

STATE AGENCY ACTION REPORT

CON APPLICATION FOR CERTIFICATE OF NEED

A. PROJECT IDENTIFICATION

1. Applicant/CON Action Number

Comprehensive Home Health Care, Inc.
d/b/a Opus Care of South Florida/CON #10470
7270 NW 12th Street, PH6
Miami, Florida 33126

Authorized Representative: Julio H. Tamayo
Administrator & Chief Compliance Officer
(305) 591-1606

2. Service District/Subdistrict

Hospice Service Area 11 (Miami-Dade and Monroe Counties)

B. PUBLIC HEARING

A public hearing was not held or requested for the proposed project.

Letters of Support

As of the application deadline, the applicant submitted 159 letters of support from area residents. As of the application omissions deadline, the applicant submitted CON application #10470, Appendix O, which numerically lists the originally submitted 159 support letters, including the printed names, affiliate organization, letter date and support letter category (primarily assisted living facility or ALF, community member, elected official, hospital, insurer, nursing home or physician). The reviewer notes that many of the 159 support letters are from area physicians.

The applicant provides excerpts of seven letters of support on pages 22 through 24 of the application. Below are portions of some of the letters of support that the applicant specifically noted:

“The introduction of a free-standing hospice inpatient unit for acute or chronic symptoms of pain would be immensely beneficial to patients, their loved ones and the community as a whole, especially when these symptoms of pain cannot be managed in other settings or when the patient is in the actively dying stage.

While the majority of hospice care is provided at the patient’s residence, medical intervention is recommended during end-of-life care to ease the dying process...A free-standing Opus Care inpatient facility in a South Central Miami-Dade County location would be ideal for the patient and their caregivers” –*Orlando E. Silva, MD, Medical Director, Cancer Center at Larkin Community Hospital*

“This resource for the terminally ill citizens of our community and their families will prove to be impactful for dealing with end of life circumstances. This is a noble venture to families during a time of deepest need” –*Sandy Sosa-Guerroero, FACHE, RN, BSN, MBA-HA, Chief Executive Officer, Larkin Community Hospital*

“The inpatient unit will serve as a controlled setting where patients will greatly benefit from attentive, personalized care and, in turn, a higher quality of life...This expansion also serves as a win-win for both the growing inpatient population as well as for the community” –*C. Chaviano, Board Member, Coral Gables Hospital*

“There is a shortage of available inpatient beds in South Miami-Dade County. Many families who would prefer this option are not afforded the opportunity of on-site clinicians, available to their loved ones 24/7...As a local physician, I can personally attest to this need” –*Jose L. Vargas, MD, Medical Director, West Gables Rehabilitation Hospital*

“An inpatient self-standing hospice unit has a profound and direct impact on the process of dying, helping the patient die with comfort and dignity while providing loved ones with psychological, spiritual and comprehensive care throughout the process” –*Josephine Sanchez, Medical Social Worker, West Kendall Baptist Hospital*

C. PROJECT SUMMARY

Comprehensive Home Health Care, Inc. d/b/a OpusCare of South Florida (CON application #10470), (f/k/a Hospice Care of South Florida) also referenced as OpusCare or the applicant, a not-for-profit Florida entity, providing hospice services since 1991 to a high percentage of Hispanic patients and families, proposes to establish a new 13-bed

freestanding inpatient hospice facility in Hospice Service Area 11 (Miami-Dade and Monroe Counties), anticipated to be located at 18430 South Dixie Highway, Miami, Florida 33157-6815.

According to the applicant, the proposed project will provide two main advantages in constructing and operating its own inpatient beds – create a home-like setting more conducive to appropriate hospice care and achieve significant cost efficiencies. According to the applicant, this is driven by a population-based, cost-based and geographic need.

The applicant is presently licensed to operate a hospice program in Hospice Service Area 11 only. OpusCare does not currently operate and is not CON-approved to operate any licensed freestanding inpatient hospice facilities. OpusCare expects the proposed project's issuance of license in August 2018 and initiation of service in September 2018.

The total project cost is \$409,600 per Schedule 1 but is \$425,744, per line R of Schedule 9 of the application. New construction costs are \$675,000, with renovation costs of \$1,181,250 (total construction costs of \$1,856,250). However, the applicant indicates that renovation and new construction will be covered through the long lease agreement with the developer and will not be incurred as capital costs by the applicant. The project will involve 2,250 gross square feet (GSF) of new construction and 5,250 GSF of renovation (total 7,500 GSF). Costs covered are for building, equipment and project development. The reviewer maintains that all costs should be included as the applicant is applying to establish a new inpatient hospice facility and all costs—including renovation and construction should be part of the capital costs of the project.

The applicant offers no conditions on the proposed project.

D. REVIEW PROCEDURE

The evaluation process is structured by the certificate of need review criteria found in Section 408.035, Florida Statutes; and applicable rules of the State of Florida, and 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 provided in the application, and independent information gathered by the reviewer.

Applications are analyzed to identify various strengths and weaknesses in each proposal. If more than one application is submitted for the same type of project in the same district (subdistrict or service planning area), applications are comparatively reviewed to determine which applicant best meets the review criteria.

Section 59C-1.010 (3) b, Florida Administrative Code, prohibits any amendments once an application has been deemed complete. The burden of proof to entitlement of a certificate rests with the applicant. As such, the applicant is responsible for the representations in the application. This is attested to as part of the application in the certification of the applicant.

As part of the fact-finding, the consultant, Steve Love, analyzed the application in its entirety with consultation from financial analyst Brian Shoemaker of the Bureau of Central Services, who evaluated the financial data and Scott Waltz of the Office of Plans and Construction, who reviewed the application for conformance with the architectural criteria.

E. CONFORMITY OF PROJECT WITH REVIEW CRITERIA

The following indicates the level of conformity of the proposed project with the criteria found in Sections 408.035 and 408.037, Florida Statutes; applicable rules of the State of Florida, Chapter 59C-1 and 59C-2, Florida Administrative Code.

1. Fixed Need Pool

a. Does the project proposed respond to need as published by a fixed need pool? Chapter 59C-1.008, Florida Administrative Code and Chapter 59C-1.0355, Florida Administrative Code.

The Agency does not publish need for inpatient hospice beds. Hospice programs are required by federal and state law to provide hospice patients with inpatient care when needed (42 Code of Federal Regulations 418.108) and no more than 20 percent of a hospice's total patient days may be inpatient days per Section 400.609(4), Florida Statutes. Inpatient care may be provided through contractual arrangements in hospitals and nursing homes, and is generally provided on a short-term basis within the total hospice stay.

OpusCare is one of nine licensed hospice providers in Hospice Service Area 11 and currently does not operate a freestanding inpatient hospice facility. Currently, the sole Hospice Service Area 11 licensed hospice provider that maintains an operational inpatient hospice facility is Catholic Hospice, Inc. (with 13 beds in Hialeah, Florida).

- b. If no Agency policy exists, the applicant will be responsible for demonstrating need through a needs assessment methodology, which must include, at a minimum, consideration of the following topics, except where they are inconsistent with the applicable statutory or rule criteria:**
- **Population demographics and dynamics;**
 - **Availability, utilization and quality of like services in the district, subdistrict or both;**
 - **Medical treatment trends; and**
 - **Market conditions.**

OpusCare states and the reviewer confirms that OpusCare provides an extensive and detailed needs assessment on pages 32 – 57 of the application. Major points addressed are summarized below.

Population demographics and dynamics

Using Agency population estimates, the applicant indicates District 11 total population of 2,729,827 in 2016 rising to 2,898,611 (5.61 percent increase) by 2021. OpusCare notes a District 11 age 65+ population of 417,034 in 2016 rising to 483,355 (14.37 percent increase) by 2021. OpusCare points out that the age 65+ population is projected to increase “significantly” faster than the younger age cohort and that with the age 65+ population representing the biggest users of hospice services—the population increase will drive the need for increased access to hospice services and settings in the future. The reviewer reproduces the District 11 totals and percentages only and not the statewide totals and percentages included by the applicant. See the exhibit below.

**Comprehensive Home Health Care, Inc.
District 11 Population Estimates 2016-2021**

| | | 0-17 | 18-64 | 65+ | 75+ | Total Population |
|-------------|-----------------|--------------|--------------|---------------|---------------|-------------------------|
| District 11 | 2016 | 575,069 | 1,737,724 | 417,034 | 193,928 | 2,729,827 |
| | 2021 | 594,815 | 1,830,441 | 483,355 | 218,304 | 2,898,611 |
| | % Change | 3.19% | 4.28% | 14.37% | 11.67% | 5.61% |

Source: CON application #10470, page 34, Exhibit 4

Using the same source, OpusCare uses the same population estimates for the same years and the same age cohorts but breaks down these estimates for Miami-Dade County and Monroe County (each). Again, the applicant points out the high percentage population growth (in both Miami-Dade County and Monroe County) for the age 65+ population. See the exhibit below.

**Comprehensive Home Health Care, Inc.
District 11 Population Estimates 2016-2021**

| District 11 | | 0-17 | 18-64 | 65+ | 75+ | Total Population |
|--------------------|-----------------|--------------|--------------|--------------|-------------|-------------------------|
| Miami-Dade | 2016 | 565,644 | 1,698,996 | 407,032 | 189,880 | 2,671,672 |
| | 2021 | 584,238 | 1,776,360 | 465,361 | 211,736 | 2,825,959 |
| | % Change | 3.3% | 4.6% | 14.3% | 11.5 | 5.8% |
| Monroe | 2016 | 10,783 | 46,672 | 15,599 | 5,604 | 73,054 |
| | 2021 | 10,577 | 44,081 | 17,994 | 6,568 | 72,652 |
| | % Change | -1.9% | -5.6% | 15.4% | 17.2 | -0.6% |

Source: CON application #10470, page 35, Exhibit 5

Using Claritas, Inc., 2016 Methodology estimates, OpusCare discusses and provides four exhibits (CON application #10470, pages 36 and 37) to address population projections by race (white, African-American, American Indian, Asian, Pacific Islander, other races, two or more races and total) for the same five-year period (2016-2021), for District 11. The applicant points out that all racial categories, in the age 65+ population in District 11, are expected to experience “significant” growth over the next five years (2016-2017), indicating need for focused care on the elderly population. See the exhibit below.

**Comprehensive Home Health Care, Inc.
Age 65+ Population Growth for District 11 by Race 2016-2021**

| | 2016 | 2021 | Percent Change | Annual Rate of Growth |
|------------------|----------------|----------------|-----------------------|------------------------------|
| White | 363,343 | 421,458 | 15.99% | 3.01% |
| African American | 55,414 | 64,499 | 16.39% | 3.08% |
| American Indian | 599 | 805 | 34.39% | 6.09% |
| Asian | 4,653 | 6,082 | 30.71% | 5.50% |
| Pacific Islander | 65 | 78 | 20.00% | 3.71% |
| Other Races | 6,443 | 8,007 | 24.27% | 4.44% |
| 2 or More Races | 7,254 | 9,071 | 25.05% | 4.57% |
| Total | 437,771 | 510,000 | 16.50% | 3.10% |

Source: CON application #10470, page 36, Exhibit 6

OpusCare asserts that the proposed project will enable it to better meet the needs of its diverse and growing patient base. The applicant discusses ethnicity characteristics in District 11 and statewide (CON application #10470, pages 38 and 39). OpusCare contends that it recognizes that it must prepare to fully meet the needs of its diverse community. Using Agency hospital database discharge totals for calendar year (CY) 2015, OpusCare points out in CY 2015 a higher

percentage (2.33 percent) of Hispanic or Latino discharges from acute care hospitals to home hospice/hospice facility in District 11. See the exhibit below.

**Comprehensive Home Health Care, Inc.
District 11 Discharges to Hospice by Ethnicity**

| | Discharges to Home Hospice | Discharges to Hospice Facility | Total Discharges | Percent of Total |
|------------------------|-----------------------------------|---------------------------------------|-------------------------|-------------------------|
| Hispanic or Latino | 1,511 | 3,302 | 206,407 | 2.33% |
| Non-Hispanic or Latino | 591 | 1,522 | 130,581 | 1.62% |
| Unknown | 46 | 109 | 10,856 | 1.43% |
| Grand Total | 2,148 | 4,933 | 347,844 | 2.04% |

Source: CON application #10470, page 39, Exhibit 11

OpusCare discusses deaths in District 11 by age, race and ethnicity (CON application #10470, pages 39 to 41). Using Florida Department of Health CHARTS totals, OpusCare indicates that over the past three years, deaths have increased among major age cohorts, stating that from 2012 to 2015, total deaths for the population under 65 increased 3.3 percent while 65+ deaths increased 5.7 percent in the same time frame. See the exhibit below.

**Comprehensive Home Health Care, Inc.
Historical Deaths by Age in District 11**

| | 2012 | 2015 | Incremental Change | Percent Change |
|-----------------|---------------|---------------|---------------------------|-----------------------|
| Under 65, | 4,757 | 4,912 | 155 | 3.3% |
| 65 and Over | 14,440 | 15,256 | 816 | 5.7% |
| All Ages | 19,197 | 20,168 | 971 | 5.1% |

Source: CON application #10470, page 39, Exhibit 11

OpusCare asserts that it will continue to extend its community education initiatives to increase access and awareness of hospice to minority populations who currently access hospice less frequently. Additionally, OpusCare discusses causes of death in District 11 (CON application #10470, pages 41 and 42).

Availability, utilization and quality of like services

The Agency notes that currently Catholic Hospice, Inc. is the only District 11 hospice provider that is CON approved and licensed to operate a freestanding inpatient hospice facility. The applicant notes that this inpatient facility is located in a leased unit at St. Catherine’s West Rehabilitation Hospital and that the proposed project brings a “true” freestanding inpatient hospice facility to District 11.

OpusCare states that using Florida Need Projections for Hospice Programs, issued September 30, 2016, of all districts with a freestanding inpatient hospice facility, District 11 has the least beds per 100,000

population (0.463) of any Hospice Service Area in Florida. The applicant contends that the next lowest district, District 1, has more than five times the beds per 100,000 population of District 11.

**Comprehensive Home Health Care, Inc.
Freestanding Inpatient Hospice Beds per Capita by Service Area**

| Service Area | Total Freestanding Hospice Inpatient Beds | Projected Population 07/01/18 | Beds per 100,000 Population (07/01/18) |
|---------------------|--|--------------------------------------|---|
| Subdistrict 2A | 0 | 308,280 | - |
| Subdistrict 7B | 0 | 1,685,059 | - |
| District 10 | 0 | 1,837,432 | - |
| District 11 | 13 | 2,806,343 | 0.463 |
| District 1 | 18 | 740,139 | 2.432 |
| Subdistrict 2B | 12 | 453,815 | 2.644 |
| Subdistrict 6A | 48 | 1,400,736 | 3.427 |
| Subdistrict 7C | 16 | 456,382 | 3.506 |
| Subdistrict 8D | 18 | 409,505 | 4.396 |
| Subdistrict 9C | 66 | 1,430,068 | 4.615 |
| Subdistrict 8B | 20 | 367,316 | 5.445 |
| Subdistrict 6B | 44 | 803,820 | 5.474 |
| Subdistrict 6C | 20 | 364,969 | 5.480 |
| Subdistrict 4A | 88 | 1,483,815 | 5.931 |
| Subdistrict 9B | 34 | 516,171 | 6.587 |
| Subdistrict 7A | 40 | 578,651 | 6.913 |
| Subdistrict 3E | 36 | 471,988 | 7.627 |
| Subdistrict 9A | 12 | 151,729 | 7.909 |
| Subdistrict 5B | 80 | 929,590 | 8.606 |
| Subdistrict 4B | 66 | 639,925 | 10.314 |
| Subdistrict 8C | 82 | 782,639 | 10.477 |
| Subdistrict 3A | 74 | 599,722 | 12.339 |
| Subdistrict 3B | 48 | 369,135 | 13.003 |
| Subdistrict 8A | 27 | 206,518 | 13.074 |
| Subdistrict 3C | 24 | 150,099 | 15.989 |
| Subdistrict 5A | 99 | 527,751 | 18.759 |
| Subdistrict 3D | 48 | 192,112 | 24.985 |

Source: CON application #10470, page 49, Exhibit 19 and page 81, Exhibit 30

According to the applicant, using Agency Semi-Annual Reports of Hospice Utilization, as of July 1, 2015 for the prior 12 months, the existing District 11 operational hospice providers had less than one percent of care being provided in either a hospice residential unit or freestanding inpatient hospice (CON application #10470, page 50 and page 51, Exhibit 20).

Per OpusCare, from January 2015 to October 2016, its average daily census (ADC) rose from 55 to 241, respectively (CON application #10470, page 52, Exhibit 21). Also per OpusCare, from January 2015 to November 2016, its admissions rose from less than 10 to over 70 (CON application #10470, page 53, Exhibit 22).

OpusCare asserts that based on its own 2016 inpatient census data, the applicant estimates 300 patient days, with 25.4 percent utilization and an ADC of 3.30 (first year and first quarter) rising to 1,100 patient days, with 92.0 percent utilization and an ADC of 11.96 (second year, fourth quarter). See the exhibit below.

**Comprehensive Home Health Care, Inc.
Two Year Projected Utilization for the Proposed Facility**

| First Year Operations | Dates | Total Beds | Patient Days | Percent Utilization | ADC |
|-------------------------------|----------------|-------------------|---------------------|----------------------------|------------|
| 1 st Quarter | 9/2018-11/2018 | 13 | 300 | 25.4% | 3.30 |
| 2 nd Quarter | 12/2018-2/2019 | 13 | 450 | 38.5% | 5.00 |
| 3 rd Quarter | 3/2019-5/2019 | 13 | 600 | 50.2% | 6.52 |
| 4 th Quarter | 6/2019-8/2019 | 13 | 800 | 66.9% | 8.70 |
| | Total | 13 | 2,150 | 45.3% | |
| Second Year Operations | | | | | |
| 1 st Quarter | 9/2019-11/2019 | 13 | 1,000 | 84.5% | 10.99 |
| 2 nd Quarter | 12/2019-2/2020 | 13 | 1,050 | 88.8% | 11.54 |
| 3 rd Quarter | 3/2020-5/2020 | 13 | 1,075 | 89.9% | 11.68 |
| 4 th Quarter | 6/2020-8/2020 | 13 | 1,100 | 92.0% | 11.96 |
| | Total | 13 | 4,445 | 88.8% | |

Source: CON application #10470, page 57, Exhibit 26

Medical treatment trends and Market conditions

The applicant reiterates that the proposed project will enhance the continuum of service made available to terminally ill persons in District 11. OpusCare maintains that with growing demand for hospice care in Miami-Dade County, it must proactively prepare to meet those needs and demands. The applicant asserts that the proposed project extends the continuum of care and quality of care already being provided.

2. Agency Rule Criteria and Preferences

- a. Rule 59C-1.0355 (7) Florida Administrative Code states that the Agency will not normally approve a proposal for construction of a freestanding inpatient hospice facility unless the applicant demonstrates that the freestanding facility will be more cost-efficient than contractual arrangements with existing hospitals or nursing homes in the service area. The application shall include the following:**

- (1) A description of any advantages that the hospice program will achieve by constructing and operating its own inpatient beds.**

OpusCare states that it recognized the need for the proposed project because patients requiring care outside of the home have no proximal options outside of hospital units and nursing facilities.

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The applicant maintains that these settings require patients and their caregivers to spend final days in costly institutional settings, lacking privacy, tranquility and specialized hospice care.

OpusCare states that the proposed project will offer a home-like setting more conducive to appropriate hospice care. The applicant maintains that the proposed project will allow for more privacy and lower staff ratios compared to traditional hospital/nursing home inpatient beds. OpusCare points out that the proposed project would allow an inpatient option in a home-like environment that is more inviting and convenient for patients and families than the current inpatient options in District 11.

OpusCare maintains having engaged with many local hospitals in an effort to partner and create an inpatient unit but that this alternative has been “impossible” as the hospitals are not interested. OpusCare contends that local hospitals prefer to maximize hospital space for acute care uses in which the average diagnostic related group (DRG) reimbursement rate is approximately \$1,600 per day, much higher than the rates given by CMS to hospice providers for general inpatient (GIP) (\$705/day). The applicant notes that hospitals typically consume 90 percent of the GIP bed rates in these contractual situations.

OpusCare asserts that a total cost per patient day in year two of operation will be \$528 (CON application #10470, page 4). OpusCare offers a list of 13 area hospitals and 16 area nursing homes (29 providers in all) with whom the applicant states having either a contract or letter of agreement (LOA) for the use of inpatient beds at these facilities, when needed (CON application #10470, page 28, Exhibit 3). The reviewer notes that this exhibit indicates an itemized cost per patient day for each of the 29 providers, but no average cost per patient day. The reviewer also notes that the applicant provides a list of 31 area facilities with whom the applicant has a contract to provide general inpatient care on page 70 of CON application #10470.

The applicant contends that its current contract and LOA rate cost per patient day for the 13 area hospitals averages to \$528 (CON application #10470, page 69, Exhibit 27). The reviewer notes that OpusCare does not state the estimated net revenue gain per patient day as a result of the proposed project.

The Agency anticipates that the applicant would realize a cost per patient day at its proposed facility. Also, the Agency notes that costs are stated in Schedule 1 and Schedule 9 of the application that the applicant is not currently incurring, further indicating

that the proposed project will incur costs that are not being addressed, as presented, in that no net savings (current costs less proposed costs equals net savings) is stated.

(2) Existing contractual arrangements for inpatient care at hospitals and nursing homes.

OpusCare provides a list of 31 area hospitals/nursing homes with whom the applicant states having contracts to provide general inpatient care when needed (CON application #10470, page 70). The reviewer notes that the applicant does not provide a sample contract.

(3) Anticipated sources of funds for the construction.

OpusCare states having the financial resources necessary to equip the proposed project and to lease the land and building from an unrelated third-party developer, Abalela Properties, LLC. For a review of Schedule 1 costs associate with this proposal, see items C and F of this report. The reviewer notes that the applicant does not include any of these costs as capital costs for the project even though the proposal is for the establishment of a new inpatient hospice facility (including construction and renovation).

The reviewer notes that CON application #10470 does not include a sample agreement between OpusCare and Abalela Properties, LLC.

b. Rule 59-1.0355(8) Florida Administrative Code: Semi-Annual Utilization Reports. Each hospice program shall report utilization information to the Agency or its designee on or before July 20th of each year and January 20th of the following year.

The applicant commits to providing semi-annual utilization reports as specified under the rule provision.

3. Statutory Review Criteria

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

OpusCare reiterates that District 11 does not currently have a "true" dedicated freestanding inpatient hospice facility and that inpatient settings available do not provide an optimal environment for end-of-life

care for the patient, family and caregivers. The applicant notes the total population estimates for District 11, from 2016 to 2021 and also for the age 65+ population in the same area for the same time frame.

The applicant contends that the lack of availability of inpatient hospice facility beds has created the necessity for inpatient hospital stays in times of crisis. OpusCare reiterates that of all districts with a freestanding inpatient hospice facility, District 11 has the least beds per capita (0.463 beds per 100,000 population) of any Hospice Service Area in Florida. OpusCare restates that the next lowest district, District 1, has more than five times the beds per 100,000 population of District 11. The applicant indicates that existing District 11 operational hospice providers had less than one percent of care being provided in either a hospice residential unit or freestanding inpatient hospice.

OpusCare anticipates that the proposed project will have little to no impact on existing providers. The applicant indicates that it spoke to several existing hospice providers in District 11 and that those providers have indicated that they may have interest in utilizing the proposed inpatient beds for patients who would benefit from this level of care and environment. The reviewer notes that no letters of support were submitted by Hospice Service Area 11 hospice providers.

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

OpusCare provides its current Agency-issued hospice license and certification as a member of the Florida Hospice & Palliative Care Association (FHPCA) as well as the Florida Assisted Living Association (FALA). The applicant indicates that it accepted an award from the South Florida Hispanic Chamber of Commerce as 2016's "Minority Owner Business of the Year". The reviewer notes a letter of support for the proposed project from Liliam M. Lopez, President/CEO of the South Florida Hispanic Chamber of Commerce. However, the reviewer also notes that this letter of support does not reference OpusCare having received the stated award.

OpusCare (f/k/a Hospice Care of South Florida) did not participate in the January 2014 through March 2014 Agency Hospice Provider Family Satisfaction Survey, the most recent survey period available. The reviewer notes that the applicant did not provide any hospice-specific Consumer Assessment of Healthcare Providers and Systems (CAHPS) survey of caregivers.

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In February 2016, the Department of Elder Affairs (DOEA) updated its statewide 2015 Report on Hospice Demographic and Outcome Measures, available on the DOEA’s website at:

http://elderaffairs.state.fl.us/doea/Evaluation/2015_Hospice_Report_Final.pdf

The report results are shown as percentages for three Outcome Measures--1, 2 and 2A.

Outcome Measure 1 measures the percentage of patients who had severe pain (seven or higher on the 0-to-10 scale) at admission and whose pain was reduced to a level of five or less by the end of the fourth day of care in the hospice program.

Outcome Measure 2 includes the following question:

- Did the patient receive the right amount of medicine for his or her pain?

Outcome Measure 2A includes the following question:

- Based on the care the patient received, would the patient and/or responsible party recommend hospice services to others?

Each existing Hospice Service Area 11 hospice provider (or parent/affiliate) that participated in this DOEA report is listed in the table below, with each participating provider’s results indicated. OpusCare provides these same results in the table shown below (CON application #10470, pages 26, 54, 75 and Appendix L). However, the reviewer has deleted a District 11 average provided by OpusCare because that percentage was generated by the applicant is not provided by DOEA.

DOEA 2015 Report on Hospice Demographic and Outcome Measures, for CY 2014

| Hospice Name/City | Outcome Measure | | | Number of Patients |
|---|-----------------|------|------|--------------------|
| | 1 | 2 | 2A | |
| Catholic Hospice, Inc. / Miami Lakes | 92% | 99% | 99% | 2,751 |
| Compassionate Care Hospice of Miami-Dade and the FL Keys, Inc. / Hialeah | 75% | 94% | 100% | 38 |
| Odyssey Healthcare of Marion County, Inc. d/b/a Gentiva Health Services / Miami | 90% | 95% | 96% | 1,217 |
| Hospice Care of South Florida / Miami | 100% | 100% | 100% | 127 |
| Hospice of the Florida Keys / Key West | 73% | 92% | 95% | 261 |
| Seasons Hospice & Palliative Care of Southern Florida, Inc. / Miami | Did not report | 100% | 100% | 1,421 |
| VITAS Healthcare Corporation of Florida / North Miami | 79% | 96% | 97% | 6,753 |
| State Average Outcomes | 81% | 95% | 96% | |
| State Total Number of Patients | | | | 120,155 |
| State Average of Patients | | | | 2,730 |

Source: DOEA, 2015 Report on Hospice Demographics and Outcomes Measures, updated February 2016

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The DOEA’s report for CY 2015 indicates that pain measure results (Outcome Measure 1) may vary by hospice, as some hospices start reporting pain on the day of admission while others start on the first day of care received. In addition, when multiple pain scores were reported on the fourth day, the score selected varied. Some hospices use the first pain score reported, some use the lowest pain score reported, and others use the highest pain score reported.

OpusCare contends that with 100 percent on each of the three measures shown in the table above, the applicant has the highest quality outcomes of all hospice providers in District 11. Further, OpusCare maintains that the proposed project is in alignment with OpusCare’s dedication to providing the highest quality care in the most appropriate environment.

OpusCare indicates the following philosophy:

- No one should die alone or in pain.
- Life-limiting illnesses can cause emotional and spiritual distress as well as physical pain, all of which deserve quality professional attention and compassionate care.
- A serious illness affects the entire family, not just the person who is ill. Those who are affected need and deserve ongoing support before and after a loved one’s death. OpusCare provides pain management and appropriate palliative care, care that focuses on the patient’s comfort, when curative medical treatments no longer enhance quality of life.

OpusCare provides its values and states that these tenets are currently provided in its hospice program and will be provided at the proposed project. See the table below.

Comprehensive Home Health Care, Inc.

| | |
|---------------------------------|--|
| Compassion | For those we serve |
| Compliance/Ethics | Follow laws, rules and regulations |
| Customer Focus and Satisfaction | Customer service, patient care, outcomes and organizational performance |
| Integrity and Transparency | In all our actions and decisions |
| People | Our greatest asset: our Employees, our Physicians, Board Members and Volunteers |
| Pride in What We Do | To exceed the expectations of those we serve providing excellence in Care is what we strive for |
| Governance | To manage resources prudently and ethically to ensure the further ability to fulfill our mission |

Source: CON application #10470, page 7

Agency records indicate that OpusCare (f/k/a Hospice Care of South Florida) had no substantiated complaints during the three-year period ending December 29, 2016.

OpusCare demonstrated the ability to provide quality care.

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

The purpose of our analysis for this section is to determine if the applicant has access to the funds necessary to fund this and all capital projects. Our review includes an analysis of the short and long-term position of the applicant, parent, or other related parties who will fund the project. The analysis of the short and long-term position is intended to provide some level of objective assurance on the likelihood that funding will be available. The stronger the short-term position, the more likely cash on hand or cash flows could be used to fund the project. The stronger the long-term position, the more likely that debt financing could be achieved if necessary to fund the project. We also calculate working capital (current assets less current liabilities), a measure of excess liquidity that could be used to fund capital projects.

Historically we have compared all applicant financial ratios regardless of type to benchmarks established from financial ratios collected from Florida acute care hospitals. While not always a perfect match to a particular CON project, it is a reasonable proxy for health care related entities.

Below is an analysis of the audited financial statements for Comprehensive Home Health Care, Inc., the applicant company and the entity that is funding the project, where the short-term and long-term measures fall on the scale (highlighted in gray) for the most recent year.

| Comprehensive Home Health Care, Inc. | | |
|---|---------------|---------------|
| | Jun-16 | Jun-15 |
| Current Assets | \$4,075,389 | \$1,841,887 |
| Total Assets | \$4,117,988 | \$3,885,837 |
| Current Liabilities | \$1,093,452 | \$97,542 |
| Total Liabilities | \$1,093,452 | \$97,542 |
| Net Assets | \$3,024,536 | \$3,788,295 |
| Total Revenues | \$6,998,577 | \$2,747,823 |
| Excess of Revenues Over Expenses | (\$787,059) | (\$921,940) |
| Cash Flow from Operations | (\$601,180) | (\$624,372) |
| Short-Term Analysis | | |
| Current Ratio (CA/CL) | 3.7 | 18.9 |
| Cash Flow to Current Liabilities (CFO/CL) | -54.98% | -640.11% |
| Long-Term Analysis | | |
| Long-Term Debt to Net Assets (TL-CL/NA) | 0.0% | 0.0% |
| Total Margin (ER/TR) | -11.25% | -33.55% |
| Measure of Available Funding | | |
| Working Capital | \$2,981,937 | \$1,744,345 |

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

Capital Requirements and Funding:

On Schedule 2, the applicant indicates capital projects totaling \$535,744 which includes \$425,744 for this project and \$110,000 in other capital expenditures. The applicant indicates on Schedule 3 of its application that funding for the project will be provided entirely by cash on hand. The applicant provided 2016 audited financial statements indicating \$1,193,894 in cash and cash equivalents. Given the small size of the project, the applicant company has sufficient cash to fund the project.

Staffing:

Schedule 6A indicates, by August 31, 2019 (year one of operation), a total of 29.5 FTEs (stated as FTE staff added by the proposed project), and by August 31, 2020 (year two of operation), increasing to a total of 35.5 FTEs (stated as FTE staff added by the proposed project). See the table below.

**Comprehensive Home Health Care, Inc.
Proposed 13-Bed Freestanding Inpatient Hospice Facility in
Hospice Service Area 11**

| Staff Position | FTEs for Year One Ending 8/31/2019 | FTEs for Year Two Ending 8/31/2020 |
|---------------------------|---|---|
| Administration | | |
| Secretary | 2.0 | 2.0 |
| Unit Manager | 1.0 | 2.0 |
| Physicians | | |
| Medical Director | 1.0 | 1.0 |
| Nursing | | |
| RNs | 3.0 | 3.0 |
| LPNs | 2.0 | 4.0 |
| Nurses' Aides | 9.0 | 9.0 |
| ARNP | -- | 1.0 |
| Dietary | | |
| Dietician* | -- | 1.0 |
| Cooks | 2.0 | 2.0 |
| Social Services | | |
| Chaplain | 0.5 | 0.5 |
| Social Worker | 1.0 | 1.0 |
| Housekeeping | | |
| Housekeeping Supervisor** | 2.0 | 2.0 |
| Plant Maintenance | | |
| Maintenance Assistance | 6.0 | 7.0 |
| Total | 29.5 | 35.5 |

Source: CON application #10470, Schedule 6A

NOTE: * There is no explanation in the Schedule 6A notes or elsewhere in the application for the provision of no dietician in year one. The applicant indicated previously an expectation of 2,150 patient days by the end of year one.

** There is no explanation in the Schedule 6A notes or elsewhere in the application for two FTEs for housekeeping supervisor in year one and in year two but no FTEs for housekeepers in year one or in year two.

The reviewer notes that the year one and year two total FTEs are arithmetically correct. Notes to Schedule 6A indicate that staffing forecasts reflect staffing necessary for the inpatient volume expected for the proposed project.

Conclusion:

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

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

The immediate and long-term financial feasibility of the project is tied to expected profitability. Profitability for hospice is driven by two factors, volume of patients and length of stay/condition of the patient. A new hospice program in a service area with published need is more likely than not to be financial feasible since patient volume and mix is

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presumed to be available in sufficient amounts to sustain a new program. The focus of our review will be on the reasonableness of projections, specifically the revenue.

The vast majority of hospice days are paid by Medicare (Medicaid is the next largest payer with similar reimbursement rates). As such, revenue is predictable by day and service type. Schedule 7 includes revenue by service type. We have divided the applicant’s projected revenues by the estimated Medicare reimbursement rates for each level of service in year two to estimate the total patient days that would be generated by that level of revenue. The results were then compared to the applicant’s estimated number of patient days. Calculated patient days that approximate the applicant’s projected patient days are considered reasonable and support the applicant’s assumptions of feasibility. Calculated patient days that vary widely from the applicant’s projected patient days call into question the applicant’s profitability assumptions and feasibility. The results of the calculations are summarized below.

| CON application #10470 | Comprehensive Home Health Care, Inc. | | | | |
|-------------------------------|---|--|----------------------------------|--|--------------------------------|
| Miami-Dade | Wage Component | Wage Index | Adjusted Wage Amount | Unadjusted Component | Payment Rate |
| Base Rate Calculation | | | | | |
| Routine Home Care 1-60 days | \$130.93 | 0.9653 | \$126.39 | \$59.62 | \$186.01 |
| Routine Home Care 61+ days | \$102.94 | 0.9653 | \$99.37 | \$46.88 | \$146.25 |
| Continuous Home Care | \$662.80 | 0.9653 | \$639.80 | \$301.83 | \$941.63 |
| Inpatient Respite | \$92.55 | 0.9653 | \$89.34 | \$78.42 | \$167.76 |
| General Inpatient | \$470.44 | 0.9653 | \$454.12 | \$264.50 | \$718.62 |
| Year Two Comparison | Inflation Factor Year Two | Inflation Adjusted Payment Rate | Schedule 7 Revenue Year 2 | Continuous Service Hours Provided | Calculated Patient Days |
| Routine Home Care | 1.117 | \$207.72 | \$0 | | 0 |
| Routine Home Care | 1.117 | \$163.32 | \$0 | | 0 |
| Continuous Home Care | 1.117 | \$1,051.53 | \$0 | 24 | 0 |
| Inpatient Respite | 1.117 | \$187.34 | \$0 | | 0 |
| General Inpatient | 1.117 | \$802.48 | \$3,242,618 | | 4,041 |
| | | Total | \$3,242,618 | | 4,041 |
| | | | | Days from Schedule 7 | 4,225 |
| | | | | Difference | 184 |
| | | | | Percentage Difference | 4.36% |

Conclusion:

This project appears to be financially feasible.

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

Strictly from a financial perspective, the type of competition that would result in increased efficiencies, service, and quality is limited in health care in general and in hospice specifically. Cost-effectiveness through competition is typically achieved via a combination of competitive pricing that forces more efficient costs to remain profitable and offering higher quality and additional services to attract patients from competitors. Since Medicare and Medicaid are the primary payers in hospice, price-based competition is almost non-existent. With the revenue stream essentially fixed on a per patient basis, the available margin to increase quality and offer additional services is limited. In addition, competitive forces truly do not begin to take shape until existing business' market share is threatened. Given the existing barriers to price-based competition, it is not foreseen that a new entrant will have a material impact on quality and cost-effectiveness.

Conclusion:

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

f. Are the proposed costs and methods of construction reasonable? Do they comply with statutory and rule requirements? ss. 408.035(1)(h), Florida Statutes.

The applicant has not submitted all information and documentation necessary to demonstrate compliance with the architectural review criteria. The cost estimate for the proposed project provided in Schedule 9, Table A and the project completion forecast provided in Schedule 10 appear to be reasonable, but there are significant omissions that could impact the overall costs of the project. A review of the architectural plans, narratives and other supporting documents revealed the following deficiencies that are likely to have significant impact on construction costs:

1. The facility does not appear to be designed to meet the requirements for an Institutional Group I-2 occupancy (Florida Building Code) and a Health Care occupancy (Life Safety Code) as evidenced by the lack of smoke compartmentalization and absence of 8-foot wide corridors serving patient rooms. See Florida Building Code 5th Edition (2014) 467.2.2.1.
2. Failure to provide a soiled workroom, clean workroom, and multipurpose room as required by Special Occupancy Chapter 467 of the Florida Building Code 5th Edition (2014)

The plans submitted with this application were schematic in detail. The architectural review of this application shall not be construed as an in-depth effort to determine complete compliance with all applicable codes and standards. The final responsibility for facility compliance ultimately rests with the applicant. Inpatient hospice facilities that receive a CON are not required to submit additional plans to the Agency, unless changes alter the condition of the CON approval. The final plans must be submitted to the local authority having jurisdiction for approval prior to commencement of construction. The applicant may submit plans to the Agency's Office of Plans and Construction for an informal review to assist the facility in complying with applicable rule, codes and standards prior to construction.

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

OpusCare states a history of providing services to Medicaid patients and the medically indigent. The applicant provides an exhibit to account for year one and year two patient days by payor mix, indicating that its forecast is based on historical utilization by payor. OpusCare points out that indigent care or charity is captured in the self-pay category. See the exhibit below.

**Comprehensive Home Health Care, Inc.
Projected Number of Patient Days by Payor**

| | Self-Pay | Medicare | Medicaid | Managed Care | Total |
|---------|-----------------|-----------------|-----------------|---------------------|--------------|
| Percent | 1% | 94% | 4% | 1% | |
| 2018 | 22 | 2,021 | 86 | 21 | 2,105 |
| 2019 | 42 | 3,972 | 169 | 42 | 4,225 |

Source: CON application #10470, page 96, Exhibit 33

The applicant's Schedule 7A is consistent with the above forecast for total annual patient days for the applicant's year one (ending August 31, 2019) and year two (ending August 31, 2020) projections.

The applicant proposes no Medicaid or charity care conditions.

F. SUMMARY

Comprehensive Home Health Care, Inc. d/b/a OpusCare of South Florida (CON application #10470), (f/k/a Hospice Care of South Florida) proposes to establish a new 13-bed freestanding inpatient hospice facility in Hospice Service Area 11 (Miami-Dade and Monroe Counties) anticipated to be located at 18430 South Dixie Highway, Miami, Florida 33157-6815. According to the applicant, the proposed

project will offer a better quality of care to hospice patients and their families and also be more cost efficient in the delivery of inpatient hospice services. The reviewer notes that evidence or data demonstrating these cost efficiencies were not present in the application.

The applicant is presently licensed to operate a hospice program in Hospice Service Area 11 only. OpusCare does not current operate and is not CON-approved to operate any licensed inpatient hospice facilities.

The total project cost is \$409,600 per Schedule 1 but is \$425,744, per line R of Schedule 9 of the application. Total construction costs are \$1,856,250 (a combination of new construction and renovation). However, the applicant indicates that renovation and new construction will be covered through the long lease agreement with the developer and will not be incurred as capital costs by the applicant. The project will involve a total of 7,500 GSF (a combination of new construction and renovation). Costs covered are for building, equipment and project development.

The reviewer maintains that all costs should be included as the applicant is applying to establish a new inpatient hospice facility and all costs including renovation and construction should part of the capital costs of the project to the applicant.

The applicant offers no conditions on the proposed project.

Need/Access:

The Agency does not publish need for inpatient hospice beds. OpusCare is one of nine licensed hospice providers in Hospice Service Area 11. OpusCare contends that need for the proposed project is based on the following factors:

- In the current situation in the service area, hospice patients requiring care outside of the home have no proximal options outside of hospital units and nursing facilities. These facilities require the patients and their caregivers to spend final days in costly institutional settings—lacking privacy, tranquility and specialized hospice care.
- The proposal allows more privacy and lowers staff ratios compared to the traditional hospital inpatient beds and nursing homes.
- The proposal would create a home-like setting more conducive to appropriate hospice care for those who need inpatient hospice care in District 11 and achieve significant cost efficiencies.
- The proposal is driven by a population-based, cost-based and geographic need.

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- Current contract and letter of agreement rate cost per patient day for the 13 area hospitals with whom the applicant has access to hospital inpatient beds averages to \$528 and the CMS GIP patient per day rate is \$705, with the proposed project resulting in an average savings of \$528 per patient day that is currently being exhausted at area hospitals with which the applicant has contracts for inpatient care
 - The Agency anticipates that the applicant would realize a cost per patient day at its proposed facility. Also, the Agency notes that costs are stated in Schedule 1 and Schedule 9 of the application that the applicant is not currently incurring, further indicating that the proposed project will incur costs that are not being addressed, as presented, in that no net savings (current costs less proposed costs equals net savings) is stated
- District 11 has the least beds per 100,000 population (0.463 beds) of any Hospice Service Area in Florida. OpusCare contends that District 1, has more than five times the beds per 100,000 population of District 1.
- As of July 1, 2015 for the prior 12 months, the existing District 11 operational hospice providers had less than one percent of care being provided in either a hospice residential unit or freestanding inpatient hospice.
- The age 65+ population in District 11 is projected to increase significantly faster than the younger age cohort—with the 65+ population representing the biggest users of hospice services. The population increase will drive the need for increased access to hospice services and settings in the future.
- All racial categories in the 65+ population in District 11 is expected to experience significant growth over the next five years indicating need for focused care on the elderly population.
- The proposal brings a “true” freestanding inpatient hospice facility to District 11 and offers a controlled setting where patients will greatly benefit from attentive, personalized care and a higher quality of life with an increased continuum of care.
- The proposal will enhance the continuum of service made available to terminally ill persons in District 11.
- There is a shortage of available inpatient beds in South Miami-Dade County. Many families who would prefer this option are not afforded the opportunity.
- The proposal would provide a profound and direct impact on the process of dying, helping the patient die with comfort and dignity while providing loved ones with psychological, spiritual and comprehensive care throughout the process.

The applicant failed to demonstrate through data or evidence that the proposed project will be more cost-efficient than contractual arrangements with existing facilities in Hospice Service Area 11 pursuant to 59C-1.0355 (7) Florida Administrative Code. In addition, pursuant to 408.036 (b), Florida Statutes, the applicant is applying for the establishment of a hospice inpatient facility but did not include all costs for the establishment of the proposed facility under the applicant's capital costs—including renovation and construction.

Quality of Care:

- The applicant is an Agency licensed hospice provider in District 11 since 1991 and is in compliance with State of Florida and federal laws.
- OpusCare did not participate in the January 2014 through March 2014 Agency Hospice Provider Family Satisfaction Survey, the most recent survey period available.
- The applicant did not provide any data on its hospice-specific CAHPS survey of caregivers.
- The applicant is recognized in the DOEA statewide 2015 Report on Hospice Demographic and Outcome Measures and realized a 100 percent result in each of the three DOEA hospice outcome measures, the highest results of any participating District 11 hospice provider for the period covered.
- OpusCare had no substantiated complaints for the three-year period ending December 29, 2016.
- The applicant is a member of the FHPCA and the FALA.
- The applicant accepted the South Florida Hispanic Chamber of Commerce 2016 "Minority Owner Business of the Year" award.
- The applicant demonstrates the ability to provide quality care.

Financial Feasibility/Availability of Funds:

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

Medicaid/Indigent/Charity Care:

- The applicant's Schedule 7A indicates that Medicaid will account for 4.09 percent in the proposal's total annual patient days in year one and 4.00 percent in year two
- No Medicaid or charity care conditions are proposed

Architectural:

- The applicant has not submitted all information and documentation necessary to demonstrate compliance with the architectural review criteria
 - The facility does not appear to be designed to meet the requirements for an Institutional Group I-2 occupancy (Florida Building Code) and a Health Care occupancy (Life Safety Code)
 - Failure to provide a soiled workroom, clean workroom, and multipurpose room as required by Special Occupancy Chapter 467 of the Florida Building Code 5th Edition (2014)
- The cost estimate for the proposed project and the project completion forecast appear to be reasonable, but there are significant omissions that could impact the overall costs of the project. The applicant did not meet the statutory requirements of 408.035 (1) (h), F.S., as the applicant did not provide the Agency with enough information in which to conduct a thorough review of the costs and methods of the construction of the proposed facility.
- Inpatient hospice facilities that receive a CON are not required to submit additional plans to the Agency, unless changes alter the condition of the CON approval.

G. RECOMMENDATION

Deny CON #10470.

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