Share with Proposed Project	
	Non-Tertiary	OB	Non-Tertiary	OB
HCA	20.7%	12.0%	30.7%	21.0%
Florida Hospital	48.2%	26.6%	42.1%	23.9%
Orlando Health	22.5%	58.6%	19.7%	52.6%

Source: CON application #10451, Vol. I, page 112, Exhibit 69

Orlando Health Central, Inc./CON application #10454: The reviewer notes that OH’s Health Central currently holds a valid license to operate a dedicated ED (license #4119/certificate #6412 with no licensed beds) at 10000 W. Colonial Drive, Ocoee, Florida 34761, the nearest OH hospital to the proposed project location. The reviewer also notes that under the same license, Health Central has an off-site Health Central Surgery Center and an off-site Health Central Wound Care facility, both located in ZIP Code 34761.

The applicant states and the review confirms that according to the website <http://wohd1949.org/>, Health Central is within the West Orange Healthcare District, established as an independent special healthcare district in 1949 by The Florida Legislature, through The Enabling Act (HB No.1669). According to this same website, the West Orange Healthcare District is located within geographic boundaries determined by The Enabling Act and that these boundaries extend from Kirkman Road to the east, the Lake County line to the west, the City of Apopka to the north and the Osceola County line to the south. The website further indicates that the West Orange Healthcare District is dedicated to serving residents located within these boundaries. The applicant maintains that this boundary area includes Ocoee, Winter Garden, Horizon West and the remaining area of West Orange County.

According to Health Central, the proposed project is a natural expansion of the OH System’s commitment to provide high quality cost effective care to all residents of Central Florida – including the current and future residents of the high growth “new town” of Horizon West. Per the applicant, Horizon West is the fastest growing area of Orange County and among the fastest growing communities within the United States and the surrounding areas of Southwest Orange County.

Health Central indicates that the proposed project will be on an 80 acre Orlando Health Central owned site within the Horizon West Town Center – located on Porter Road – immediately east of Highway 429 (Daniel Webster Western Beltway) – the major travel corridor in Western Orange County. Health Central further indicates that the site is bordered on the west by County Road 545/Avalon Road, a major north/south route within Horizon West and bordered on the north by Porter Road. Additionally, Health Central indicates that the site is just south of the New

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Independence Parkway/Hamlin Groves Drive intersection with Highway 429, a major interchange within Horizon West. The applicant conditions to this location, as described. Health Central states that the proposed site is centrally located in the commerce hub of Horizon West and is planned to serve all of Horizon West, with the proposed site being the sole area within Horizon West designed and pre-approved for the development of a hospital and healthcare campus.

Health Central states that the proposed project is part of a larger multi-phase healthcare development comprised of an 80,000 square foot Phase I freestanding ED and outpatient/medical office development, Phase II (the proposed project) and a future Phase III, the expansion of outpatient/medical office capabilities and expansion of inpatient facilities. Health Central expects that assuming CON approval for the proposed project is received by December 2016, hospital operations are anticipated to begin in 2019 but also expects that litigation could delay a start date.

According to Health Central, the need for the proposed project is based on the following:

- The large existing population base and the strong forecast of population growth within Horizon West
- The large and growing population within the target service area
- The large and growing pool of patients capable of being served at the proposed new hospital
- Enhanced geographic access to hospital services for this large and rapidly growing “new town” community
- Enhanced geographic access to Orlando Health aligned patients
- Strong community support for the proposed project
- Ability to establish the proposed project and achieve significant access enhancement, with realistic market capture levels and minimal adverse impact levels

The applicant offers more detailed summary justifications for each of the seven bullet points above (CON application #10454, pages 33-35).

Health Central states that based on data from the Orange County Planning Division, there are currently more than 20,000 residents within Horizon West, a population that has doubled since 2010 (10,093 2010 population per U.S. Census). Health Central also states that with the community currently at approximately 24 percent of build-out and a total approved residential build-out of more than 40,000 residential units, the ultimate Horizon West population is forecasted to be approximately 105,000 when the community is fully developed. Health Central contends that this strong population base and strong forecast of population growth are major reasons for the proposed project.

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Health Central provides the 12-page May 12, 2016 Orange County Planning Division Horizon West Town Hall Meeting presentation/profile materials (CON application #10454, Appendix 5) and reproduces some of this presentation on pages 41-42 of the application. The reviewer notes that Horizon West is composed of six villages, with “Town Center” being the most northwestern of the six villages, according to the materials provided by the applicant. Health Central also discusses an additional area growth assessment (Hamlin), stated to be a mixed use development within the Town Center Village of Horizon West, with corresponding highlights and population and housing growth trends (CON application #10454, Appendix 6). Health Central points out the following Hamlin Trade Area highlights on page 44 of the application, according to the Orange County Planning Division:

- The immediate Trade Area has over 65,000 residents growing to over 70,000 by December 2016
- The Trade Area is anticipated to grow to over 80,000 by December 2017 (45 percent growth from December 2014)
- At the start of 2014, there were 19 residential subdivisions being actively built in the Hamlin Trade Area, which has grown to 53 active subdivisions today
- The next two villages to develop in Horizon West, Villages F and H, have nine active subdivisions representing over 7,600 homes at buildout
- Horizon West is the leading housing submarket in Orlando (both in number of homes and average sale price), which is one of the fastest growing metro areas in the U.S.

Health Central states that the Horizon West Town Center is subdivided into five land use districts, describing each of the five districts (CON application #10454, page 45).

Health Central contends that the closest hospital to the proposed Town Center location is 11.6 miles away (this being OH’s Health Central which is outside of the applicant’s PSA and SSA). Health Central also contends that the next nearest hospitals (these being OH’s South Lake Hospital in the applicant’s SSA ZIP Code of 34711 and FH’s Florida Hospital Celebration Health in the applicant’s PSA ZIP Code of 34747) are 14.5 to 19 miles away, respectively. These stated mileages could not be verified by the Agency, as the applicant does not offer a street address for the proposed project, which would be required to utilize www.healthfinder.gov to determinate distances in miles.

Using Nielsen/Claritas 2016 population data, Health Central offers 2016 and 2021 total service area (all ages) population estimates of 206,187 residents (2016) to 231,189 residents (2021), an increase of 21,002 residents over the period, with this being an overall population growth

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rate of 12.1 percent. The applicant indicates that the largest forecasted absolute growth is in ZIP Code 34787 (Winter Garden/Horizon West) with a forecasted growth of 7,150 residents, with this accounting for 29 percent of total service area population growth over the period. The population is provided in the following age cohorts: 0-14, 15-44, 45-64, 65-74 and 75+. The reviewer collapses the age cohorts to the total population estimate, by ZIP Code. See the tables below.

2016 Service Area Population

ZIP	ZIP City Name	Service Area	County	Population Total
34787	Winter Garden	PSA	Orange	58,369
34786	Windermere	PSA	Orange	33,798
34714	Clermont	PSA	Lake	14,859
34747	Kissimmee	PSA	Osceola	17,421
34760	Oakland	PSA	Orange	885
33897	Davenport	SSA	Polk	19,589
34711	Clermont	SSA	Lake	61,266
Total				206,187

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2021 Service Area Population

ZIP	ZIP City Name	Service Area	County	Population Total
34787	Winter Garden	PSA	Orange	65,519
34786	Windermere	PSA	Orange	38,215
34714	Clermont	PSA	Lake	16,232
34747	Kissimmee	PSA	Osceola	19,949
34760	Oakland	PSA	Orange	998
33897	Davenport	SSA	Polk	22,201
34711	Clermont	SSA	Lake	68,075
Total				231,189

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Service Area 2016 to 2021 Population Growth

ZIP	ZIP City Name	Service Area	County	Population Total
34787	Winter Garden	PSA	Orange	12.2%
34786	Windermere	PSA	Orange	13.1%
34714	Clermont	PSA	Lake	9.2%
34747	Kissimmee	PSA	Osceola	14.5%
34760	Oakland	PSA	Orange	12.8%
33897	Davenport	SSA	Polk	13.3%
34711	Clermont	SSA	Lake	11.1%
Total				12.1%

CON application #10454, page 49

Health Central points out that the elderly age cohorts (65-74 and 75+) within the service area are forecasted to experience double the service area average growth over this 2016-2021 timeframe, that the elderly population will be utilizing significantly higher levels of inpatient healthcare service than the younger population and that this will result in demand for inpatient hospital care.

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Health Central asserts that due to the large geographic footprint of ZIP Code 34787, it is not possible to segment population growth between the Horizon West community and the Winter Garden community based on Nielsen/Claritas ZIP Code level data. However, Health Central contends that using 2016 Nielsen Company and 2016 “Block Group” code report geographic data from Truven Health Analytics, Inc.³⁴, all Block Groups at least partially located within ZIP Code 34787 show that the majority of growth is forecasted in the Block Groups in the western and southwestern sectors of this ZIP Code – the portion of ZIP Code 34787 predominantly in Horizon West. The applicant maintains that based on this source, the highest percentage population growth is concentrated in Block Group codes 120950171052 and 120950171042. According to Health Central, these two Block Groups (1052 and 1042) are located south of Highway 50/W. Colonial Drive and along the western border “of the ZIP”. See the table below.

**Population Growth
Area: 34787 Winter Garden
2016 Block Group Code Report
Age Group: All Age Groups**

Block Group Codes Starting with 12095017				Change 2016-2021	
	ZIP Code	2016 Population	2021 Population	Count	Percent
1052	34787	12,358	14,230	1,872	15.1%
1042	34787	13,040	14,952	1,912	14.7%
2001	34787	2,777	3,162	385	13.9%
1041	34787	15,420	17,378	1,958	12.7%
2002	34787	1,410	1,581	171	12.1%
3002	34787	3,308	3,697	389	11.8%
4001	34787	6,753	7,514	761	11.3%
4004	34787	2,463	2,700	237	9.6%
3003	34787	6,202	6,793	591	9.5%
4002	34787	1,521	1,661	140	9.2%
4003	34787	1,636	1,690	54	3.3%
3001	34787	1,664	1,686	22	1.3%
Total		68,552	77,044	8,492	12.4%

Source: CON application #10454, page 50

³⁴ According to the website <http://truvenhealth.com/about-us/company>, Truven Health Analytics™, an IBM Company, has a purpose to make healthcare better — lower costs, improved quality, better results.

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Using the same source, CON application #10454, page 53, includes a corresponding 2016 household count, a 2021 household count and a 2016-2021 change in household count and percentage, for the same ZIP Code (34787) and corresponding same Block Group codes. The reviewer collapses the 12 Block Group codes into total counts. See the table below.

**Household Growth
Area: 34787 Winter Garden
2016 Block Group Code Report
Ranked on Percent Change 2016-2021**

Block Group Codes Starting with 12095017				Change 2016-2021	
	ZIP Code	2016 Households	2021 Households	Count	Percent
Total	34787	22,792	25,395	2,603	11.4%

Source: CON application #10454, page 51

The reviewer confirms that according to the source provided by the applicant, the same Block Group codes referenced earlier (120950171052 and 120950171042) are estimated to have the highest household population growth percentage of the 12 Block Group codes for the 2016-2021 timeframe.

As stated by Health Central, the implication of this Block Group data is that population growth is forecasted to occur mainly in the southwestern portions of the ZIP Code, within parts of the ZIP Code that are located within the Horizon West Special Planning Area (<http://www.orangecountyfl.net/PlanningDevelopment/HorizonWestSpecialPlanningArea.aspx#.WAEFkk32aHs>). Health Central contends that this data confirms that the proposed project location is the most appropriate location to meet the growing needs of the local community.

In the following inpatient discharge volume tables and estimates provided by the applicant, Health Central indicates that ZIP Code 34787 includes P. O. Box ZIPs 34740, 34777 and 34778 and that ZIP Code 34711 includes P. O. Box ZIPs 34712, and 34713.

Using Agency discharge database records, the applicant indicates that the service area 2015 total inpatient discharge volume (all ages, all DRGs except normal newborns) totaled 20,414 (CON application #10454, page 52). The applicant estimates that for the same service area in 2020, total inpatient discharge volume (all ages, all DRGs except normal newborns) will total 23,857 (CON application #10454, page 54).

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Again, using Agency discharge database records, the applicant indicates that the service area 2015 target inpatient discharge volume (ages 15+, excluding tertiary and specialty DRGs) totaled 14,857. Excluded DRGs are indicated in CON application #10454, Appendix 4³⁵. The reviewer collapses the age cohorts into a total discharge count for each ZIP Code in the service area to reflect a total of 14,857. See the table below.

**Service Area 2015 Target Inpatient Discharge Volume
Ages 15+/Excluding Tertiary and Specialty DRGs**

ZIP Code	City Name	Service Area	Total
34787	Winter Garden	PSA	3,973
34786	Windermere	PSA	1,582
34714	Clermont	PSA	1,175
34747	Kissimmee	PSA	1,200
34760	Oakland	PSA	134
33897	Davenport	SSA	1,632
34711	Clermont	SSA	5,161
Total			14,857

Source: CON application #10454, page 53

According to Health Central, this 14,857 discharge total resulted in 68,465 patient days, indicating a 4.6 ALOS, translating into 187.6 ADC and a bed need of 268 beds, assuming a 70 percent occupancy rate.

Health Central maintains that for the referenced 14,857 discharges, South Lake Hospital and Health Central combined served 6,897 of these discharges (or 46 percent of service area discharges in 2015) and that total OH (all facilities) totaled 9,205 discharges (or 62 percent of service area discharges in 2015). The applicant proceeds to indicate that this OH 2015 discharge volume translates into 42,343 patient days, an ADC of 116 and a 2015 bed need of 166 beds assuming a 70 percent occupancy rate. The applicant emphasizes that this 2015 service area OH target patient volume, by itself, is greater than the volume needed to support the proposed project.

Next, Health Central offers service area volume forecasts for 2020 (five year planning horizon from the 2015 baseline data from the Agency inpatient database, based on the ZIP level and age cohort specific five-year population grow rates (2016-2021). The applicant projects that the service area 2020 target inpatient discharge volume (ages 15+, excluding tertiary and specialty DRGs) will total 17,760 with the same excluded DRGs shown in CON application #10454, Appendix 4. The reviewer

³⁵ CON application #10454, Appendix 4 lists the following excluded DRGs: 001, 003-008, 010-014, 016, 017, 020-042, 163, 164, 183, 184, 215-221, 228-238, 268-272, 652, 685, 765-770, 774-782, 789-795, 849, 880-887, 894-897, 927-929, 933, 934, 945, 946, 955-959, 963-965. Additionally, this appendix indicates that “Other Non-MDC DRGs – 981-989 plus 998 – all included”.

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collapses the age cohorts into a total discharge count for each ZIP Code in the service area to reflect a total of 17,760. See the table below.

**Service Area 2020 Target Inpatient Discharge Volume
Ages 15+/Excluding Tertiary and Specialty DRGs**

ZIP Code	City Name	Service Area	Total
34787	Winter Garden	PSA	4,779
34786	Windermere	PSA	1,972
34714	Clermont	PSA	1,384
34747	Kissimmee	PSA	1,502
34760	Oakland	PSA	155
33897	Davenport	SSA	1,896
34711	Clermont	SSA	6,072
Total			17,760

Source: CON application #10454, page 54

According to Health Central, this projected 17,760 discharge total would result in 81,700 patient days, assuming a 4.6 ALOS, translating into 223.8 ADC and a bed need of 320 beds, assuming a 70 percent occupancy rate. Health Central states that this is a forecast 2015 to 2020 target patient service area growth of 2,903 discharges, 13,359 patient days, 36.6 ADC and 52 additional beds based on a 70 percent occupancy rate. The applicant contends that market growth alone will support approximately 50 percent of the proposed project’s beds.

Health Central states that finally, forecasting the 2015 baseline OH target patient volume of 9,205 service area discharges out to 2020 shows a 2020 OH target patient volume of 10,986 targeted discharges from the service area, 50,536 patient days, a 138.5 ADC and a 198 bed need – “well above the 103 acute care beds proposed in this project”. Health Central stresses that OH 2015 or 2020 target volume alone is more than adequate to support the proposed project.

The applicant offers service area volume forecasts for 2020 (five year planning horizon from the 2015 baseline data from the Agency inpatient database, based on the ZIP level, age cohort specific five-year population grow rates (2016-2021). The applicant projects that the service area 2020 target inpatient discharge volume (ages 15+, excluding tertiary and specialty DRGs) will total 17,760 with the same excluded DRGs shown in CON application #10454, Appendix 4.

Health Central expects a 30 percent market share in four of its five PSA ZIP Codes and a 25 percent market share in one of its five PSA ZIP Codes, with 25 percent market share for each of its two SSA ZIP Codes. Health Central also expects that with an estimated 17,760 target market discharge, the 27.7 percent market share will lead to the proposed

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project, if approved, realizing 4,922 discharges in 2020. See the table below.

**Health Central Horizon West Hospital
2020 Forecast Target Discharges from Service Area**

ZIP Code	City	Service Area	Total Market Discharges	Horizon West Hospital Market Share	Horizon West Hospital Discharges
34787	Winter Garden	PSA	4,779	30%	1,434
34786	Windermere	PSA	1,972	30%	592
34714	Clermont	PSA	1,384	30%	415
34747	Kissimmee	PSA	1,502	30%	450
34760	Oakland	PSA	155	25%	39
33897	Davenport	SSA	1,896	25%	474
34711	Clermont	SSA	6,072	25%	1,518
Total			17,760	27.7%	4,922

Source: CON application #10454, page 56

The applicant discusses an estimated 15 percent of the proposed project patient volume being from outside the proposed PSA/SSA and indicates that this is reasonable, with a significant number of “seasonal snowbirds” and short-term visitors traveling to the area. Health Central states that applying this 15 percent out-of-area factor to the service area forecast of 4,922 patients to be served at the proposed facility, this results in a total hospital volume forecast of 5,790 target discharges for 2020. Per the applicant, applying the 2015 actual 4.6 target patient ALOS, this forecasts 26,634 target inpatient days, with an ADC of 72.9 and an overall bed need of 104, when a 70 percent occupancy rate is applied. Below, the applicant provides a summary of the 104 bed need estimate methodology.

Total Service Area 2020 Target Patient Discharges	17,760
Horizon West Hospital Forecasted 2020 Target Discharges Based on ZIP-Level Market Share Levels	4,922
Horizon West Hospital Forecasted Discharges Including 15 Percent Out-of-Service Area Volume	5,790
OH Horizon West Hospital Forecasted 2020 Patient Days Based on 4.6 ALOS	26,634
OH Horizon West Hospital Forecasted ADC	72.9
Bed Need based on a 70% Target Occupancy	104

Source: CON application #10454, page 57

Health Central further discusses a 2020 volume and bed need scenario analysis (CON application #10454, page 58), for a bed need potential as

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low as 94 beds (if there is a 25 percent market share and 4,440 discharges) or for a bed need potential as high as 120 beds (if there is a 30 percent market share and 5,328 discharges).

Regarding potential adverse impact, the applicant contends that the health system that may incur the largest volume loss from the proposed project (OH) accepts potential patient loss in return for providing enhanced access to care for the patients it serves. The reviewer notes that this is confirmed through support letters by senior executives in OH hospitals in the area. Health Central contends that remaining local providers are at risk to lose only minimal patient volume. Health Central also discusses (CON application #10454, page 58-59) that the two hospital systems in the area, other than OH (FH and HCA) currently have financial profit margins that make each of these two systems virtually “bullet proof” to any meaningful impact.

The applicant reiterates population growth estimates and likely discharge and patient day projections from the proposed target service area population and that these projections offset a significant portion of the cases that may be shifted to the proposed new hospital. Health Central anticipates a potential net shift of patients from existing hospitals in the area to the proposed new hospital ranging from 1,479 to 2,019 patients during the second year of operations.

Using Agency discharge database records for CY 2015, Health Central determines that of 14,857 targeted patients (in CY 2015) from within the proposed Horizon West/Southwest Orange County service area, 9,205 or 62 percent were served at OH hospitals and 3,664 or 25 percent were served at FH hospitals. See the table on the following page.

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**Horizon West/Southwest Orange County Service Area
2015 Target Patient Flow to Area Hospitals**

Hospital	2015 Patients Served	Percent of Total Service Area Target Patients
OH-South Lake Hospital	4,469	30%
OH-Health Central	2,428	16%
FH-Celebration	2,240	15%
OH-Orlando Regional	1,281	9%
FH-Florida Hospital Orlando	1,277	9%
OH-Dr. Phillips	859	6%
NA-Heart of Florida	851	6%
HCA-Osceola Regional	229	2%
OH-Arnold Palmer	168	1%
FH-Winter Park	147	1%
All other less than 1% combined	909	6%
Total	14,857	100%
Orlando Health Total	9,205	62%
Florida Hospital Total	3,664	25%

Source: CON application #10454, page 60

Health Central contends that assuming patients shifted to the proposed hospital would proportionately follow historical patient flow trends, OH patients shifted to the proposed hospital may range from 917 to 1,252 and FH patients may range from 370 to 505, with these ranges dependent upon the total net number of patients shifted. See the table below.

**Potential Range of Net Patients
Shifted to Horizon West**

	Net 1,479 Patients Shifted	Net 2,019 Patients Shifted
Orlando Health	62% of Patients Served	62% of Patients Served
	917 Patients Shifted	1,252 Patients Served
Florida Hospital	25% of Patients Served	25% of Patients Served
	370 Patients Shifted	505 Patients Shifted

Source: CON application #10454, page 61

Health Central points out that in spite of this potential patient shift, OH facilities are fully supportive of the proposed project (as noted by the reviewer in support letters). Health Central emphasizes that potential impact to HCA facilities is not material and that potential impact to FH facilities is inconsequential.

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**

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- **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.

Adventist Health System/Sunbelt, Inc. d/b/a Florida Hospital/CON application #10450 contends that the proposed project will foster competition without materially impacting costs or charges. The applicant briefly mentions its many awards, recognitions and certifications (delineated on pages 7 - 12 of CON application #10450. FH contends that the proposed project is a natural extension of current services offered at its offsite ED in Winter Garden and will increase access to inpatient beds for residents in the area (western Orange County). FH comments on its patient satisfaction results and points out that the most recent patient satisfaction scores available for FHWG (May and June 2016) show:

- More than 90 percent of patients would recommend FHWG's offsite ED
- Nearly 100 percent of patients would recommend FHWG's outpatient services, including imaging and laboratory services
- 100 percent of patients would recommend FHWG's outpatient surgery services

CON application #10450, Attachment G (FHWG Quality/Patient Satisfaction Indicators) shows FHWG patients' perception of care regarding: ED, outpatient services and ambulatory surgery.

FH comments that the proposed project will have a positive economic benefit for the community and discusses the expected job, compensation and person income impact. CON application #10450, Attachment H (Economic Impact Study Memo) provides a one and a half page September 21, 2016 "Economic Impact of Florida Hospital Winter Garden's Health Campus-Phase 2" memo from the East Central Florida Regional Planning Council. This memo corroborates FH's statements of likely economic impact of the proposed project, if approved.

Central Florida Health Services, LLC/CON application #10451 contends that the proposed project will foster competition that promotes quality and cost-effectiveness and that enhanced competition is needed in the Orlando area. The applicant also contends that the proposed project (if approved) would add competitive balance and a competitive alternative in the area to FH.

Using Agency July 2016 bed need projections for District 7 (including Subdistricts 7-2, 7-3 and 7-4) acute care hospitals, the applicant presents the acute care bed count and patient day count (including percent of market) and occupancy rate distribution among OH, FH and HCA hospitals. CFHS believes that considering this distribution and utilization, the proposed project would have the greatest positive impact in terms of enhanced competition. Of the

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three hospital systems (OH, FH and HCA), the applicant indicates having the lowest percentage of acute care beds and the lowest patient day count (with corresponding lowest percent of market share). The reviewer collapses the individual hospitals operated by OH, FH and HCA to their corresponding subtotals. See the exhibit below.

Metro Orlando Hospitals by System

Hospital System	Counties	District 7 Subdistrict	Acute Care Beds	Patient Days	Occupancy Rate
OH	Orange, Osceola and Seminole	2, 3 and 4	1,690	375,473	60.9%
Percent of Market			34.0%	31.4%	
FH	Orange, Osceola and Seminole	2, 3 and 4	2,559	663,046	71.0%
Percent of Market			51.5%	55.5%	
HCA	Osceola and Seminole	3 and 4	627	146,916	64.2%
Percent of Market			12.6%	12.3%	
Nemours Children's Hospital	Orange	2	90	10,177	
Total			4,966	1,195,612	

Source: CON application #10451, Vol. I, page 80, Exhibit 38

Additionally, using Agency inpatient database records for 2015, CFHS presents the market share discharge percentages for hospitals in Metro Orlando by system specifically for non-tertiary and OB services. CFHS indicates that FH has “by far” the dominant market position and that in Orange and Seminole Counties, FH has over 50 percent market share, while HCA has a 2.9 percent market share in Orange County. See the exhibit below.

2015 System Market Share Discharge

Hospital System	Orange	Osceola	Seminole	Total
HCA	2.9	41.2	16.4	12.3
FH	51.7	33.5	57.7	49.6
OH	41.5	20.8	22.3	34.1
All Other	3.9	4.5	3.6	3.9
Total	100.0	100.0	100.0	100.0

Source: CON application #10451, Vol. I, page 81, Exhibit 39

The applicant maintains that through its relationship with the UCFCOM, the proposed project will spur innovation by pairing HCA’s significant operational resources with the clinical, educational and research excellence of UCF.

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Orlando Health Central, Inc./CON application #10454 contends that the key driver for the proposed project is to provide enhanced access to acute care services for the current and future residents of Horizon West and Southwest Orange County. The applicant reiterates estimated current population and population growth estimates (by 2021) in the area, along with proximity to the nearest acute care hospitals, indicating that access will become even more of a problem in the future and that the proposed project will resolve these access issues.

Health Central contends that the proposed project (if approved) would positively support OH's and the applicant's competitive market presence and also expand the applicant's as well as OH's mission in the area. The applicant points out and the Agency agrees that the two major healthcare systems in the area are FH and OH. Health Central contends that the proposed new hospital would push FH and HCA to expand their service programs and offerings – all to the benefit of the local healthcare community.

The applicant discusses the following topics as competitive factors available through the parent's (OH) operations (CON application #10454, pages 70-74):

- High-performance Accountable Care Organization
- Evidence-Based Quality Measures
- Population Health and Care Coordination

The reviewer notes that in the above topics, the applicant describes the care continuum, coordination efforts, efficiencies and quality measures and related enhancements that would be available in and through OH, to the proposed project and its potential patients.

The Agency notes that the applicant previously indicated that 62 percent of service area patients (9,205 of 14,857 in 2015) were served by OH hospitals. Therefore, the majority of service area patients already enjoy the care continuum, coordination efforts, efficiencies and quality measures and related enhancements that the applicant describes and that OH's 62 percent 2015 market share in the area would likely be increased by proposed project approval.

- 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 on the following page illustrates the Medicaid/Medicaid HMO days and percentages as well as charity percentages provided by each of the co-batched applicants and District 7 overall, in fiscal year (FY) 2015 data from the Florida Hospital Uniform Reporting System (FHURS).

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Medicaid, Medicaid HMO and Charity Data Florida Hospital (CON application #10450), Orlando Health (CON application #10455) and District 7 FY 2015

Applicant/Area	Medicaid and Medicaid HMO Days	Medicaid and Medicaid HMO Percent	Percent of Charity Care	Percent Combined Medicaid, Medicaid HMO and Charity Care
Florida Hospital	101,899	14.94%	4.53%	19.46%
Orlando Health	112,199	29.35%	4.53%	33.89%
District 7 Total	302,202	18.77%	3.90%	22.67%

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

Further review of the entire complement of District 7 general acute care hospital providers for FY 2015 indicates that, compared to any other general acute care hospital in District 7, for the period, Florida Hospital (**CON application #10450**) and Orlando Health (**CON application #10454**) had characteristics as described below.

Florida Hospital (**CON application #10450**), this applicant had:

- The second highest number of total Medicaid/Medicaid HMO patient days in the district (101,899), exceeded only by Orlando Health
- The fifth highest percentage of Medicaid/Medicaid HMO patient days (14.94 percent)
- The fifth highest percentage of charity care patient days (4.53 percent), which tied with Orlando Health
- The fifth highest percentage of Medicaid, Medicaid HMO and Charity Care patient days combined (19.46 percent)

Orlando Health (parent to **CON application #10454**), had:

- The highest number of total Medicaid/Medicaid HMO patient days in the district (112,199)
- The second highest percentage of Medicaid/Medicaid HMO patient days (29.35 percent), exceeded only by Nemours Children's Hospital
- The fifth highest percentage of charity care patient days (4.53 percent), which tied with Florida Hospital)
- The second highest percentage of Medicaid, Medicaid HMO and Charity Care patient days combined (33.89 percent), exceeded only by Nemours Children's Hospital

The table below illustrates Florida Hospital (CON application #10450) and Orlando Health, Inc.'s, state fiscal year (SFY) 2015-2016 low-income pool (LIP) and disproportionate share hospital (DSH) program participation, as of September 20, 2016.

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**Florida Hospital (CON application #10450) and
Orlando Health, Inc. (CON application #10454)
LIP and DSH Program Participation
2015-2016**

Program/Provider	Annual Total Allocation	Year-to-Date Total Allocation as of September 20, 2016
LIP/Florida Hospital	\$12,788,201	\$12,788,201
DSH/Florida Hospital	\$1,715,181	\$1,702,621
LIP/Orlando Health	\$2,550,584	\$2,550,584
DSH/Orlando Health	\$3,913,286	\$3,884,631

Source: Agency Division of Medicaid, Office of Program Finance

As shown in the table above, **CON application #10450** and the parent to **CON application #10454** have both drawn down the entirety of their SFY 2015-2016 respective LIP allocations. However, regarding DSH allocation, there is a \$12,560 remainder for Florida Hospital (**CON application #10450**) and a \$28,655 remainder for Orlando Health, the parent to **CON application #10454**.

Adventist Health System/Sunbelt, Inc. d/b/a Florida Hospital/CON application #10450 indicates that FH is the most financially accessible hospital entity in the State of Florida, in terms of uncompensated care defined as bad debt and charity care. FH also indicates that based on statewide data generated from FHURS reports (Worksheet 3A), FH provided \$1,051,899,186 bad debt and charity care in the 12-month period ending December 31, 2014, which was more than any other licensed hospital entity in Florida. The applicant points out that for reporting purposes, FH includes seven hospital locations under one Medicare provider number and one Florida license issued to Adventist Health System/Sunbelt, Inc. d/b/a Florida Hospital, stated to include:

- Florida Hospital Orlando
- Florida Hospital Altamonte
- Florida Hospital Apopka
- Florida Hospital Celebration Health
- Florida Hospital East Orlando
- Florida Hospital Kissimmee
- Winter Park Memorial Hospital

Based on FHURS data for FY 2014, CON application #10450, page 69, Figure 36 indicates that the combined seven facilities licensed under Adventist Health System/Sunbelt, Inc. d/b/a Florida Hospital had \$152,674 in bad debt, \$899,224,892 in charity, \$1,051,899,186 in bad debt and charity and \$1,018,767,863 in Medicaid. This figure also provides these same revenue categories for nine other hospital entities in Florida, one of which is also in Subdistrict 7-2, Orlando Health. Additionally, based on the same source and for the same period, CON application #10450, page 69, Figure 37 indicates that the same combined

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seven facilities under Adventist Health System/Sunbelt, Inc. d/b/a Florida Hospital for the same revenue categories is compared to five other Orange and Lake County hospitals.

FH states having a long history of the provision of care to Medicaid and medically indigent patients, based on FY 2013-2015 FHURS Worksheets B-1 and C3a. See the figure below:

Florida Hospital Three-Year Financial Access Summary			
	2013	2014	2015
Patient Days			
Medicaid + Medicaid HMO	102,502	69,233	101,899
Total Patient Days	864,368	682,824	682,165
Medicaid + Medicaid HMO Percent of Total	11.9%	10.1%	14.9%
Bad Debt	\$99,399,577	\$152,674,294	\$288,248,046
Charity Care	\$821,846,827	\$899,224,892	\$660,413,085
Total Bad Debt + Charity Care	\$921,246,404	\$1,051,899,186	\$948,661,131

Source: CON application #10450, page 70, Figure 38

According to the applicant, there are numerous policies and procedures in place to ensure that all patients have access to high quality medical and surgical care, regardless of payment source. FH maintains that FHWG’s proposed project will further FH’s overall mission of access for all patients.

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

Central Florida Health Services, LLC/CON application #10451 indicates that HCA has a history of financial accessibility and that its financial policies recognize the need to provide access to all patients regardless of ability to pay. HCA provides a 12-page Charity Write-off Policy for Patients (CON application #10451, Vol. II, Attachment 5), a 13-page Uninsured Discount Policies for Patients (CON application #10451, Vol. II, Attachment 6) and a one page Process for Obtaining Medicaid (CON application #10451, Vol. II, Attachment 7).

CFHS maintains that existing HCA affiliated facilities in the greater Orlando area have provided significant amounts of free and discounted care to area residents. Further, CFHS maintains being committed to provide a similar level of historical accessibility, based on service mix, for patients within the service

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area as a whole, with little or no insurance and those covered by Medicaid. The applicant conditions to provide a minimum of 15 percent of its patient days to patients covered by Medicaid/Medicaid managed care or who meet the criteria for charity care, combined.

Using Agency inpatient discharge database records for 2015, CFHS presents its PSA’s historic 2015 non-tertiary and OB payer mix for Medicare, Medicaid, Commercial/Third Party, Self Pay/No Pay and Other. The reviewer collapses the payer mix categories by each ZIP Code into the PSA subtotal for the referenced population and time period. See the exhibit below.

**CFHS Proposed Hospital
PSA’s Historical 2015 Non-Tertiary and OB Payor Mix**

Service Area	Medicare	Medicaid	Commercial/Third Party	Self Pay/No Pay	Other	Total
PSA	36.7%	20.2%	31.4%	7.1%	4.6%	100.0%

Source: CON application #10451, Vol. I, page 75, Exhibit 33

Using Agency inpatient discharge database records for 2013-2015, the applicant indicates the Medicare, Medicaid, Commercial/Third Party, Self Pay/No Pay and “Other” payer mix percentages compared to total patient days for District 7 HCA providers. See the exhibit below.

North Florida Division Orlando Market Payer Mix 2013-2015

Facility	Medicare	Medicaid	Commercial/Third Party	Self Pay/No Pay	Other	Total
Central Florida Regional Hospital	51.1%	14.0%	18.5%	12.7%	3.7%	100.0%
Osceola Regional Medical Center	39.9%	26.7%	17.1%	10.2%	6.1%	100.0%
Poinciana Medical Center	56.0%	14.0%	17.1%	11.2%	1.7%	100.0%
Total Division	43.4%	22.9%	17.4%	10.9%	5.3%	100.0%

Source: CON application #10451, Vol, I, page 114, Exhibit 70

The applicant discusses charity care and indicates that HCA affiliates consider patients with incomes less than 200 percent of the Federal Poverty Level who are having non-elective procedures to be eligible for charity care. CFHS assures that the proposed project will utilize the same charity care policies and uninsured discount policies as other affiliated HCA facilities.

CFHS projected 2021 payor mix discharges for non-tertiary services, OB services and total by PSA and SSA. See the exhibit on the following page.

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CFHS Projected 2021 Payor Mix of Discharges

	Medicare	Medicaid	Commercial/ Third Party	Self Pay/ No Pay	Other	Total
Non-Tertiary Services						
PSA	44.48%	11.98%	30.18%	7.78%	5.59%	100.0%
SSA	50.14%	10.99%	26.63%	7.89%	4.36%	100.0%
Total	45.63%	11.78%	29.46%	7.80%	5.34%	100.0%
OB Services						
PSA	0.00%	36.95%	57.35%	3.82%	1.88%	100.0%
SSA	0.00%	49.52%	45.90%	2.42%	2.16%	100.0%
Total	0.00%	38.57%	55.87%	3.64%	1.91%	100.0%
Total						
PSA	38.79%	15.20%	33.69%	7.27%	5.05%	100.0%
SSA	46.19%	14.06%	28.16%	7.45%	4.14%	100.0%
Total	40.23%	14.98%	32.61%	7.30%	4.87%	100.0%

Source: CON application #10451, Vol. I, page 115, Exhibit 71

CFHS discusses the Health Care Access Criteria (CON application #10451, Vol. I, pages 116-118).

Orlando Health Central, Inc./CON application #10454 states having, along with its parent (OH), a strong and proven history of providing health services to the underserved population within Central Florida, including Medicaid patients and the medically needy.

The applicant conditions that the proposed new hospital will provide 17.5 percent of patient volume to a combination of Medicaid/Medicaid Managed Care/Self Pay/Non-Pay/Other/Charity patients and that further, this combination is being made to solidify Orlando Health Central's provision of needed care to all patients regardless of an individual's financial resources or insurance coverage.

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Health Central indicates having provided over \$24.3 million in community benefits in FY 2015. See the figure below.

**Orlando Health Central
Community Benefit Financials**

	2015
Charity Care (1)	\$8,277,670
Medicaid and other means-tested program shortfalls (2)	\$10,380,296
Community Benefit Programs and Services (3)	\$16,400
Subsidized Healthcare Services (4)	\$60,838
Bad debt (5)	\$5,618,811
Total	\$24,354,015

- (1) Charity care is the total cost of services incurred by Orlando Health-Health Central Hospital to provide medical services to those patients who have demonstrated their inability to pay. Charity care does not include bad debt.
- (2) Medicaid and other means-tested programs pay Orlando Health-Health Central Hospital less than it costs the organization to provide care to its Medicaid and other means-tested programs patients. The amount shown is the actual cost to provide these services above reimbursement.
- (3) Screenings and health education carried out to improve community health
- (4) Shepherds Hope
- (5) Bad debt is the total cost of services incurred by Orlando Health-Health Central Hospital for services provided to patients who have not paid their bills and who have not demonstrated their inability to pay.

Source: CON application #10454, page 76

Additionally, Health Central indicates that the parent (OH), in total, provided over \$242 million in community benefit during 2015. See the table below.

**Orlando Health
FY 2015 Community Benefit**

Charity Care - at cost	\$101,176,000
Community Benefit Programs and Services	\$60,048,738
Means Tested Program Shortfalls - at cost	\$69,464,964
Bad Debt - at cost	\$11,353,864
Community Building Activities	\$312,699
Total	\$242,356,265

Source: CON application #10454, page 77

Health Central states that, and the reviewer confirms through the website at <http://safetynetsflorida.org/>, the parent (OH) is a member in the Safety Net Hospital Alliance of Florida and also that OH is the only Orlando-based provider participating in this Alliance. Health Central further discusses how FH and HCA in Central Florida provide lower levels of care to Medicaid and medically indigent patients than OH.

Health Central participates in the LIP and the DSH programs. The applicant's SFY 2015-2016 total LIP allocation was \$711,822 and the total DSH allocation was \$2,697,800. The applicant's LIP allocation received was \$711,822 and the DSH allocation received was \$2,677,646 as of September 20, 2016. The parent (OH) also participates in the LIP and the DSH programs. The parent's SFY 2015-2016 total LIP allocation was \$2,550,584 and the total DSH allocation was \$3,913,286. The

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applicant’s LIP allocation received was \$2,550,584 and the DSH allocation received was \$3,884,631 as of September 20, 2016.

- 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.**

Adventist Health System/Sunbelt, Inc. d/b/a Florida Hospital/CON application #10450 projects that at least 75 percent of its discharges in years one through three (2020-2022) will originate from a four-ZIP Code area including its home ZIP and three ZIP Codes that are contiguous to it. The applicant also projects that the remaining discharge will originate from a ten ZIP Code SSA that is contiguous to the proposed PSA ZIP Code. See the figure below.

**Florida Hospital Winter Garden
Proposed PSA and SSA Discharges**

PSA			
ZIP Code	2020	2021	2022
34787	909	1,265	1,442
34786	242	349	402
34761	354	493	579
34711	749	1,064	1,208
FHWG 4-ZIP PSA Total	2,254	3,171	3,630
SSA			
32818	327	443	500
32808	155	209	266
34734	16	23	27
32835	78	107	139
32819	62	84	108
32836/32830	30	42	56
34714	36	50	64
34756	16	23	26
34760	10	13	15
FHWG 10-ZIP Code SSA Total	730	994	1,200
Facility Total	2,984	4,165	4,830
Percent from PSA	75.5%	76.1%	75.1%
Percent from SSA	24.5%	23.9%	24.9%

Source: CON application #10450, page 71, Figure 39

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FH discusses adult population characteristics of and ED visits of various of these ZIP Codes to justify the PSA/SSA configuration. According to the applicant, the projected utilization of the proposed project would not change based on movement of a ZIP Code from the designation as primary or secondary.

Central Florida Health Services, LLC/CON application #10451 expects to draw 75 percent of its patients from its five-ZIP Code PSA, approximately 20 percent of its patients from its eight-ZIP Code SSA and a five percent in-migration from outside the service area. The reviewer notes that utilization is presented by the applicant in descending order, from highest to lowest number of discharges, by ZIP Code for 2018 through 2021. See the exhibit below.

Projected Utilization and Service Area Definition

Service Area	ZIP Code	2018	2019	2020	2021	Percent	Cumulative Percent
Primary	32824	877	1,096	1,314	1,395	26.7%	26.7%
Primary	34744	539	820	985	1,035	19.8%	46.5%
Primary	34743	289	487	603	653	12.5%	58.9%
Primary	32832	350	428	502	537	10.2%	69.1%
Primary	32827	280	315	366	389	7.4%	76.6%
PSA Subtotal		2,336	3,146	3,769	4,004	76.6%	
Secondary	34771	182	279	336	356	6.8%	83.4%
Secondary	32822	163	183	204	208	4.0%	87.3%
Secondary	32837	117	131	146	151	2.9%	90.2%
Secondary	32812	74	84	93	95	1.8%	92.0%
Secondary	32809	68	77	86	88	1.7%	93.7%
Secondary	32829	43	48	54	56	1.1%	94.8%
Secondary	34773	8	10	11	11	0.2%	95%
Secondary	32831	1	1	1	1	0.0%	95%
SSA Subtotal		656	812	932	965	18.4%	
Total		2,992	3,958	4,701	4,969	95.0%	
In-Migration		157	208	247	262	5.0%	
Total Discharges		3,149	4,166	4,949	5,231	100.0%	

Source: CON application #10451, Vol. I, page 120, Exhibit 72

According to the applicant, CFHS will receive operational support from HCA, with some of this ongoing support stated to be group purchasing, managed care support and negotiation, patient billing/accounting, IT support and quality assurance.

Orlando Health Central, Inc./CON application #10454 projects that together, four of its five PSA ZIP Codes generate 75 percent of its forecast volume. These four ZIP Codes are stated as: 34711, 34787, 34786 and 33897. The applicant also projects that “the remaining three ZIPs” generate the remaining 18 percent of forecast patient volume. These three ZIP Codes are

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stated as: 34747, 34714 and 34760. The reviewer notes that this ZIP Code combination differs from the applicant’s originally stated PSA and SSA ZIP Code regimen as shown below.

PSA ZIP Codes:

- 34787 (Winter Garden-Orange County)
- 34786 (Windermere-Orange County)
- 34714 (Clermont-Lake County)
- 34747 (Kissimmee-Osceola County)
- 34760 (Oakland-Orange County)

SSA ZIP Codes:

- 33897 (Davenport-Polk County)
- 34711 (Clermont-Lake County)

The reviewer notes that only two PSA ZIP Codes (34787 and 34786) are stated by the applicant to contribute to the total 75 percent of its forecast volume, with the remaining two SSA ZIP Codes (33897 and 34711) being stated as rounding out the full 75 percent volume. PSA ZIP Codes 34714, 34747 and 34760 are not stated to contribute to the 75 percent forecast volume. The reviewer also notes that three PSA ZIP Codes (34714, 34747 and 34760) are stated by the applicant to account for 18 percent of its forecast volume. The reviewer further notes that this volume forecast totals 93 percent, leaving out the remaining 7.0 percent necessary to reach 100 percent forecast volume. The applicant previously estimated a forecast volume of 15 percent being drawn from outside the combined PSA/SSA. These estimates would reach 108 percent forecast volume (75 percent plus 18 percent plus 15 percent = 108 percent).

Health Central provides a forecasted 2020 discharge by ZIP Code, with the corresponding percentage of discharges and cumulative discharges, for the proposed project. See the table below.

**Orlando Health Central Hospital Horizon West Hospital
Service Area ZIP Codes – In Order of Future Volume**

ZIP Code	City	Forecast 2020 Discharges	Percent of Service Area Discharges	Cumulative Percent of Discharges
34711	Clermont	1,520	21%	31%
34787	Winter Garden	1,435	29%	60%
34786	Windermere	592	12%	72%
33897	Davenport	474	10%	82%
34747	Kissimmee	451	9%	91%
34714	Clermont	415	8%	99%
34760	Oakland	39	1%	100%

Source: CON application #10454, page 84

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The reviewer notes that this forecast 2020 discharge total is 4,926 and that previously (CON application #10454, page 56), the applicant's estimate was a total of 4,922 forecast 2020 discharges. This is a difference of less than 1/10th of one percent.

Health Central offers a table (CON application #10454, page 84) indicating area hospitals where proposed service area residents were treated in 2015. By way of its table, the applicant indicates that for 85 percent of the proposed service area patients treated at area hospitals in 2015, the most distant hospital in miles (23.9 miles), was Florida Hospital and the nearest hospital in miles (11.6 miles) was Health Central. Of the six hospitals shown in the table, the remaining hospitals were between 23.9 miles and 11.6 miles, to the proposed project.

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 within the same district 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 statement(s) of opposition (WSO) to **CON application #10451** and one WSO to **CON application #10454**. One WSO to **CON application #10451** was submitted by representatives of Adventist Health System/Sunbelt, Inc. d/b/a Florida Hospital and one WSO to **CON application #10451** was submitted by representatives of Orlando Health, Inc. One WSO to **CON application #10454** was submitted by representatives of Adventist Health System/Sunbelt, Inc. d/b/a Florida Hospital. **Each** WSO is briefly summarized below.

Adventist Health System/Sunbelt, Inc. d/b/a Florida Hospital submitted a WSO of 11 ½ pages, with additional Attachments A, B and C, concerning **CON application #10451**. This WSO reiterates the applicant's total population estimates and female ages 15-44 population estimates, to 2021. This WSO also reiterates CFHS's estimated discharges for the PSA, the SSA, the total service area, in-migration (including the total discharges), ALOS, patient days and ADC, for adult non-tertiary, for obstetric and for total cases. The reviewer confirms that in its WSO, AHS/S correctly restates CFHS's estimates and does not contest the stated estimates.

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AHS/S indicates that it is important to note that not all aspects of the joint venture (between HCA and UCF) have been finalized and some transaction points are contingent upon other events or outside approvals. AHS/S also indicates that this collaboration between these two organizations is at the core of the need argument in CFHS's justification. AHS/S contends that if the UCF/HCA partnership would not come to fruition for whatever reason, the (proposed) project (**CON application #10451**) ultimately developed would be very different from the project currently under review by the Agency.

FH states that it opposes the proposed project at this time unless additional conditions which are critical to the implementation of the joint venture are included in the applicant's conditions predicated upon award. FH recommends that any project approval by the Agency have these additional conditions placed upon it to ensure that the proposed partnership goals are met. FH states that these additional conditions are:

1. The key joint venture points in the Public-Private Partnership from Attachment A, which was approved by the UCF Board of Trustees at the October 24 meeting³⁶.

- UCFAH and HCA have established an LLC joint venture (JV) entity of which HCA will own 80 percent and UCFAH will own 20 percent
- UCFAH will appoint four members of the LLC Governing Board and HCA will appoint four members
- UCFAH has the right to select and remove the Vice-Chair of the Governing Board
- A majority of UCFAH³⁷ appointed representatives on the governing body must vote in favor of all Major Decisions, which shall³⁸ include "but not be limited to the following"³⁹ examples, selection of the hospital chief executive officer (CEO) and chief medical officer (CMO); changes to mission, vision, values statements; admission of new members to the LLC; adoption and amendment of the hospital strategic plan; material changes to educational programs; amendment to or termination of the management agreement; any capital contribution calls; incurring capital expenditure in any one

³⁶ The reviewer confirms that unless otherwise indicated, the following 11 bulleted proposed conditions are identical to the bulleted points in the FH's WSO, Attachment A-Agenda and Attachments from the University of Central Florida Board of Trustees Meeting, October 24, 2016 (page 14).

³⁷ The reviewer notes that this bullet in the FH WSO Attachment A, page 14 reads "UCF", not UCFAH as indicated here.

³⁸ The reviewer notes that this bullet in the FH WSO Attachment A, page 14 does not read "shall" as indicated here.

³⁹ The reviewer notes that this bullet in the FH WSO Attachment A, page 14 does not read "but not be limited to the following" as indicated here.

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year in excess of 20 percent of the JV value; or ratification of and material changes to capital and operating budgets. ⁴⁰

- Upon receiving P-3⁴¹ and CON approval and all other required approvals, the JV partners will collaborate in design and development of a 100-bed hospital including emergency services and eight Labor & Delivery beds
 - HCA will supply the funds needed to construct and operate the hospital, including cash needed for initial working capital. All such construction and start-up funding will be provided by HCA in cash, and UCFAH contributes no start-up capital
 - UCFAH's contribution will be a long-term lease of the 25.2 acres owned by UCF adjacent to the College of Medicine on the Lake Nona Health Sciences Campus and the value of the UCF brand and other intangible resources as determined by an independent valuation firm
 - When a CMO is engaged for the Academic Hospital, he or she must be employed by UCF
 - UCFAH must agree to any dilution of its interest in the JV LLC and, if its interest at any time is less than 20 percent, UCFAH retains the right to purchase additional interests to reestablish and maintain up to a 20 percent interest
 - Any additional funding needed to cover losses will be provided by HCA. When needed in the future, the JV entity will be provided inter-company loans by HCA at a fair market value lending rate
 - The JV entity will allocate funding annually designated for Community Benefit, which will be disturbed by the UCFAH-appointed members of the Governing Board
2. **In the event a final, non-appealable CON is issued prior to P-3 approval, if P-3 approval is not obtained by December 31, 2017, the CON shall be voided.** In the event the CON application is still in litigation and not yet final and non-appealable, and P-3 is not obtained by December 31, 2017, then the application shall at the time be voided, withdrawn and terminated
 3. **Commitment that the proposed hospital shall be built on the 25.2 acres owned by UCF adjacent to the College of Medicine on the Lake Nona Health Services Campus**
 4. **While the development of a teaching hospital would occur in the future, the applicant shall submit detailed progress reports to AHCA, at least annually, which summarizes activities and progress in attaining teaching hospital status**

⁴⁰ The reviewer notes that this bullet in the FH WSO Attachment A, page 14 includes the following statement not included here: "(For a complete list of Major Decision rights, see the Legal Summary and Operating Agreement in Section II Tab ___ Attachment ___)."

⁴¹ P-3 is defined as "Public Private Partnership", according to FH WSO, page 8.

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FH asserts that by including these additional conditions, the proposed project would reflect the benefits presented in **CON application #10451** which include improvement of health services, physician medical training and the development of an academic teaching hospital. FH also asserts that in the absence of these conditions, the proposed project, an HCA affiliate, would be free to develop the project without the major elements described in the CON, or even the collaboration with UCF. FH provides an exhibit (the UCF Academic Hospital Partnership Structure, FH WSO, page 8 and Attachment A, Exhibit 9, page 16) to illustrate the partnership structure as envisioned by the UCF Board of Trustees that was developed by UCFAH and HCA. According to the FH WSO, the 11 bulleted “key points” shown above and proposed as additional conditions by FH were approved by the UCF Board of Trustees on October 24, 2016.

Additionally, FH provides the FH WSO, Attachment B-UCF Academic Hospital/Legal Summary of Partnership Structure and Q&A, stated to be part of the same October 24, 2016 UCF Board of Trustees meeting. FH indicates that the critical issues addressed at this meeting include:

- Failure to obtain P-3 approval
- CFHS loses money
- CFHS needs temporary need for cash to pay expenses
- HCA does not build a free-standing Emergency Department
- The parties fail to obtain CON approval for CFHS
- HCA fails to build the hospital within a reasonable period of time
- Can HCA sell the hospital to another party

FH WSO, page 10 includes a brief narrative conclusion regarding each of the above seven issues.

Adventist Health System/Sunbelt, Inc. d/b/a Florida Hospital submitted a WSO of 33 pages, with additional Attachments A through F, concerning **CON application #10454**. This WSO reiterates the seven bulleted need justifications presented in **CON application #10450**. FH also reiterates its ultimate vision for FHWG to include a Phase I and Phase II. FH also restates that **CON application #10450** is a natural and planned extension of the services currently offered at the Winter Garden campus. FH contends that its FHWG proposal is unique, as it is the only applicant in West Orange County that currently operates an array of services on a newly developed campus within the community and also that Orlando Health Central, Inc. has no current services infrastructure operational at its proposed Horizon West site. FH asserts the **CON application #10454** is duplicative and unnecessary.

FH further reiterates an annualized FHWG off-site ED count of 23,067 visits, with average visits per day totaling 63 (year one). FH points out an estimated range of approximately 2,700 to 4,100 potential non-tertiary admissions at the

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proposed **CON application #10450**, with a corresponding likely 12,733 to 19,099 patient days or an ADC of 35 to 52 patients, this generated solely by AHS/S's existing Winter Garden ED.

AHS/S contends that given the FHWG has drawn more than 6,300 (nearly 44 percent) of its ED visits from ZIP Code 34787 (the reviewer notes that 34787 is **CON application #10450's** proposed home ZIP Code). AHS/S also contends that FHWG appears to be adequately serving the ZIP Code's population in terms of emergency care. AHS/S asserts that it is reasonable to assume that FHWG's inpatient origin will mirror that of the ED as patient care patterns are established for the (proposed) facility.

The reviewer notes that FH compares the proposed PSA and SSA of co-batched **CON application #10450** and **CON application #10454** (FH WSO, Figures 2 through 5, pages 12 – 15). AHS/S discusses the potential ZIP Code overlap of these two competing co-batched proposals. The reviewer notes that these comparisons were identified in item C (Program Summary) of this report. AHS/S contends that FHWG's existing location is more easily accessible from Highway 429 than OHC's Horizon West's proposed site. AHS/S again points out that its 14 ZIP Code total service area is based on historical ED patient origin and "...not a speculative patient potential service area as proposed by OHC Horizon West".

AHS/S contends that it is important to note a discrepancy in OHC Horizon West's service area definition. AHS/S states and the reviewer confirms that initially, **CON application #10454** proposes a five ZIP Code PSA, with one SSA ZIP Code being 34711, but that later (**CON application #10454**, page 84) OHC Horizon West offers a four ZIP Code PSA. AHS/S also states and again the reviewer confirms that in this latter scenario, OHC Horizon West provides a highest to lowest volume, by ZIP Code, for the total service area, with ZIP Code 34711 (previously an SSA ZIP Code) having the highest volume forecast 2020 discharges (1,520), with this being 21 percent of service area discharges and 31 percent cumulative discharges. The reviewer notes that this was shown previously in item E.1.a. of this report. AHS/S states and the reviewer further confirms that OHC Horizon West projects the highest number of discharges from 34711 and projects more discharges from 34711. AHS/S points out and the reviewer verifies that ZIP Code 34711 is in Lake County which is not in District 7, Subdistrict 7-2 but rather is located in District 3, Subdistrict 3-7). AHS/S notes that Orlando Health has a joint venture hospital in 34711 – South Lake Hospital. The reviewer confirms that South Lake Hospital is located in ZIP Code 34711.

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Regarding targeted populations, AHS/S states and the reviewer confirms that **CON application #10450** targets an age 18+ population, whereas **CON application #10454** targets an age 15+ population. AHS/S also states and again the reviewer confirms that **CON application #10450** estimates a total service area population of 447,101 residents by 2021 whereas **CON application #10454** estimates a total population of 231,189 residents by 2021. AHS/S points out that currently (2016) its total service area population is 202,709 more residents than the proposed OHC West Horizon total service area and that by 2021, AHS/S's total service area will be 215,912 more residents than the proposed OHC West Horizon total service area. AHS/S contends that this difference in service area is important because the relatively small service area population forces OHC Horizon West to rely upon an unreasonably high projected market share in its SSA in order to meet its projected utilization/ADC.

AHS/S emphasizes that the FHWG (**CON application #10450**) numerical number and projection analysis is presented step by step while OHC Horizon West's (**CON application #10454's**) analysis lacks sufficient detail. AHS/S states having relied upon:

- Actual off-site ED data, transfers generated and conversion rates for similar FH facilities
- Population growth by age cohort
- Non-tertiary market discharge trends by age cohort
- Non-tertiary market use rates trends by age cohort
- Clear identification of market shares and FH historical trend of market share of the area
- Clear identification of use rates assumptions (by age cohort) that drive the projected market discharges as starting point for FHWG utilization
- Clear steps in application of use rates to population to calculate market discharges
- Clear identification of historical versus projected market discharges for reality check of projection
- Reasonable projected market shares by ZIP Code (significant difference in projected share for PSA versus SSA ZIP Codes)
- Step by step assessment of impact and consideration/discussion of historical utilization trends at area providers

AHS/S maintains that conversely, OHC Horizon West's CON application need section:

- Did not include presentation of use rates trends in the proposed service area
- Did not provide an explanation of how future market discharges were calculated. The analysis skips from 2015 actual market

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discharges to 2020 projected market discharges with no detailed steps in between

- Did not project justification for projected market shares by ZIP Code. Projected SSA market shares by ZIP Code are as high as PSA market shares. OHC essentially appears to just define a PSA

AHS/S asserts that the lack of detail and presentation of underlying assumptions in OHC Horizon West's CON application makes it difficult to assess the reasonability of its projection methodology.

AHS/S contends that the FHWG proposal enhances competition in West Orange County. AHS/S provides a map (FH WSO, Figure 9, page 21) to show the geographic proximity of OH facilities to the Winter Garden area. AHS/S has previously shown through **CON application #10450**, page 41, Figure 22, (see item E.1.a. of this report) that in 2015 for the proposed total service area, FH facilities realized 7,413 discharges and had a 27.6 percent market share of adult non-tertiary discharges. Using the same source, same period and same discharge population, AHS/S maintains that OH facilities realized 18,308 discharges and had a 68.2 percent market share. AHS/S contends that given the geographic proximity of OH facilities to the patients in **CON application #10450's** total service area, the difference in travel times to the closed FH facilities, and OH's dominant market share of the area, "...it is clear that the development of another OH facility in an area already served in a significant capacity by Orlando Health would be repetitive and would not increase competition or enhance patient choice".

AHS/S indicates that OH's dominance is particularly pronounced in the proposed FHWG's PSA. Using the Agency inpatient discharge database for 2015, for adult non-tertiary discharges (excluding newborns and OB) in **CON application #10450's** PSA, five OH facilities, combined, realized 9,271 discharges (78.7 percent) compared to seven FH facilities, combined, realizing 2,021 discharges (17.2 percent). The reviewer collapses the 15 hospitals with the highest discharge volumes among this same discharge population into a total top 15 providers count. See the figure on the following page.

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**2015 Market Share of the PSA
Adult Non-Tertiary Discharges**

	2015 Non-Tertiary Discharges (Excl. OB)	2015 Market Share
Total, Top 15 Providers	11,454	97.3%
All Other Providers (86 facilities)	320	2.7%
Grand Total 14 ZIP Code Non-Tertiary Discharges, Age 18+ (Excluding OB)	11,747	100.0%
Florida Hospital Facilities Combined PSA Discharges and Market Share (seven facilities in top 15)	2,021	17.2%
Orlando Health Facilities Combined PSA Discharges and Market Share (five facilities in top 15)	9,271	78.7%

Source: FH WSO, page 23, Figure 11

AHS/S asserts that given the high level of market share for OH in the **CON application #10450** proposed PSA, "...the approval of yet another Orlando Health facility to serve the same area would limit patient choice and hinder competition."

AHS/S reiterates previous discussion of impact on existing providers between **CON application #10450** and **CON application #10454** (see item E.1.a. of this report). AHS/S particularly notes **CON application #10454's** estimate of a loss of discharges at FH, ranging from 370 to 505 patients. AHS/S maintains that a significant difference between the FHWG and OH Horizon West projections is that the projected increase in market discharges in FHWG's projections exceeds its projected utilization, while OH Horizon West's projected market discharge growth does not result in enough incremental discharges to off-set any shift from existing providers. AHS/S further reiterates that its proposal would foster competition and improve quality and cost-effectiveness without materially impacting costs or charges. AHS/S additionally reiterates numerous awards for FHWG and most recent (May and June 2016) patient satisfaction scores for FHWG, with those scores arranging from 90 percent to 100 percent.

AHS/S comments on FH's multifaceted benefit to the community and FH's provision of care to unserved and underserved populations. AHS/S maintains that FH is the most financially accessible hospital entity in the State of Florida. AHS/S reiterates FH's state provision of care through bad debt, charity care and Medicaid (this topic is extensively discussed in item E.3.c. of this report, **CON application #10450**). AHS/S also comments that in the past three fiscal years ending December 31, 2013-

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2015, FH has provided more than 270,000 patient days of care to Medicaid patients.

AHS/S indicates that community benefit includes more than simply caring for the uninsured. AHS/S provides an excerpt of the Florida Hospital Community Benefit Report (FH WSO, Attachment C). A summary of FH 2015 community benefit activities is included (FH, WSO, page 28, Figure 14) which indicates a total 2015 benefit of \$919,639. The reviewer verifies that this total is consistent with the FH WSO, Attachment C.

According to AHS/S, FHWG has:

- Committed to provide \$200,000 seed money for a community farm/garden area physically connected to Shepherd’s Hope’s new campus in Winter Garden
- Provided or committed to provide nearly \$350,000 in contributions and sponsorship to local West Orange organizations

Again according to AHS/S, these community commitments are in addition to the *Conditions Predicated Upon Award* associated with **CON application #10450**.

AHS/S points out that as a private entity, FH does not rely on public dollars to fund its community benefit activities or capital expenditures and that “...this fact sets FH apart from Orlando Health Central in its provision of care to residents of West Orange”. AHS/S provides documentation (FH, WSO, Attachment D) to indicate award from 2013-2017 granted by the West Orange Healthcare District to non-profit organizations located within the District’s boundaries. According to AHS/S, 2013-2017 grant awards reached \$82,130,538 and that of this, \$79,597,312 (or 96.9 percent) was awarded to OH’s Health Central Hospital or the Orlando Health Foundation, primarily for bricks and mortar capital expenditure projects. A summary of District 2013-2017 awardee entities and these totals is provided by AHS/S. The reviewer collapses the 19 entities into a 2013-2017 total grant awards in dollars. See the figure below.

**West Orange Healthcare District Grant Awards History
2013-2017**

	Amount
2013-2017 Total Grant Awards	\$82,130,538
Grant Awards to Orlando Health Entities	\$79,597,312
Percent of Total Grant Awards to Orlando Health Entities	96.9%

Source: FH, WSO, page 29, Figure 15

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AHS/S offers discussion (FH, WSO, page 30) that the Conditions of **CON application #10454** may include initiatives funded by the District and/or financial support already committed by OH and not tied directly to its (OH's) current CON application. AHS/S provides a press release from Healthy West Orange, issued September 29, 2016 (FH, WSO, Attachment E). AHS/S states and the reviewer confirms through this Attachment E that the press release indicates "Healthy West Orange was launched by the West Orange Healthcare District, Orlando Health-Health Central Hospital and the Observer Media Group...". AHS/S contends that based on that description, it would appear that Orlando Health Central is already a committed supporter (financial and otherwise) of Healthy West Orange. AHS/S reiterates Condition #2 and Condition #3 of **CON application #10450** (see item C of this report).

AHS/S maintains that FH's operations provide a significant contribution to the overall economy of Central Florida. The reviewer notes that based on a May 2012 Florida Hospital Central Florida Region Economic Impact Worksheet for FY 2011 (FH, WSO, Attachment F), FH's economic impact on Central Florida was \$7.38 billion. According to this same source, at that time, FH included 2,185 beds and 15,900 full-time employees. According to AHS/S, the proposed **CON application #10450**, if approved, will only add to the significant positive financial impact FH provides within the Region.

Orlando Health, Inc. d/b/a Orlando Regional Medical Center, submitted a WSO of 15 pages concerning **CON application #10451**. In its opposition, OH begins by providing an overview of Orlando Regional Medical Center, including services it provides, its Level I Trauma Center, statutory teaching hospital and graduate medical education (GME) designations, along with its many residency and fellowship programs.

OH comments that the **CON application #10451's** lack of any conditions or binding commitments with respect to any teaching or research components and the lack of a condition as to the proposed site, render the idea that the hospital might one day "evolve into" a teaching and research hospital on the UCF campus "wholly speculative". According to OH, CFHS's speculation cannot form a basis for a determination of need for the project proposed or for approval of CON application. The Agency confirms that **CON application #10451** does not condition to attaining teaching hospital status and does not condition to the proposed hospital's physical location. For a review of **CON application #10451's** Schedule C conditions, see this report's item C-Program Summary. OH states and the reviewer confirms that on page 31 of the application, CFHS states that "The proposed CFHS hospital will be established as, and remain primarily a community hospital, for a number of years after initiation of services".

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OH contends that CFHS’s estimated full facility ADC of less than 65 patients per day through 2021 is a volume level not adequate to support any material research or medical education activities. OH points that that according to COTH⁴² Operational and Financial Performance Survey 2015 (OH WSO, page 4, Exhibit 1), **CON application #10451** is significantly smaller in size than the average academic medical center nationally, with CFHS’s proposed facility being 25 percent smaller than the smallest academic medical center in the country (University of South Alabama Medical Center: 132 beds).

The OH WSO indicates that with no operating financial detail provided in the application (**CON application #10451**), the CFHS future financial performance of the new facility is unclear, particularly with regard to any “teaching or research” function. This opposition also indicates that the proposed project can be expected to incur significant operating losses, with long term viability without material subsidy a serious concern. Using Capital IQ, American Hospital Directory, Definitive Healthcare, US News & World Report and 2015 COTH data, OH provides an exhibit to indicate negative operating losses ranging from \$77.9 million to \$285.9 million and subsidies ranging from \$78.7 million to \$280.6 million for three non-Florida hospitals: USA Medical Center, UCONN Health and Truman Medical Centers. OH points out that these hospitals individually have at least 132 beds. See the exhibit below.

Small Academic Medical Center Profiles

	USA Medical Center	UCONN Health	Truman Medical Centers Hospital Hill
City/State	Mobile, Alabama	Farmington, Connecticut	Kansas City, Missouri
Bed Size	132	170	238
# of Residents	128	217	151
# of Discharges	6,447	8,108	14,769
# of ED Visits	23,197	30,028	22,400
Payor Mix-Discharges Medicare-Medicaid- Other	17% - 20% - 30%	36% - 24% - 40%	14% - 68% - 18%
Patient Revenue	\$271.7M	\$513.0M	\$200.5M
Operating Income	(\$77.9M)	(\$285.9M)	(\$172.8M)
Subsidies (state appropriations)[1]	\$78.7M	\$280.6M	\$196.1M

[1] Prepared by Kauffman Hall
Source: OH WSO, page 5

⁴² According to the website <https://www.aamc.org/members/coth/>, COTH, the Council of Teaching Hospitals and Health Systems, provides member hospitals with advocacy resources, professional development offerings, care redesign expertise and learning networks that exclusively support clinical teaching environments. According to this same website, the Association of American Medical Colleges serves over 400 member teaching hospitals in addition to its medical school community.

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The reviewer notes that for general hospital review purposes, per item E.1. of this report, 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), F.S., per ss.408.035 (2), F.S. Therefore, funds for capital and operating expenditures, for project accomplishment and operation are not considerations in the review process.

OH states that the proposed project will not offer any new specialty programs or services that are not already provided at Orlando area hospitals, and as a result will not positively affect any identified physician shortages. OH further contends that the proposed project will not be able to provide the level of clinical operations necessary to support potential physician growth in any of the identified areas of high physician need.

OH states it is important to note that existing alternative medical and residency training models are already at place at UCF and in the Orlando area, and have proven to be an effective means to provide medical education opportunities. The OH WSO discusses the current cooperative linkages between UCF and Orlando Health and Florida Hospital that result in a high quality academic model for the region. OH further discusses high performance goals in 2015 and 2016 reached by UCFCOM students, as indicated in **CON application #10451** (OH WSO, page six). According to OH, per internal OH data, academic year '15-'16, approximately 270 UCF third-year medical students (85 percent of total 3rd year rotation students) and 81 fourth-year medical students (26 percent of total 4th year rotation students) complete rotations at Orlando Health. The reviewer notes that the OH WSO does not include a copy of this stated internal OH data for Agency review.

OH reiterates its statutory teaching hospital and GME designations, along with its many residency and fellowship programs. OH asserts that the reality of the local situation is that there is not a current void in hospital-based medical education opportunities in the Orlando area that requires the establishment of a new teaching hospital. OH also asserts that throughout the state, university ownership of an academic medical center is not required to be a successful, high quality medical school. OH points out three examples of Florida medical schools that do not own a primary academic medical center: The University of South Florida-Morsani College of Medicine, The Florida International University-Herbert Wertheim College of Medicine and The Florida State University (FSU) College of Medicine. The reviewer notes that previously **CON application #10451** indicated that the proposed project (if approved) will be operated under the direction and supervision of HCA's North Florida Division, with HCA having 80 percent ownership and UCF having 20 percent ownership but that UCF and HCA will have equal representation in the governance of the proposed facility.

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OH points out FSU as a good example of a successful distribution-model, community-based medical school and discusses FSU's affiliations with local physicians, ambulatory care facilities and hospitals in which students are sent to one of six regional campuses – Daytona Beach, Fort Pierce, Orlando, Pensacola, Sarasota and Tallahassee to work in community settings. OH continues by indicating that it is an increasing trend top-ranked medical schools are spinning off their previously owned medical centers "...for various reasons".

OH emphasizes that **CON application #10451** makes clear that residency expansion plans are expected to be accomplished without the need to establish the proposed project. OH also emphasizes that the residency expansion plans will add 500+ new residency positions from 2015-2021 at hospitals that are not owned or controlled by a medical school and that are not located proximate to a medical school. OH references **CON application #10451**, Vol. 2, Attachment 17-UCF/HCA GME Consortium Future Residency Plans. The reviewer verifies that the data shown in the exhibit below is consistent with the referenced attachment. North Florida Regional is NFR. Please see below.

HCA GME Expansion Plans

Hospital	2015	2016	2017	2018	2019	2020	2021
NFR	9	33	72	133	169	191	198
Ocala	16	32	61	92	112	123	129
Osceola	41	70	112	151	181	209	220
Combined	66	135	245	376	462	523	547

Source: OH WSO, page 8

The OH WSO contends that the Agency's need determination must be based on the CON statutory review criteria and not on UCF's desire or "need" for a hospital. OH discusses historical changes to Florida statutes and the elimination of "needs of" and "need for" research and teaching facilities for consideration as a basis for determining need. OH references numerous statutes (OH WSO, page nine). The reviewer notes that as previously stated, item E.1. of this report governs the Agency's statutory determination of need for a new general hospital. OH stresses that even if "needs of" and "need for" a research and teaching hospital could be considered, CFHS does not propose a teaching or research hospital.

Regarding ownership, OH points out that there is no documentation in **CON application #10451** that UCF currently owns 20 percent of the applicant (CFHS, LLC) or that UCF is a managing member of the applicant LLC. OH also points out that the application contains no enforceable commitment to, or documentation of, UCF's "equal representation in governance" of the (proposed) facility. Further, OH points out that the application does not provide any documentation showing that a local governing board, on which UCF may have representation, will have any authority regarding capital expenditures, programs or service lines, strategic plans or staffing. OH maintains that there

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is no evidence or enforceable condition in the application that would ensure that UCF's "membership" or representation on the governing board of the proposed hospital would constitute access to a governing interest sufficient to permit UCF to exert meaningful control over the operation, programs, expenditures or activities of the proposed hospital.

The OH WSO indicates that the proposed hospital will not provide adequate or appropriate access for medically indigent patients and will divert a higher than market share level of insured patients away from the region's safety-net providers. OH contends that existing not for profit healthcare providers, including OH, will be required to provide a higher than average market level of care to Medicaid, charity care and other medically or financially indigent patients. OH maintains that CFHS will not be providing 15 percent of its patient day volume to Medicaid patients or patients who meet the criteria for charity care (see item C-Project Summary) but that CFHS conditions to a minimum of 15 percent of its patient days to patients covered by Medicaid/Medicaid managed care or who meet the criteria for charity care, combined. OH also notes that the proposed hospital is forecast to have 15 percent of its total discharge volume associated with Medicaid patients (with 11.78 percent of total non-tertiary discharges provided to Medicaid and Medicaid managed care patient and 38.57 percent of total obstetric discharges provided to Medicaid and Medicaid managed care patients). The reviewer notes that the 11.78 percent and 38.57 percent estimates stated in the OH WSO are consistent with **CON application #10451**, Vol. I, page 115, Exhibit 71 (see item E.1.c. of this report).

OH contends that converting the CFHS Medicaid discharge to Medicaid patient day volume, on a patient day basis, CFHS will not be providing 15 percent of its patient day volume to Medicaid patients but will actually reflect a 13.9 percent patient day forecast for 2021. OH provides an exhibit to account for this conclusion. The reviewer notes that "CON" refers to **CON application #10451**. The reviewer adds the column lines A through G and confirms that that totals shown for lines A, B, D and F are consistent with the referenced pages of **CON application #10451**. See the figure on the following page.

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CFHS Forecast of 2021 Medicaid Patient Day Volume

		Non-Tertiary	Obstetrics	Combined
A	2021 Discharges (CON pages 105 and 107)	4,606	625	
B	Forecast % 2021 Discharges for Medicaid (CON page 115)	11.78%	38.57	
C	2021 Forecast Medicaid Discharges (based on CON page 115 Medicaid %)	542.6	241.1	
D	2021 Forecast ALOS (CON pages 105 and 107)	4.73 days	2.95 days	
E	2021 Forecast Medicaid Patient Days	2,566 days	711 days	3,277 days
F	2021 Forecast Total (all payer) Patient Days (CON pages 105 and 107)	21,781 days	1,844 days	23,625 days
G	Medicaid % of Total Patient Days			13.9% of total days

Source: OH WSO, page 11

OH points out that CFHS states that in 2015, 20.2 percent of the PSA’s patients were Medicaid patients – a level well above the 15 percent Medicaid and charity care condition in the CFHS condition or the 15 percent Medicaid discharge forecast. OH asserts that with the PSA accounting for 76.6 percent of 2021 total hospital volume, this under-provision of Medicaid and charity care is significant.

OH states that the CFHS proposed 15 percent Medicaid/Medicaid managed care and charity care patient day combined condition is materially below HCA’s current experience in the Orlando market. OH states and the reviewer confirms (**CON application #10451**, Vol. I, page 114, Exhibit 70) that HCA’s three area hospitals, combined, provided 22.9 percent of total inpatient discharges to Medicaid patients, excluding any provision of charity care (in 2013-2015).

OH asserts that actual CY 2015 Agency discharge data for the service area and patient types proposed to be served by the proposed project show that the actual service area payer mix for the DRG categories identified as appropriate for the proposed hospital is 18.5 percent Medicaid or Medicaid managed care discharges plus an additional level of charity care or 17.2 percent Medicaid or Medicaid managed care patient days plus an additional level of charity care – percentages levels well above the 15 percent included in either the CON condition or the financial forecasts. OH also offers comment that actual service area obstetric volume includes 48.5 percent of total patient days provided to Medicaid and Medicaid managed care patients and 49.6 percent of total discharges provided to Medicaid and Medicaid managed care patients. OH emphasizes that these are actual Medicaid service area market levels well above the 38.6 percent Medicaid obstetric care assumptions provided by CFHS.

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OH indicates that while no definition of the level of charity care to be provided at the proposed hospital is included in the CFHS application, HCA's other three area facilities, combined, provided only 0.7 percent of total revenue to charity care in 2015, according to FHURS data. Please see below.

**HCA Orlando Area Hospital Charity Care
Data from FY 2015 FHURS Actual Reports Filed by Each Facility**

Hospital	Charity Care (millions)	Total Revenue (millions)	Percent Charity Care
HCA Central Florida Regional	\$12.1	\$1,320.8	0.9%
HCA Osceola Regional	\$17.4	\$2,709.4	0.6%
HCA Poinciana Med. Ctr.	\$2.6	\$576.1	0.5%
	\$32.1	\$4,606.3	0.7%

Source: OH WSO, page 13

OH contends that this is a level below OH's provision of five percent charity care when the same comparison of charity care to total revenue is performed, documenting OH's strong commitment to ensure access to care for all segments of the population as the community's safety net provider.

In conclusion, OH asserts that the HCA/CFHS proposed project will significantly adversely impact OH operations as the region's safety net provider. OH also asserts that the proposed project may exacerbate staffing shortages for existing OH facilities and services. OH respectfully urges the Agency to deny **CON application #10451**.

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.

The Agency received two applicant responses to written statement(s) of opposition (RWSO). Representatives of CFHS, Inc., (**CON application #10451**) submitted an RWSO to opposition submitted by AHS/S d/b/a FH and to opposition submitted by OH d/b/a ORMC. Representatives of OH/OHC, Inc., (**CON application #10454**) submitted an RWSO to opposition submitted by AHS/S d/b/a FH. **Each** RWSO is briefly summarized below.

Central Florida Health Services, Inc., submitted an RWSO of 17 ½ pages, with an Attachment A, an Exhibit A, a Schedule 10.1(j) and an

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Appendix 1. The RWSO is directed at opposition from AHS/S and from OH. According to CFHS, it responded to every assertion and allegation set forth by FH and OH. CFHS maintains that the criticisms presented by these parties are largely irrelevant and unfounded and further maintains that **CON application #10451** meets all required rules and statutory criteria and should be approved.

CFHS comments that both opponents focus heavily on the proposed relationship between UCFAH and HCA, with the shared goal of creating a teaching hospital on the campus of UCFCOM. CFHS contends that the concerns expressed should be viewed in the context of recent interactions between UCFAH and the opponents.

CFHS discusses UCFAH's issuance of an Invitation to Negotiate (ITN) on August 5, 2016, which was noticed to hospitals across the country. From this, the successful ITN respondent and UCFAH entered into an Operating Agreement and CFHS provides this Operating Agreement for Agency review (CFHS RWSO, Attachment A). The reviewer notes that this 45 page Operating Agreement is dated October 12, 2016 and was signed by representatives of UCF Academic Health, Inc. and Columbia Park Healthcare System, Inc., c/o HCA Holdings, Inc. According to CFHS, the ITN sought proposals from qualified, experienced health care organizations that were interested in partnering with UCFAH to plan, develop, fund and operate an 80-100 bed academic hospital with the capability to grow as needed in the future. CFHS comments that there were three responders to the ITN – OH, FH and HCA. The RWSO emphasizes that not a single proposal asserted that there was no need for an academic hospital and that sufficient alternatives already existed within the community, or that developing such a hospital would substantially adversely impact an existing program in the service area. CFHS notes that to the contrary, each proposal sought to be the one selected to partner with UCF on this very specific project. CFHS stresses that both opponents after not being selected to partner with UCFAH, "...must be viewed as an attempt to protect institutional-specific interests rather than any legitimate concern with the need for and wisdom of developing a teaching hospital..." on the UCFCOM campus.

CFHS asserts that the Lake Nona area is far more isolated in terms of an acute care hospital than Winter Garden and that further, the Lake Nona community is not an accessible option for residents of the growing Lake Nona area and Southeast Metro Orlando, regardless of the Agency's decision on the Winter Garden applications (**CON application #10450** and **CON application #10454**). CFHS also asserts that both opposition statements reflect frustration with UCF choosing an HCA affiliated hospital over OH and FH in the ITN process to become UCF's partner in

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the development of a new community hospital in Lake Nona's Medical City.

CFHS next presents a 2 ½ page response to FH's comments. CFHS reiterates the FH request that the Agency place conditions on the project and reiterates those conditions (see item F of this report and the four bolded conditions presented previously in the FH WSO above). CFHS asserts that while such conditions may serve the interests of FH, the Agency should reject these suggestions as being unnecessary and which would only serve to hamper the development of this needed project. CFHS contends that "...it would be inappropriate to impose a host of conditions that would create unnecessary time constraints". CFHS further contends that "...it would be inappropriate to condition the application on specific "deal points" when the terms of the relationship are not yet final".

According to CFHS, FH's concerns about the joint commitment of UCFAH and HCA to proceed with the development of a teaching hospital are misplaced. CFHS offers discussion about the numerous GME residency programs and the GME consortium agreement that already exists between HCA and UCFCOM.

CFHS maintains that FH's suggestion that the Agency should void the CFHS CON if final CON approval is received and P-3 approval is not obtained by December 31, 2017, "...is irrational and problematic on many levels". CFHS further maintains that it is not within the Agency's authority to void a valid CON except under the specific conditions set forth in F.S. and F.A.C. The reviewer notes that CFHS previously indicated that the P-3 will ultimately be reviewed by the Florida Board of Governors (FBOG). CFHS emphasizes that there is no rational reason to subject the CFHS project to a different, shorter deadline predicated on an action by the FBOG.

CFHS contends that FH's proposal to condition approval on a specific site is unnecessary. CFHS states that "...it is CFHS' intent to construct its project on the 25.2-acre site that is on the UCF Health Services Campus". However, CFHS points out that UCF's authorization to lease this site to CFHS is contingent on approval by the FBOG and that this contingency is the reason why CFHS did not include a condition on a specific site. CFHS indicates that whether the (proposed) new hospital (**CON application #10451**) is located "...on the UCF campus or nearby has no material impact on CFHS's ability to serve the needs of its defined service area".

CFHS asserts that FH's recommendation that CFHS submit detailed progress reports to the Agency that summarize progress in attaining teaching hospital status "...is wholly unreasonable". CFHS indicates that

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such a reporting requirement may satisfy FH's curiosity, but there is no reason for the Agency to monitor the relationship between UCFAH and HCA to conduct activities that are not subject to CON review. CFHS emphasizes that "there is no defined timetable for the transformation of what initially will be a community acute care hospital into a teaching hospital" and also emphasizes that this process "...will grow organically based on the new hospital's growth and the speed at which UCF-COM's teaching and clinical programs can reasonably be integrated into the hospital's operations".

CFHS points out and the Agency confirms that FH did not challenge the underlying need for a community hospital in Lake Nona. CFHS stresses that the need for the hospital (**CON application #10451**) is evident based on the analyses and documentation presented in the CFHS application.

CFHS next presents a 12 ½ page response to OH's comments. The reviewer notes that CFHS presents eight listed allegations against **CON application #10451**, drawn from the OH WSO (CFHS RWSO, page six). CFHS responds to each of the eight allegations, as indicated below.

The Agency's Consideration of the Development of a Teaching Hospital - CFHS reiterates the OH argument that the Agency should give no consideration to the relationship between UCFAH and HCA because the proposed project will not initially be a teaching facility and also reiterates the OH argument that the absence of conditions relating to development of teaching and research programs at CFHS renders such programs speculative. CFHS responds that these assertions are without merit.

CFHS states that not every aspect of an application must be included as a condition. CFHS reiterates its Operating Agreement (CFHS RWSO, Attachment A) and points out that while the final approval of the (UCFAH and HCA) partnership is required from the FBOG, "the Agency is free to give this important aspect of the overall proposal the weight it deems appropriate".

CFHS reiterates numerous complaints stated in the OH WSO regarding the structure and aspects of the relationship between UCFAH and HCA in the operation of the proposed hospital submitted in **CON application #10451**. According to CFHS, the Operating Agreement that governs key aspects of the structure and relationship between the members was publicly submitted to the FBOG and refutes all of OH' WSO complaints regarding the relationship among the owners. In its response, CFHS quotes numerous "major decisions" (as defined) that can only be taken by the Operating Agreement governing board (CFHS, RWSO, page seven).

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CFHS concedes that the project, as filed, is for the development of a community hospital but counters that the proposed project can also serve the dual purpose of supporting UCFCOM's growth in medical education, research and the provision of clinical services. CFHS maintains that the proposed project will address a community need not an institution-specific desire.

The Proposed CFHS Bed Size and Census - CFHS asserts that OH makes the irrelevant argument that with 100 beds, CFHS would be significantly smaller than academic medical centers nationally. CFHS counters that the application makes it "...abundantly clear that there is no intention to designate or operate CFHS as a teaching hospital at the outset". CFHS contends that when the proposed hospital has sufficient size and scope of services, teaching and research activities will be integrated. CFHS states that "It is important to start small to ensure a successful and financially sustainable startup".

Projected Financial Performance of CFHS - CFHS contends that OH's questioning the future financial performance of CFHS is based on a flawed analysis of what OH terms "...undersized academic medical centers". CFHS points out and the Agency concurs that financial feasibility is not a criterion for the initial review of a general hospital project. CFHS states that "...there is simply no basis to compare a sample of three teaching hospitals with vastly disparate circumstances to CFHS". CFHS also states that OH's data in the comparison is inaccurate. CFHS indicates and the reviewer confirms through the Alabama Hospital Association website at <http://www.alaha.org/resources/hospital-directory/usa-medical-center/>, that USA Medical Center (Mobile, Alabama) has 406 licensed beds. The reviewer notes that in the OH WSO to **CON application #10451**, OH indicated that USA Medical Center had a bed size of 132.

Specialty services and physician shortages - CFHS contends that physician shortages include primary care and general surgery and that these shortages can be addressed in a 100-bed hospital.

The reviewer notes that as physician shortage and particularly primary care physician shortage is presented as justification for need as proposed by **CON application #10451**, the reviewer examined the Health Professional Shortage Area (HPSA) designations regarding primary care physicians, as well as the medically underserved area/medically underserved population (MUA/MUP) designations for District 7/Subdistrict 7-2 (Orange County), as determined by the U.S. Department of Health and Human Services, Health Resources and Services Administration (HRSA), Bureau of Health Workforce. Per the HRSA website at

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<https://datawarehouse.hrsa.gov/tools/analyzers/HpsaFindResults.aspx>, Orange County, Florida has the following primary care HPSAs:

- Low Income-Oak Ridge
- Community Health Centers, Inc. (a federally qualified health center /FQHC)
- Health Care Center for the Homeless (an FQHC)
- Low Income-Alafaya
- Low Income-Apopka/Winter Garden
- Low Income-Pine Hills

The reviewer also notes that the CFHS home ZIP Code (32827) is not located in a primary care HPSA and that there is no support letter from either of the referenced FQHCs.

Regarding MUA/MUP designations, per the HRSA website at <https://datawarehouse.hrsa.gov/tools/analyzers/MuaSearchResults.aspx>, Orange County, Florida, has the following low income MUA/MUP designations:

- Pine Hills (MUP)
- Parramore (MUP)
- North Winter Park (MUP)
- South Winter Park (MUP)
- Alafaya Service Area (MUA) – Governor’s Exception
- Hoffner Service Area (MUA) – Governor’s Exception

The reviewer additionally notes that CFHS identifies one of its SSA ZIP Codes as 32822. This ZIP Code is the physical ZIP Code of the Florida Department of Health’s Florida Health Orange County Hoffner Service Center, per the website <http://orange.floridahealth.gov/locations/hoffner-service-center.html>, as well as the physical ZIP Code of Ture Health-Hoffner, a satellite location of Central Florida Family Health Centers, Inc., an FQHC, per the website at <https://www.fachc.org/center-info.php?id=20>. The reviewer further notes no letter of support from the Florida Health Orange County Hoffner Service Center or from Ture Health-Hoffner. Therefore, the Agency notes that CFHS does not provide documentation to indicate coordination (such as support letters) with existing Orange County, Florida partners (such as area FQHCs and/or the Florida Health Orange County Hoffner Service Center) to reach the Orange County PSA ZIP Codes that lack primary care services, as determined by HRSA.

Existing Medical and Residency Training Modules in the Orlando Area - CFHS points out that the UCFCOM appreciates OH’s partnership and support in education of medical students and hopes to continue and expand this partnership in the future. CFHS maintains that OH covers

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approximately 13 percent of the clerkship rotations needed for UCF's third year medical students and 12 percent of the clerkship rotations needed for fourth year medical students. CFHS contends that the proposed project will provide an additional resource for training medical students and residents that will augment but not replace the educational experiences gained from clinical rotations at partner institutions across the community and state.

Ownership of Teaching Hospitals and High Quality Medical Schools - CFHS asserts that more schools with higher ranking have an integrated governance structure with the hospital than those who have affiliated governance. CFHS also asserts that of the top 25 schools, 75 percent of them have an integrated structure. The reviewer notes the CFHS RWSO does not include documentation of this attestation. According to CFHS, only six of the top 30 medical schools (20 percent) do not have an integrated governance structure with their primary teaching hospital. Also according to CFHS, more importantly, of the top 25 medical schools, all but one has their hospital within one mile. CFHS states that of the entire 116 ranked medical schools, 88 of these schools (76 percent) have teaching hospitals within one mile of the academic institution. CFHS offers further discussion on this topic (CFHS RWSO, page 10).

Expansion of Residencies - CFHS contends that the proposed project will open additional opportunities for residency training in direct proximity to the UCF medical school campus.

Financial Access and Impact on OH - CFHS asserts that OH makes several allegations regarding the financial accessibility of CFHS and the impact of CFHS on OH. Per CFHS, each of these allegations is unfounded and based on simplistic assumptions that are inconsistent with the detailed analysis presented in **CON application #10451**. CFHS also asserts that the proposed project will meet its Medicaid/Medicaid Managed Care/Charity Care patient condition. CFHS contends that OH completely disregarded charity care patients in its (OH's) assumptions. The CFHS expects a 2021 forecast percent of total days at 19.6 percent (Medicaid/Medicaid Managed Care/Self-Pay/Non Pay) for non-tertiary patients, a 41.3 percent (Medicaid/Medicaid Managed Care/Self-Pay/Non Pay) for obstetrics patients and a 21.3 percent total. See the exhibit on the following page.

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**CFHS Forecast of 2021
Medicaid/Medicaid Managed Care and Self Pay/No Pay Patients**

	Non-Tertiary	Obstetrics	Total
2021 Discharges (CON page 105 and 107)	4,606	625	5,231
Forecasted Percent of 2021 Discharges			
-Medicaid/Medicaid Managed Care (CON page 115)	11.78%	38.57%	14.98%
-Self Pay/Non Pay (CON page 115)	7.80%	3.64%	7.30%
2021 Forecasted Discharges			
-Medicaid/Medicaid Managed Care	543	241	784
-Self Pay/Non Pay	359	23	382
Total Discharges	902	264	1,165
2021 Forecasted ALOS	4.73	2.95	
2021 Forecasted Patient Days			
-Medicaid/Medicaid Managed Care	2,566	711	3,278
-Self Pay/Non Pay	1,699	67	1,766
Total Patient Days	4,266	778	5,044
2021 Forecasted Total Patient Days (CON pages 105 and 107)	21,781	1,884	23.665
2021 Forecasted Percent of Total Days			
-Medicaid/Medicaid Managed Care	11.8%	37.7%	13.8%
-Self Pay/Non Pay	7.8%	3.6%	7.5%
Total Percent	19.6%	41.3%	21.3%

CFHS RWSO, page 11, Exhibit 1

CFHS points out that while not all self pay/no pay is collected in the Agency hospital discharge database, only 1.2 percent of total patient days would need to qualify as charity care for CFHS to meet its condition. CFHS also points out that HCA affiliates consider patients with income less than 200 percent of the Federal Poverty Level who are having non-elective procedures to be eligible for charity care. Additionally, CFHS comments that HCA affiliates also offer discounts to uninsured patients who are not eligible for charity care or Medicaid. CFHS contends having presented an accurate analysis of the service area and that CFHS will match the payor mix for ZIP Codes served and the services offered. According to CFHS, OH's simplistic argument fails to account for the fact that payor mix varies by ZIP Code and that CFHS does not project to have equal market share of all PSA or SSA ZIP Codes. Also according to CFHS, OH fails to consider that each service area ZIP Code is growing at different rates and therefore the payor mix projected for 2021 on average will not match that for 2015. CFHS provides its estimated payor mix percentage as a whole presented by ZIP Code for non-tertiary patients (CFHS RWSO, page 13, Exhibit 2) and for OB patients (CFHS RWSO, page 14, Exhibit 3). Then, CFHS provides its estimated volume as a whole presented by ZIP Code for non-tertiary patients (CFHS RWSO, page 15, Exhibit 4) and for OB patients (CFHS RWSO, page 16, Exhibit 5). The reviewer notes that CFHS summarizes these last two exhibits (Exhibit 4 and Exhibit 5), indicating payor by PSA and SSA, which CFHS states "...tie out to the projections presented in CFHS' application at page 115". The reviewer notes that referenced

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projects are available (see item E.1.c. of this report, **CON application #10451**, Exhibit 71). See the summary exhibit below.

CFHS Projected 2021 Payor Mix of Discharges

	Medicare	Medicaid	Commercial/ Third Party	Self Pay/ No Pay	Other	Total
Non-tertiary						
PSA	1,551	418	1,052	271	195	3,487
SSA	445	98	236	70	39	888
Total	1,996	515	1,289	341	233	4,375
OB						
PSA	2	191	297	20	7	517
SSA	0	38	35	2	1	77
Total	3	229	332	22	9	594
Total						
PSA	1,553	609	1,349	291	202	4,004
SSA	446	136	272	72	40	965
Total	1,999	744	1,621	363	242	4,969

CFHS RWSO, page 17, Exhibit 6

CFHS stresses that there is no limitation on CFHS that would not allow it to provide more care to patients in these financial classes but, as a minimum level, CFHS' projections and conditions are reasonable and appropriate.

CFHS contends that HCA has demonstrated that its existing facilities in the central Florida market and the proposed CFHS facility are and will be financially accessible in the context of the market each serves and the services each offers.

CFHS maintains that the proposed project will not adversely impact OH. CFHS contends that OH does not present any quantitative adverse impact analysis to dispute the detailed analysis in CFHS' application. According to CFHS, OH will lose just 288 discharges to CFHS from the service area (see item E.1.a. of this report, **CON application #10451**, Exhibit 78). CFHS states that to put this in context, the OH affiliated hospitals served over 70,000 inpatients in 2015. CFHS also states that a loss of 288 discharges to CFHS represents less than 0.4 percent of OH's current discharges.

Orlando Health Central, Inc., submitted an RWSO of 17 ½ pages, concerning opposition from FH to OH's **CON application #10454**. OHC (or OH) states that FH's WSO (to **CON application #10454**) is not authorized by statute or rule and is an impermissible attempt to amend or supplement FH's CON application after the application was deemed complete. OH indicates that in an abundance of caution, its RWSO addresses each of the issues raised by FH, in the order presented by FH's

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WSO. OH presents the following nine major contentions to FH's opposition.

FH has not demonstrated need for its (CON application #10450) proposed hospital based on the applicable statutory and rule criteria. According to OH, neither FH's CON application nor its WSO demonstrates any access issues for residents of Winter Garden. Also according to OH, FH's WSO ignores the availability, accessibility and excess capacity of existing hospital resources currently serving the Winter Garden area and instead focuses on its (FH's) new freestanding ED. OH contends that FH does not provide any facts or data that demonstrate a need, under the CON statutory and regulatory criteria, for its proposed new hospital (**CON application #10450**). OH provides a map (OHC RWSO, page three) to indicate that OHC's state-of-the-art emergency and acute care services are located "...just 5 to 6 miles" away from the FH's proposed new hospital. The reviewer notes that OH does not offer a source for this stated five to six mile distance.

OH demonstrated need for its proposed community hospital and the establishment of a community hospital in Horizon West enhances access to inpatient acute care hospital services. OH maintains that the proposed **CON application #10454** is located eight miles further south into the current unserved Southwest Orange County market than the FH site, and is "...the most appropriate development choice when applying the CON statutory and regulatory criteria for new hospital projects". The reviewer notes that OH does not offer a source for this stated eight mile distance. OH reiterates its current Horizon West Town Center area outpatient initiatives and related medical services that OH indicates have been planned, designed and developed, in part since 2000, beyond Health Central Hospital's main campus.

OH presents an extensive and detailed analysis of local market conditions and trends consistent with sound health planning principals and that is more reasonable than FH's need analysis. OH presents the following six steps that OH states are included in its market and volume forecast:

- A realistic service area was defined based on proximity to the proposed site, travel conditions within the local area and local market knowledge
- Baseline population by age cohort and population forecasts by age cohort for each of the service area ZIP Codes was assessed
- Baseline 2015 non-tertiary inpatient market volume by ZIP Code and by age cohort and volume trends within this market was defined based on the AHCA discharge database

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- A forecast of 2020 non-tertiary inpatient volume by ZIP Code and age cohort was prepared assuming constant use rates to the 2015 baseline volumes
- Market share capture levels were identified based on ZIP Code proximity to the proposed Horizon West project location and current OH and OHC market share levels
- Forecast Horizon West Hospital captured admissions from the service area were converted into a total facility patient day volume by applying an “in-migration” factor and applying the actual ADC observed within the service area for targeted non-tertiary patients proposed to be served

OH emphasizes that one material difference between the two market analyses is the size of the proposed service areas used by each party. OH contends having defined a compact and realistic seven ZIP Code service area identifying the ZIP Codes that are expected to provide the major portion of the new hospital’s volume based on proximity of the proposed new hospital site, travel routes and trends within the area, location of existing acute care resources and local knowledge of the Southwest Orange County market. OH maintains that conversely, FH (**CON application #10450**) identified a large 14 ZIP Code service area, with a geographic footprint much larger than reasonably expected for a 100-bed non-tertiary hospital. OH asserts that while FH attempts to justify this large area by saying it is based on the patients served by its freestanding ED, review of the patient origin data for the freestanding ED does not support the service area FH used for the new hospital. OH contends that with five of FH’s 14 ZIP Codes individually generating less than one percent of the freestanding ED’s volume, “...reasonable planning approaches would not include these low volume and low percentage ZIP Codes in a realistic service area definition”.

The Horizon West site secured by OH is best situated to enhance access for residents of Southwest Orange County. OH provides a map (OHC RWSO, page six) to present a visual review of the locations of each proposed site. According to OH, the Horizon West site is “...squarely located in southwestern Orange County” and again reiterates that this site is “...best suited to meet the needs of the proposed service areas, and in particular the rapidly developing southwestern Orange County area”. OH then reiterates anticipated population growth in ZIP Codes 34761 and 34787. OH asserts that the highest growth population within the “home” ZIP Code of 34787 is in the western and southwestern portions of 34787. OH maintains that FH’s SSA ZIP Codes are “...extending significantly further east” than OH’s Horizon West service area and that residents of these eastern ZIP Codes already have readily available geographic access to

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acute care services today, "...without the unnecessary and duplicative development" of **CON application #10450**.

OH's definition of its service area is reasonable, appropriate and consistent with sound health planning principals. OH indicates that its service area is "...clear and consistent". OH reiterates tables (**CON application #10454**, page 48 and 49) to identify its proposed PSA and SSA by ZIP Code, corresponding city name and county (see item E.1.a. of this report for a review of these tables). OH also reiterates the justification for identifying the proposed service area. OH contends that the market share levels for the proposed PSA and SSA ZIP Codes are confirmed as achievable by actual OH and OHC market share levels.

OH emphasizes the unique forecast attribute included in the forecast, that there would be a different market share level for one of the five PSA ZIP Codes is reasonably based on the unique characteristics of ZIP Code 34760 and the local market knowledge of that geographic area. The Agency previously noted that **CON application #10454's** PSA ZIP Code 34760 (Oakland) overlaps with **CON application #10450's** SSA ZIP Code 34760 (Oakland).

OH reiterates **CON application #10454**, page 56, the 2020 Forecast Target Discharges from Service Area table. See item E.1.a. of this report for a review of this table. The table indicates an estimated combined PSA and SSA total of 2020 target market discharges of 17,760 and that this is 27.8 percent of the proposed Horizon West market share, with a combined PSA and SSA Horizon West hospital discharge total of 4,922. OH offers discussion (OHC RWSO, page 11) as to why the volume expected from each ZIP Code does not follow the same PSA and SSA sequence "...as was identified previously". Per OH, "these differences in no way imply errors or inconsistencies within the forecast model, rather they reflect the result of individual service area ZIP Codes having higher or lower levels of local market share volume potential". The reviewer notes that OH explores similar PSA and SSA sequence differences regarding **CON application #10450**. OH states that in summary, there are fully described reasons for the extended analysis of the PSA and SSA within **CON application #10454**. OH also states that "...these differences do not impact" the proposed project and that these differences "...are readily understandable if a realistic attempt is made to read and understand the information that was provided within the CON application".

Concerning ZIP Code 34761, OH indicates not including this ZIP Code in the proposed service area because OH does not expect to attract a significant number of patients from this ZIP Code. OH also indicates that with ZIP Code 34761 predominantly served by OHC and other OH

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facilities, the only providers who may be impacted would be OHC and other OH providers.

There is a comparison of FH and OH Horizon West service area population. OH contends that FH’s (CON application #10450’s) larger population base is solely due to FH defining a larger than reasonable geographic area for its service area. OH maintains that additional ZIP Codes added to expand the realistic service area would generate minimal incremental volume and would “...result in a misleading market presence”.

Using Claritas, **CON application #10450** (page 22) and **CON application #10454** (page 48), OH points out that by 2021, the population growth rate for FHWG will be 9.3 percent and for OHC’s Horizon West, the population growth rate will be 12.1 percent. The same source also indicates that in 2016, FHWG’s total service area will have a population 202,709 greater than OH’s Horizon West and by 2021, FHWG’s total service area will have a population 215,912 greater than OH’s Horizon West. The reviewer confirms that the totals shown below are consistent with the respective applicants’ estimates (**CON application #10450**, page 22 and **CON application #10454**, page 48), as indicated. The reviewer also confirms that the stated population differences and excess are arithmetically correct. See the table below.

Comparison of FHWG and OHC Horizon West Service Area Total Population Base

Area	2016	2021	Growth
FHWG PSA	196,633	218,656	11.2%
OHC HWest PSA	125,332	140,913	12.4%
FHWG SSA	212,263	228,445	7.6%
OHC HWest SSA	80,855	90,276	11.7%
FHWG Total Area	408,896	447,101	9.3%
OHC HWest Total Area	206,187	231,189	12.1%
FHWG Population Base Excess of OHC HWest Area Population Base	202,709	215,912	

OHC RWSO, page 13

According to OH, FH’s contention is baseless that OH’s smaller service area population forces OHC’s Horizon West to rely on an unrealistically high projected market share in its SSA in order to meet its projected utilization. OH again contends that its proposed project’s estimated market share capture levels are reasonable and achievable assumptions.

OH presents a detailed step-by-step need analysis that is consistent with sound health planning principals. OH asserts that the number of pages of an analysis has nothing to do with its reasonableness and that its (OH’s)

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estimates reasonably and appropriately document need as proposed in **CON application #10454**. OH reiterates its six bulleted steps that OH states are included in its market and volume forecast. OH also reiterates its (CY 2015) 9,205 non-tertiary patients from the defined service area, also reiterates that 5,790 total non-tertiary discharges proposed by 2020 account for only 63 percent of the OH historical volume and that again, this is a reasonable and achievable volume forecast.

FH's proposed new hospital (CON application #10450) duplicates existing resources and will not foster beneficial competition. OH concedes that while OH facilities do have large market share capture levels in the core in the Southwest Orange County ZIP Codes, this is the result of patients deciding to travel to OH facilities located at the periphery of the service area. According to OH, this patient selection is based on service area patient preference for OH services and programs. Also, OH emphasizes that in the larger Orlando market, FH has the largest market share (44.7 percent), well above OH's (32.4 percent). OH asserts that if any competitive or market share issues should be given consideration in this CON assessment, **CON application #10454** should be granted to ensure that competition is enhanced in the more appropriate greater Orlando marketplace and also to ensure that OH is able to maintain a viable and sustainable market condition.

OH expects that even with its conservative (smaller service area) population, OH anticipates that **CON application #10454** will have no material impact on current healthcare providers.

OH again presents the OHC RWSO page 13 table above (Comparison of FHWG and OHC Horizon West Service Area Total Population Base). OH states that its proposed service area volume growth will be higher (than the proposed FHWG) and that this will result in a comparative advantage for **CON application #10454**.

FH's comparison of care provided to unserved and underserved populations is misleading. OH concludes that FH's total dollar value of care to the unserved and underserved captures all of said care among all of AHS/S area facilities and that this provides "...no meaningful assessment of the level of care to the area's medically and financially indigent population". OH then reiterates FY 2015 FHURS data regarding its care for Medicaid, Medicaid managed care and the indigent (see item E.1.c. of this report for **CON application #10454**).

OH points out and the reviewer confirms that **CON application #10450** included no condition to provide any defined level of care to its service area underserved populations (no Medicaid, Medicaid managed care, charity care or self-pay conditions). OH reiterates its **CON application**

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#10454, Schedule C condition to provide 17.5 percent of patient volume to a combination of Medicaid/Medicaid Managed Care/Self Pay/Non-Pay/Other/Charity patients. OH maintains that this condition is consistent with OH's long-established practice and mission.

In final, OH stresses that **CON application #10454** is superior and should be approved.

H. SUMMARY

Each co-batched applicant proposes a general acute care hospital within Orange County, Florida, District 7, Subdistrict 7-2.

Adventist Health System/Sunbelt, Inc. d/b/a Florida Hospital/CON application #10450, a non-profit hospital system, proposes to establish a new 100-bed general acute care hospital (Florida Hospital Winter Garden or FHWG). As required in Section 408.037(2), F.S., the applicant offers a proposed project location of ZIP Code 34787 (at 2000 Fowler Grove Boulevard, Winter Garden, Florida which is the current FHWG campus site of the applicant's existing off-site ED). The applicant maintains that the proposed project will focus on adult (age 18+), non-tertiary care. In addition, FH indicates that the proposed facility will not include a pediatric unit or an obstetrics program but will add such program at a later time if the market demand indicates a need.

AHS/S offers 14 ZIP Codes to account for the total proposed service area, with the following four ZIP Codes as the primary service area (PSA) and the remaining 10 ZIP Codes as the secondary service area (SSA), all in Orange County unless otherwise indicated.

PSA ZIP Codes:

- 34787 (Winter Garden)
- 34786 (Windermere)
- 34761 (Ocoee)
- 34711 (Clermont –Lake County)

SSA ZIP Codes:

- 32818 (Orlando)
- 32808 (Orlando)
- 34734 (Gotha)
- 32835 (Orlando)
- 32819 (Orlando)
- 32836 (Orlando)
- 32830 (Orlando)
- 34714 (Clermont – Lake County)

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- 34756 (Montverde – Lake County)
- 34760 (Oakland)

The applicant anticipates that from 2020 through 2022, 4.5 percent of forecasted volume will originate from beyond the 14 ZIP Codes proposed total service area.

The Agency notes that **CON application #10450 and CON application #10454** have these same overlapping respective PSA ZIP Codes: 34787 (Winter Garden) and 34786 (Windermere), that **CON application #10450's** PSA ZIP Code 34711 (Clermont) overlaps with **CON application #10454's** SSA ZIP Code 34711 (Clermont) and that **CON application #10450's** SSA ZIP Codes 34714 (Clermont) and 34760 (Oakland) overlap with **CON application #10454's** PSA ZIP Codes 34714 (Clermont) and 34760 (Oakland).

AHS/S proposes conditions to CON approval on the application's Schedule C, identified on page 12 of this report.

Central Florida Health Services, LLC/CON application #10451, a developmental stage entity, affiliated with the private-for-profit/proprietary hospital system HCA® North Florida Division, proposes to establish a new 100-bed general acute care community hospital, to eventually develop into a teaching hospital (in the planned community of Lake Nona/Lake Nona Medical City, adjacent to the UCF COM campus), within the City of Orlando, in Orange County, Florida, District 7, Subdistrict 7-2. According to the applicant, this proposal is in collaboration of a joint venture between HCA-North Florida Division and UCF. As required in Section 408.037(2), F.S., the applicant offers a proposed project location within ZIP Code 32827. The applicant maintains that the proposed project will focus on adult (age 18+) non-tertiary and OB patients within the planned total service area and to some extent, Floridians living throughout southeast metro Orlando/Orange County and northern Osceola County.

CFHS offers 13 ZIP Codes to account for the total proposed service area, with the following five ZIP Codes as the PSA and the remaining eight ZIP Codes as the SSA, all in Orange County unless otherwise indicated.

PSA ZIP Codes:

- 34827 (Lake Nona)
- 32824 (Lake Nona)
- 32832 (Lake Nona)
- 34744 (Western Kissimmee – Osceola County)
- 34743 (Buena Ventura Lakes – Osceola County)

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SSA ZIP Codes:

- 34771 (Saint Cloud – Osceola County)
- 32822 (Orlando)
- 32829 (Orlando)
- 32831 (Orlando)
- 32809 (Orlando)
- 32812 (Orlando)
- 32837 (Orlando)
- 34773 (Saint Cloud – Osceola County)

The applicant anticipates that 5.0 percent of forecasted volume will originate from in-migration beyond the 13 ZIP Codes proposed total service area.

CFHS proposes condition(s) to CON approval on the application's Schedule C, identified on page 14 of this report.

Orlando Health Central, Inc./CON application #10454, a not-for-profit Class 1 hospital, affiliated with not-for-profit hospital system Orlando Health (OH), proposes to establish a new 103-bed general acute care hospital (to be named Orlando Health Central Horizon West Hospital) in the Horizon West CDP (Horizon West Town Center) in southwestern Orange County, Florida, District 7, Subdistrict 7-2. As required in Section 408.037(2), F.S., the applicant offers a proposed project location within ZIP Code 34787 (in the Town Center portion of Horizon West). The applicant maintains that the proposed project will initially focus on primary and secondary acute care services, targeted to the adult (age 15+) population within the area, excluding tertiary/specialty/obstetric care. The applicant also maintains that one service that will be considered is the future development of Level II Trauma services.

OHC offers seven ZIP Codes to account for the total proposed service area, with the following five ZIP Codes as the PSA and the remaining two ZIP Codes as the (SSA), with corresponding cities and counties shown.

PSA ZIP Codes:

- 34787 (Winter Garden-Orange County)
- 34786 (Windermere-Orange County)
- 34714 (Clermont-Lake County)
- 34747 (Kissimmee-Osceola County)
- 34760 (Oakland-Orange County)

SSA ZIP Codes:

- 33897 (Davenport-Polk County)

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- 34711 (Clermont-Lake County)

The applicant anticipates that in 2020, 15 percent of forecasted volume will originate from beyond the seven ZIP Codes in the proposed total service area.

The Agency notes that **CON application #10454 and CON application #10450** have these same overlapping respective PSA ZIP Codes: 34787 (Winter Garden) and 34786 (Windermere), that **CON application #10454's** SSA ZIP Code 34711 (Clermont) overlaps with **CON application #10450's** PSA ZIP Code 34711 (Clermont) and that **CON application #10454's** PSA ZIP Codes 34714 (Clermont) and 34760 (Oakland) overlap with **CON application #10450's** SSA ZIP Codes 34714 (Clermont) and 34760 (Oakland).

OHC proposes conditions to CON approval on the application's Schedule C, identified on pages 15-16 of this report.

Need:

According to the Agency's Florida Hospital Bed Need Projections & Service Utilization by District (published on July 15, 2016) District 7, Subdistrict 7-2 (Orange County) had a total of 3,228 licensed acute care beds with an occupancy rate of 70.89 percent for the January 1, 2015 through December 31, 2015 reporting period.

CON #10222 was approved on June 6, 2014 to construct a 50-bed acute care replacement hospital for Florida Hospital Apopka in Orange County, Florida 32703. **CON #10222** does not alter the net acute care bed count in the subdistrict. There is no other CON approved general hospital project in District 7, Subdistrict 7-2, pending licensure.

As of September 14, 2016, Agency records indicate that 11 notifications submitted by existing Subdistrict 7-2 general acute care hospitals confirm that a net increase of 367 acute care beds in Orange County are pending licensure.

The reviewer notes that pursuant to Section 408.035, F.S., the Agency shall consider only the following criteria for each co-batched applicant for a general acute care hospital proposal:

- The need for the health care facilities and health services being proposed
- The availability, accessibility and extent of utilization of existing health care facilities and health services in the service district

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- The extent to which the proposed services will enhance access to health care for residents of the service district
- The extent to which the proposal will foster competition that promotes quality and cost-effectiveness
- The applicant's past and proposed provision of health care services to Medicaid patients and the medically indigent

Adventist Health System/Sunbelt, Inc. d/b/a Florida Hospital/CON application #10450 offers the following as justification for project approval:

- Large and growing population base in the proposed service area
- Robust utilization of the existing off-site ED on the Winter Garden campus which has exceeded initial projections and is on track to serve more than 23,000 visits in the first full year of operation
- Comprehensive infrastructure of emergency, ambulatory and physician services available on the FHWG Campus
- Historical increase in non-tertiary hospital discharges within the defined service area
- Florida Hospital System currently serves a significant number of patients who reside in the defined service area
- Lack of impact to other area hospital providers given market growth and the potential for redirection of existing Florida Hospital patient volume
- Overwhelming community support for the proposed project

Central Florida Health Services, LLC/CON application #10451 does not provide a concise point-by-point justification for project approval. However, broadly, the applicant provides the following justification for project approval:

- The proposal is a joint venture between HCA-North Florida Division and UCF
- There is no general acute care hospital in the proposed PSA
- By 2021, there will be an estimated 182,351 residents in the PSA, with 23,096 of these residents being age 65+
- By 2021, there will be an estimated 422,097 in the proposed total service area, with 56,902 of these residents being age 65+
- By 2021, there will be an estimated 38,032 female population age 15-44 in the PSA and 86,973 of this population in the total service area
- By 2021, the overall non-white population is expected to be 33.9 percent of the total service area
- FH and OH have the dominant acute care patient days in the Metro Orlando area, with HCA facilities having just 12.6 percent of the total acute care patient days for the 12 months ending December 31, 2015 and competition should be a consideration in the Agency's approval process
- The proposed project would bring a competitive acute care and OB services balance to the area

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- Driving distances from the proposed project location range from 23.0 miles (to Winter Park Memorial Hospital) to 11.2 miles (to Osceola Regional Medical Center)
- By 2021, total non-tertiary and OB discharges in the total service area should reach 4,969, equating to 23,625 total patient days

Orlando Health Central, Inc./CON application #10454 offers the following as justification for project approval:

- The large existing population base and the strong forecast of population growth within Horizon West
- The large and growing population within the target service area
- The large and growing pool of patients capable of being served at the proposed new hospital
- Enhanced geographic access to hospital services for this large and rapidly growing “new town” community
- Enhanced geographic access to Orlando Health aligned patients
- Strong community support for the proposed project
- Ability to establish the proposed project and achieve significant access enhancement, with realistic market capture levels and minimal adverse impact levels

The Agency finds that each applicant provided evidence demonstrating need for their proposed projects in Subdistrict 7-2. The Agency has determined that in weighing and balancing the statutory criteria of 408.035 (2), that each applicant has satisfied the statutory criteria. In addition, the Agency finds that based upon the information provided in each of the three CON applications—approval of the applications will enhance access to healthcare for residents of the service district and will foster competition that promotes quality and cost-effectiveness.

Competition

Adventist Health System/Sunbelt, Inc. d/b/a Florida Hospital/CON application #10450 discusses the proposed project’s positive impact on competition in the context of:

- FHWG’s and FH’s many awards, recognitions and certifications
- That the proposed project is a natural extension of current services at its offsite ED in Winter Garden
- High scores in recent patient satisfaction surveys at FHWG, including:
 - More than 90 percent of patients would recommend FHWG’s offsite ED
 - Nearly 100 percent of patients would recommend FHWG’s outpatient services, including imaging and laboratory services

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- 100 percent of patients would recommend FHWG's outpatient surgery service
- Positive economic impact on the community
- No written opposition was received by the Agency regarding this proposal

Central Florida Health Services, LLC/CON application #10451 discusses competition in the context of:

- The proposed project would bring a competitive balance to the Metro Orlando area, with FH and OH currently being the dominate non-tertiary acute care and OB providers in the area
- The proposed project would offer a competitive alternative to the current FH and OH providers in the area
- The proposal will spur innovation by pairing HCA's significant operational resources with the clinical, educational and research excellence of UCF
- Increasing hospital access to the residents of the Lake Nona area
- Two written opposition statements were received by the Agency regarding this proposal and each is briefly stated below:
 - Adventist Health System/Sunbelt, Inc. d/b/a Florida Hospital does not challenge the need justification but indicates that the following additional conditions should be imposed:
 - The key joint venture points in the Public-Private Partnership from (CON application #10451) Attachment A, which was approved by the UCF Board of Trustees at the October 24, meeting
 - In the event a final non-appealable CON is issued prior to P-3 approval, if P-3 approval is not obtained by December 31, 2017, the CON shall be voided
 - Commitment that the proposed hospital shall be built on the 25.2 acres owned by UCF adjacent to the College of Medicine on the Lake Nona Health Services Campus
 - While the development of a teaching hospital would occur in the future, the applicant shall subscribe detailed progress reports to the Agency, at least annually, which summarizes activities and progress in attaining teaching hospital status
 - Orlando Health, Inc., d/b/a Orlando Regional Medical Center challenges the proposal in the context of:
 - No binding commitment to any teaching or research component and the lack of a condition to the proposed site make those features of the proposal "wholly speculative"
 - The proposal is significantly smaller in size than the average academic medical center nationally
 - Financial performance of the proposal is unclear

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- No new specialty programs or services that are not already provided at Orlando area hospitals are proposed and will not positively identify physician shortages
- Existing alternative and medical residency training models are already in place at UCF and in the Orlando area and are already effective in providing medical education opportunities
- It is already an increasing trend that top-ranked medical schools are spinning-off their previously owned medical centers
- The “needs of” and “need for” research and teaching hospitals as a basis for determining need cannot be considered
- The proposal would divert a higher than market share level of insured patients away from the region’s safety-net providers, including Orlando Health, Inc.
- The proposal will not attain its Medicaid/Medicaid managed care and charity care patient day combined condition

Orlando Health Central, Inc./CON application #10454 discusses the proposed project’s positive impact on competition in the context of the parent’s (OH’s) delivery of:

- High-performance Accountable Care Organization
- Evidence-Based Quality Measures
- Population Health and Care Coordination

These itemized competitive characteristics are indicated as greater penetration in the proposed service area for an enhanced care continuum, improved coordination efforts, efficiencies and quality measures provided through the parent (OH).

- One written opposition statement was received by the Agency regarding this proposal and is briefly stated below:
 - Adventist Health System/Sunbelt, Inc. d/b/a Florida Hospital reiterates its own seven bulleted need justifications in **CON application #10450**. AHS/S also offers these contentions:
 - The Florida Hospital Winter Garden proposal is a natural and planned extension of the services currently offered at the Winter Garden campus, including the AHS/S existing ED at this location
 - AHS/S has an already operational array of services and infrastructure in West Orange County at the proposed site and OH has no such arrangements at its (OH’s) proposed site.

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- AHS/S can reasonably expect to have an inpatient origin that will mirror that of the existing ED in Winter Garden, with patient care patterns already established
- The Winter Park proposal is more accessible to major highways in the area
- AHS/S provided a step-by-step methodology and actual off-site ED data to reach its projections and estimates, which OH offered a less itemized analysis of its (OH's) estimates, making OH's estimates more difficult to assess regarding their reasonability
- AHS/S will increase competition in its total service area because that area is already served in a significant capacity by OH, while approval of the OH proposal would lead to repetitive services already offered by OH, hindering patient choice
- AHS/S FH is the most financially accessible hospital entity in the State of Florida
- As a private entity, AHS/S FH does not rely on public dollars (as OH does) to fund its community benefit activities or capital expenditures and this sets AHS/S FH apart

Medicaid/charity care:

Adventist Health System/Sunbelt, Inc. d/b/a Florida Hospital/CON application #10450: The applicant proposes no Medicaid/Medicaid HMO or charity/medically indigent care condition.

Florida Hospital Uniform Reporting System data indicates that during FYE December 31, 2015, FH provided 19.46 percent of its total patient days to Medicaid, Medicaid HMO and charity care. This is the fifth highest percentage of Medicaid/Medicaid HMO and charity care patient days (combined) in District 7, for the 2015 reporting period.

FH participates in the LIP and the DSH programs. The applicant's SFY 2015-2016 total LIP allocation was \$12,788,201 and the total DSH allocation was \$1,715,181. The applicant's LIP allocation received was \$12,788,201 and the DSH allocation received was \$1,702,621 as of September 20, 2016.

Central Florida Health Services, LLC/CON application #10451: The applicant conditions a minimum of 15 percent of its patient days to patients covered by Medicaid/Medicaid managed care or who meet the criteria for charity care, combined.

The applicant proposes utilizing the same charity care policies and uninsured discount policies as other affiliated HCA facilities.

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Orlando Health Central, Inc./CON application #10454: The applicant conditions that the proposed new hospital will provide 17.5 percent of patient volume to a combination of Medicaid/Medicaid Managed Care/Self Pay/Non-Pay/Other/Charity patients and that this combination is being made to solidify Orlando Health Central's provision of needed care to all patients regardless of an individual's financial resources or insurance coverage.

Florida Hospital Uniform Reporting System data indicates that during FYE September 30, 2015, OH provided 33.89 percent of its total patient days to Medicaid, Medicaid HMO and charity care. This the second highest percentage (exceeded only by Nemours Children's Hospital) of Medicaid/Medicaid HMO and charity care patient days (combined) in District 7, for the 2015 reporting period.

OH participates in the LIP and the DSH programs. The applicant's SFY 2015-2016 total LIP allocation was \$2,550,584 and the total DSH allocation was \$3,913,286. The applicant's LIP allocation received was \$2,550,584 and the DSH allocation received was \$3,884,631 as of September 20, 2016.

The parent (OH) is a member of the Safety Net Hospital Alliance of Florida and is the only Orlando-based provider participating in this Alliance.

Health Central participates in the LIP and the DSH programs. The applicant's SFY 2015-2016 total LIP allocation was \$711,822 and the total DSH allocation was \$2,697,800. The applicant's LIP allocation received was \$711,822 and the DSH allocation received was \$2,677,646 as of September 20, 2016. The parent (OH) also participates in the LIP and the DSH programs. The parent's SFY 2015-2016 total LIP allocation was \$2,550,584 and the total DSH allocation was \$3,913,286. The applicant's LIP allocation received was \$2,550,584 and the DSH allocation received was \$3,884,631 as of September 20, 2016.

I. RECOMMENDATION:

Approve CON application #10450 to establish a new 100-bed general acute care hospital in District 7, Subdistrict 7-2 (Orange County).

CONDITIONS:

1. Site

The applicant will build the proposed 100-bed hospital at the site specified in the CON application. The site address is:
2000 Fowler Grove Boulevard

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Winter Garden, FL 34787

2. Winter Garden Community Garden Support

Florida Hospital Winter Garden will pledge \$300,000 over a three year period to support the Winter Garden Community Garden health and wellness initiative in the East Winter Garden neighborhood, which is a USDA-designated Food Desert. Providing access to healthy, fresh food and a gathering place for the community are both highly aligned with extending Florida Hospital's whole-person approach to healthcare.

The East Winter Garden neighborhood project will include:

- A staff supported community garden with 100 plots
- A small sustainable working farm that will provide fresh produce for sale at a satellite weekly farmers market held onsite
- A community pavilion and outdoor kitchen with restrooms that will be the new home to a weekly farmers market and serve as a community venue to support events and the community garden
- Create a SNAP program for the weekly farmers market so that the community has all the necessary resources to buy local, fresh and healthy food
- A teaching garden with school tours and classes in conjunction with UF/IFAS
- Provide fresh, healthy food on a weekly basis to the Kids Café program

3. Education and Community Health Improvement Activities

FHWG will plan and conduct wellness activities aimed at improving the overall health and wellness of the communities it serves. Specifically, FHWG will offer periodic healthy lifestyle workshops and educational seminars on the facility campus. These classes will feature physicians or other healthcare professionals providing education on topics such as healthy lifestyle changes, chronic disease management, or new advances in clinical care. Programming and frequency will be based on the specific health needs of the community.

Approve CON application #10451 to establish a new 100-bed general acute care hospital in District 7, Subdistrict 7-2 (Orange County).

CONDITIONS:

- Central Florida Health Services, LLC commits to provide a minimum of 15 percent of its patient days to patients covered by Medicaid/Medicaid managed care or who meet the criteria for charity care, combined.

Approve CON application #10454 to establish a new 103-bed general acute care hospital in District 7, Subdistrict 7-2 (Orange County).

CONDITIONS:

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- The proposed new hospital will be located in the Town Center village of Horizon West – located on Porter Road – immediately east of Highway 429 (Daniel Webster Western Beltway) – at the 80 acre site currently owned by Orlando Health Central. The site is bordered on the west by County Road 545/Avalon Road, a major north/south route within Horizon West and bordered on the north by Porter Road.
- The proposed new hospital will provide 17.5 percent of patient volume to a combination of Medicaid/Medicaid Managed Care/Self Pay/Non-Pay/Other/Charity patients. This combination is being made to solidify Orlando Health Central’s provision of needed care to all patients regardless of an individual’s financial resources or insurance coverage.
- Upon licensure and opening of the proposed new hospital, Orlando Health Central will provide the following local community investments in support of the organization’s overall Mission “*To improve the health and quality of life of the individuals and communities we serve.*”
 - A minimum contribution of \$100,000 per year for at least three years to Shepard’s Hope to support its activities within Southwest Orange County.
 - A minimum contribution of \$100,000 per year for at least three years to affiliated members of the Primary Care Access Network (PCAN) to expand its provision and coordination of care within Southwest Orange County.
 - A minimum contribution of \$100,000 per year for at least three years to Healthy West Orange to expand program activities aimed at empowering West Orange community members to take control of their health and pledge to themselves and their community that they will do their part to better the overall health of their community.

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AUTHORIZATION FOR AGENCY ACTION

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

DATE: _____

Marisol Fitch
Health Administration Services Manager
Certificate of Need