

**STATE AGENCY ACTION REPORT  
ON APPLICATIONS FOR CERTIFICATE OF NEED**

**A. PROJECT IDENTIFICATION**

1. Applicant/CON Action Number

**Florida Hospital Waterman, Inc. d/b/a Florida Hospital  
Waterman/CON #10496**

900 Hope Way  
Altamonte Springs, Florida 34471

Authorized Representative: Ms. Diane Godfrey, ASH  
Florida Division-Regulatory  
Administration  
(352) 401-1101

**Munroe HMA Hospital, LLC d/b/a Munroe Regional Medical  
Center/CON #10498**

1500 SW 1<sup>st</sup> Avenue  
Ocala, Florida 33471

Authorized Representative: Mr. Phil A. Wright II  
Interim Chief Executive Officer  
(352) 351-7000

**Marion Community Hospital, Inc. d/b/a West Marion Community  
Hospital/CON #10499**

1431 SW 1<sup>st</sup> Avenue  
Ocala, Florida 34471

Authorized Representative: Mr. Chad P. Christianson  
Chief Executive Officer  
(352) 401-1000

2. Service District/Subdistrict

District 3 (Alachua, Bradford, Citrus, Columbia, Dixie, Gilchrist,  
Hamilton, Hernando, Lafayette, Lake, Levy, Marion, Putnam, Sumter,  
Suwannee and Union Counties)

**B. PUBLIC HEARING**

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

**Letters of Support**

**Florida Hospital Waterman, Inc. d/b/a Florida Hospital Waterman (CON application #10496)** submitted 17 unduplicated letters of support individually composed by physicians, local health care providers, the Mayor of the City of Umatilla, various Florida Hospital Waterman administrators, former patients and local residents. The Agency also received an additional letter of support from the Medical Director for the Department of Veterans Affairs at the Orlando VA Medical Center. Principal themes and sentiments expressed in support of the proposed project include:

- The addition of an inpatient rehabilitation unit will allow the enhancement of quality of care as there are no inpatient rehabilitation beds in Lake County
- The extension of Florida Hospital Waterman facilities will greatly help Lake EMS in continuing to provide advanced care in a timely manner
- The proposed CMR unit will ensure that Lake County residents gain optimal function while being supported by their community and families
- A CMR unit on Florida Hospital Waterman's campus would provide valuable services for residents while keeping them close to home and family as well as enhance care for people with orthopedic, neurological and other medical issues that require inpatient rehabilitation
- Florida Hospital Waterman serves a large Medicare population representing the segment which utilizes rehabilitation services most frequently—CMR services locally would be a significant benefit to patients
- Patients in the amputee rehabilitation program would not have the burden of traveling outside the local area when in need of inpatient rehabilitation services

**Munroe HMA Hospital, LLC d/b/a Munroe Regional Medical Center (CON application #10498)** submitted 14 unduplicated letters of support the majority of which were form letters composed by various physicians and the Chief Executive Officer of Seven Rivers Regional Medical Center (SRRMC). Principle themes and sentiments expressed include:

- Difficulty for physicians to get patients the level of care they need as there is only one CMR provider in Marion County, with little or no occupancy
- The new hospital at TimberRidge and the proposed 20-bed CMR will help ease the capacity constraints at Munroe Regional Medical Center

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- The proposal will reduce drive times for residents, an important consideration for the growing number of residents 65+ who would particularly benefit from CMR services located close to their residence
- Having this type of service at TimberRidge will enhance the availability for patients to receive needed rehabilitation services
- The lack of capacity in Marion County's sole CMR provider means that patients often have to accept a lower level of rehabilitation services necessary to achieve their best possible outcome

**Marion Community Hospital, Inc. d/b/a West Marion Community Hospital (CON application #10499)** submitted 19 unduplicated letters of support individually composed by local and state government elected officials, area residents and local health care providers. Local and state officials included the Mayor of Belleview; Marion County Board of County Commissioner Chairman; State Representative Charlie Stone, District 22; State Representative Stan McClain, District 23; and Senator Dennis Baxley, District 12. Principle themes and sentiments expressed include:

- The new proposed rehabilitation center will further augment services to the people of Marion County and continue to serve the growing health needs of its residents
- Having a CMR unit attached to West Marion Community Hospital would expand access to these services to a wider population both by sheer numbers and by its strategic location on a growing medical campus in close proximity to multiple retirement communities
- Inpatient CMR beds are not available locally, patients do not want to travel long distances nor do they want to be admitted to a skilled nursing facility (SNF), as a result, many opt for outpatient rehab only resulting in less than full recovery, delayed recovery or both
- In the current situation, the ability to safely and effectively discharge patients is often complicated by the simple lack of suitable placement options and correspondingly less effective transitions in care
- The addition of local inpatient rehab beds will lead to better surgical follow-up care for patients
- The nearest inpatient comprehensive medical rehabilitation providers are in Leesburg and Gainesville and this places an unreasonable burden (financial and physical) on patients and their families who do not have the means or the time to travel to these locations

### **Letters of Opposition**

The Agency received four letters of opposition regarding the three co-batched proposals. The Villages Tri-County Medical Center, Inc. d/b/a The Villages Regional Hospital (TVRH) submitted three letters of opposition to CON applications #10496, #10498 and #10499. The reviewer notes that letters of opposition submitted by TVRH were

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identical in content. The remaining letter of opposition is from Seann Frazier, Partner, Parker Hudson Rainer and Dobbs on behalf of UF Health Shands Rehab Hospital in opposition to Marion Community Hospital, Inc. d/b/a West Marion Community Hospital CON application #10499.

**Opposition to CON application #'s 10496, 10498 and 10499 (TVRH)**

TVRH indicates that there is no need for additional CMR beds in District 3 despite the Agency's publication of need for 12 additional CMR beds. Opposition indicates that it provides comprehensive care through a full spectrum of hospital services, health screenings, educational programs, designation as a primary stroke center with a comprehensive Joint Center for joint replacement surgery. TVRH provided the following patient days and county of origination for patients admitted to TVRH's CMR unit for the most recent 12-month period ending August 31, 2017:

| <b>TVRH Patient Days 12-Month Period Ending August 31, 2017</b> |                     |                              |
|---|---------------------|------------------------------|
| <b>County</b>   | <b>Patient Days</b> | <b>Utilization by County</b> |
| Lake  | 3,135               | 47.01%                       |
| Sumter  | 2,386               | 35.78%                       |
| Marion  | 868                 | 13.02%                       |
| Columbia  | 48                  | .72%                         |
| Hernando  | 21                  | .31%                         |
| Citrus  | 15                  | .22%                         |
| Other   | 196                 | 2.94%                        |
| <b>Total</b>  | <b>6,669</b>        | <b>100.00%</b>               |

Source: TVRH letter of opposition

TVRH states that the majority of its CMR patients originate from Lake County. Regarding the 12-bed CMR unit proposed in CON application #10496, TVRH proclaims that the approval of the proposed project would have an adverse effect on TVRH's ability to operate a financially sustainable CMR unit. Additionally, opposition states that 868 percent of patient days originate from Marion County and approving either CON applications #10498 or #10499 would have a significant negative financial effect on TVRH such as decreased census, revenue, and the ability to retain vital CMR staff. TVRH maintains that approval of any of the co-batched proposals would result in a decreased utilization of TVRH's CMR program.

According to TVRH, approving any new CMR programs will result in an unnecessary duplication of tertiary health services. Opposition indicates that the patient population in need of CMR services in District 3 will become fractured between multiple programs—reducing quality of care and impacting TVRH's financial sustainability. TVRH declares that the addition of any of the proposed applications would make it difficult for existing or new CMR providers to be able to achieve 85 percent utilization, jeopardizing the ability of CMR programs in District 3 to meet

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the CMS 75 percent rule. Opposition indicates that the inability to meet the CMS 75 percent rule could lead to an eventual conversion of CMR beds to acute care beds similar to what occurred at SRRMC.

TVRH contends that the access standard for CMR services states that services should be available within a maximum ground travel time of two hours under average travel conditions for 90 percent of the district's population. Based on the location of the existing CMR units and facilities in District 3, ground travel is well within the two-hour threshold set forth by rule. Approving any of the co-batched applications will result in a proliferation of a tertiary health service, which runs counter to Section 408.032(17), Florida Statutes, and Rule 59C-1.039(6), Florida Administrative Code.

Opposition states that subsequent to AHCA's calculated need for CMR beds in District 3, TVRH applied for and was granted a CON exemption request to expand its CMR unit by adding 10 beds. TVRH will bring these 10 new beds on line in January 2018 resulting in a 30-bed CMR unit. Therefore, AHCA's calculated need for 12 additional CMR beds in District 3 is no longer supportable and the actual number of beds needed in District 3 is only two beds. Opposition notes that HealthSouth Rehabilitation Hospital of Ocala plans to add 10 CMR beds through CON exemption in the second half of 2018, further eliminating calculated need and possibly resulting in a surplus of CMR beds in District 3. The reviewer notes that Exemption #170018 was approved on July 27, 2017 to TVRH to add 10 CMR beds in Sumter County and Exemption #170029 was approved on October 19, 2017 to add 10 CMR beds in Marion County.

TVRH contends that locating another inpatient CMR facility or unit within District 3, specifically Subdistrict 3-7, will have a substantial adverse economic effect, including financial sustainability and the ability to attract and retain clinical staff, on TVRH's CMR unit.

**Opposition to CON application #10499 (UF Health Shands Rehab Hospital)**

Mr. Frazier states the reasons for opposition to the approval of CON application #10499 are as follows:

- West Marion's request for 40 beds far exceeds the number of beds that are actually needed in District 3
- There is a greater need for additional rehab beds in other counties as demonstrated by current bed-to-population ratios in the most populous counties in District 3
- There are no special circumstances to approve beds beyond the fixed need pool

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- There would be an adverse impact to existing providers, particularly UF Health, by the approval of CON application #10499, which would be significantly mitigated by locating any needed beds in a location that is not so proximate to UF Health.
- Expansion at UF Shands Rehab Hospital will lower occupancy in Alachua (10 CMR beds approved via Exemption No. 160026)
- New beds approved at TVRH undermine fixed need pool (10 CMR beds approved a few weeks before deadline and were not reflected)
- Bed-to-population ratio in Alachua (one per 4,949 residents) and Marion (one per 6,628 residents) Counties show little to no need as opposed to Lake and Sumter Counties (one per 13,056 residents)

Mr. Frazier asserts that every resident of District 3 has the ability to access available CMR beds within the two-hour drive time specified by rule and that most residents are less than one hour from an existing CMR provider. In regards to financial access barriers, Mr. Frazier contends that, “UF Health provides far more Medicaid, charity and indigent care to CMR patients than all other providers combined”. Specifically, Mr. Frazier points out that according to Agency discharge database records for the 12 months ending June 30, 2016, UF Health Shands Rehab Hospital treated 18.3 percent of District 3 residents that received CMR services but provided 36.3 percent of the District 3 Medicaid, Medicaid managed care, self-pay and non-pay CMR patient days.

Mr. Frazier asserts that it is clear that UF Health Shands Rehab Hospital is providing a disproportionate share of care to these underserved patient groups. Mr. Frazier additionally asserts that, in all, 14.6 percent of UF Health Shands Rehab Hospital’s District 3 patients fall in these same Medicaid, Medicaid managed care, self-pay and non-pay payor categories while the district average is 7.4 percent in the same medically underserved payors. See the table below.

**District 3 Resident Inpatient Rehabilitation Discharges  
12 Months Ending 06/2016**

|   | <b>Total Discharges</b> | <b>Medicaid, Medicaid Managed Care, Self-Pay and Non-Pay Discharges</b> | <b>Percent of Total District 3 Resident Rehab Discharges for Medicaid, Medicaid Managed Care, Self-Pay and Non-Pay Discharges</b> |
|---|-------------------------|---|---|
| UF Health Shands Rehab Hosp.  | 838                     | 122   | 14.6%   |
| Total All District 3 Resident Rehab Discharges  | 4,570                   | 336   | 7.4%  |
| UF Health Rehab Hosp. Discharges as Percent of Total District 3 Resident Rehab Discharges | 18.3%                   | 36.3%   |   |

Source: Parker Hudson Rainer & Dobbs letter of opposition, page 6

**C. PROJECT SUMMARY**

**Florida Hospital Waterman, Inc. d/b/a Florida Hospital Waterman (CON application #10496)**, also referenced as FHW or the applicant, a Florida not-for-profit hospital affiliated with not-for profit Florida Hospital System, a subsidiary of Adventist Health System, proposes to establish a new 12-bed CMR unit within FHW, in District 3, Lake County, Florida. FHW is a Class I general hospital comprised of 269 licensed and 22 approved additional acute care beds in Tavares, Florida 32778. FHW non-CON regulated services include Level II adult cardiovascular services and primary stroke center designation.

The project involves 25,566 gross square feet (GSF) of new construction. The construction cost is \$6,350,000. Total project cost is \$9,987,579. Project cost includes building, equipment, project development, financing and start-up costs. The applicant anticipates issuance of license and initiation of service in September 2019.

The applicant proposes the following conditions to CON approval on CON application #10496's Schedule C:

- CARF Accreditation  
FHW will seek CARF accreditation within 12 months of opening the proposed CMR unit.
- Support Group Implementation  
FHW will implement additional support groups for patients and families/caregivers of patients who have been affected by injury or illness that resulted in the need for physical rehabilitation services. Specific groups will be determined based on patient needs.
- Equipment  
FHW commits to purchase at a minimum the following pieces of high tech rehabilitation equipment:
  - Vector Gait & Safety System
  - Arneo Spring
  - Car Transfer Simulator
- Therapy Hours/Availability  
Though it is required five days per week, FHW commits to make inpatient rehabilitation therapy available seven days per week as needed
- Education  
Due to the lack of inpatient acute CMR resources within Lake County, FHW will host education events on CMR services for physicians, community organization and/or residents to enhance awareness and educate on the clinical advantages of CMR. The focus will be the long-term benefits of CMR services, as well as discussion of different

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types of long-term rehabilitation services available to residents of Lake County. Education seminars/workshops will be held at least semiannually

**Munroe HMA Hospital, LLC d/b/a Munroe Regional Medical Center (CON application #10498)**, also referenced as MRMC or the applicant, a Florida for-profit limited liability company and a subsidiary of Community Health Systems (CHS), parent company. MRMC proposes to establish a new 12-bed CMR unit or a partial request to establish a six-bed CMR unit within TimberRidge Hospital (CON approved to construct 66-bed acute care hospital), in District 3, Marion County, Florida. For clarity purposes throughout the application, the reviewer will refer to the applicant's chosen approved premise, TimberRidge, for the location of the CMR unit as the applicant and differentiate from the existing licensed MRMC. Pursuant to 395.003 (2) (a), Florida Statutes, a single license may be issued to a licensee for facilities located on separate premises with each premise indicating the service and licensed beds available on each premise. The premise on which the licensed CMR beds are proposed to be added to is the preliminarily approved facility at TimberRidge<sup>1</sup>.

TimberRidge was a proposal to construct a 66-bed acute care hospital in District 3, Subdistrict 3-4, Marion County, to be located at 9521 SW State Road 200, Ocala, Florida 34481.

The project involves 17,056 GSF of new construction. The construction cost is \$4,690,400. Total project cost is \$6,783,808. Project cost includes building, equipment, project development, financing and start-up costs. The applicant anticipates issuance of license and initiation of service in October 2020.

The partial project (referenced as CON application #10498P) involves 10,532 GSF of new construction for the partial award. The construction cost is \$2,896,300. Total project cost is \$4,629,960. Project cost includes building, equipment, project development, financing and start-up costs. The applicant anticipates issuance of license and initiation of services in October 2020.

The applicant proposes the following conditions to CON approval on CON application #10498's Schedule C:

<sup>1</sup> The reviewer notes that a recommended order was issued November 15, 2017, on DOAH Case #17-3889 stating, "Petitioner proved by a preponderance of evidence that the Certificate of Need request by Munroe Regional should not be approved. A final order on this case has not been issued as of the date of publication of this SAAR.



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Location:

- The CMR unit will be located within TimberRidge Hospital at 9521 SW State Road 200, Ocala, Florida 34481.

Percent of Particular Population Group to be Served:

- TimberRidge Hospital will provide a minimum of 4.5 percent of its inpatient days to Medicaid, Medicaid HMO, charity care, self-pay and underinsured patients on an annual basis.

Special Programs:

- TimberRidge Hospital CMR unit will seek to become Joint Commission certified in Stroke Rehabilitation during its second year of operation.
- The applicant will incorporate various disease/injury/condition specific support groups for CMR patients post discharge.
- The applicant will host quarterly meetings on CMR services for physicians, community or other referral sources to enhance awareness and educate on the clinical advantages of comprehensive medical rehabilitation.

**Marion Community Hospital, Inc. d/b/a West Marion Community Hospital (CON application #10499)**, also referenced as WMCH or the applicant, a Florida for-profit corporation and a subsidiary of HCA Holdings, Inc., also referenced as Hospital Corporation of America (HCA), proposes to establish a new 12-bed CMR unit within WMCH, in District 3, Marion County, Florida. WMCH maintains that HCA affiliated hospitals in Florida operate 10 CMR programs with a cumulative total of 278 CMR beds with an additional 28 approved beds in District 7, Osceola County (Osceola Regional Medical Center) via CON application #10349.

WMCH is a licensed Class 1 general hospital with 94 acute care beds. WMCH is CON approved through Notification #160005 to add 44 acute care beds. WMCH's non-CON regulated services include Level I adult cardiovascular services and primary stroke center designation.

The project involves 16,857 GSF of new construction. The construction cost is \$5,340,000. Total project cost is \$8,614,169. Project cost includes building, equipment, project development, financing and start-up costs. The applicant anticipates issuance of license and initiation of service in January 2020.

The applicant proposes the following conditions to CON approval on CON application #10499's Schedule C:

WMCH Hospital CMR Conditions

1. WMCH will provide a minimum of 7.0 percent of its annual CMR discharges to the combination of Medicaid, Medicaid HMO and self-pay/other (including charity) patients.
2. WMCH will apply for CARF accreditation for its CMR program in the first 12 months of operation.

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3. WMCH will be accredited by the Joint Commission.
4. The medical director of the CMR program will be board certified or board eligible psychiatrist with at least two years of experience in the medical management of inpatients requiring rehabilitation services.
5. Therapy services will be available seven days a week.

NOTE: Section 408.043 (4), Florida Statutes, prohibits accreditation by any private organization as a requirement for the issuance or maintenance of a certificate of need, so CARF accreditation and Joint Commission accreditation for any applicant will not be cited as conditions to approval. Should a project be approved, the applicant's conditions would be reported in the annual condition compliance report as required by Rule 59C-1.013 (3) Florida Administrative Code. The Agency will not impose conditions on already mandated reporting requirements.

**Total GSF and Project Costs of Co-Batched Applicants**

| <b>Applicant</b> | <b>CON app. #</b> | <b>Project</b>      | <b>GSF</b> | <b>Costs \$</b> | <b>Cost Per Bed</b> |
|------------------|-------------------|---------------------|------------|-----------------|---------------------|
| FHW              | 10496             | New 12-Bed CMR Unit | 25,566     | \$9,987,579     | \$832,298           |
| MRMC             | 10498             | New 12-Bed CMR Unit | 17,056     | \$6,783,808     | \$565,317           |
| MRMC             | 10498P            | New 6-Bed CMR Unit  | 10,532     | \$4,629,960     | \$771,660           |
| WMCH             | 10499             | New 12-Bed CMR Unit | 16,857     | \$8,614,169     | \$717,847           |

Source: CON applications #10496, #10498 and #10499, Schedule 1 and 9

**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, 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, 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. 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, Dwight Aldridge, analyzed the application with consultation from the financial analyst, Derron Hillman of the Bureau of Central Services, who reviewed 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 indicate the level of conformity of the proposed project with the criteria and application content requirements found in Florida Statutes, Sections 408.035, and 408.037 and 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? ss. 408.035(1) (a), Florida Statutes. Rule 59C-1.008(2), Florida Administrative Code and Rule 59C-1.039(5), Florida Administrative Code.**

In Volume 43, Number 141 of the Florida Administrative Register, dated July 21, 2017, a fixed need pool of 12 beds was published for CMR beds for District 3 for the January 2023 planning horizon. Therefore, the applicants are applying in response to published need.

As of July 21, 2017, District 3 had 202 licensed and one approved project (to add 10 CMR beds). During the 12-month period ending December 31, 2016, District 3's 202 licensed CMR beds experienced 84.15 percent utilization. The reviewer notes that for this same 12-month period, this CMR bed utilization rate was the highest of any district in Florida, with a statewide average utilization rate of 69.61 percent. Approved CMR projects in District are noted below:

- UF Health Shands Rehab Hospital (E160026) to add 10 CMR beds
- UF Health Shands Rehab Hospital 40-bed replacement facility (CON application #10480)

Approved projects since July 21, 2017 include:

- The Villages Regional Hospital (E170018) to add 10 CMR beds
- HealthSouth Rehabilitation Hospital of Ocala (E170029) to add 10 CMR beds

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- b. According to Rule 59C-1.039 (5)(d) of the Florida Administrative Code, need for new comprehensive medical rehabilitation inpatient services shall not normally be made unless a bed need exists according to the numeric need methodology in paragraph (5)(c) of this rule. Regardless of whether bed need is shown under the need formula in paragraph (5)(c), no additional comprehensive medical rehabilitation inpatient beds shall normally be approved for a district unless the average annual occupancy rate of the licensed comprehensive medical rehabilitation inpatient beds in the district was at least 80 percent for the 12-month period ending six months prior to the beginning date of the quarter of the publication of the fixed bed need pool.**

As previously stated, District 3’s 202 licensed CMR beds experienced an occupancy rate of 84.15 percent during the 12-month period ending December 31, 2016. The District 3 CMR percent utilization for the previous five years, ending December 31, 2016, is shown in the table below.

| <b>District 3<br/>Comprehensive Medical Rehabilitation Bed Utilization<br/>Five-Year Period Ending December 31, 2016</b> |             |                                 |                                 |                                 |                                 |                                 |
|--|-------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| <b>Facility</b>  | <b>Beds</b> | <b>1/1/2012-<br/>12/31/2012</b> | <b>1/1/2013-<br/>12/31/2013</b> | <b>1/1/2014-<br/>12/31/2014</b> | <b>1/1/2015-<br/>12/31/2015</b> | <b>1/1/2016-<br/>12/31/2016</b> |
| UF Health Shands Rehab Hospital*   | 40          | 78.52%                          | 76.23%                          | 82.58%                          | 84.30%                          | 85.86%                          |
| Seven Rivers Regional Medical Center**   | 16          | 65.25%                          | 65.24%                          | 57.81%                          | 46.35%                          | 31.37%                          |
| HealthSouth Rehab Hospital of Spring Hill  | 80          | 80.79%                          | 80.86%                          | 79.63%                          | 81.91%                          | 80.72%                          |
| Leesburg Rehabilitation Hospital***  | 22          | 59.45%                          | 56.75%                          | 71.64%                          | 76.53%                          | 76.78%                          |
| The Villages Regional Hospital***  | 0           | N/A                             | N/A                             | N/A                             | N/A                             | 90.38%                          |
| HealthSouth Rehab Hospital of Ocala****  | 50          | 35.43%                          | 83.05%                          | 95.25%                          | 91.75%                          | 94.71%                          |
| <b>District 3 Total</b>  | <b>202</b>  | <b>74.72%</b>                   | <b>76.43%</b>                   | <b>84.00%</b>                   | <b>81.43%</b>                   | <b>84.15%</b>                   |

Source: Florida Hospital Bed Need Projections & Service Utilization by District, July (2013-2017) Batching Cycles

\* UF Health Shands Rehab Hospital was CON approved through exemption (E160026), effective December 13, 2016, to add 10 beds. These actions were not licensed as of July 21, 2017.

\*\* Seven Rivers Regional Medical Center was CON approved through notification (N160022) to delicense (close) its CMR unit and convert/add its 16 CMR beds to acute care beds (N160023). This action was licensed, effective June 1, 2016.

\*\*\* The Villages Tri-County Medical Center, Inc. d/b/a The Villages Regional Hospital was approved through CON #10218, which established a 20-bed CMR unit which was licensed on July 1, 2016.

\*\*\*\* HealthSouth Rehab Hospital of Ocala was initially licensed in November 2012 with 40 beds. The facility was CON approved through exemption (E140001), effective January 10, 2014, to add 10 beds. Those additional 10 beds were licensed, effective October 22, 2014. The facility was again CON approved through exemption (E150046), effective December 3, 2015, to add an additional 10 beds. Those additional 10 beds were licensed, effective July 1, 2016.

Maquest directions obtained November 2017 indicate that existing facilities are located within the following approximate driving miles/driving times (in minutes) from each applicant’s proposed project location and each other.

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| Driving Distance in Miles - Existing Facilities and Proposed Sites |                              |                               |                               |  |  |   |                                      |
|--|------------------------------|-------------------------------|-------------------------------|--|--|---|--------------------------------------|
| Facility   | FHW<br>CON<br>app.<br>#10496 | MRMC<br>CON<br>app.<br>#10498 | WMCH<br>CON<br>app.<br>#10499 | UF<br>Health<br>Shands<br>Rehab<br>Hosp. | HlthSouth<br>Rehab<br>Hosp.<br>Spring Hill | The<br>Villages<br>Regional<br>Hospital | HlthSouth<br>Rehab<br>Hosp.<br>Ocala |
| FHW CON app. #10496  |                              | 47.0                          | 48.0                          | 88.8                                     | 67.6                                       | 22.3                                    | 43.2                                 |
| MRMC CON app. #10498   | 47.0                         |                               | 8.6                           | 51.5                                     | 51.7                                       | 25.2                                    | 12.0                                 |
| WMCH CON app. #10499   | 48.0                         | 8.6                           |                               | 43.8                                     | 67.9                                       | 26.1                                    | 4.3                                  |
| UF Health Shands Rehab Hosp.                                       | 88.8                         | 51.5                          | 43.8                          |  | 109  | 67.0                                    | 43.6                                 |
| HlthSouth Rehab Hosp. Spring Hill                                  | 67.6                         | 51.7                          | 67.9                          | 109                                      |  | 58.6                                    | 68.2                                 |
| The Villages Regional Hospital                                     | 22.3                         | 25.2                          | 26.1                          | 67.0                                     | 58.6                                       |   | 21.5                                 |
| HlthSouth Rehab Hosp. Ocala  | 43.2                         | 12.0                          | 4.3                           | 43.6                                     | 68.2                                       | 21.5                                    |                                      |

Source: Mapquest

| Driving Distance in Minutes - Existing Facilities and Proposed Sites |                              |                               |                               |  |  |   |                                   |
|--|------------------------------|-------------------------------|-------------------------------|--|--|---|-----------------------------------|
| Facility   | FHW<br>CON<br>app.<br>#10496 | MRMC<br>CON<br>app.<br>#10498 | WMCH<br>CON<br>app.<br>#10499 | UF<br>Health<br>Shands<br>Rehab<br>Hosp. | HlthSouth<br>Rehab<br>Hosp.<br>Spring Hill | The<br>Villages<br>Regional<br>Hospital | HlthSouth<br>Rehab Hosp.<br>Ocala |
| FHW CON app. #10496  |                              | 64                            | 60                            | 96                                       | 93   | 33                                      | 63                                |
| MRMC CON app. #10498   | 64                           |                               | 14                            | 54                                       | 64   | 36                                      | 23                                |
| WMCH CON app. #10499   | 60                           | 14                            |                               | 69                                       | 35   | 34                                      | 8                                 |
| UF Health Shands Rehab Hosp.   | 96                           | 54                            | 69                            |  | 102  | 67                                      | 45                                |
| HlthSouth Rehab Hosp. Spring Hill                                    | 93                           | 64                            | 35                            | 102                                      |  | 72                                      | 72                                |
| The Villages Regional Hospital                                       | 33                           | 36                            | 34                            | 67                                       | 72   |   | 32                                |
| HlthSouth Rehab Hosp. Ocala  | 63                           | 23                            | 8                             | 45                                       | 72   | 32                                      |                                   |

Source: Mapquest

**CON Action Numbers: 10496, 10498 (10498P) and 10499**

The table below shows the total number of Marion County adult residents discharged from a Florida CMR provider (regardless of whether a CMR freestanding or an in-hospital CMR distinct unit) in the 12-month period ending December 31, 2016.

| <b>Marion County Adult Residents Discharged from CMR Providers<br/>12 Months Ending December 31, 2016</b> |                                 |                         |                                 |                           |                             |
|---|---------------------------------|-------------------------|---------------------------------|---------------------------|-----------------------------|
| <b>Facility Name</b>  | <b>Facility District/County</b> | <b>Total Discharges</b> | <b>Percent Total Discharges</b> | <b>Total Patient Days</b> | <b>Percent Patient Days</b> |
| UF Health Shands Rehab Hospital   | 3/Alachua                       | 11                      | 2.21%                           | 109                       | 1.72%                       |
| HlthSouth Rehab Hospital of Ocala   | 3/Marion                        | 473                     | 94.98%                          | 6,108                     | 96.55%                      |
| HlthSouth Rehab Hospital of Spring Hill   | 3/Hernando                      | 0                       | 0.00%                           | 0                         | 0.00%                       |
| Leesburg Regional Hospital (delicensed)   | 3/Lake                          | 1                       | 0.20%                           | 12                        | 0.19%                       |
| Seven Rivers Regional Medical Center  | 3/Citrus                        | 5                       | 1.00%                           | 47                        | 0.74%                       |
| The Villages Regional Hospital  | 3/Sumter                        | 7                       | 1.41%                           | 37                        | 0.58%                       |
| Other Non-CMR District 3 Facilities   | 3                               | 0                       | 0.00%                           | 0                         | 0.00%                       |
| <b>Total District 3 Facilities</b>  |                                 | <b>497</b>              | <b>99.80%</b>                   | <b>6,313</b>              | <b>99.79%</b>               |
| <b>Other Florida Facilities (Non-District 3)</b>  |                                 | <b>1</b>                | <b>0.20%</b>                    | <b>13</b>                 | <b>0.21%</b>                |
| <b>Total</b>  |                                 | <b>498</b>              | <b>100.00%</b>                  | <b>6,326</b>              | <b>100%</b>                 |

Source: Florida Center for Health Information and Transparency database—CMR. MS-DRGs 559-561, 945, 949 and 950

The reviewer notes that, in the 12-month period ending December 31, 2016, according to data from the Florida Center for Health Information and Transparency:

- Of the 498 adult Marion County residents discharged from CMR providers, 497 (99.80 percent) were discharged from a District 3 provider and one (0.20 percent) was discharged from a non-District 3 CMR provider
- As shown, adult Marion County residents substantially did not out-migrate to receive services from a CMR freestanding facility or an in-hospital CMR distinct unit

| <b>Lake County Adult Residents Discharged from CMR Providers<br/>12 Months Ending December 31, 2016</b> |                                 |                         |                                 |                           |                             |
|---|---------------------------------|-------------------------|---------------------------------|---------------------------|-----------------------------|
| <b>Facility Name</b>  | <b>Facility District/County</b> | <b>Total Discharges</b> | <b>Percent Total Discharges</b> | <b>Total Patient Days</b> | <b>Percent Patient Days</b> |
| UF Health Shands Rehab Hospital   | 3/Alachua                       | 5                       | 7.94%                           | 40                        | 6.08%                       |
| Seven Rivers Regional Medical Center  | 3/Citrus                        | 0                       | 0.00%                           | 0                         | 0.00%                       |
| HlthSouth Rehab Hospital of Ocala   | 3/Marion                        | 22                      | 34.92%                          | 274                       | 41.64%                      |
| HlthSouth Rehab Hospital of Spring Hill   | 3/Hernando                      | 1                       | 1.59%                           | 8                         | 1.22%                       |
| Leesburg Regional Hospital (delicensed)   | 3/Lake                          | 24                      | 38.10%                          | 294                       | 44.68%                      |
| The Villages Regional Hospital  | 3/Sumter                        | 11                      | 17.46%                          | 42                        | 6.38%                       |
| Other Non-CMR District 3 Facilities   | 3                               | 0                       | 0.00%                           | 0                         | 0.00%                       |
| <b>Total District 3 Facilities</b>  |                                 | <b>63</b>               | <b>100.00%</b>                  | <b>658</b>                | <b>100.00%</b>              |
| <b>Other Florida Facilities (Non-District 3)</b>  |                                 | <b>0</b>                | <b>0.00%</b>                    | <b>0</b>                  | <b>0.00%</b>                |
| <b>Total</b>  |                                 | <b>63</b>               | <b>100%</b>                     | <b>658</b>                | <b>100.00%</b>              |

Source: Florida Center for Health Information and Transparency database—CMR. MS-DRGs 559-561, 945, 949 and 950

The reviewer notes that, in the 12-month period ending December 31, 2016, according to data from the Florida Center for Health Information and Transparency:

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- Of the 63 adult Lake County residents discharged from CMR providers, all 63 (100.00 percent) were discharged from a District 3 provider and none (0.00 percent) were discharged from a non-District 3 CMR provider
- As shown, adult Lake County residents did not out-migrate to receive services from a CMR freestanding facility or an in-hospital CMR distinct unit

**Each** co-batched applicant offers additional arguments in support of need for each perspective project. Arguments are listed and briefly described below.

**Florida Hospital Waterman, Inc. d/b/a Florida Hospital Waterman (CON application #10496)** states that a lack of accessible CMR services exists for residents of Lake County as evidenced by the following facts:

- There are currently no CMR beds located in Lake County
- CMR beds are not well distributed geographically in District 3
- The elderly population in Lake County is large and rapidly increasing—outpacing District growth in the 65+ population.
- Lake County has a significantly lower number of CMR discharges per 10,000 population than the District 3 average
- The percent of acute care patients discharged to inpatient CMR services at FHW and in Lake County is lower than District 3 and the state average
- The extensive outpatient rehabilitation services currently available at FHW, along with the development of its nursing home, provide a continuum of post-acute services which the proposed CMR unit will complete
- The approval of a CMR unit at FHW will not have an adverse impact on existing providers, given that there is a calculated numerical need for CMR beds in the District and FHW is located in a county with no existing CMR beds

The applicant states that FHW currently treats a large number of patients with an array of conditions in its comprehensive outpatient rehabilitation center, the FHW Rehabilitation Institute, which routinely accommodates more than 50,000 patient visits annually.

FHW discusses the distribution and accessibility of existing CMR services in District 3, noting that none of the existing four CMR providers are located in Lake County. The applicant states that FHW is located a significant distance from each of the existing District 3 inpatient CMR service providers and is approximately 25 miles from the closest District 3 provider (TVRH). FHW asserts that this is a significant distance for families to travel on a daily basis. The reviewer notes, according to Mapquest, the distance from FHW to TVRH is 22.9 miles

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(39 minutes travel time). The applicant states that the TVRH 20-bed CMR unit already achieved an occupancy rate in excess of 90 percent during the six operational months in 2016.

The applicant states that among the co-batched applicants seeking approval to establish CMR services, FHW is the only applicant that proposes to serve a county that currently lacks CMR services. The applicant reveals that there are two CMR providers in District 3, UF Shands and HealthSouth Ocala, with a combined total of 100 existing CMR beds (half the Districts total CMR beds) located in Marion and Alachua Counties. FHW asserts that the co-batched applicants all propose to develop CMR services within counties that already have CMR providers. Additionally, the applicant states that travel distance in counties where CMR services are already available, ranges from four to 12 miles or six to 23 minutes to reach an existing CMR provider.

The applicant contends that FHW's proposed unit and site is the only project proposed that would address and improve geographic distribution and accessibility of CMR services in District 3. FHW implies that the co-batched applicant's respective proposals would cluster additional services in counties that presently have access to a large number of CMR beds. The applicant provides a map (CON application #10496, page 21) illustrating the lack of improvement of geographic distribution of CMR beds in District 3 associated with the co-batched applicants.

The applicant discusses population demographics, stating that District 3 is home to just over 1.7 million residents with a projected 5.3 percent increase between 2017 and 2022, to just over 1.8 million residents. FHW states that although District 3 population growth is projected to be at a slightly lower overall rate than the statewide average between 2017 and 2022, Lake County population growth is not only projected to outpace the statewide average, but it is the second fastest growing county in the district. The applicant states that it is noteworthy that the fastest growing county in the district (Sumter) is contiguous to Lake County and is home to one existing CMR provider (TVRH) which has 20 operational CMR beds and is approved to add ten additional beds as a result of high utilization. The applicant provides the current and projected population growth by county for District 3's total population for 2017 and 2022, ranked in order from fastest to slowest projected growth. The applicant also compares District 3 as a whole and by county, to the overall rate of population growth statewide. See the table below.



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| <b>District 3 Total Resident Population Growth 2017-2022</b> |                  |                   |               |             |
|--|------------------|-------------------|---------------|-------------|
| <b>County</b>  | <b>2017</b>      | <b>2022</b>       | <b>Change</b> | <b>AAGR</b> |
| Sumter   | 126,329          | 140,933           | 11.6%         | 2.3%        |
| Lake   | 335,834          | 361,661           | 7.7%          | 1.5%        |
| Suwannee   | 44,863           | 47,489            | 5.9%          | 1.2%        |
| Alachua  | 264,659          | 279,081           | 5.4%          | 1.1%        |
| Marion   | 350,432          | 367,665           | 4.90%         | 1.0%        |
| Hernando   | 182,020          | 190,630           | 4.70%         | 0.9%        |
| Columbia   | 69,349           | 71,741            | 3.4%          | 0.7%        |
| Gilchrist  | 17,366           | 17,949            | 3.4%          | 0.7%        |
| Citrus   | 143,479          | 147,603           | 2.9%          | 0.6%        |
| Union  | 15,679           | 16,073            | 2.5%          | 0.5%        |
| Dixie  | 16,550           | 16,953            | 2.4%          | 0.5%        |
| Levy   | 40,453           | 41,065            | 1.5%          | 0.3%        |
| Hamilton   | 14,527           | 14,667            | 1.0%          | 0.2%        |
| Putnam   | 72,575           | 73,040            | 0.6%          | 0.1%        |
| Lafayette  | 8,651            | 8,702             | 0.6%          | 0.1%        |
| Bradford   | 27,125           | 26,916            | -0.8%         | -0.2%       |
| <b>District 3</b>  | <b>1,729,891</b> | <b>1,822,168</b>  | <b>5.3%</b>   | <b>1.1%</b> |
| <b>Florida</b>   | <b>20748,693</b> | <b>22,128,727</b> | <b>6.7%</b>   | <b>1.3%</b> |

Source: CON application #10496, page 26

The applicant reports that Lake County is the second largest population base in District 3 (335,834 residents) and is only slightly smaller than Marion County (350,432 residents). In contrast, the applicant indicates that as a percentage of total District 3 population, Lake County is projected to increase from 19.4 percent to 19.8 percent between 2017 and 2022 while Marion County's population as a percentage of the district total is projected to decline slightly from 20.3 to 20.2 percent. For the same period, FHW provides the current and projected population distribution by county. The applicant states that the projected growth in Lake County accounts for nearly 30 percent of the total District 3 growth from 2017-2022. See the table below.

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| <b>District 3 Total Resident Population Distribution by County 2017-2022</b> |                  |                              |                  |                              |
|--|------------------|------------------------------|------------------|------------------------------|
| <b>County</b>  | <b>2017</b>      | <b>2017 Percent of Total</b> | <b>2022</b>      | <b>2022 Percent of Total</b> |
| Marion   | 350,432          | 20.3%                        | 367,665          | 20.2%                        |
| Lake   | 335,834          | 19.4%                        | 361,661          | 19.8%                        |
| Alachua  | 264,659          | 15.3%                        | 279,081          | 15.3%                        |
| Hernando   | 182,020          | 10.5%                        | 190,630          | 10.5%                        |
| Citrus   | 143,479          | 8.3%                         | 147,603          | 8.1%                         |
| Sumter   | 126,329          | 7.3%                         | 140,933          | 7.7%                         |
| Putnam   | 72,575           | 4.2%                         | 73,040           | 4.0%                         |
| Columbia   | 69,349           | 4.0%                         | 71,741           | 3.9%                         |
| Suwannee   | 44,863           | 2.6%                         | 47,489           | 2.6%                         |
| Levy   | 40,453           | 2.3%                         | 41,065           | 2.3%                         |
| Bradford   | 27,125           | 1.6%                         | 26,916           | 1.5%                         |
| Gilchrist  | 17,366           | 1.0%                         | 17,949           | 1.0%                         |
| Dixie  | 16,550           | 1.0%                         | 16,953           | 0.9%                         |
| Union  | 15,679           | 0.9%                         | 16,073           | 0.9%                         |
| Hamilton   | 14,527           | 0.8%                         | 14,667           | 0.8%                         |
| Lafayette  | 8,651            | 0.5%                         | 8,702            | 0.5%                         |
| <b>District 3</b>  | <b>1,729,891</b> | <b>100.0%</b>                | <b>1,822,168</b> | <b>100.0%</b>                |

Source: CON application #10496, page 27

Based on the table above, the applicant offers that Lake and Marion Counties have comparable total populations and will be approximately the same size (within 6,000 residents) by 2022. The applicant asserts that the approval of the proposed CMR unit would improve the geographic distribution of CMR beds within the county and ensure that services are available and accessible to the second largest population base in the area. In addition to overall population demographics, the applicant proclaims Lake County has the fastest growing elderly population (age 65+) in District 3. FHW states that by 2022, Lake County will be home to more than 106,000 elderly residents, outpacing District-wide projected growth between 2017 and 2022. The applicant notes that Sumter County (contiguous to Lake County) is home to the third largest elderly population in District 3. The applicant provides District 3’s resident population growth for age 65+. See the table below.

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| <b>District 3 Resident Population Growth Age 65+ 2017-2022</b> |                  |                  |               |             |
|--|------------------|------------------|---------------|-------------|
| <b>County</b>  | <b>2017</b>      | <b>2022</b>      | <b>Change</b> | <b>AAGR</b> |
| Marion   | 101,881          | 115,178          | 13.1%         | .6%         |
| Lake   | 91,238           | 106,303          | 16.5%         | 3.3%        |
| Sumter   | 70,106           | 84,240           | 20.2%         | 4.0%        |
| Hernando   | 52,476           | 59,959           | 14.3%         | 2.9%        |
| Citrus   | 52,553           | 58,293           | 10.9%         | 2.2%        |
| Alachua  | 35,710           | 43,018           | 20.5%         | 4.1%        |
| Putnam   | 16,148           | 17,864           | 10.6%         | 2.1%        |
| Columbia   | 12,721           | 14,673           | 15.3%         | 3.1%        |
| Levy County  | 9,791            | 10,941           | 11.7%         | 2.3%        |
| Suwannee   | 9,259            | 10,777           | 16.4%         | 3.3%        |
| Bradford   | 5,108            | 5,556            | 8.8%          | 1.8%        |
| Dixie  | 3,763            | 4,174            | 10.9%         | 2.2%        |
| Gilchrist  | 3,570            | 4,106            | 15.0%         | 3.0%        |
| Hamilton   | 2,487            | 2,801            | 12.6%         | 2.5%        |
| Union  | 2,022            | 2,259            | 11.7%         | 2.3%        |
| Lafayette  | 1,334            | 1,489            | 11.6%         | 2.3%        |
| <b>District 3</b>  | <b>470,167</b>   | <b>541,631</b>   | <b>15.2%</b>  | <b>3.0%</b> |
| <b>Florida</b>   | <b>4,167,018</b> | <b>4,916,574</b> | <b>18.0%</b>  | <b>3.6%</b> |

Source: CON application #10496, page 28

FHW indicates that the 65+ population in Lake County accounts for just over 27 percent of the total population and will increase to nearly 30 percent of the total population by 2022. The applicant indicates that the age distribution in Lake County is trending to be older than the statewide elderly population. The applicant provides the total resident population by age cohort for each county in District 3. See the table below.

| <b>District 3 Total Resident Population Distribution by Age Cohort and County 2017-2022</b> |              |              |              |              |              |              |              |              |              |              |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| <b>County</b>   | <b>2017</b>  |              |              |              |              | <b>2022</b>  |              |              |              |              |
|   | <b>0-17</b>  | <b>18-44</b> | <b>45-65</b> | <b>65+</b>   | <b>Total</b> | <b>0-17</b>  | <b>18-44</b> | <b>45-64</b> | <b>65+</b>   | <b>Total</b> |
| Sumter  | 7.6%         | 14.9%        | 21.9%        | 55.5%        | 100%         | 7.9%         | 14.6%        | 17.8%        | 59.8%        | 100%         |
| Citrus  | 14.7%        | 21.5%        | 27.1%        | 36.6%        | 100%         | 14.3%        | 21.9%        | 24.2%        | 39.5%        | 100%         |
| Hernando  | 18.0%        | 26.8%        | 26.4%        | 28.8%        | 100%         | 17.0%        | 27.2%        | 24.4%        | 31.5%        | 100%         |
| Marion  | 18.6%        | 27.4%        | 25.0%        | 29.1%        | 100%         | 18.3%        | 27.7%        | 22.7%        | 31.3%        | 100%         |
| Lake  | 19.4%        | 28.1%        | 25.3%        | 27.2%        | 100%         | 18.8%        | 28.1%        | 23.7%        | 29.4%        | 100%         |
| Levy  | 19.6%        | 27.7%        | 28.5%        | 24.2%        | 100%         | 19.1%        | 28.1%        | 26.2%        | 26.6%        | 100%         |
| Dixie   | 18.8%        | 30.3%        | 28.2%        | 22.7%        | 100%         | 19.1%        | 30.8%        | 25.5%        | 24.6%        | 100%         |
| Putnam  | 21.4%        | 29.0%        | 27.3%        | 22.3%        | 100%         | 21.1%        | 29.5%        | 24.9%        | 24.5%        | 100%         |
| Gilchrist   | 20.6%        | 31.6%        | 27.2%        | 20.6%        | 100%         | 20.0%        | 31.6%        | 25.6%        | 22.9%        | 100%         |
| Suwannee  | 20.4%        | 34.0%        | 24.9%        | 20.6%        | 100%         | 20.4%        | 33.8%        | 23.0%        | 22.7%        | 100%         |
| Bradford  | 20.6%        | 34.1%        | 26.4%        | 18.8%        | 100%         | 20.9%        | 34.4%        | 24.1%        | 20.6%        | 100%         |
| Columbia  | 21.6%        | 33.9%        | 26.2%        | 18.3%        | 100%         | 21.2%        | 34.1%        | 24.2%        | 20.5%        | 100%         |
| Hamilton  | 19.8%        | 36.6%        | 26.5%        | 17.1%        | 100%         | 19.9%        | 36.4%        | 24.6%        | 19.1%        | 100%         |
| Lafayette   | 20.9%        | 39.6%        | 24.1%        | 15.4%        | 100%         | 20.4%        | 39.2%        | 23.2%        | 17.1%        | 100%         |
| Alachua   | 18.9%        | 46.5%        | 21.1%        | 13.5%        | 100%         | 19.0%        | 45.6%        | 19.9%        | 15.4%        | 100%         |
| Union   | 19.0%        | 38.4%        | 29.7%        | 12.9%        | 100%         | 18.7%        | 38.3%        | 28.9%        | 14.1%        | 100%         |
| <b>District 3</b>   | <b>18.0%</b> | <b>29.9%</b> | <b>24.9%</b> | <b>27.2%</b> | <b>100%</b>  | <b>17.6%</b> | <b>29.9%</b> | <b>22.8%</b> | <b>29.7%</b> | <b>100%</b>  |
| <b>Florida</b>  | <b>20.1%</b> | <b>33.3%</b> | <b>26.4%</b> | <b>20.1%</b> | <b>100%</b>  | <b>19.6%</b> | <b>32.6%</b> | <b>25.5%</b> | <b>22.2%</b> | <b>100%</b>  |

Source: CON application #10496, page 29

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The applicant discusses institution-specific need for CMR beds, stating that FHW offers physical rehabilitation services for a wide range of patient types/conditions and therefore the proposed unit is a logical extension of current expertise in rehabilitation. The applicant emphasizes the barriers experienced by patients and physicians in seeking inpatient CMR services at facilities outside FHW. According to the applicant, these barriers include:

- Long travel distance to existing CMR beds from FHW
- Lack of continuity of care when patients have FHW to seek CMR services within another county
- Denied admissions to existing CMR providers due to lack of bed capacity or need for concurrent intense medical management/support

FHW indicates that the discharge rate from acute care to inpatient rehabilitation facilities (IRFs), also known as a 'conversion rate', in Lake County is lower than the state and District 3 averages. Furthermore, Lake County's conversion rate is lower than the state average and one of the lowest in District 3. The applicant asserts that the lack of discharges to IRFs is indicative of barriers to care for patients and physicians in the area.

The applicant states that in 2016, FHW discharged patients from 52 Florida counties and out-of-state. However, the applicant reports that approximately 91 percent of total discharges were residents of Lake County, indicating that FHW is a critical component of the local health care market in Lake County.

The applicant states that for 2014-2016, FHW's three largest discharge disposition categories (as classified in the Agency's inpatient discharge database) were: (1) Home or Self-Care, (3) SNF with Medicare Certification in Anticipation of Skilled Care and (6) Home or Home Health in Anticipation of Skilled Care. The applicant maintains that nearly 90 percent of FHW's 2016 discharges fell into one of these three categories. The applicant notes that FHW's discharges to rehab, which are coded (62) Inpatient Rehab Facility including Hospital Distinct Part Units, are very low on an annual basis due to challenges in referring patients or having patients agree to transfer to CMR units in other parts of the district or even out of district. The applicant suggests that patients who could qualify and benefit from higher acuity CMR care are opting to seek care at an SNF based on proximity for the patient and their families. FHW provides a list of discharges by disposition from 2014 to 2016. See the table below.

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| <b>FHW Discharges by Disposition 2014-2016</b>        |  |                        |                        |                        |                             |
|---|--|------------------------|------------------------|------------------------|-----------------------------|
| <b>Discharge Status</b>                               | <b>Discharge Status Description</b>                              | <b>2014 Discharges</b> | <b>2015 Discharges</b> | <b>2016 Discharges</b> | <b>2016 Conversion Rate</b> |
| 1   | Home or Self-Care (Routine Discharge)                            | 8,509                  | 8,777                  | 8,148                  | 56.7%                       |
| 2   | Short-term General Hosp for IP Care                              | 249                    | 321                    | 327                    | 2.3%                        |
| 3   | SNF with Medicare Cert in Anticipation of Skilled Care           | 1,937                  | 1,893                  | 1,348                  | 12.9%                       |
| 4   | Intermediate Care Facility                                       | 15                     | 17                     | 22                     | 0.2%                        |
| 5   | Designated Cancer Center or Children's Hospital                  | --                     | 4                      | 4                      | 0.0%                        |
| 6   | Home or Home Health in Anticipation of Skilled Care              | 2,626                  | 2,874                  | 2,774                  | 19.3%                       |
| 7   | Left Against Medical Advice                                      | 281                    | 261                    | 234                    | 1.6%                        |
| 20  | Expired  | 232                    | 324                    | 266                    | 1.9%                        |
| 21  | Court/Law Enforcement  | 18                     | 16                     | 25                     | 0.2%                        |
| 50  | Hospice-Home   | 152                    | 156                    | 230                    | 1.6%                        |
| 51  | Hospice Medical Facility   | 187                    | 225                    | 218                    | 1.5%                        |
| 62  | Inpatient Rehab Facility Including Hospital Distinct Part Units  | 34                     | 54                     | 53                     | 0.4%                        |
| 63  | Medicare Certified Long Term Care Hospital                       | 91                     | 69                     | 71                     | 0.5%                        |
| 64  | Nursing Facility Certified Under Medicaid, but not Medicare      | 2                      | --                     | 2                      | 0.0%                        |
| 65  | Psychiatric Hospital including Hospital Distinct Part Units      | 81                     | 93                     | 115                    | 0.8%                        |
| 66  | Critical Access Hospital   | 3                      | 1                      | 1                      | 0.0%                        |
| 70  | Another Type of Health Care Institution Not Defined in Code List | 32                     | 29                     | 29                     | 0.2%                        |
| <b>Total All Discharges Excluding Normal Newborns</b> |  | <b>14,449</b>          | <b>15,114</b>          | <b>14,367</b>          | <b>100.0%</b>               |

Source: CON application #10496, page 31

The applicant further discusses conversion rates of acute care discharges to inpatient rehabilitation for 2014-2016 stating that when analyzing the utilization and accessibility of CMR services, it is important to look at not only the conversion rate for patients (regardless of payor source) but also to look specifically at the conversion rate for Medicare patients, since Medicare is the primary payor for CMR services. FHW indicates that the portion of CMR discharges covered under traditional Medicare or Managed Medicare in District 3 is significantly higher than the state average, which is reasonable based on the large elderly population in the district. The applicant reiterates that 27.2 percent of District 3's population is 65+, while just 20.1 percent of the statewide population falls into that age cohort. FHW maintains that in 2016, 74.1 percent of statewide CMR discharges were covered under traditional or managed Medicare while nearly 81 percent of District 3 CMR discharges were Medicare patients. The applicant provides CMR discharge percentages for Medicare and all other payor mix, statewide and in District 3. See that table below.

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| <b>District 3 and Statewide Medicare CMR Discharges Percentage</b> |                  |                   |
|--|------------------|-------------------|
| <b>Payor</b>   | <b>Statewide</b> | <b>District 3</b> |
| Medicare   | 74.1%            | 80.8%             |
| All Other  | 25.9%            | 19.2%             |
| <b>Total</b>   | <b>100.0%</b>    | <b>100.0%</b>     |

Source: CON application 10496, page 34

The applicant points out the disparity between FHW’s conversion rate from acute care to CMR units compared to Lake County. The applicant contends that the Lake County conversion rate for Medicare patients from acute care to inpatient rehabilitation is four times the FHW rate in 2016. Further, the District 3 rate is more than six times higher than FHW's rate. Finally, the applicant states that the statewide rate is nearly two times higher than Lake County and seven times higher than FHW's rate.

FHW indicates that further evidence of the barrier to accessibility of acute CMR services is the high discharge rate to SNFs from FHW as compared to Lake County, District 3 and the state. The applicant maintains that rehabilitation services provided in SNFs are less intensive than what can be provided in an acute CMR unit. The therapy frequency requirements are lower in SNFs (1.7 hours daily compared to three or more hours daily in acute units). The applicant states that when there is a barrier to access to acute CMR units, patients and physicians will opt for treatment in a SNF in lieu of forgoing treatment altogether. FHW contends that this is not an optimal solution when intensive inpatient therapy is warranted for a particular patient.

The applicant states that the overall use rate per 10,000 population for acute inpatient CMR services is lower in Lake County than the District 3 average and is lower than the counties where the two other co-batched applicants propose to locate their CMR units. FHW indicates that the 2016 Lake County use rate per 10,000 for acute CMR services was 17.7 while the District 3 overall rate was significantly higher at 25.7 per 10,000. The applicant also indicates that the Marion County rate was higher than both the district average and Lake County, at 34.0 per 10,000 residents while the Alachua County rate was higher than the Lake County rate at 18.6 discharges per 10,000 residents. See the table below.

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| <b>Acute CMR Discharges per 10,000 Population<br/>By District 3 Resident County 2014-2016</b> |             |             |             |
|---|-------------|-------------|-------------|
| <b>County</b>   | <b>2014</b> | <b>2015</b> | <b>2016</b> |
| Hernando  | 65.2        | 65.1        | 59.3        |
| Marion  | 28.9        | 34.0        | 34.0        |
| Citrus  | 35.7        | 30.5        | 25.7        |
| Levy  | 25.4        | 24.9        | 24.1        |
| Alachua   | 15.9        | 16.6        | 18.6        |
| Lake  | 13.4        | 16.8        | 17.7        |
| Sumter  | 16.6        | 22.1        | 17.5        |
| Bradford  | 11.4        | 18.7        | 16.6        |
| Dixie   | 11.6        | 11.6        | 15.8        |
| Putnam  | 15.9        | 14.9        | 14.6        |
| Suwannee  | 12.9        | 10.7        | 14.4        |
| Gilchrist   | 11.8        | 11.7        | 13.3        |
| Columbia  | 13.1        | 13.0        | 13.2        |
| Hamilton  | 6.9         | 11.7        | 11.7        |
| Union   | 12.3        | 11.0        | 11.5        |
| Lafayette   | 10.4        | 5.8         | 2.3         |
| <b>District 3 Total</b>   | <b>24.7</b> | <b>26.5</b> | <b>25.7</b> |

Source: CON application #10496, page 36

According to the applicant, an age-specific analysis shows that Lake County residents' use rate per 10,000 for the 65+ age cohort is significantly lower than the District 3 average and the two counties where the co-batched applicants propose to serve. FHW indicates that Lake County's 2016 discharge rate per 10,000 residents ages 65+ was 47.5, while the Marion and Alachua rates were nearly double that at 93.8 and 91.4 per 10,000 for the same period. The applicant maintains that the overall District 3 rate was 72.7 per 10,000. FHW provides the following table depicting the 2016 use rates of acute inpatient CMR services per 10,000 population by age cohort for District 3 resident counties.

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| Acute CMR Discharges per 10,000 Population<br>By Age Cohort and District 3 Resident County 2016 |            |            |             |             |             |              |             |
|---|------------|------------|-------------|-------------|-------------|--------------|-------------|
| County  | 2016       |            |             |             |             |              |             |
|   | 0-17       | 18-44      | 45-64       | 65-74       | 75-84       | 85+          | 65+         |
| Hernando  | 0.9        | 4.8        | 27.3        | 88.0        | 205.8       | 505.3        | 178.9       |
| Marion  | 1.9        | 4.6        | 21.7        | 50.0        | 115.0       | 256.2        | 93.8        |
| Alachua   | 1.8        | 3.6        | 21.8        | 66.9        | 103.9       | 180.6        | 91.4        |
| Citrus  | 1.4        | 5.9        | 12.4        | 39.1        | 63.6        | 129.0        | 57.8        |
| Levy  | 2.5        | 6.3        | 28.2        | 33.9        | 93.3        | 102.9        | 57.5        |
| Lake  | 0.8        | 4.8        | 13.5        | 28.5        | 67.7        | 80.7         | 47.5        |
| Suwannee  | 1.1        | 4.6        | 16.0        | 33.8        | 51.2        | 59.0         | 42.4        |
| Dixie   | 3.2        | 6.0        | 14.8        | 34.8        | 63.0        | 0.0          | 40.8        |
| Bradford  | 1.8        | 6.5        | 26.1        | 24.0        | 61.2        | 47.5         | 37.9        |
| Union   | 0.0        | 5.0        | 17.1        | 31.4        | 52.1        | 0.0          | 35.5        |
| Putnam  | 1.9        | 2.4        | 20.8        | 25.7        | 56.9        | 28.9         | 35.4        |
| Gilchrist   | 2.8        | 3.7        | 16.8        | 14.5        | 61.8        | 70.8         | 34.7        |
| Columbia  | 0.7        | 4.7        | 20.7        | 25.7        | 59.0        | 7.3          | 33.3        |
| Sumter  | 1.1        | 1.1        | 8.1         | 15.5        | 46.5        | 70.9         | 28.2        |
| Hamilton  | 3.5        | 0.0        | 25.6        | 32.8        | 0.0         | 40.5         | 24.8        |
| Lafayette   | 0.0        | 2.9        | 0.0         | 0.0         | 23.7        | 0.0          | 7.7         |
| <b>District 3 Total</b>   | <b>1.4</b> | <b>4.3</b> | <b>18.8</b> | <b>41.3</b> | <b>92.4</b> | <b>181.9</b> | <b>72.7</b> |

Source: CON application #10496, page 37-Agency Inpatient Discharge Database

The applicant expresses that the development of FHW's proposed 12-bed unit should have a positive impact on the use rate for CMR services by Lake County residents, since a large portion of FHW's discharges are Lake County residents. FHW asserts that an increase in the Lake County use rate to the District 3 average would result in nearly 350 additional CMR discharges of Lake County residents in 2022. The applicant maintains that there is a barrier to accessibility of CMR services for residents of Lake County and discharges from FHW, based on discharge rates to rehabilitation facilities, discharge rates to SNFs and use rates of acute CMR services in District 3.

Regarding utilization for the proposed project, the applicant states that project utilization is based on the following assumptions:

- FHW's overall acute care discharges will increase by 1.5 percent annually from 2016 levels based on Lake County projected total population growth
- The conversion rate of acute care discharges to CMR will increase to 75 percent of the District 3 rate in year one (2020) and will be consistent with the District 3 rate by year two (2021)
- FHW will capture 75 percent of its internal acute care discharges to CMR in year one and 85 percent in year two, leaving the remainder to seek admission elsewhere if they choose
- FHW will experience 10 percent in-migration from other facilities, based on its current expertise in CMR care and the full continuum of rehabilitation services it will offer upon completion of the proposed project



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- The average length of stay (ALOS) in the proposed 12-bed CMR unit will be 13.2 days in year one, decreasing slightly to 13.0 days in year two as the unit gains efficiency/experience, consistent with other Florida Hospital CMR units and area experience

The applicant provides the following projected utilization for the first two years of operation for the proposed project.

| <b>FHW 12-Bed CMR Unit Projected Utilization<br/>Year One (2020) and Year Two (2021)</b>                |              |              |
|---|--------------|--------------|
|   | <b>2020</b>  | <b>2021</b>  |
| FHW Total Acute Care Discharges (1.5% Increase Annually)  | 15,249       | 15,477       |
| 2016 District 3 Conversion Rate Acute Care to Rehab, All Payors (Ramp up Year One at 75% of 2016 Level) | 1.5%         | 2.0%         |
| Projected FHW Discharges to Rehab   | 226          | 306          |
| FHW Market Share of Internal Discharges   | 75.0%        | 85.0%        |
| FHW Discharges from Acute Care to 12-Bed Unit   | 170          | 260          |
| Immigration from Other Hospitals (10%)  | 17           | 26           |
| Total FHW Rehab Discharges  | 187          | 286          |
| Projected Rehab ALOS  | 13.2         | 13.0         |
| Projected Rehab Patient Days  | 2,468        | 3,718        |
| <b>Projected Rehab ADC</b>  | <b>6.8</b>   | <b>10.2</b>  |
| <b>Projected Rehab Occupancy (12 beds)</b>  | <b>56.4%</b> | <b>84.9%</b> |

Source: CON application #10496, page 46

FHW states that the development of the proposed project will have no impact on existing providers. The applicant notes that the geographic maldistribution of beds in District 3 leaves no operational CMR beds in Lake County. The applicant maintains that FHW's historical conversion rate of patients from acute care to CMR has been significantly lower than Lake County, District 3 and the State of Florida, due to the lack of proximate alternatives for care. The applicant contends that the proposed project will appropriately increase the discharge of patients from acute care to CMR—essentially creating new market demand for services, not shifting existing patients away from existing providers. FHW asserts that an increase in the Lake County rate to the District average would result in approximately 350 additional Lake County resident CMR discharges by 2022 (FHW's third year of operation).

In conclusion, the applicant asserts that there is a calculated numeric need for additional acute CMR beds within the district and therefore there will be no adverse impact to current providers of acute CMR services in the area.

**Munroe HMA Hospital, LLC d/b/a Munroe Regional Medical Center (CON application #10498)** states that TimberRidge Hospital more than satisfies the applicable Agency rule criteria and statutory review criteria and contends the proposed project should be approved based on the following:

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- The proposed project is responsive to the Agency's published fixed need pool of 12 beds.
- There are four inpatient rehabilitation hospitals/units in District 3 (consisting of 11 counties) but only one CMR hospital in Marion County. All operate at high occupancy year-round, despite seasonality demands which go unanswered.
- The one CMR hospital provider in Marion County, HealthSouth Ocala, consistently operates at full capacity. This hospital, HealthSouth Ocala, has had average quarterly occupancy rates for the past three and a half years ranging between 88 and 111 percent. During calendar year 2016, HealthSouth Ocala functioned at 94.8 percent occupancy even though it added 10 beds mid-year.
- Other District 3 providers also function at or close to full capacity.
- CMR readmission rates in the subdistrict are higher than acceptable, expected and worse than the national average.
- The one CMR hospital provider in Marion County, HealthSouth Ocala, does not contract with several of the major managed care plans in the area for which 11 percent of MRMC's acute care patients (excluding obstetrics and neonatal services) and 25 percent of 2016 managed care plans had these payors. During the first nine months of 2017 (January 1 through September 22) these four payors accounted for 1,115 admissions. MRMC's acute care patients enrolled in these managed care plans do not have a CMR option within reasonable geographic distance.
- HealthSouth Ocala primarily accepts desirable paying patients, leaving all other parties (Medicaid and medically indigent) with lesser rehabilitative options ultimately impacting those patients' ability to maximize their functional improvement after an injury.
- There are no CMR beds in the TimberRidge Hospital self-defined service area or in the broader western Marion County. The only Marion County CMR provider has capacity constraints.
- The three CMR providers outside Marion County are geographically inaccessible and each function above 82 percent occupancy.
- There is a disproportionately large percentage of elderly in Marion County and specifically within the TimberRidge Hospital service area. This population is the most frequent user of CMR services but has challenges in traveling to east Marion County or outside the County to access health care.
- Hospital-based CMR units are primarily supported by referrals that come directly from within the acute care hospital or system, which will be the case with the TimberRidge Hospital CMR unit.

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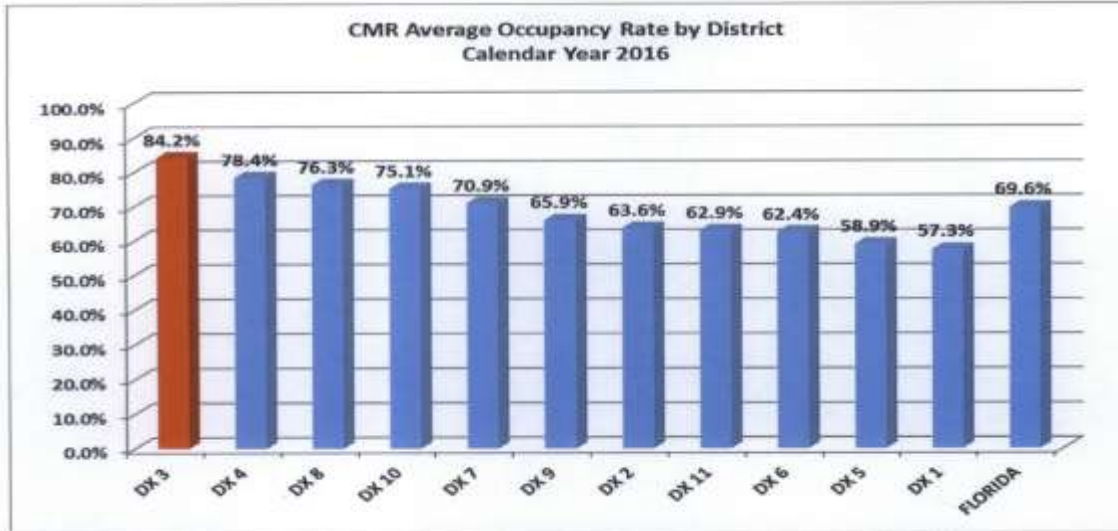
- Clinical continuity between acute care providers and programming and post-acute providers and programming is imperative but is, unfortunately, not the case for many service area residents. As the case mix index (severity rating) to patients admitted to CMR programs continues to increase, rehab appropriate patients at MRMC experience a break in the continuity of care as this level of care is not currently available either at MRMC nor within western Marion County.<sup>2</sup>
- TimberRidge Hospital is able to fully support a CMR program based on projected internal volume and MRMC's internal volume of rehab appropriate patients.
- Citrus County, adjacent to the west of TimberRidge Hospital, now has zero CMR beds since SRRMC closed its 12-bed unit in 2016. The applicant has forecasted 15-20 percent of its volume will migrate in from outside the defined service area. This volume will in part be residents of Citrus County who would have historically utilized the CMR unit at SRRMC. The CEO at SRRMC is in full support of the proposed CMR unit and has provided a letter of support for the project.

The applicant is applying for approval for the proposed 12-bed CMR unit however, states its willingness to accept a six-bed partial award in the event another co-batched applicant also applies for a six-bed partial award, allowing the Agency to distribute a 12-bed approval cross multiple providers. The reviewer notes that no other applicant requested a six-bed partial award.

MRMC states that District 3 has a history of excessive occupancy rates and in 2016, had the highest CMR occupancy rate of all 11 health planning districts in the state. The applicant indicates that District 3 CMR beds function at an average occupancy rate six points greater than the next closest District and almost 15 points greater than the statewide average of 70 percent. See the table below.

<sup>2</sup> The reviewer notes that the proposed unit will not be located at MRMC.

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Source: CON application #10498, Vol 1, page 27

The applicant analyzes the occupancy rates for Marion County’s sole CMR provider, HealthSouth Ocala, from the first quarter (Q1) in 2014 through the fourth quarter (Q4) in 2016. MRMC points out that the occupancy rates during this three-year period exceed the Agency’s 80 percent threshold to determine full capacity. The applicant indicates that the high occupancy rate is significant because HealthSouth Ocala added 10 beds to its 40-bed license during Q3-2015 with an additional 10-bed addition in Q3-2016 bringing the total capacity to 60 beds. MRMC notes that HealthSouth Ocala achieved a 95 percent occupancy rate in Q4-2016 following the 10-bed addition. MRMC contends that HealthSouth Ocala has maintained full capacity in 2017 noting that during the first six months, HealthSouth Ocala’s 60-bed occupancy rate ranged from 83.3 to 100 percent, with an average rate of 92.6 percent. The applicant proclaims that on a single day in March, MRMC discharge planners attempted to discharge two rehab appropriate patients to HealthSouth Ocala, however these patients were denied admission due to hospital operating at full capacity.

The applicant discusses occupancy rates using Agency Hospital Beds Need Projections publications and NHA Analysis for the 12 months ending December 31, 2016, excluding SRRMC’s 2,432 bed days and 763 patient days. According to the applicant, SRRMC had terminated any outreach and marketing efforts and ramped down CMR admissions in the months leading up to its closing. The applicant indicates that had SRRMC utilization been taken out of the occupancy rate calculation altogether, the districtwide occupancy rate would have been 85.9 percent during CY 2016. The applicant states that had SRRMC’s patients still received treatment at another CMR provider in the district (i.e. patient days counted but not bed days at SRRMC), the district annual occupancy rate would have been even higher at 87 percent. See the table below.

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| <b>District 3 CMR Providers CY 2016</b>                                      |                 |                     |                       |
|--|-----------------|---------------------|-----------------------|
| <b>Hospital</b>  | <b>Bed Days</b> | <b>Patient Days</b> | <b>Occupancy Rate</b> |
| UF Health Shands Rehab Hospital  | 14,640          | 12,085              | 85.9%                 |
| HealthSouth Rehab Hospital of Ocala  | 20,140          | 19,075              | 94.7%                 |
| HealthSouth Rehab Hospital of Spring Hill                                    | 29,280          | 23,635              | 80.7%                 |
| Leesburg Regional Rehabilitation Hospital                                    | 8,052           | 6,683               | 83.0%                 |
| Seven Rivers Regional Medical Center   | 2,432           | 763                 | 31.4%                 |
| District 3   | 75,920          | 62,726              | 84.2%                 |
| <b>District 3 Less Seven Rivers Regional Medical Center</b>                  | <b>72,112</b>   | <b>61,963</b>       | <b>85.9%</b>          |
| <b>District 3 Less Seven Rivers Beds Days with Seven Rivers Patient Days</b> | <b>72,112</b>   | <b>62,726</b>       | <b>87.0%</b>          |

Source: CON application #10498, page 32

The applicant maintains that based on WellFlorida Council monthly utilization for CY 2016, Shands Rehab Hospital’s monthly occupancy rates range from 77 to 94.1 percent and the hospital’s annual occupancy rate of 85.9 percent indicate that this hospital’s 10 additional beds will fill quickly.

Regarding MRMC proposed project’s defined service area, the applicant states it consists of nine (five primary and four secondary) Zip Codes in southwestern Marion County and a small portion of Citrus County, from which the applicant indicates TimberRidge Hospital will obtain 93 percent of its acute care patients and 90 percent of its forecasted CMR patients.<sup>3</sup> The applicant indicates that TimberRidge’s acute care designated service area was developed and defined based upon the existing utilization of the TimberRidge ED, its patient base, patient migration patterns throughout the area, proximity of these residents to other area health care resources and EMS transport activity as presented in CON application #10449 (August 2016 batching cycle). The applicant adds that the defined service area is west of Interstate 75 and generally consists of the southwest quadrant of Marion County. MRMC provides the primary service area (PSA) and secondary service area (SSA) for TimberRidge Hospital and the proposed CMR unit.

<sup>3</sup> The reviewer notes that pursuant to ss. 408.037 (2), Florida Statutes, an application for a general hospital must identify its primary and secondary service areas—this is not required nor appropriate for a tertiary service with a need methodology that contemplates the entire service district such as CMR.

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| <b>TimberRidge Hospital Service Area</b> |     |
|--|-----|
| 34481 Ocala                              | PSA |
| 34476 Ocala (*)                          | PSA |
| 34473 Ocala                              | PSA |
| 34432 Dunnellon (**)                     | PSA |
| 34474 Ocala                              | PSA |
|  |     |
| 34442 Hernando                           | SSA |
| 34431 Dunnellon                          | SSA |
| 34482 Ocala                              | SSA |
| 34434 Dunnellon                          | SSA |

Source: CON application #10498, Vol 1, page 37

(\*) P.O. Box 34477 is included in ZIP Code area 34476

(\*\*) P.O. Box 34430 is included in ZIP Code area 34432

The applicant provides a map (CON application #10498, page 38), to depict the above Zip Codes, relative to the planned TimberRidge Hospital and the existing TimberRidge ED. MRMC indicates that the map presented includes TVRH in Sumter County (20-bed CMR unit) which is located 25 miles southeast of TimberRidge Hospital. The applicant states that HealthSouth Rehabilitation Hospital of Ocala is outside the TimberRidge Hospital’s service area and east of Interstate 75.

MRMC discusses service area population, indicating that TimberRidge’s proposed aggregated service area is home to 124,940 adults (age 18+) with 52,288 adults aged 65+, representing 41.9 percent of the adult population. The applicant describes the PSA and SSA as having 77,641 and 47,299 adult residents of which 34,780 and 17,508 are seniors (age 65+) respectively. MRMC maintains that the PSA has a greater concentration of seniors (44.8 percent) compared to the SSA (37 percent). The applicant indicates the high concentration of seniors can be attributed to age-restricted communities dispersed throughout TimberRidge’s PSA. The applicant suggest that 37 percent of adults in the SSA age 65+ signifies, “a tremendous concentration of senior population in a single area” as only 24.7 percent of the State of Florida population is 65+.

The applicant provides the table below, which illustrates TimberRidge Hospital’s aggregated service area’s 2017 population by Zip Code and age cohort, along with the subdistrict and district.

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| <b>TimberRidge Hospital Service Area, Subdistrict and District Population<br/>Ages 18+ for the 2017 Estimated Population</b> |                       |                       |                       |                       |                     |                      |                      |                                 |
|--|-----------------------|-----------------------|-----------------------|-----------------------|---------------------|----------------------|----------------------|---------------------------------|
| <b>Zip Code Area</b>   | <b>Ages<br/>18-44</b> | <b>Ages<br/>45-64</b> | <b>Ages<br/>65-74</b> | <b>Ages<br/>75-84</b> | <b>Ages<br/>85+</b> | <b>Total<br/>18+</b> | <b>Total<br/>65+</b> | <b>Percent of<br/>Total 65+</b> |
| 34481 Ocala  | 2,015                 | 3,641                 | 6,064                 | 4,798                 | 1,965               | 18,483               | 12,827               | 69.4%                           |
| 34476 Ocala*   | 4,959                 | 5,227                 | 5,281                 | 3,487                 | 959                 | 19,913               | 9,727                | 48.8%                           |
| 34473 Ocala  | 5,545                 | 4,334                 | 2,483                 | 1,323                 | 380                 | 14,065               | 4,186                | 29.8%                           |
| 34432 Dunnellon**  | 3,098                 | 3,504                 | 2,780                 | 1,397                 | 415                 | 11,194               | 4,592                | 41.0%                           |
| 34474 Ocala  | 6,569                 | 3,969                 | 1,780                 | 1,144                 | 524                 | 13,986               | 3,448                | 24.7%                           |
| <b>PSA Total</b>   | <b>22,186</b>         | <b>20,675</b>         | <b>18,388</b>         | <b>12,149</b>         | <b>4,243</b>        | <b>77,641</b>        | <b>34,780</b>        | <b>44.8%</b>                    |
| 34442 Hernando   | 2,534                 | 4,120                 | 4,132                 | 2,075                 | 615                 | 13,476               | 6,822                | 50.6%                           |
| 34431 Dunnellon  | 1,945                 | 2,190                 | 1,522                 | 861                   | 315                 | 6,833                | 2,698                | 39.5%                           |
| 34482 Ocala  | 8,169                 | 6,065                 | 3,358                 | 1,661                 | 484                 | 19,737               | 5,503                | 27.9%                           |
| 34434 Dunnellon  | 2,504                 | 2,264                 | 1,431                 | 796                   | 258                 | 7,253                | 2,485                | 34.3%                           |
| <b>SSA Total</b>   | <b>15,152</b>         | <b>14,639</b>         | <b>10,443</b>         | <b>5,393</b>          | <b>1,672</b>        | <b>47,299</b>        | <b>17,508</b>        | <b>37.0%</b>                    |
| <b>Total Service Area</b>  | <b>37,338</b>         | <b>35,314</b>         | <b>28,831</b>         | <b>17,542</b>         | <b>5,915</b>        | <b>124,940</b>       | <b>52,288</b>        | <b>41.9%</b>                    |
| <b>Subdistrict 3-4</b>   | <b>96,040</b>         | <b>87,487</b>         | <b>58,139</b>         | <b>32,531</b>         | <b>11,211</b>       | <b>285,408</b>       | <b>101,881</b>       | <b>35.7%</b>                    |
| <b>District 3</b>  | <b>517,365</b>        | <b>431,017</b>        | <b>274,387</b>        | <b>144,468</b>        | <b>51,312</b>       | <b>1,418,549</b>     | <b>470,167</b>       | <b>33.1%</b>                    |

Source: CON application #10498, Vol. 1, page 40

\* P.O. Box 34477 is included in ZIP Code area 34476

\*\*P.O. Box 34430 is included in ZIP Code area 34432

The applicant states to have utilized Claritas/EnviroNics to project year 2022 service area population (as is the industry standard). The applicant points out that Claritas forecasted 2022 subdistrict population estimates are conservative compared to the Agency's. MRMC states that by 2022 (year two of operation), according to Claritas population estimates, TimberRidge's proposed service area population will increase to 133,211 residents (a growth rate of 6.6 percent). The applicant provides the forecasted 2022 PSA and SSA adult (18+) population by Zip Code. See the table below.

| <b>TimberRidge Hospital Service Area, Subdistrict and District Population<br/>Ages 18+ for the 2022 Forecasted Population</b> |                       |                       |                       |                       |                     |                      |                      |                                 |
|---|-----------------------|-----------------------|-----------------------|-----------------------|---------------------|----------------------|----------------------|---------------------------------|
| <b>Zip Code Area</b>  | <b>Ages<br/>18-44</b> | <b>Ages<br/>45-64</b> | <b>Ages<br/>65-74</b> | <b>Ages<br/>75-84</b> | <b>Ages<br/>85+</b> | <b>Total<br/>18+</b> | <b>Total<br/>65+</b> | <b>Percent of<br/>Total 65+</b> |
| 34481 Ocala   | 2,197                 | 3,004                 | 7,375                 | 5,318                 | 2,289               | 20,183               | 14,982               | 74.2%                           |
| 34476 Ocala*  | 5,503                 | 5,173                 | 6,133                 | 3,754                 | 1,106               | 21,669               | 10,993               | 50.7%                           |
| 34473 Ocala   | 6,209                 | 4,494                 | 2,745                 | 1,386                 | 429                 | 15,263               | 4,560                | 29.9%                           |
| 34432 Dunnellon**   | 3,315                 | 3,227                 | 3,262                 | 1,487                 | 471                 | 11,762               | 5,220                | 44.4%                           |
| 34474 Ocala   | 6,745                 | 4,402                 | 1,986                 | 1,229                 | 549                 | 14,911               | 3,764                | 25.2%                           |
| <b>PSA Total</b>  | <b>23,969</b>         | <b>20,300</b>         | <b>21,501</b>         | <b>13,174</b>         | <b>4,844</b>        | <b>83,788</b>        | <b>39,519</b>        | <b>47.2%</b>                    |
| 34442 Hernando  | 2,724                 | 3,676                 | 4,839                 | 2,226                 | 682                 | 14,147               | 7,747                | 54.8%                           |
| 34431 Dunnellon   | 2,074                 | 1,970                 | 1,774                 | 872                   | 339                 | 7,029                | 2,985                | 42.5%                           |
| 34482 Ocala   | 8,406                 | 5,749                 | 3,995                 | 1,781                 | 558                 | 20,489               | 6,334                | 30.9%                           |
| 34434 Dunnellon   | 2,673                 | 2,312                 | 1,629                 | 852                   | 292                 | 7,758                | 2,773                | 35.7%                           |
| <b>SSA Total</b>  | <b>15,877</b>         | <b>13,707</b>         | <b>12,237</b>         | <b>5,731</b>          | <b>1,871</b>        | <b>49,423</b>        | <b>19,839</b>        | <b>40.1%</b>                    |
| <b>Total Service Area</b>   | <b>39,846</b>         | <b>34,007</b>         | <b>33,738</b>         | <b>18,905</b>         | <b>6,715</b>        | <b>133,211</b>       | <b>59,358</b>        | <b>44.6%</b>                    |
| <b>District 3</b>   | <b>544,065</b>        | <b>415,091</b>        | <b>325,925</b>        | <b>158,759</b>        | <b>56,947</b>       | <b>1,500,787</b>     | <b>541,631</b>       | <b>36.1%</b>                    |

Source: CON application #10498, page 42

\* P.O. Box 34477 is included in ZIP Code area 34476

\*\*P.O. Box 34430 is included in ZIP Code area 34432

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The applicant notes that in the ensuing five years, the applicant's proposed service area's population growth will be disproportionately amongst seniors versus younger adults and by 2023 (year three of the project), 45.1 percent of service area's adult residents will be 65+ compared to 41.9 percent in 2017. Additionally, the applicant states that in the PSA, nearly 48 percent will be 65+ in 2023 versus 45 percent estimated in 2017. MRMC asserts that the most significant will be the portion of seniors residing in the applicant's home Zip Code area, 75.1 percent of all adults by 2023 compared to 69.4 percent in 2017. The applicant identifies other notable Zip Code areas with substantial senior populations in 2023, that will exceed the service average of 45.1 percent and include Zip Code 34476 (adjacent to the home zip code) and 34442 in Citrus County. The applicant asserts that all nine of the applicant's proposed service area Zip Codes will have 65+ populations that will exceed Florida's 25 percent adult population age 65+.

MRMC states the overall proposed service area population is expected to grow eight percent between 2017 and 2023 (year three of operation) by nearly 10,000 residents. The applicant maintains that nearly 74 percent of all new growth to the proposed service area will be absorbed by PSA Zip Codes, resulting in the PSA and SSA growing by 9.5 percent and 5.4 percent respectively. The applicant states that TimberRidge's home Zip Code area 34481 is expected to experience the greatest growth in terms of both sheer volume and growth rate. MRMC provides total adult population by proposed service area Zip Code for 2017 and forecasted population for 2021 through 2023. The reviewer notes that unlike the applicant's prior two population estimate tables, the applicant's population projection table below does not identify district wide population growth estimates. See the table below.



**CON Action Numbers: 10496, 10498 (10498P) and 10499**

| <b>TimberRidge Hospital Service Area<br/>Population Change Ages 18+<br/>2017 Estimate and Forecasted 2021 Through 2023</b> |                    |                               |                           |                               |                                    |  |
|--|--------------------|-------------------------------|---------------------------|-------------------------------|------------------------------------|--|
| <b>Zip Code Area</b>   | <b>CY<br/>2017</b> | <b>CY<br/>2021<br/>Year 1</b> | <b>CY 2022<br/>Year 2</b> | <b>CY<br/>2023<br/>Year 3</b> | <b>Change<br/>2017 to<br/>2023</b> | <b>Percent<br/>Change<br/>2017 to 2023</b> |
| 34481 Ocala  | 18,483             | 19,843                        | 20,183                    | 20,523                        | 2,040                              | 11.0%                                      |
| 34476  | 19,913             | 21,318                        | 21,669                    | 22,020                        | 2,107                              | 10.6%                                      |
| 34473 Ocala  | 14,065             | 15,023                        | 15,263                    | 15,503                        | 1,438                              | 10.2%                                      |
| 34432<br>Dunnellon(**)   | 11,194             | 11,648                        | 11,762                    | 11,876                        | 682                                | 6.1%                                       |
| 34474 Ocala  | 13,986             | 14,726                        | 14,911                    | 15,096                        | 1,110                              | 7.9%                                       |
| <b>PSA Total</b>   | <b>77,641</b>      | <b>82,559</b>                 | <b>83,788</b>             | <b>85,017</b>                 | <b>7,376</b>                       | <b>9.5%</b>                                |
|  |                    |                               |                           |                               |                                    |  |
| 34442 Hernando   | 13,476             | 14,013                        | 14,147                    | 14,281                        | 805                                | 6.0%                                       |
| 34431 Dunnellon  | 6,833              | 6,990                         | 7,029                     | 7,068                         | 235                                | 3.4%                                       |
| 34482 Ocala  | 19,737             | 20,339                        | 20,489                    | 20,639                        | 902                                | 4.6%                                       |
| 34434 Dunnellon  | 7,253              | 7,657                         | 7,758                     | 7,859                         | 606                                | 8.4%                                       |
| <b>SSA Total</b>   | <b>47,299</b>      | <b>48,998</b>                 | <b>49,423</b>             | <b>49,848</b>                 | <b>2,549</b>                       | <b>5.4%</b>                                |
| <b>Total Service Area</b>  | <b>124,940</b>     | <b>131,557</b>                | <b>133,211</b>            | <b>134,865</b>                | <b>9,925</b>                       | <b>7.9%</b>                                |

Source: CON application #10498, page 43

\* P.O. Box 34477 is included in ZIP Code area 34476

\*\*P.O. Box 34430 is included in ZIP Code area 34432

The applicant states that the older age cohorts are expected to grow much more significantly than the 18+ overall growth in the proposed service area. The applicant projects that in aggregate, the 65+ total proposed service area population will experience a 16.2 percent growth between 2017 and 2023. MRMC notes that once more, the most significant growth will be in TimberRidge Hospital’s home Zip Code area 34481, with 2,586 65+ residents and a 20.2 percent expected growth rate. The applicant states that adjacent Zip Code 34476 will experience the second greatest increase in the 65+ population with more than 1,500 new residents. MRMC maintains that the remaining proposed PSA Zip Codes will realize 1,582 new 65+ residents in the ensuing six years. The applicant expresses that the SSA will gain nearly 2,800 new 65+ residents resulting in a 16 percent growth rate over the same period. In aggregate, the applicant asserts that in the next six years, 8,484 of the 9,925 total new adult residents in the service area will be 65+, representing 86 percent of the incremental growth. MRMC provides the following table illustrating the 65+ service area population by Zip Code, for 2017 and forecasted population for 2021 through 2023.

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| <b>TimberRidge Hospital Service Area<br/>Population Change Ages 65+<br/>2017 Estimate and Forecasted 2021 Through 2023</b> |                    |                                 |                                 |                                   |                                    |  |
|--|--------------------|---------------------------------|---------------------------------|-----------------------------------|------------------------------------|--|
| <b>Zip Code Area</b>   | <b>CY<br/>2017</b> | <b>CY<br/>2021<br/>Year One</b> | <b>CY<br/>2022<br/>Year Two</b> | <b>CY<br/>2023<br/>Year Three</b> | <b>Change<br/>2017 to<br/>2023</b> | <b>Percent<br/>Change<br/>2017 to 2023</b> |
| 34481 Ocala  | 12,827             | 14,551                          | 14,982                          | 15,413                            | 2,586                              | 20.2%                                      |
| 34476  | 9,727              | 10,740                          | 10,993                          | 11,246                            | 1,519                              | 15.6%                                      |
| 34473 Ocala  | 4,186              | 4,485                           | 4,560                           | 4,635                             | 449                                | 10.7%                                      |
| 34432<br>Dunnellon(**)   | 4,592              | 5,094                           | 5,220                           | 5,346                             | 754                                | 16.4%                                      |
| 34474 Ocala  | 3,448              | 3,701                           | 3,764                           | 3,827                             | 379                                | 11.0%                                      |
| <b>PSA Total</b>   | <b>34,780</b>      | <b>38,571</b>                   | <b>39,519</b>                   | <b>40,467</b>                     | <b>5,687</b>                       | <b>16.4%</b>                               |
|  |                    |                                 |                                 |                                   |                                    |  |
| 34442<br>Hernando  | 6,822              | 7,562                           | 7,747                           | 7,932                             | 1,110                              | 16.3%                                      |
| 34431<br>Dunnellon   | 2,698              | 2,928                           | 2,985                           | 3,042                             | 344                                | 12.8%                                      |
| 34482 Ocala  | 5,503              | 6,168                           | 6,334                           | 6,500                             | 997                                | 18.1%                                      |
| 34434<br>Dunnellon   | 2,485              | 2,715                           | 2,773                           | 2,831                             | 346                                | 13.9%                                      |
| <b>SSA Total</b>   | <b>17,508</b>      | <b>19,373</b>                   | <b>19,839</b>                   | <b>20,305</b>                     | <b>2,797</b>                       | <b>16.0%</b>                               |
| <b>Total Service<br/>Area</b>  | <b>52,288</b>      | <b>57,944</b>                   | <b>59,358</b>                   | <b>60,772</b>                     | <b>8,484</b>                       | <b>16.2%</b>                               |

Source: CON application #10498, page 44

\* P.O. Box 34477 is included in ZIP Code area 34476

\*\*P.O. Box 34430 is included in ZIP Code area 34432

The applicant asserts that the above estimated and forecasted population for TimberRidge Hospital’s proposed service area supports the argument that the southwestern spans of Marion County and northeastern-most Citrus County are developed and continue to develop into a destination for seniors.

MRMC examines District 3 CMR providers and states that there are 21 acute care hospitals with 4,205 licensed acute care beds within the district with only four providers of CMR dispersed throughout the 11 county district. The applicant states that these four CMR providers operate 202 licensed and 10 approved beds<sup>4</sup>. MRMC affirms that none of the four providers are situated within TimberRidge’s service area, and only one, HealthSouth Ocala, is in the Marion County subdistrict. The applicant proclaims that all four providers operate at full capacity with HealthSouth Ocala experiencing the highest occupancy rate.

The applicant states and the reviewer confirms, that up until May 31, 2016 when SRRMC converted its 16 CMR beds to acute care beds, there were five CMR providers in District 3. The applicant explains that TimberRidge is a sister hospital to SRRMC and would be an optimal

<sup>4</sup> The reviewer notes that HealthSouth Rehabilitation Hospital of Ocala was approved through E170029 to add 10 CMR beds on October 19, 2017

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discharge destination for SRRMC’s rehab appropriate patients as well as being located much closer to Citrus County than the existing CMR providers in the district. The applicant provides a letter of support for the proposed CMR unit from SRRMC’s CEO in Tab 4, Vol. 1, of CON application #10498.

In regards to CMS-13 rehab appropriate service area cases, the applicant determined for CY 2016 based on MS-DRGS and ICD-9 qualifying diagnoses, that there were more than 1,472 residents from the applicant’s proposed service area discharged from an acute care hospital who were potentially suitable for CMR services. The applicant indicates that of the 1,472 CMS-13 rehab appropriate discharges, 404 (27.4 percent) were discharged from MRMC. The applicant contends that during the same period, despite the nearly 1,500 proposed service area cases meeting the CMS-13 admission criteria, only 519 service area residents were actually discharged from a CMR bed. The applicant includes a list of MS-DRGS and ICD-9 diagnosis in Vol. 2, Tab 7 of CON application #10498. See the table below.

| <b>TimberRidge Service Area Resident CMR Discharges<br/>Ages 18 and Older-CY 2016</b> |                   |                   |                 |                  |                 |
|---|-------------------|-------------------|-----------------|------------------|-----------------|
| <b>ZIP Code Area</b>  | <b>Ages 18-64</b> | <b>Ages 65-74</b> | <b>Ages 75+</b> | <b>Total 18+</b> | <b>Ages 65+</b> |
| 34481 Ocala   | 16                | 35                | 93              | 144              | 128             |
| 34476 Ocala(1)  | 11                | 23                | 54              | 88               | 77              |
| 34473 Ocala   | 9                 | 15                | 15              | 39               | 30              |
| 34432 Dunnellon(2)  | 10                | 15                | 21              | 46               | 36              |
| 34474 Ocala   | 9                 | 8                 | 25              | 42               | 33              |
| <b>PSA Total</b>  | <b>55</b>         | <b>96</b>         | <b>208</b>      | <b>359</b>       | <b>304</b>      |
| 34442 Hernando  | 7                 | 13                | 18              | 38               | 31              |
| 34431 Dunnellon   | 2                 | 11                | 13              | 26               | 24              |
| 34482 Ocala   | 17                | 10                | 47              | 74               | 57              |
| 34434Dunnellon  | 3                 | 8                 | 11              | 22               | 19              |
| <b>SSA Total</b>  | <b>29</b>         | <b>42</b>         | <b>89</b>       | <b>160</b>       | <b>131</b>      |
| <b>Total Service Area</b>   | <b>84</b>         | <b>138</b>        | <b>297</b>      | <b>519</b>       | <b>435</b>      |

Source: CON application #10498

(1) P.O. Box 34477 is included in ZIP Code area 34476

(2) P.O. Box 34430 is included in ZIP Code area 34432

The applicant further contends that of the 519 resident discharges in TimberRidge’s service area in CY 2016, 500 were discharged from a freestanding rehab hospital compared to 19 discharged from a hospital-based unit. The applicant maintains that the lack of available CMR beds in Marion County illustrates the need for a hospital-based CMR unit in Marion County. The applicant provides the proposed service area discharges from freestanding rehabilitation hospitals for the past three years (2014-2016). See the table below.

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| <b>TimberRidge Service Area Resident CMR Discharges from<br/>Freestanding Rehabilitation Hospitals<br/>Ages 18 and Older-CY 2014 Through 2016</b> |   |                |                |
|---|---|----------------|----------------|
| <b>Service Area ZIP</b>   | <b>Freestanding CMR Hospital Discharges</b> |                |                |
|   | <b>CY 2014</b>                              | <b>CY 2015</b> | <b>CY 2016</b> |
| 34481 Ocala   | 101   | 130            | 143            |
| 34476 Ocala(1)  | 90  | 102            | 88             |
| 34473 Ocala   | 36  | 38             | 38             |
| 34432 Dunnellon(2)  | 40  | 31             | 43             |
| 34474 Ocala   | 51  | 61             | 41             |
| <b>PSA Total</b>  | <b>318</b>                                  | <b>362</b>     | <b>353</b>     |
|   |   |                |                |
| 34442 Hernando  | 22  | 18             | 33             |
| 34431 Dunnellon   | 20  | 23             | 23             |
| 34482 Ocala   | 62  | 70             | 72             |
| 34434Dunnellon  | 8   | 7              | 19             |
| <b>SSA Total</b>  | <b>112</b>                                  | <b>118</b>     | <b>147</b>     |
|   |   |                |                |
| <b>Total Service Area</b>   | <b>430</b>                                  | <b>480</b>     | <b>500</b>     |

Source: CON application #10498, page 52

(1) P.O. Box 34477 is included in ZIP Code area 34476

(2) P.O. Box 34430 is included in ZIP Code area 34432

The applicant indicates that there is a suppressed CMR discharge rate per 1,000 population in TimberRidge’s proposed service area as evidenced by the large pool of potential rehab patients identified between CMS-13 analysis and actual CMR discharges. The applicant points out that adults have a discharge use rate of 4.21 CMR discharges per 1,000 adults in TimberRidge’s proposed service area with PSA residents having a slightly higher use rate (4.69 discharges per 1,000 adults) and SSA residents having a use rate of 3.41 per 1,000 adults. Additionally, the applicant points out that the proposed services area had a discharge use rate of 4.93 discharges per 1,000 population for ages 65 to 74 and 12.96 discharges per 1,000 population age 75+. The applicant indicates that the total proposed service area adult age 65+ discharge use rate is 8.54 discharges per 1,000 population. The applicant provided CMR discharge use rates by age cohort and service area Zip Code for CY 2016. See the table below.

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| <b>TimberRidge Service Area Resident CMR Discharge<br/>Use Rate Per 1,000 Population<br/>Ages 18 and Older- CY 2016</b> |                       |                       |                     |                      |                     |
|---|-----------------------|-----------------------|---------------------|----------------------|---------------------|
| <b>ZIP Code<br/>Area</b>  | <b>Ages<br/>18-64</b> | <b>Ages<br/>65-74</b> | <b>Ages<br/>75+</b> | <b>Total<br/>18+</b> | <b>Ages<br/>65+</b> |
| 34481 Ocala   | 2.80                  | 5.99                  | 14.14               | 7.94                 | 10.31               |
| 34476 Ocala(2)  | 1.09                  | 4.49                  | 12.43               | 4.49                 | 8.13                |
| 34473 Ocala   | 0.93                  | 6.16                  | 8.99                | 2.82                 | 7.31                |
| 34432 Dunnellon(3)  | 1.51                  | 5.55                  | 11.85               | 4.15                 | 8.04                |
| 34474 Ocala   | 0.86                  | 4.60                  | 15.27               | 3.04                 | 9.77                |
| <b>PSA Total</b>  | <b>1.29</b>           | <b>5.38</b>           | <b>13.00</b>        | <b>4.69</b>          | <b>8.98</b>         |
|   |                       |                       |                     |                      |                     |
| 34442 Hernando  | 1.04                  | 3.23                  | 6.85                | 2.84                 | 4.66                |
| 34431 Dunnellon   | 0.48                  | 7.41                  | 11.16               | 3.82                 | 9.06                |
| 34482 Ocala   | 1.20                  | 3.07                  | 22.40               | 3.79                 | 10.65               |
| 34434 Dunnellon   | 0.63                  | 5.73                  | 10.71               | 3.07                 | 7.84                |
| <b>SSA Total</b>  | <b>0.97</b>           | <b>4.13</b>           | <b>12.86</b>        | <b>3.41</b>          | <b>7.67</b>         |
| <b>Total Service Area</b>   | <b>1.16</b>           | <b>4.93</b>           | <b>12.96</b>        | <b>4.21</b>          | <b>8.54</b>         |

Source: CON application #10498, page54

(1) Due to an unintentional consequence of ICD 10, rehab MS-DRGs 945 & 946 are no longer the only rehab codes used for hospital based CMR units to easily identify CMR unit patients. Prior to (24-2015 CMR unit discharges were determined by running MS-DRGs 945 & 946. After September 31, 2015, hospital based CMR utilization can be identified by running "CMR bed type".

(2) P.O. Box 34477 is included in zip code area 34476

(3) P.O. Box 34430 is included in zip code area 34432

MRMC states that compared to other geographical areas and counties with similar demographics and more available CMR beds, it is evident that the TimberRidge’s designated acute care service area has suppressed discharge use rates due to lack of accessibility, programmatic, financial or geographic access. The applicant notes that compared to other counties where HealthSouth has hospitals, with the exception of Seminole County, Marion County has the second lowest discharge use rate of older adults. The applicant provides the CMR discharge use rates per 1,000 population age 65+ by county for counties where HealthSouth operates compared to use rates in TimberRidge’s proposed service area. The applicant asserts that Marion County on its own reveals a much higher discharge use rate than TimberRidge’s service area. See the table below.

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| <b>CMR Discharge Use Rate per 1,000 Population by County<br/>Ages 65 and Older-CY 2016</b> |                 |  |  |
|--|-----------------|--|--|
| <b>County/Area</b>   | <b>Ages 65+</b> | <b>HealthSouth Rehab<br/>Hospital Beds</b> | <b>HealthSouth<br/>Occupancy Rates</b> |
| PSA  | <b>8.98</b>     | --   | --                                     |
| SSA  | <b>7.67</b>     | --   | --                                     |
| <b>Total Service Area</b>  | <b>8.54</b>     | --   | --                                     |
| Bay  | 30.69           | 75   | 75.2%                                  |
| Indian River   | 27.23           | 80   | 70.6%                                  |
| Hernando   | 18.48           | 80   | 80.7%                                  |
| Martin   | 17.80           | 44   | 98.5%                                  |
| Leon   | 16.08           | 76   | 52.2%                                  |
| Sarasota   | 13.73           | 96   | 85.3%                                  |
| Broward  | 12.59           | 126  | 70.8%                                  |
| Miami-Dade   | 10.29           | 60   | 74.3%                                  |
| Brevard  | 10.18           | 90   | 65.3%                                  |
| <b>Marion without TR Service Area</b>  | <b>9.80</b>     | <b>60</b>                                  | <b>94.7%</b>                           |
| <b>Marion-Total</b>  | <b>9.55</b>     | <b>60</b>                                  | <b>94.7%</b>                           |
| Pinellas   | 8.42            | 70   | 77.1%                                  |
| Seminole*  | 7.22            | 50   | 82.5%                                  |

Source: CON application #10498, page 55

\* Seminole County (i.e. HealthSouth Altamonte) is new and has its first 12 months of historical utilization available

The reviewer notes that HealthSouth Rehabilitation Hospital of Altamonte Springs has been licensed since October 22, 2014 calling into question the validity of the data and the analysis by NHA

The applicant states that the use rates presented in the table above should be higher and similar to other HealthSouth markets. The applicant maintains that the primary difference to other markets where HealthSouth operates is access to other providers within the same county. The applicant emphasizes that not normal circumstances as it relates to HealthSouth's capacity constraints is also a significant driver of suppressed use rates in TimberRidge's proposed service area and in Marion County. The applicant indicates that because there are no CMR beds in TimberRidge's proposed service area, west of Interstate 75, and because of the presence of beds at HealthSouth Ocala, there is a significant disparity in discharge use rates between the two geographic regions. The applicant maintains that the disparity is evident in each and every age cohort but largest across the 65+ cohort. See the table below.

| <b>CMR Discharge Use Rates per 1,000 Population<br/>TimberRidge Service Area and Balance of Marion County<br/>January 2016 Population and CY 2016 Discharges</b> |                                     |   |                                   |
|--|-------------------------------------|---|-----------------------------------|
| <b>Age Cohort</b>  | <b>TimberRidge<br/>Service Area</b> | <b>Marion County<br/>Without<br/>TimberRidge<br/>Service Area</b> | <b>Disparity in<br/>Use Rates</b> |
| Ages 18 to 64  | 1.16                                | 1.23  | (0.07)                            |
| Ages 65 to 74  | 4.93                                | 5.24  | (0.31)                            |
| Ages 75+   | 12.96                               | 15.66   | (2.70)                            |
| <b>Ages 65+</b>  | <b>8.54</b>                         | <b>9.80</b>   | <b>(1.26)</b>                     |

Source: CON application #10498, Vol. 1, page 57

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The applicant discusses the similarities in demographics and population distribution between TimberRidge’s proposed service area and Sarasota County. The applicant points out that Sarasota’s adult population age 65+ is 38.8 percent compared to 41.3 percent for the Timberridge’s proposed service area. The applicant continues the comparison, stating that Sarasota County has an 18.8 percent adult population age 75+ while the proposed service area has an 18.6 percent adult population 75+. The applicant provides the following table comparing population metrics for CY 2016.

| <b>Population Comparison<br/>TimberRidge Service Area and Sarasota County<br/>July 2016</b> |                                 |                        |
|---|---------------------------------|------------------------|
| <b>Age Cohort</b>   | <b>TimberRidge Service Area</b> | <b>Sarasota County</b> |
| Ages 18 to 64   | 72,438                          | 208,486                |
| Ages 65 to 74   | 28,005                          | 68,016                 |
| Ages 75+  | 22,919                          | 64,213                 |
| Total 18+   | 123,363                         | 340,715                |
| <b>Percent Age 65+</b>  | <b>41.3%</b>                    | <b>38.8%</b>           |
| <b>Percent Age 75+</b>  | <b>18.6%</b>                    | <b>18.8%</b>           |

Source: CON application #10498, Vol. 1, page 57

Despite similarities in demographics, the applicant states that Sarasota County offers greater access to CMR services for its residents. The applicant emphasizes that Sarasota County’s inpatient rehabilitation landscape differs from Marion County, with two providers in Sarasota County—a freestanding hospital as well as a hospital-based unit. The applicant points out that Sarasota County’s discharge use rate is 45 percent greater than TimberRidge’s service area adult discharge use rate 4.21 compared to 6.09 CMR discharges per 1,000 adult population. The applicant asserts that the service area age 65+ cohort have even more significant disparities with a discharge use rate 60 percent lower than that of Sarasota County. The applicant indicates that if residents of its service area had equal access to Sarasota County, there would have been 762 residents discharged from CMR beds during CY 2016 (an increase of 243 cases). The applicant provides the table below to depict the stated disparities in use rates between the TimberRidge’s service area and Sarasota County. The reviewer notes that a comparison between Sarasota County and a small slice of Marion County plus a portion of Citrus County are inappropriate areas for this type of discharge analysis and a more appropriate analysis would have been to compare District 8 to District 3 since the service area is designated by district not by an arbitrary service area chosen by an applicant.

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| <b>CMR Discharge Use Rates per 1,000 Population<br/>TimberRidge Service Area and Sarasota County<br/>July 2016 Population and CY 2016 Discharges</b> |                                     |                        |                                   |
|--|-------------------------------------|------------------------|-----------------------------------|
| <b>Age Cohort</b>  | <b>TimberRidge<br/>Service Area</b> | <b>Sarasota County</b> | <b>Disparity in<br/>Use Rates</b> |
| Ages 18 to 64  | 1.12                                | 1.28                   | (0.16)                            |
| Ages 65 to 74  | 5.01                                | 6.36                   | (1.01)                            |
| Ages 75+   | 13.25                               | 21.19                  | (7.94)                            |
| Total 18+  | 4.24                                | 6.02                   | (1.78)                            |
| <b>Ages 65+</b>  | <b>8.69</b>                         | <b>13.59</b>           | <b>(4.90)</b>                     |

Source: CON application #10498, Vol. 1, page 58

In addition to the previously mentioned market circumstances, the applicant summarizes their presented unique/not normal circumstances that warrant approval for the proposed project:

- Programmatic inaccessibility—the only CMR hospital in Marion County is fully occupied
- HealthSouth Ocala’s “worse than national average” 30-day readmission rate
- Financial inaccessibility—indicating that HealthSouth Ocala does not contract with several major managed care plans in the area
- Geographic inaccessibility- lack of CMR beds in TimberRidge’s proposed service area
- SRRMC closing its CMR unit in Citrus County
- Internal MRMC/TimberRidge demand

Regarding programmatic inaccessibility, the applicant restates occupancy rates for Marion County’s sole CMR service provider, HealthSouth Ocala. The applicant maintains that HealthSouth Ocala experiences high utilization and suggests that due to limited bed availability in the service area, HealthSouth Ocala has the leverage to be highly selective of case admissions (i.e. more desirable payers).

When examining HealthSouth Ocala’s “worse than national average” 30-day readmission rates, the applicant states that from 2015 through August 2017, MRMC readmitted 143 patients (18.5 percent readmission rate) from HealthSouth Ocala within 30 days of original discharge. The applicant indicates that this readmission rate from HealthSouth Ocala is greater than MRMC’s overall readmission rate. The applicant asserts that the benefit of TimberRidge Hospital having a hospital-based CMR unit is access to acute medical care in-house. See the table below.

| <b>HealthSouth 30 Day Readmissions to MRMC<br/>January 1, 2015 Through August 31,2017</b> |              |
|---|--------------|
| MRMC Readmissions from HealthSouth Ocala  | 143          |
| MRMC Discharges to Rehab  | 775          |
| <b>HealthSouth Readmission Rate</b>   | <b>18.5%</b> |

Source: CON application #10498, Vol. 1, page 66



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The applicant states and the reviewer confirms that per Medicare.gov, HealthSouth Rehabilitation Hospital of Ocala and HealthSouth Rehab Hospital of Spring Hill's (also within District 3) rate of unplanned readmission after discharge was "worse than the national rate" with the national average being 13.06 percent. The reviewer notes that per annotations on Medicare.gov, unplanned readmission after discharge figures may include patients who have been readmitted for conditions that may or may not be related to their recent stay. The applicant declares that MRMC has spent considerable resources to reduce its acute care readmission rates over the past several years and has a readmission rate, "no different than the national average". The applicant expresses that quality metrics will be employed to ensure its CMR readmission rate performs "no different" or "better" than the national benchmark.

Regarding financial inaccessibility, the applicant states that HealthSouth Ocala does not contract with Aetna<sup>5</sup>, Cigna, Freedom or Optimum. The applicant states that during the first nine months of 2017 (January 1 through September 22) these four payors accounted for 1,115 admissions. The applicant indicates that because HealthSouth Ocala does not contract with these plans, MRMC patients insured by these plans who are rehab appropriate are unable to be discharged to the only CMR hospital in the County. The applicant maintains that project approval would help to enhance access to inpatient rehabilitation for these patients who would otherwise be discharged to a less intensive rehab setting or discharged home. The reviewer notes that the applicant does not provide data to show how many residents enrolled in these insurance plans sought care at HealthSouth Ocala—nor does the applicant delineate the types of product lines the above plans represent (Medicare, commercial, marketplace) or whether the plans above represent HMO coverage, supplemental or co-insurance.

The applicant references a report provided by MRMC of all rehab-appropriate patients who are referred to HealthSouth Ocala, indicating that in CY 2016 HealthSouth Ocala denied 46.1 percent of rehab referrals from MRMC. The applicant indicates higher denial percentages among Medicare HMO, Medicaid, Medicaid HMO, charity and self-pay categories from CY 2016 through August 16, 2017. See the table below.

<sup>5</sup> According to the Agency's Commercial Managed Care Unit, Aetna is a participating provider at HealthSouth Rehabilitation Hospital of Marion County for both commercial and Medicare product lines but not for its Coventry Health Care line of business.

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| <b>Percent of MRMC Referrals to HealthSouth Ocala<br/>Who Were Denied Admission<br/>CY 2016 and YTD 2017*</b> |  |  |
|---|--|--|
|   | <b>Percent Denied to<br/>HealthSouth Ocala CY 2016</b> | <b>Percent Denied to<br/>HealthSouth Ocala YTD 2017*</b> |
| Medicare  | 38.1%  | 14.4%  |
| Medicare HMO  | 78.8%  | 54.5%  |
| Medicaid  | 100.0%   | 0.0% (only 1 referral)                                   |
| Medicaid HMO  | 62.5%  | 75.0%  |
| Commercial Managed Care   | 43.3%  | 47.4%  |
| Charity   | 60.0%  | no referrals—  |
| Self-Pay  | 75.0%  | 100.0%   |
| Government  | 0.0%   | 0.0%   |
| Workers Comp  | 0.0%   | 0.0%   |
| <b>Total Percent Denied</b>   | <b>46.1%</b>   | 25.0%  |

Source: CON application #10498, Vol. 1, page 69

\*YTD 2017 spans January 1, 2017 Through August 16, 2017

Regarding geographic inaccessibility, the applicant provides a February 27, 2017 news article published in the Ocala Star Banner, titled SR 200 Corridor, Why Leave At All. The applicant cites the following statement, “The main route to the corridor leads drivers along SR 200 under I-75. Most every minute of the day, there’s bumper-to-bumper traffic at that choke point. And now, even those other limited alternative routes get backed up at times.” The applicant indicates that the article speaks to the fact that an individual who lives west of Interstate 75 can get almost everything they need and avoid ever having to travel east of Interstate 75. The applicant also discusses miles and minutes from the proposed project to other District 3 CMR providers (CON application #10498, page 70 and 71). The applicant asserts that geographic accessibility is imperative for residents of the proposed service area where 41.3 percent of residents are 65+.

Regarding SRRMC closing its CMR unit, the applicant states that SRRMC routinely admitted approximately 24 to 28 service area residents on an annual basis and had the second greatest CMR market share in the proposed TimberRidge Hospital Service Area. The applicant indicates that of the 24 to 28 service area residents discharged from the SRRMC CMR unit annually, 21 to 25 cases originated from the proposed SSA Zip Codes. The applicant provides a table (CON application #10498, Vol. 1, page 72) depicting CMR discharges for TimberRidge’s PSA and SSA Zip Codes, for the three-year period ending June 30, 2016.

Discussing the internal MRMC and TimberRidge Hospital demand for CMR services, the applicant indicates that for the CY 2016, MRMC discharged 1,101 CMS-13 rehab appropriate patients in which 404 cases (36.7 percent) originated from the proposed TimberRidge Hospital service area Zip Codes. The applicant maintains that while MRMC had 1,101 cases that met the CMS-13 criteria during 2016,

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MRMC only discharged 355 patients to CMR beds with the other 746 discharged to other modalities and discharge destinations. Of the 404 CMS-13 rehab appropriate discharges from the proposed TimberRidge service area, the applicant notes that only 131 were discharged to CMR beds with the other 273 patients were discharged to other modalities of post-acute care. In addition, the applicant also discusses internal demand for stroke rehabilitation (CON application #10498, pages 74-75). See the table below.

| <b>MRMC Unmet Demand for CMR<br/>12 Months Ending June 30, 2016</b> |                   |  |
|---|-------------------|--|
|   | <b>MRMC Total</b> | <b>MRMC's TimberRidge<br/>Service Area Cases</b> |
| CMS-13 Criteria Rehab Appropriate Cases                             | 1,101             | 404  |
| Discharges to CMR   | 355               | 131  |
| Unmet Demand  | 746               | 273  |
| Percent <b>Not</b> Discharged to Rehab                              | 67.8%             | 67.6%  |

Source: CON application #10498, Vol. 1, page 74

The applicant states the proposed CMR unit will have limited impact on the existing CMR provider in Marion County and no impact elsewhere in the district. Additionally, the applicant states that the proposed TimberRidge Hospital CMR unit is expected to admit managed care patients enrolled in certain companies which do not contract with HealthSouth Ocala, thereby resulting in no impact to HealthSouth Ocala. The applicant offers further discussion regarding the advantages of CMR over other levels of care (CON application #10498, pages 78-79). The applicant offers the following key points which distinguish CMR care from other levels of care:

- A distinct qualifying admission criteria specific to certain diagnoses
- Limits the number of persons who may be admitted which do not have those qualifying diagnoses
- Requires patients able to tolerate a minimum of three hours per patient day of rehabilitation services
- Requires patients to realize functional improvement
- Requires daily physician contacts
- Has a distinct reimbursement category to manage its finances as promulgated by CMS for Medicare patients and other payors for non-Medicare patients

Regarding a CMR bed need analysis, the applicant discusses the application of two different methodologies involving sets of “restated” or “adjusted” discharge use rates per 1,000 population to more closely resemble the service area, with the new CMR unit. The applicant provides the actual discharge use rate and two versions of restated discharge use rates per 1,000 population by age cohort. The applicant indicates a use rate of 8.54 (actual), 9.80 (version one) and a use rate of 13.73 (version two), the 65+ age cohort. The applicant notes that version

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one’s use rates correlate to Marion County’s use rate minus TimberRidge’s proposed service area and version two correlates with Sarasota County’s use rate. The reviewer again notes the inappropriateness of comparing the applicant’s service area with Sarasota County and deems the “restated” use rates as incongruous with CON’s designated service area and unsuitable to base a bed need analysis. See the table below.

| <b>CMR Discharge Use Rates per 1,000 Population Comparison<br/>TimberRidge Service Area, Rest of Marion County and Sarasota County CY 2016</b> |  |  |   |
|--|--|--|---|
| <b>Age Cohort</b>  | <b>Actual<br/>TimberRidge<br/>Service Area</b> | <b>Restated Version 1<br/>Marion County<br/>Without TimberRidge<br/>Service Area</b> | <b>Restated Version 2<br/>Sarasota County</b> |
| Ages 18 to 64  | 1.16   | 1.23   | 1.24  |
| Ages 65 to 74  | 4.93   | 5.24   | 6.53  |
| Ages 75+   | 12.96  | 15.66  | 21.37   |
| <b>Ages 65+</b>  | 8.54   | 9.80   | 13.73   |

Source: CON application #10498, Vol. 1, page 83

The applicant points out that the above restated discharge use rates per 1,000 population were applied to forecasted Claritas population in TimberRidge’s proposed acute care service area by age cohort, resulting in forecasted market discharges. The applicant provides a Marion County report (March 2017) that indicates planned growth in southwestern unincorporated Marion County along the State Road 200 corridor, with pending and anticipated development approvals estimated for 111,345 residential dwelling units that will accommodate an estimated population of 244,959 persons.

The applicant offers the age 65+ cohort total market discharges restated based Marion County use rates without TimberRidge’s proposed service area for the first three years of operations as follows:

- Year One 566 discharges (86.2 percent)
- Year Two 578 discharges (86.4 percent)
- Year Three 590 discharges (86.6 percent)

The applicant provides the following table depicting TimberRidge’s service area forecasted market discharges.

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| <b>TimberRidge Hospital Service Area Forecasted Market Discharges<br/>Restated Based on Use Rate in Marion County without Service Area<br/>Years One Through Three</b> |                 |                 |   |
|--|-----------------|-----------------|---|
|  | <b>Ages 18+</b> | <b>Ages 65+</b> | <b>Ages 65+ as<br/>Percent of Total</b> |
| <b>YEAR One</b>  |                 |                 |   |
| PSA Total  | 441             | 386             | 87.7%                                   |
| SSA Total  | 216             | 180             | 83.1%                                   |
| Total  | 657             | 566             | 86.2%                                   |
| <b>YEAR Two</b>  |                 |                 |   |
| PSA Total  | 449             | 395             | 87.9%                                   |
| SSA Total  | 220             | 183             | 83.4%                                   |
| Total  | 669             | 578             | 86.4%                                   |
| <b>YEAR Three</b>  |                 |                 |   |
| PSA Total  | 458             | 403             | 88.0%                                   |
| SSA Total  | 223             | 187             | 83.7%                                   |
| Total  | 681             | 590             | 86.6%                                   |

Source: CON application #10498, Vol. 1, page 84

The applicant states that in 2016, there were 435 discharges of residents to CMR from TimberRidge’s proposed service area. The applicant indicates that the above forecast demonstrates an increase of 246 discharges by the third-year of operation, representing 36 percent of the service area total. The applicant expects to garner 26 percent market share of the above forecasted service area volume in year one increasing to 35 percent market share (236 service area cases forecasted at TimberRidge Hospital's CMR unit) by year three in its 12-bed CMR unit. If awarded the partial request for six CMR beds, the applicant projects it will garner 19 percent market share in year three, admitting 127 service area patients.

For the full award, the applicant projects to admit 198 patients in year one, followed by 276 in year two and 278 in the third year. In the following table the applicant provides the estimated patient days, ADC and occupancy rates for the first three years of operation. The ALOS (12.8) is expected to be the same for each of the three years. See the table below.

| <b>Timber Ridge Hospital 12-Bed CMR Unit<br/>Forecasted Utilization<br/>Years One Through Three</b> |                 |                 |                   |
|---|-----------------|-----------------|-------------------|
|   | <b>Year One</b> | <b>Year Two</b> | <b>Year Three</b> |
| Service Area Admission  | 168             | 248             | 236               |
| In-Migration @ 20%  | 30              | 41              | 42                |
| Total Forecasted Admissions   | 198             | 276             | 278               |
| ALOS  | 12.8            |                 |                   |
| Patient Days  | 2,534           | 3,533           | 3,558             |
| ADC   | 6.9             | 9.7             | 9.7               |
| Occupancy Rate  | 58%             | 81%             | 81%               |

Source: CON application #10498, Vol. 1, page 86

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Regarding forecasted utilization for the partial project (six CMR beds), the applicant expects for TimberRidge Hospital to admit 145 patients in year one, followed by 150 in year two and in year three. See the table below.

| <b>Timber Ridge Hospital 6-Bed CMR Unit<br/>Forecasted Utilization<br/>Years One Through Three</b> |                 |                 |                   |
|--|-----------------|-----------------|-------------------|
|  | <b>Year One</b> | <b>Year Two</b> | <b>Year Three</b> |
| Service Area Admission   | 123             | 127             | 127               |
| In-Migration @ 20%   | 22              | 23              | 23                |
| Total Forecasted Admissions  | 145             | 150             | 150               |
| ALOS   | 12.8            |                 |                   |
| Patient Days   | 1,856           | 1,920           | 1,920             |
| ADC  | 5.1             | 5.3             | 5.3               |
| Occupancy Rate   | 85%             | 88%             | 88%               |

Source: CON application #10498, Vol. 1, page 87

**Marion Community Hospital, Inc. d/b/a West Marion Community Hospital (CON application #10499)** asserts that the following circumstances justify approval for the proposed project:

- The published need for 12 additional CMR beds in District 3 by the January 2023 planning horizon.
- A calculated need, based on current use rates, for 13 additional CMR beds in Marion County, by the January 2023 planning horizon
- Available data reinforces the belief that CMR units do not function as regional referral centers but instead primarily serve their own acute care discharges and other residents of their home countries. Similarly, freestanding CMR facilities predominantly serve patients from their own home county.
- Marion County’s sole provider, HealthSouth Rehabilitation Hospital of Ocala, is inaccessible to many patients due to self-imposed restriction on the types of patients and payer categories that it will accept as documented by both payer mix data and discharge data from Ocala Health.
- While not a part of the forecasts contained herein, CMR use rates in Marion County have been, and continue to, increase. WMCH will serve the types of patients historically referred to HealthSouth but not admitted. The proposed project is unlikely to have a significant adverse impact on any existing provider.

WMCH states that clinical continuity of care is of primary importance to the patient. The applicant asserts that a CMR program at WMCH will allow for the shortest amount of time between discharge from an acute care setting and admission to CMR. The applicant maintains patients who are in an acute care bed at WMCH or its sister hospital ORMC, and are transferred to the proposed CMR unit, would result in the direct benefit of having the same physicians manage their medical care in conjunction with a rehabilitation physician. The applicant maintains that elderly patients are often likely to choose a facility that is proximate

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to home even if the service is not optimal to their needs. WMCH expresses that the proposed CMR program will increase options for these patients which will alleviate anxieties and facilitate patients obtaining the appropriate services swiftly.

The applicant indicates that many patients who need CMR care cannot obtain it due to the scarcity of beds and instead opt for a SNF or home health care. The applicant states that during CY 2016, the two Ocala Health hospitals, WMCH and ORMC, discharged 751 patients to CMR compared to 323 in 2013 (133 percent increase). The applicant reports that of the 751 inpatient discharges to CMR in 2016, 190 were trauma patients. The applicant provides the annual discharges to CMR settings from ORMC and WMCH, for the period 2013-2016.

| <b>Ocala Health Acute Inpatient Discharges to CMR 2013-2016</b> |             |             |             |             |                    |
|---|-------------|-------------|-------------|-------------|--------------------|
|   | <b>2013</b> | <b>2014</b> | <b>2015</b> | <b>2016</b> | <b>Pct. Change</b> |
| ORMC  | 227         | 274         | 394         | 586         | 158%               |
| WMCH  | 96          | 125         | 170         | 165         | 72%                |
| Ocala Health  | 323         | 399         | 564         | 751         | 133%               |

Source: CON application #10499, page 24

The applicant states, based on past experience, that HealthSouth Ocala will not accept WMCH and ORMC patients in need of CMR due to the patient’s payer class. WMCH indicates that Medicaid and self-pay patients are not admitted as often as Medicare patients. During the months of August and September 2017, the applicant emphasizes that despite patient referrals in all payer classes, HealthSouth Ocala only admitted Medicare patients. WMCH provides data for CMR referrals and admissions by payer class and states that for August 2017, only 60.3 percent of Medicare patients and 51.9 percent of total patients referred were admitted by HealthSouth Ocala. See the tables below.

| <b>CMR Referrals and Admission by Payer<br/>Ocala Health Hospitals-August 2017</b> |  |                 |                   |                |              |
|--|--|-----------------|-------------------|----------------|--------------|
|  | <b>Medicare &amp;<br/>Medicare HMO</b> | <b>Medicaid</b> | <b>Commercial</b> | <b>Charity</b> | <b>Total</b> |
| Patient Referred   | 68                                     | 7               | 2                 | 2              | 79           |
| Patients Admitted  | 41                                     | 0               | 0                 | 0              | 41           |
| <b>Percent Admitted</b>  | <b>60.3%</b>                           | <b>0.0%</b>     | <b>0.0%</b>       | <b>0.0%</b>    | <b>51.9%</b> |

Source: CON application #10499, page 26

| <b>Percent of CMR Referrals and Admission by Payer<br/>Ocala Health Hospitals-September 2017</b> |  |                 |                   |                |
|--|--|-----------------|-------------------|----------------|
|  | <b>Medicare &amp;<br/>Medicare HMO</b> | <b>Medicaid</b> | <b>Commercial</b> | <b>Charity</b> |
| Percent of Patients Referred   | 84%                                    | 10%             | 3%                | 3%             |
| <b>Percent Admitted</b>  | <b>100%</b>                            | <b>0.0%</b>     | <b>0.0%</b>       | <b>0.0%</b>    |

Source: CON application #10499, page 26

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The applicant states that as the primary provider of inpatient CMR services to Marion County residents, HealthSouth Ocala receives a vast majority of ORMC and WMCH's discharged CMR patients. The applicant asserts that only 1.6 percent and 0.7 percent of ORMC and WMCH patients discharged to CMR are Medicaid and self-pay/no-pay patients, respectively. The applicant states that these low levels of Medicaid and self-pay/no-pay patients are consistent with HealthSouth's overall experience in Ocala and statewide. The applicant contends that there is a lack of access to CMR services created by the fact that HealthSouth Ocala is consistently operating at capacity and that ORMC and WMCH have experienced difficulty discharging Medicaid and self-pay/no-pay patients to HealthSouth. The applicant declares that the proposed CMR program will meet patient needs, as well as relieve financial access barriers. The reviewer notes that the applicant did provide some additional letters of support that speak to this phenomena in Marion County.

WMCH discusses service area characteristics stating that the adult (age 15+) population and the age 65+ cohort of Marion County is the largest of the 16 counties that make up District 3. The applicant indicates the significance of population demographics, due to intensive utilization of CMR services by persons age 65+. WMCH states that during CY 2016, approximately 82 percent of acute inpatients discharged to CMR settings by Marion County's three acute care hospitals were age 65+. The applicant attests that the rehabilitation model to be employed at WMCH is based on the concept that access to rehabilitation services, provided quickly, is the best way to facilitate returning older persons back into the community and avoiding long-term stays in a nursing home setting. The applicant provides the adult population by county for District 3. See the table below.



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| <b>District 3 Adult Population By County, July 2017</b> |              |            |                          |
|---|--------------|------------|--------------------------|
| <b>County</b>   | <b>15-64</b> | <b>65+</b> | <b>Total Adult (15+)</b> |
| Alachua   | 183,501      | 36,394     | 219,895                  |
| Bradford  | 18,038       | 4,976      | 23,014                   |
| Citrus  | 80,311       | 50,422     | 130,733                  |
| Columbus  | 45,565       | 12,841     | 58,406                   |
| Dixie   | 10,706       | 3,838      | 14,544                   |
| Gilchrist   | 11,188       | 3,642      | 14,830                   |
| Hamilton  | 10,137       | 2,600      | 12,737                   |
| Hernando  | 109,562      | 50,868     | 160,430                  |
| Lafayette   | 6,173        | 1,280      | 7,453                    |
| Lake  | 196,296      | 83,979     | 280,275                  |
| Levy  | 26,270       | 9,433      | 35,703                   |
| Marion  | 205,585      | 101,255    | 306,840                  |
| Putnam  | 44,346       | 15,500     | 59,846                   |
| Sumter  | 52,148       | 63,177     | 115,325                  |
| Suwannee  | 28,635       | 9,433      | 38,068                   |
| Union   | 12,076       | 2,002      | 14,078                   |
| District 3  | 1,040,537    | 451,640    | 1,492,177                |

Source: CON application #10499, page 32

The applicant discusses ORMC’s Level II trauma center designation, stating from CY 2013 through 2016, the center served over 9,000 trauma patients, with the annual caseload increasing by 35 percent over the same period. The reviewer notes that the proposed unit will not be located at ORMC<sup>6</sup>. WMCH reports that during 2016, 435 trauma center patients were discharged to SNFs with an additional 132 discharged home with home health care. According to the applicant, a precise count of patients who should have received CMR care is not available. However, Ocala Health discharge planners report that many discharged trauma patients fell into the following categories-either they cannot access CMR due to capacity constraints or payer restrictions among the existing providers or available beds are located too far away from home and the patient's caregiver is unable or unwilling to make the drive (especially if the caregiver is elderly).

The applicant emphasizes that the Level II trauma center operated by Ocala Health, including both WMCH and ORMC, but located at the ORMC premise, is the sole trauma center serving the region defined as TSA 6 by the Florida Department of Health. WMCH states that at present, patients discharged from the trauma center primarily rely on HealthSouth Ocala for the necessary post-trauma inpatient rehabilitation services as established by the American College of Surgeons. The applicant reiterates that given the consistently high utilization of HealthSouth, accessing CMR services has presented

<sup>6</sup> The reviewer notes that preference is given to facility (premise) that is a designated trauma center. The reviewer notes that none of the co-batched applicants in the comparative review for CMR beds in District 3 are eligible for this preference.

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significant difficulties. WMCH maintains that establishment of proposed program will contribute to improved quality and continuity of care for patients discharged from the ORMC Level II trauma center. The applicant asserts that neither co-batched applicants MRMC nor FHW are designated trauma centers and as such, neither of these two facilities have the same demands of placing trauma patients in CMR beds and ensuring that these patients have the most appropriate setting for their recovery.

WMCH discusses CMR discharge rates among the co-batched applicants, stating that ORMC and WMCH discharged 4.5 percent and 2.3 percent of patients to CMR, respectively, in CY 2016. Collectively, these two HCA hospitals discharged 3.7 percent of their patients to CMR. WMCH indicates that co-batched applicant MHMA discharged 2.2 percent of their patients to CMR and FHW discharged a mere 0.4 percent of their patients to CMR in 2016. The applicant contends that even on an individual basis, WMCH and ORMC discharged a greater percentage (2.3 percent and 4.5 percent, respectively) than either of the co-batched applicants. The reviewer notes that ORMC, the main campus and Level II trauma center, discharged a significantly greater percent and admissions to CMR than the proposed premise at WMCH. WMCH suggests that the disparity in discharge rates is likely related to the provision of trauma services at ORMC. The applicant compares CY 2016 volumes of acute inpatient discharges from each co-batched applicant, as well as discharges to CMR and alternative settings (i.e. SNF or home health agency). See the tables below.

| <b>CMR Co-Batched Applicant Discharges to CMR<br/>Any CMR Location, All Patients Regardless of Residence CY 2016</b> |             |             |                     |             |            |
|--|-------------|-------------|---------------------|-------------|------------|
|  | <b>ORMC</b> | <b>WMCH</b> | <b>Ocala Health</b> | <b>MHMA</b> | <b>FHW</b> |
| Total Discharges*  | 12,984      | 7,276       | 20,260              | 15,822      | 13,367     |
| Discharges to CMR  | 586         | 165         | 751                 | 355         | 53         |
| Percent of Discharges to CMR   | 4.5%        | 2.3%        | 3.7%                | 2.2%        | 0.4%       |

Source: CON application #10499, page 37-AHCA Discharge Data 2016

\*Excludes NICU, OB/GYN, Psychiatric and Substance Abuse DRG's.

| <b>Discharges to CMR and Alternative Settings, Any Location<br/>Residents of Any County/State/County CY 2016</b> |              |                    |              |                 |                   |
|--|--------------|--------------------|--------------|-----------------|-------------------|
| <b>Hospital</b>  | <b>SNF</b>   | <b>Home Health</b> | <b>CMR</b>   | <b>Combined</b> | <b>% of Group</b> |
| Florida Hospital Waterman  | 1,848        | 2,774              | 53           | 4,675           | 30.3%             |
| Munroe Regional Medical Center   | 2,221        | 1,677              | 355          | 4,253           | 27.5%             |
| Ocala Regional Medical Center  | 1,673        | 1,606              | 586          | 3,865           | 25.0%             |
| West Marion Community Hospital   | 1,032        | 1,451              | 165          | 2,648           | 17.1%             |
| Ocala Health Subtotal  | 2,705        | 3,057              | 751          | 6,513           | 42.2%             |
| <b>Total</b>   | <b>6,774</b> | <b>7508</b>        | <b>1,159</b> | <b>15,441</b>   | <b>100.00%</b>    |

Source: CON application #10499, page 37-AHCA Discharge Data 2016

Regarding CMR utilization, the applicant states that District 3 CMR providers, excluding closed CMR units at SRRMC and Leesburg Regional Hospital, experienced occupancy rates exceeding 84 percent for CY 2016.

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The applicant notes that HealthSouth Ocala reported the highest occupancy rates, despite the addition of 10-beds in 2016. Based on HealthSouth Ocala’s historical trends, WMCH anticipates additional bed need to address availability and accessibility problems due to overutilization. The applicant provides the following table depicting HealthSouth Ocala’s historical utilization by quarter from 2013-2016.

| <b>HealthSouth Ocala Historical Utilization Trends<br/>2013 (2<sup>nd</sup> Quarter) Through 2016</b> |             |                    |                     |                           |
|---|-------------|--------------------|---------------------|---------------------------|
| <b>Quarter</b>  | <b>Beds</b> | <b>% Occupancy</b> | <b>Patient Days</b> | <b>Marion County Pop.</b> |
| Jan-Mar 2013  | 40          | 72.39%             | 2,606               | 334,265                   |
| Apr-June 2013   | 40          | 81.18%             | 2,955               |                           |
| July-Sep 2013   | 40          | 87.47%             | 3,219               |                           |
| Oct-Dec 2013  | 40          | 90.90%             | 3,345               | 335,973                   |
| Jan-Mar 2014  | 40          | 94.69%             | 3,409               | 338,512                   |
| Apr-June 2014   | 40          | 92.83%             | 3,379               |                           |
| July-Sep 2014   | 40          | 93.93%             | 3,453               |                           |
| Oct-Dec 2014  | 50          | 95.25%             | 3,886               | 341,652                   |
| Jan-Mar 2015  | 50          | 88.76%             | 3,994               | 345,168                   |
| Apr-June 2015   | 50          | 88.26%             | 4,016               |                           |
| July-Sep 2015   | 50          | 94.41%             | 4,343               |                           |
| Oct-Dec 2015  | 50          | 95.48%             | 4,392               | 348,762                   |
| Jan-Mar 2016  | 50          | 97.13%             | 4,371               | 352,332                   |
| Apr-June 2016   | 50          | 95.36%             | 4,339               |                           |
| July-Sep 2016   | 60          | 92.83%             | 5,124               |                           |
| Oct-Dec 2016  | 60          | 94.95%             | 5,241               | 355,826                   |
| <b>Percent Change</b>   | <b>50%</b>  | <b>31%</b>         | <b>101%</b>         | <b>6.0%</b>               |

Source: CON application #10499, page 34

The applicant maintains that HealthSouth Ocala’s historically high occupancy rates conveys that beds are frequently unavailable and therefore inaccessible to the residents of Marion County. Based on the table above, the applicant asserts that HealthSouth Ocala’s incremental approach to increasing CMR bed availability has failed to keep pace with the needs of the county. WMCH contends that the general shortage of CMR beds in District 3, specifically Marion County, justifies approval of the proposed program. The distribution of Marion County adult resident CMR discharges for the 12 months ending September 2015 is presented below.

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| <b>Subdistrict 3-4 Adult Resident Rehab Discharges<br/>October 2014 – September 2015</b> |                   |                      |
|--|-------------------|----------------------|
| <b>Facility</b>  | <b>Discharges</b> | <b>Percent Share</b> |
| HealthSouth Ocala  | 999               | 90.3%                |
| UF Health Shands Rehab Hospital  | 51                | 4.6%                 |
| Leesburg Rehabilitation Hospital   | 23                | 2.1%                 |
| Brooks Rehabilitation Hospital   | 9                 | 0.8%                 |
| Seven Rivers Regional Medical Center   | 8                 | 0.7%                 |
| HealthSouth Spring Hill  | 4                 | 0.4%                 |
| Tampa General Hospital   | 2                 | 0.2%                 |
| Bayfront Health-St. Petersburg   | 1                 | 0.1%                 |
| Broward Health North   | 1                 | 0.1%                 |
| Halifax Health Medical Center  | 1                 | 0.1%                 |
| HealthSouth Altamonte Springs  | 1                 | 0.1%                 |
| HealthSouth Tallahassee  | 1                 | 0.1%                 |
| Largo Medical Center-Indian Rocks  | 1                 | 0.1%                 |
| Orlando Health   | 1                 | 0.1%                 |
| West Florida Hospital  | 1                 | 0.1%                 |
| West Gables Rehabilitation Hospital  | 1                 | 0.1%                 |
| Winter Park Memorial Hospital  | 1                 | 0.1%                 |
| <b>Subdistrict Total</b>   | <b>1,106</b>      | <b>100.0%</b>        |

Source: Con application #10499, Vol. 1, page 40

The applicant states that the historical period is relied upon because it represents the most recent 12 months for which CMR utilization of acute hospital-based CMR units by patient Zip Code was readily available from AHCA's discharge database. The reviewer notes that the applicant did not utilize the most recent Florida Center for Health Information and Transparency inpatient hospital discharge data to generate the above table.

The applicant discusses inpatient alternatives to CMR services (CON application #10499, Vol. 1, pages 43-44), noting that SNFs are generally not an acceptable alternative to CMR services as CMR services are tertiary. The applicant also discusses differences between CMR staff, CMR services and patient acuity upon admission at CMR locations compared to SNF staff, SNF services and patient acuity upon admission at SNF locations. The applicant indicates two 2008 studies and one 2014 study (CON application #10499, Vol. 2) that point out numerous better health care outcomes for CMR patients compared to SNF patients when patients are clinically comparable. Stated differences between clinically comparable patients serviced at a CMR facility/unit compared to a SNF include:

- Returned home from their initial stay two weeks earlier
- Remained home nearly two months longer
- Stayed alive nearly two months longer
- Of matched patients treated:
  - CMR patients experienced an eight percent lower mortality rate during the two-year study period than SNF patients
  - CMR patients experienced five percent fewer emergency room visits per year than SNF patients

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- For five of 13 conditions, CMR patients experienced significantly fewer hospital readmissions per year than SNF patients

WMCH provides the projected CMR bed need for January 2023, based CY 2016 rehabilitation patient days reported to the Agency and Marion County’s corresponding mid-year (7/1/16) population estimate. See the table below.

| <b>Projected CMR Bed Need in Marion County<br/>Based on County-Specific Reported Patient Days<br/>January 2023 Planning Horizon</b> |         |
|---|---------|
| Marion County Reported Rehabilitation Patient Days 2016   | 19,075  |
| Population of Marion County July 1, 2016  | 355,826 |
| Use Rate/1000 Population  | 53.61   |
| Population of Marion County Jan 1, 2023   | 397,635 |
| Projected Patient Days (Pop x Use Rate)   | 21,316  |
| Average Daily Census  | 58      |
| Bed Need @ 80% Annual Occupancy   | 73      |
| Net Need Less 60 Licensed Beds  | 13      |

Source: CON application #10499, page 51

The applicant maintains that a hospital-based CMR unit should be able to avoid unnecessary readmissions to a greater extent than reliance on freestanding CMR facilities because patients of the hospital-based unit will be able to access many acute services without the necessity of discharge from CMR and readmission to the hospital. WMCH forecasts that for the proposed 12-bed project, for year one (ending September 2019) WMCH will realize 3,395 patient days, average daily census (ADC) of 9.3 and occupancy rate of 77.5 percent. The applicant also forecasts that for year two (ending September 2020) WMCH will realize 3,953 total patient days, ADC of 10.8 and occupancy rate of 90.0 percent. See the table below.

| <b>WMCH Forecasted CMR Utilization<br/>Year One (Oct. 2018-Sept. 2019)<br/>Year Two (Oct. 2019-Sept 2020)</b> |                     |             |                       |
|---|---------------------|-------------|-----------------------|
| <b>Qtr./Yr.</b>   | <b>Patient Days</b> | <b>ADC</b>  | <b>Occupancy Rate</b> |
| Q418  | 773                 | 8.4         | 70.0%                 |
| Q119  | 810                 | 9.0         | 75.0%                 |
| Q219  | 874                 | 9.6         | 80.0%                 |
| Q319  | 938                 | 10.2        | 85.0%                 |
| <b>Year One</b>   | <b>3,395</b>        | <b>9.3</b>  | <b>77.5%</b>          |
| Q419  | 994                 | 10.8        | 90.0%                 |
| Q120  | 983                 | 10.8        | 90.0%                 |
| Q220  | 983                 | 10.8        | 90.0%                 |
| Q320  | 994                 | 10.8        | 90.0%                 |
| <b>Year Two</b>   | <b>3,953</b>        | <b>10.8</b> | <b>90.0%</b>          |

Source: CON application #10499, page 54

Regarding impact on other District 3 providers, the applicant proclaims that the proposed 12-bed CMR unit at WMCH can be highly successful based on realistic assumptions regarding start-up and utilization rates.

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The applicant states given the reality that use rates are actually increasing and the population of Marion County is growing and aging, any impact on existing providers should be minimized.

In addition, WMCH projects to serve the base of patients historically referred to CMR but not admitted by existing providers. As previously stated by the applicant, just over one-half of all potential patients referred by Ocala Health hospitals to existing CMR providers are actually admitted and these admissions are limited to Medicare/Medicare HMO patients. The applicant expresses the willingness to accept the condition that a minimum of 7.0 percent of its CMR patients will be Medicaid or charity (including self-pay) further reinforces the belief that existing providers will not be adversely affected by the establishment of a 12-bed CMR unit at WMCH. The applicant maintains that admission of these patients will not have any impact on existing CMR providers but will have a tremendous impact on the accessibility of CMR to patients, including trauma and stroke patients, served by Ocala Health.

**2. Agency Rule Criteria:**

**Please indicate how each applicable preference for the type of service proposed is met. Refer to Chapter 59C-1.039, Florida Administrative Code, for applicable preferences.**

**a. General Provisions:**

- (1) Service Location. The CMR inpatient services regulated under this rule may be provided in a hospital licensed as a general hospital or licensed as a specialty hospital.**

**Each** co-batched applicant states intent to operate the proposed CMR program under its license as a general hospital.

- (2) Separately Organized Units. CMR inpatient services shall be provided in one or more separately organized unit within a general hospital or specialty hospital.**

**Florida Hospital Waterman, Inc. d/b/a Florida Hospital Waterman (CON application #10496)** indicates that the proposed project will involve the build-out of the third floor of a new bed tower. The applicant notes that the unit will have all private patient rooms with private bathrooms that are suitable for wheelchair accessibility. FHW indicates that the physical layout and configuration of the unit is more fully described in Schedule 9 and the accompanying schematic drawings.

**Munroe HMA Hospital, LLC d/b/a Munroe Regional Medical Center (CON application #10498)** does not respond directly to this rule. However, the applicant indicates that the proposed unit will be located on the fifth floor of the CON approved TimberRidge Hospital and will contain 12 private patient rooms with bathrooms—one of which will be an isolation room. The applicant notes that an architectural narrative along with schematic drawings of the project are provided behind Tab 5 of CON application #10498.

**Marion Community Hospital, Inc. d/b/a West Marion Community Hospital (CON application #10499)** indicates that WMCH will provide inpatient rehabilitation services in a separately organized unit. The applicant states that the proposed project calls for the build-out of a portion of the fifth floor currently under construction as part of an existing project. The applicant maintains that all 12 patient rooms will be private with their own toilet and shower.

The applicant states the following programmatic-based features:

- An activities of daily living (ADL) area with simulated areas for kitchen, bedroom and bath
- A day room/activity room
- An exercise physical therapy room on the floor will allow maximum rehab patient convenience and efficient patient transport
- Each rehab patient room will have an accessible toilet and shower
- One negative pressure isolation patient room will be included

WMCH states that the physical layout and configuration of the unit is more fully described in the responses for questions presented in Schedule 9 and the accompanying schematic drawings.

- (3) Minimum Number of Beds. A general hospital providing comprehensive medical rehabilitation inpatient services should normally have a minimum of 20 comprehensive rehabilitation inpatient beds. A specialty hospital providing CMR inpatient services shall have a minimum of 60 CMR inpatient beds.**

**Each** co-batched applicant proposes a 12-bed unit. In addition, **Munroe HMA Hospital, LLC d/b/a Munroe Regional Medical Center (CON application #10498)** proposes a 6-bed partial award.

- (4) Medicare and Medicaid Participation. Applicants proposing to establish a new comprehensive medical rehabilitation service shall state in their application that they will participate in the Medicare and Medicaid programs.**

**Florida Hospital Waterman, Inc. d/b/a Florida Hospital Waterman (CON application #10496)** indicates that it currently participates in the Medicare and Medicaid programs in its existing acute care operations and will continue to do so in the proposed program.

**Munroe HMA Hospital, LLC d/b/a Munroe Regional Medical Center (CON application #10498)** does not respond directly to this criterion. The applicant has previously indicated that it currently participates in the Medicare and Medicare programs and indicates it will do so at the proposed program.

**Marion Community Hospital, Inc. d/b/a West Marion Community Hospital (CON application #10499)** does not respond directly to this criterion. The applicant has previously stated that it currently participates in the Medicare and Medicare programs and indicates it will do so at the proposed program.

**b. Required Staffing and Services.**

- (1) Director of Rehabilitation. CMR inpatient services must be provided under the medical director of rehabilitation who is a board-certified or board-eligible psychiatrist and has had at least two years of experience in the medical management of inpatients requiring rehabilitation services.**

**Florida Hospital Waterman, Inc. d/b/a Florida Hospital Waterman (CON application #10496)** states that the proposed program will be operated under the direct medical supervision of a physical medicine and rehabilitation specialist (psychiatrist) who is board-certified and has had more than two years of experience in the medical management of inpatients requiring rehabilitation services in accordance with rule.

The applicant notes that within the Florida Hospital System, there are a large number of psychiatrists on staff at a variety of locations. FHW states that these physicians will assist in the recruitment of a board-certified psychiatrist with appropriate experience in the medical management of CMR patients.



**Munroe HMA Hospital, LLC d/b/a Munroe Regional Medical Center (CON application #10498)** indicates that the medical director of rehabilitation will consult with the administration of the hospital and its medical staff in the development and modification of rehabilitation programs and services. The applicant maintains that, “they will assist in the establishment of policies and procedures to ensure the consistency and overall quality of all services provided on the unit”. The applicant indicates that the medical director will bear primary responsibility for the program and serve as a liaison between the rehab unit and the rest of the hospital’s medical staff. MRMC indicates that the medical director will attend to all patients admitted to the unit promoting continuity of care. The applicant notes that the individual selected to serve in this capacity will be a highly qualified leader in his or her discipline.

The reviewer notes that the applicant does not affirmatively state that this criterion will be met by a board-certified or board-eligible physiatrist who has had at least two years of experience in the medical management of inpatients requiring rehabilitation services.

**Marion Community Hospital, Inc. d/b/a West Marion Community Hospital (CON application #10499)** states that the proposed project at WMCH will operate under the direct medical supervision of a board-certified physical medicine and rehabilitation specialist (physiatrist). With assistance from the corporate physician recruitment office, the applicant anticipates recruiting a physician for this position. WMCH states that arrangements will be made as necessary to ensure capability to admit patients seven days.

The applicant states the intent to involve the services of physicians who have expertise and specialized focus in the areas of geriatric medicine, neurology, orthopedics, cardiology and cardiovascular surgery, pulmonology, urology, oncology and neurosurgery.

**(2) Other Required Services. In addition to the physician services, CMR inpatients services shall include at least the following services provided by qualified personnel:**

- 1. Rehabilitation nursing**
- 2. Physical therapy**
- 3. Occupational therapy**
- 4. Speech pathology and audiology**

- 5. Social services**
- 6. Psychological services**
- 7. Orthotic and prosthetic services**

**Florida Hospital Waterman, Inc. d/b/a Florida Hospital Waterman (CON application #10496)** states the proposed project will provide the following services:

- Rehabilitation nursing
- Physical therapy
- Occupational therapy
- Speech pathology and audiology
- Social services
- Psychological services
- Orthotic and prosthetic services

The applicant maintains that FHW currently has a “Scope of Rehabilitation Policy & Procedure” which outlines the scope of responsibility and organization of services for the existing rehabilitation services at the hospital. The applicant states that the policy specifically outlines the types of services offered and goals/objectives of each type of therapy/treatment as well as the relationship of rehabilitation services to other departments within the hospital. FHW provides a detailed description of each service listed above on pages 51-54 of CON application #10496.

**Munroe HMA Hospital, LLC d/b/a Munroe Regional Medical Center (CON application #10498)** states that in addition to the medical director of rehabilitation, the applicant will have a host of rehabilitation professionals provided by qualified personnel, including:

- Rehabilitation nursing
- Physical therapy
- Occupational therapy
- Speech therapy
- Social work/case management
- Psychological services
- Respiratory therapy
- Orthotic and prosthetic services

The applicant indicates that all of the identified services listed above will be available at TimberRidge Hospital. The applicant maintains that staffing for the proposed CMR program is based upon anticipated staffing patterns, adjusted for the forecasted patient admissions and volume, Medicare conditions of participation, anticipated patient mix and needs and TimberRidge

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Hospital's operational plan. The applicant provides a detailed description of each service listed above on pages 92-95 of CON application #10498.

**Marion Community Hospital, Inc. d/b/a West Marion Community Hospital (CON application #10499)** lists and describes in detail on pages 63-67 of CON application #10499, the services below. With the exception of rehabilitation nursing, the applicant notes that all of the identified services are currently available to patients at WMCH.

- Rehabilitation nursing
- Physical therapy
- Occupation therapy
- Speech therapy
- Social worker
- Case management services

The applicant states that the following additional personnel will be provided based on patient need:

- Diabetic nurse education
- Wound care specialist
- Neuropsych services
- Orthotic services
- Prosthetic services
- Pharmacology
- Certified therapeutic recreation specialist
- Chaplain and other spiritual persons

**c. Criteria for Determination of Need:**

- (1) Bed Need. A favorable need determination for proposed new or expanded comprehensive medical rehabilitation inpatient services shall not normally be made unless a bed need exists according to the numeric need methodology in 59C-1.039(5)(c), Florida Administrative Code.**

**Each** co-batched applicant is applying in response to the published fixed need pool.

- (2) **Most Recent Average Annual District Occupancy Rate.** Regardless of whether bed need is shown under the need formula in paragraph (5) (c), no additional comprehensive medical rehabilitation inpatient beds shall normally be approved for a district unless the average annual occupancy rate of the licensed comprehensive medical rehabilitation inpatient beds in the district was at least 80 percent for the 12-month period ending six months prior to the beginning date of the quarter of the publication of the fixed bed need pool.

The reviewer notes that for the most recent reporting period (12 months ending December 31, 2016), the average annual District 3 occupancy rate for the 202 CMR beds was 84.15 percent.

**Florida Hospital Waterman, Inc. d/b/a Florida Hospital Waterman (CON application #10496)** states that this rule criteria is satisfied based on District 3's 84.2 percent average annual occupancy for the 12 months prior to the publication of the fixed need pool.

**Munroe HMA Hospital, LLC d/b/a Munroe Regional Medical Center (CON application #10498)** states that in CY 2016, District 3 had the highest CMR occupancy rate of all 11 health planning districts in Florida. The applicant further discusses high occupancy rates for Marion County's sole CMR provider HealthSouth Ocala, that exceed the 80 percent threshold despite the increase in bed inventory from 50 to 60 beds in 2016.

**Marion Community Hospital, Inc. d/b/a West Marion Community Hospital (CON application #10499)** does not respond directly to this criterion.

- (3) **Priority Considerations for Comprehensive Medical Rehabilitation Inpatient Services Applicants.** In weighing and balancing statutory and rule review criteria, the Agency will give priority consideration to:

- (a) **An applicant that is a disproportionate share hospital as determined consistent with the provisions of section 409.911, Florida Statutes.**

**None** of the co-batched applicants participated in the disproportionate share hospital (DSH) program in state fiscal year (SFE) 2016-2017 or in the Low Income Pool (LIP) Payment Program.

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**Florida Hospital Waterman, Inc. d/b/a Florida Hospital Waterman (CON application #10496)** states that FHW is not a disproportionate share hospital but attests to affording access to patients of all payor groups and provides a significant percentage of care to Medicaid and charity patients.

**Munroe HMA Hospital, LLC d/b/a Munroe Regional Medical Center (CON application #10498)** states that the applicant is not a DSH provider, however asserts that MRMC has a long history of being a community provider and caring for all patients, regardless of their ability to pay. The applicant maintains that TimberRidge Hospital will maintain a charity care policy and provide services to patients who are financially unable to pay for their care and that further, this policy will extend to patients admitted to the CMR unit.

**Marion Community Hospital, Inc. d/b/a West Marion Community Hospital (CON application #10499)** states that WMCH is not a DSH provider.

**(b) An applicant proposing to serve Medicaid-eligible persons.**

**Florida Hospital Waterman, Inc. d/b/a Florida Hospital Waterman (CON application #10496)** states that it is an existing Medicaid provider and will serve Medicaid patients in the proposed CMR unit. The applicant projects 3.2 percent of its CMR patient days will be for Medicaid and Medicaid HMO patients.

**Munroe HMA Hospital, LLC d/b/a Munroe Regional Medical Center (CON application #10498)** states that TimberRidge Hospital will care for all patients regardless of their ability to pay. The applicant states that a minimum of 13 percent of its inpatient days will be to Medicaid, Medicaid HMO, charity care, self-pay and underinsured patients on an annual basis. The applicant projects 2.4 percent of its CMR patient days will be Medicaid and 2.1 percent to charity care/self-pay patients each year.

The applicant states that during the last three years and on an inpatient basis, MRMC discharges are as follows

- Between 19 and 21 percent were Medicaid, Medicaid Managed Care and KidCare patients
- One percent charity care
- Four to five percent self-pay/underinsured

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The applicant conditions approval of CON application #10498 upon providing a minimum of 4.5 percent of its inpatient days to Medicaid, Medicaid HMO, charity care, self-pay and underinsured patients on an annual basis.

**Marion Community Hospital, Inc. d/b/a West Marion Community Hospital (CON application #10499)** proposes to provide care to Medicaid-eligible persons and has conditioned approval of CON application #10499 upon providing a minimum of 7.0 percent of its annual CMR discharges to the combination of Medicaid, Medicaid HMO and self-pay/other (including charity) patients.

**(c) An applicant that is a designated trauma center, as defined in Rule 64J-2.011, Florida Administrative Code.**

The reviewer notes that according to the Florida DOH website at <http://www.floridahealth.gov/licensing-and-regulation/traumasystem/documents/traumacenterlisting2016.pdf> last updated May 2017, none of the co-batched applicants are designated trauma centers. However, Marion Community Hospital, Inc., operates ORMC which is a designated Level II Trauma Center.

**Florida Hospital Waterman, Inc. d/b/a Florida Hospital Waterman (CON application #10496)** states that FHW is not a designated trauma center but notes that FHW operates a 24-hour emergency department that accommodates nearly 60,000 visits annually.

**Munroe HMA Hospital, LLC d/b/a Munroe Regional Medical Center (CON application #10498)** states that MRMC is not a designated trauma center.

**Marion Community Hospital, Inc. d/b/a West Marion Community Hospital (CON application #10499)** states that ORMC holds a Florida DOH Level II Trauma Center designation. The reviewer notes that WMCH, the premise where the beds will be located, does not hold the same designation. The reviewer notes that any trauma patients admitted to ORMC would then need to be transferred and admitted as a CMR patient to WMCH.

- d. **Access Standard. Comprehensive medical rehabilitation inpatient services should be available within a maximum ground travel time of two hours, under average travel conditions, for at least 90 percent of the district's total population.**

**Florida Hospital Waterman, Inc. d/b/a Florida Hospital Waterman (CON application #10496)** maintains that there is growing acceptance in the medical community and by AHCA that CMR services should be provided on a local rather than a regional basis.

**Munroe HMA Hospital, LLC d/b/a Munroe Regional Medical Center (CON application #10498)** states that CMR beds are programmatically, financially and geographically inaccessible to residents of the TimberRidge Hospital designated hospital service area. The applicant contends that the Timber Ridge Hospital would be geographically accessible to all residents within its proposed service area, particularly accessible to residents of the various age-restricted senior living communities throughout the State Road 200 corridor.

**Marion Community Hospital, Inc. d/b/a West Marion Community Hospital (CON application #10499)** states that this proposal does not depend upon improvements in the geographic access standard for its justification. The applicant maintains that acute care patients at ORMC and WMCH are routinely unable to access existing inpatient rehabilitation beds in the service area. The applicant contends that the proposed project will remedy the access issue identified by the applicant.

- e. **Quality of Care.**

- (1) **Compliance with Agency Standards. Comprehensive medical rehabilitation inpatient series shall comply with the Agency standards for program licensure described in section 59A-3, Florida Administrative Code. Applicants who submit an application that is consistent with the Agency licensure standards are deemed to be in compliance with this provision.**

**Florida Hospital Waterman, Inc. d/b/a Florida Hospital Waterman (CON application #10496)** states that it currently operates in compliance with licensure standards and CMS Medicare conditions of participation. FHW maintains that it will continue to do so following the implementation of the proposed

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inpatient CMR unit. The applicant indicates that FHW will seek CARF accreditation for the proposed CMR unit within the first year of operation.

**Munroe HMA Hospital, LLC d/b/a Munroe Regional Medical Center (CON application #10498)** states that TimberRidge Hospital will operate in compliance with licensure standards and will participate in Medicare and Medicaid Programs with the implementation of the proposed CMR unit. The applicant asserts that policies and procedures for the whole hospital are under development. Additionally, the applicant emphasizes that policies and procedures for the CMR unit will be developed in conjunction with other existing CMR programs operated by CHS hospitals such as Bayfront Health St. Petersburg and Mary Black Health System in South Carolina.

**Marion Community Hospital, Inc. d/b/a West Marion Community Hospital (CON application #10499)** states that WMCH and ORMC, as well as all HCA affiliated hospitals in Florida, currently operate in compliance with licensure standards described in Chapter 59A-3, Florida Administrative Code, as well as with CMS Medicare conditions of participation and will continue to do so following implementation of the proposed inpatient CMR unit. The applicant states that it will apply for CARF accreditation within the first year of operation.

**f. Services Description. An applicant for comprehensive medical rehabilitation inpatient services shall provide a detailed program description in its certificate of need application including:**

**(1) Age group to be served.**

**Florida Hospital Waterman, Inc. d/b/a Florida Hospital Waterman (CON application #10496)** states that FHW will focus on the adult population 18+ and anticipates that the majority of patients will be age 65+.

**Munroe HMA Hospital, LLC d/b/a Munroe Regional Medical Center (CON application #10498)** states that the predominant age groups to be served within the CMR unit are patients age 65+ with all patients being at least 18 years of age. The applicant indicates that TimberRidge Hospital is surrounded by several age-restricted (55+) housing developments with approximately 69 percent of residents in the applicant's home Zip Code area and 44 percent of all adults in the TimberRidge Hospital designated acute care service area aged 65+. The applicant states an expectation of a similar distribution of elderly patients at the proposed CMR unit



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and assures that patients will be served without regard to race, creed, color, sex, age or national origin, as long as they meet admission criteria.

**Marion Community Hospital, Inc. d/b/a West Marion Community Hospital (CON application #10499)** states that WMCH will serve adults age 15+ and anticipates that approximately 27 percent of admissions to the proposed unit will be age 15-64 and 73 percent will be age 65+.

**(2) Specialty inpatient rehabilitation services to be provided, if any (e.g. spinal cord injury; brain injury)**

**Florida Hospital Waterman, Inc. d/b/a Florida Hospital Waterman (CON application #10496)** states that patients will be assessed and admitted to the proposed unit and determinations will be made regarding specialty programs that may benefit the patient's specific diagnosis, level of function and treatment goals. The applicant maintains that FHW already provides services for a number of specialized populations, including:

- Amputees
- Stroke patients
- Incomplete spinal cord injury patients
- Parkinson's patients
- Congenital deformity
- Major multiple trauma
- Fracture of femur
- Brain injury
- Multiple sclerosis
- Muscular dystrophy
- Guillain-Barre syndrome

The applicant provided a brief narrative description of additional programs and proposed specialized equipment on pages 59-69 of CON application #10496.

**Munroe HMA Hospital, LLC d/b/a Munroe Regional Medical Center (CON application #10498)** indicates that the TimberRidge Hospital CMR program will be focused on the CMS 13 diagnosis for the majority of its patients. The applicant states that the proposed CMR unit will meet the intense rehabilitation needs of cardiac and pulmonary patients who are not included within the CMS 13 diagnoses. According to the applicant, programs for patients will be specifically designed to assure appropriate treatment, optimal

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outcomes and “FIM”<sup>7</sup> gains in the shortest period of time. The applicant states that it will seek specialty certification by The Joint Commission for its stroke rehabilitation program.

**Marion Community Hospital Inc. d/b/a West Marion Community Hospital (CON application #10499)** states that it will provide the following specialty CMR programs at the proposed project:

- Stroke rehabilitation
- Arthritis
- Wound care
- Orthopedic rehabilitation
- Spasticity management
- Balance and vestibular

The applicant provides a brief narrative description of each of the programs listed above on pages 84-85 of CON application #10499.

- (3) Proposed staffing, including qualifications of the medical director, a description of staffing appropriate for any specialty program, and a discussion of the training and experience requirements for all staff who will provide comprehensive medical rehabilitation inpatient services.**

**Florida Hospital Waterman, Inc. d/b/a Florida Hospital Waterman (CON application #10496)** attests to being experienced in recruiting therapy staff for its extensive outpatient rehabilitation services at FHW. The applicant states that while the proposed additional therapy staff will be required to have inpatient CMR experience, the overall qualifications and training will be similar to the requirements for employment at the Florida Hospital Rehabilitation Institute. The applicant provides the following staffing pattern for year one (ending August 30, 2020) and year two (ending August 30, 2021).

<sup>7</sup> Functional Independence Measure (FIM) is an assessment tool that aims to evaluate the functional status of patients throughout the rehabilitation process following a stroke, traumatic brain injury, spinal cord injury or cancer.

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| <b>Florida Hospital Waterman (CON application #10496)<br/>Projected Year One (Ending 8/30/2020) and<br/>Year Two (Ending 8/30/2021) Staffing Pattern</b> |                          |                          |
|--|--------------------------|--------------------------|
|  | <b>Year One<br/>2020</b> | <b>Year Two<br/>2021</b> |
| <b>Administration</b>  |                          |                          |
| Unit Director  | 1.0                      | 1.0                      |
| PPS Coordinator  | 0.5                      | 0.5                      |
| Case Manager   | 0.5                      | 0.5                      |
| Admission Liaison  | 0.5                      | 1.0                      |
| <b>Physicians</b>  |                          |                          |
| Medical Director   | 0.4                      | 0.4                      |
| <b>Nursing</b>   |                          |                          |
| Nursing Director   | 1.0                      | 1.0                      |
| RN   | 9.1                      | 9.1                      |
| CNA/Tech   | 3.0                      | 4.5                      |
| Unit Secretary   | 0.4                      | 0.4                      |
| <b>Ancillary</b>   |                          |                          |
| Physical Therapist   | 2.2                      | 2.7                      |
| Occupational Therapist   | 1.6                      | 1.6                      |
| Certified Occup. Therapist Assistant   | --                       | 0.5                      |
| Speech Therapy   | 1.1                      | 1.6                      |
| <b>Total</b>   | <b>21.2</b>              | <b>24.8</b>              |

Source: CON application #10496, Schedule 6A

**Munroe HMA Hospital, LLC d/b/a Munroe Regional Medical Center (CON application #10498)** states that staffing includes a designated program manager for the program, direct care nursing staff sufficient to meet the medical needs of patients and therapy staff 24/7. The applicant indicates that for the full award (12 CMR beds), Schedule 6A projects total FTEs in year one of 26.0 (ending September 30, 2021), increasing to 31.0 total FTEs in year two (ending September 30, 2022), and again increasing to 31.2 total FTEs in year three (ending September 30, 2023).

| <b>Munroe HMA Hospital, Inc. (CON application #10498)<br/>Projected Year One (Ending 9/30/2021), Year Two (Ending 9/30/2022) and<br/>Year Three (Ending 9/31/2023) Staffing Pattern for Full Award (12 CMR Beds)</b> |   |   |   |
|--|---|---|---|
|  | <b>Year One<br/>Ending<br/>09/30/2021</b> | <b>Year Two<br/>Ending<br/>09/30/2022</b> | <b>Year Three<br/>Ending<br/>09/30/2023</b> |
| <b>Administration</b>  |   |   |   |
| CMS Unit Director  | 1.0                                       | 1.0                                       | 1.0   |
| <b>Nursing</b>   |   |   |   |
| RNs  | 8.0                                       | 10.2                                      | 10.3  |
| Nurses' Aides/Unit Asst.   | 10.0                                      | 10.0                                      | 10.0  |
| <b>Ancillary</b>   |   |   |   |
| Physical Therapy, CMR  | 2.4                                       | 3.4                                       | 3.4   |
| Speech Therapy, CMR  | 1.8                                       | 2.5                                       | 2.6   |
| Occupational Therapy, CMR  | 1.8                                       | 2.5                                       | 2.6   |
| Hospital Ancillary   | 0.4                                       | 0.6                                       | 0.6   |
| <b>Resource Management</b>   |   |   |   |
| CMR Case Management  | 0.5                                       | 0.75                                      | 0.8   |
| <b>Total</b>   | <b>26.0</b>                               | <b>31.0</b>                               | <b>31.2</b>                                 |

Source: CON application #10498, full award (12-bed CMR unit), Schedule 6A

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MRMC also indicates that for the partial award (6 CMR beds), Schedule 6A indicates total FTEs in year one of 19 (ending September 30, 2021), increasing to 19.3 total FTEs for both years two and three (ending September 30, 2022 and September 30, 2023 respectively). See the table below.

| <b>Munroe HMA Hospital, Inc. (CON application #10498)<br/>Projected Year One (Ending 9/30/2021), Year Two (Ending 9/30/2022) and<br/>Year Three (Ending 9/30/2023) Staffing Pattern for Partial Award (6 CMR Beds)</b> |   |   |   |
|--|---|---|---|
|  | <b>Year One<br/>Ending<br/>09/30/2021</b> | <b>Year Two<br/>Ending<br/>09/30/2022</b> | <b>Year Three<br/>Ending<br/>09/30/2023</b> |
| <b>Administration</b>  |   |   |   |
| CMS Unit Director  | 1.0                                       | 1.0                                       | 1.0   |
| <b>Nursing</b>   |   |   |   |
| RNs  | 5.8                                       | 6.0                                       | 6.0   |
| Nurses' Aides/Unit Asst.   | 6.9                                       | 6.9                                       | 6.9   |
| <b>Ancillary</b>   |   |   |   |
| Physical Therapy, CMR  | 1.8                                       | 1.8                                       | 1.8   |
| Speech Therapy, CMR  | 1.3                                       | 1.4                                       | 1.4   |
| Occupational Therapy, CMR  | 1.3                                       | 1.4                                       | 1.4   |
| Hospital Ancillary Staff   | 0.3                                       | 0.3                                       | 0.3   |
| <b>Resource Management</b>   |   |   |   |
| CMR Case Management  | 0.5                                       | 0.5                                       | 0.5   |
| <b>Total</b>   | <b>19.0</b>                               | <b>19.3</b>                               | <b>19.3</b>                                 |

Source: CON application #10498P, partial award (6-bed CMR unit), Schedule 6A

The applicant notes that contract medical specialists for the CMR unit are not included in the staffing schedule but are reflected in Schedule 8A in ancillary expenses.

**Marion Community Hospital, Inc. d/b/a West Marion Community Hospital (CON application #10499)** states the anticipated staffing for the proposed CMR unit is consistent with licensure, CMS, CARF standards, along with the training and experience requirements for each staffing position providing CMR services. The applicant's Schedule 6A projects a total of 26.05 FTEs by year one (ending December 31, 2020) and a total of 29.25 FTEs by year two (ending December 31, 2021).

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| <b>Marion Community Hospital, Inc. (CON application #10499)<br/>Projected Year One (Ending 12/31/2020) and<br/>Year Two (Ending 12/31/2021) Staffing Pattern</b> |                                       |                                       |
|--|---------------------------------------|---------------------------------------|
|  | <b>Year One Ending<br/>12/31/2020</b> | <b>Year Two Ending<br/>12/31/2021</b> |
| <b>Administration</b>  |                                       |                                       |
| Program Director   | 1.0                                   | 1.0                                   |
| Nurse Manager  | 1.0                                   | 1.0                                   |
| Outreach Coordinator   | 1.0                                   | 1.0                                   |
| PAI Coordinator  | 1.0                                   | 1.0                                   |
| <b>Physicians</b>  |                                       |                                       |
| Medical Director/Physiatrist (Contract)  | 1.0                                   | 1.0                                   |
| <b>Nursing</b>   |                                       |                                       |
| Charge Nurse/Clinical Coordinator  | 1.0                                   | 1.0                                   |
| RNs  | 8.4                                   | 8.4                                   |
| CNAs   | 2.5                                   | 4.2                                   |
| Unit Secretary   | 0.4                                   | 0.7                                   |
| <b>Ancillary</b>   |                                       |                                       |
| Inpatient Therapy Manager  | 1.0                                   | 1.0                                   |
| Physical Therapist   | 2.8                                   | 2.8                                   |
| Physical Therapy Assistant   | 0.2                                   | 0.8                                   |
| Speech Therapist   | 0.75                                  | .75                                   |
| Occupational Therapist   | 2.8                                   | 2.8                                   |
| Occupational Therapist Asst.   | 0.2                                   | 0.8                                   |
| <b>Social Services</b>   |                                       |                                       |
| Social Worker/Case Manager   | 1.0                                   | 1.0                                   |
| <b>Total</b>   | <b>26.05</b>                          | <b>29.25</b>                          |

Source: CON application #10499, Schedule 6A

**(4) A plan for recruiting staff, showing expected sources of staff.**

**Florida Hospital Waterman, Inc. d/b/a Florida Hospital Waterman (CON application #10496)** states that FHW currently utilizes a variety of recruitment sources and tools to fill open positions within the hospital, including promoting from within the facility when possible, transfer from other FH facilities, utilization of Florida Hospital/Adventist Health System-wide recruitment resources, utilization of professional recruiting agencies and advertisement in local, state, national media and professional publications. Additionally, the applicant states that FHW has relationships with educational programs and can access potential recruits from those institutions but does not anticipate difficulty recruiting staff.

**Munroe HMA Hospital, LLC d/b/a Munroe Regional Medical Center (CON application #10498)** states that MRMC and the TimberRidge ED have appropriately qualified and credentialed staff. The applicant briefly discusses retention activities and indicates that TimberRidge Hospital will recruit staff for its CMR unit and the remainder of the hospital utilizing:

- In-house job posting
- CHS corporate recruiting
- Other CHS hospitals around the country

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- Employment open house
- Professional recruitment firms
- Participation in local job fairs
- Referral bonuses for select positions
- Advertising in local newspapers, specialty newsletter/magazines
- Advertising in colleges that have specialty programs
- Strong clinical affiliations program with allied health fields with a wide variety of universities
- Participation in professional conferences and educational events on a local/regional level
- Hard to fill positions are advertised in specialty journals

**Marion Community Hospital, Inc. d/b/a West Marion Community Hospital (CON application #10499)** anticipates no unusual difficulties in filling the proposed positions as necessary to meet patient care needs and also indicates that some of the personnel required for the unit may be reassigned from existing hospitals. The applicant states that others will be recruited as necessary and that WMCH and ORMC currently recruit utilizing a variety of methods and processes. According to the applicant, this includes promotion and recruitment within Ocala Health and HCA, utilization of corporate recruitment personnel/resources, utilization of professional recruiting agencies and services when necessary, advertisement in local, state, national media and professional publications. The applicant contends that these methods have been adequate to meet the staffing needs of the facility in the past and are expected to continue to meet such needs in the future, including the proposed project.

**(5) Expected sources of patient referrals.**

**Florida Hospital Waterman, Inc. d/b/a Florida Hospital Waterman (CON application #10496)** anticipates the majority of admissions to the proposed CMR unit will originate from inside FHW's acute care units. The applicant also states the expectation of patient referrals from outside facilities given the depth of FHW's expertise in the provision of CMR services.

**Munroe HMA Hospital, LLC d/b/a Munroe Regional Medical Center (CON application #10498)** indicates that referrals to the proposed CMR unit are expected to come primarily from TimberRidge Hospital's medical/surgical patients being discharged from another unit within the hospital with some patients expected to come from MRMC. The applicant states that others may be admitted from SRRMC. The applicant also states that patients may also be admitted from a short-term stay in a nursing home with that stay having been

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post-hospitalization and gearing to strengthening a patient sufficient to tolerate the aggressiveness of a CMR program.

**Marion Community Hospital, Inc. d/b/a West Marion Community Hospital (CON application #10499)** expects to draw referrals to the proposed unit from a number of sources and that many admissions to the proposed unit will arise from among acute care patients who need and can benefit from a more aggressive level of medical rehabilitation. The applicant maintains that referrals will come from physicians on the staff of the two hospital campuses under Ocala Health’s umbrella. The applicant also maintains that referrals are expected from area nursing homes and other acute care hospitals in the area.

**(6) Projected number of comprehensive medical rehabilitation inpatient services patient days by payer type, including Medicare, Medicaid, private insurance, self-pay and charity care patient days for the first two years of operation after completion of the proposed project.**

**Florida Hospital Waterman, Inc. d/b/a Florida Hospital Waterman (CON application #10496)** presents on Schedule 7A, the following patient days by payer types in years one and two of the proposed CMR unit (ending August 30, 2020 and August 30, 2021 respectively).

| <b>FHW Projected CMR Patient Days by Payor</b> |                     |                 |
|--|---------------------|-----------------|
| <b>Payor Type</b>                              | <b>Patient Days</b> |                 |
|  | <b>Year One</b>     | <b>Year Two</b> |
| Medicare                                       | 1,716               | 2,587           |
| Medicare HMO                                   | 370                 | 599             |
| Medicaid                                       | 26                  | 39              |
| Medicaid HMO                                   | 53                  | 78              |
| Self-Pay                                       | 53                  | 78              |
| Other/Commercial                               | 251                 | 377             |
| <b>Total</b>                                   | <b>2,468</b>        | <b>3,718</b>    |

Source: CON application #10496 Schedule 7A

**Munroe HMA Hospital, LLC d/b/a Munroe Regional Medical Center (CON application #10498)** provides tables below to account for forecasted CMR patient days and patient day percentages by payor for the full award (12 CMR beds) and for the partial award (six CMR beds) for year’s one through three of operations.

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| <b>TimberRidge Forecasted CMR Patient Days by Payor<br/>12-Bed Unit - Year One Through Three of Operation</b> |                 |                 |                   |
|---|-----------------|-----------------|-------------------|
|   | <b>Year One</b> | <b>Year Two</b> | <b>Year Three</b> |
| Medicare/Medicare HMO   | 2,079           | 2,898           | 2,919             |
| Medicaid/Medicaid HMO   | 60              | 84              | 85                |
| Managed Care  | 322             | 449             | 453               |
| Charity & Self Pay  | 54              | 75              | 75                |
| Other Payers  | 19              | 27              | 27                |
| <b>Total</b>  | <b>2,534</b>    | <b>3,533</b>    | <b>3,558</b>      |
| Medicare/Medicare HMO   | 82.0%           | 82.0%           | 82.0%             |
| Medicaid/Medicaid HMO   | 2.4%            | 2.4%            | 2.4%              |
| Managed Care  | 12.7%           | 12.7%           | 12.7%             |
| Charity & Self Pay  | 2.1%            | 2.1%            | 2.1%              |
| Other Payers  | 0.8%            | 0.8%            | 0.8%              |
| <b>Total</b>  | <b>100.0%</b>   | <b>100.0%</b>   | <b>100.0%</b>     |
| <b>Medicaid/Charity/Self</b>  | <b>4.5%</b>     | <b>4.5%</b>     | <b>4.5%</b>       |

Source: CON application #10498, Vol. 1, page 113

Note: The applicant's figures are rounded up to the nearest hundredth.

| <b>TimberRidge Forecasted CMR Patient Days by Payor<br/>Six-Bed Unit - Year One Through Three of Operation</b> |                 |                 |                   |
|--|-----------------|-----------------|-------------------|
|  | <b>Year One</b> | <b>Year Two</b> | <b>Year Three</b> |
| Medicare/Medicare HMO  | 1,522           | 1,575           | 1,575             |
| Medicaid/Medicaid HMO  | 44              | 46              | 46                |
| Managed Care   | 236             | 244             | 244               |
| Charity & Self Pay   | 39              | 41              | 41                |
| Other Payers   | 14              | 15              | 15                |
| <b>Total</b>   | <b>1,856</b>    | <b>1,920</b>    | <b>1,920</b>      |
| Medicare/Medicare HMO  | 82.0%           | 82.0%           | 82.0%             |
| Medicaid/Medicaid HMO  | 2.4%            | 2.4%            | 2.4%              |
| Managed Care   | 12.7%           | 12.7%           | 12.7%             |
| Charity & Self Pay   | 2.1%            | 2.1%            | 2.1%              |
| Other Payers   | 0.8%            | 0.8%            | 0.8%              |
| <b>Total</b>   | <b>100.0%</b>   | <b>100.0%</b>   | <b>100.0%</b>     |
| <b>Medicaid/Charity/Self</b>   | <b>4.5%</b>     | <b>4.5%</b>     | <b>4.5%</b>       |

Source: CON application #10498, Vol. 1, page 114

Note: The applicant's figures are rounded up to the nearest hundredth.

The applicant indicates that the proposal is conditioned such that TimberRidge Hospital will provide a minimum of 4.5 percent of its inpatient days to Medicaid, Medicaid HMO, charity care, self-pay and underinsured patients on an annual basis. The reviewer notes that the figures presented above differ slightly from the applicant's Schedule 7B. In the table below, the reviewer reproduces the applicant's Schedule 7B (for the full award of 12 CMR beds and the partial award of six CMR beds) that indicates the percent of patient days, per payer category for the first three years (ending September 30, 2022). The reviewer notes that the patient day percentages are constant for each of the three years and that the applicants Schedule 7B is identical for the full and partial awards.



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| <b>TimberRidge Forecasted CMR Patient Days by Payor<br/>Six-Bed and 12-Bed Unit – Year One Through Three of Operation</b> |                 |                 |                   |
|---|-----------------|-----------------|-------------------|
|   | <b>Year One</b> | <b>Year Two</b> | <b>Year Three</b> |
| Medicare & MCR MNGD   | 82.02%          | 82.02%          | 82.02%            |
| Medicare HMO  | 0.0%            | 0.0%            | 0.0%              |
| Medicaid & MCD MNGD   | 2.37%           | 2.37%           | 2.37%             |
| Medicaid HMO  | 0.0%            | 0.0%            | 0.0%              |
| Charity & Self Pay  | 2.12%           | 2.12%           | 2.12%             |
| Other MNGD Care   | 12.72%          | 12.72%          | 12.72%            |
| Other Payers  | 0.76%           | 0.76%           | 0.76%             |
| <b>Total</b>  | <b>100%</b>     | <b>100%</b>     | <b>100%</b>       |

Source: CON application #10498, full award (12-bed CMR unit) and partial award (six-bed CMR unit), Schedule 7B

**Marion Community Hospital, Inc. d/b/a West Marion Community Hospital (CON application #10499)** provides, in Schedule 7B, patient days and percentage of patient days, by payer type, for the proposed CMR unit for the first two years of operations (ending December 31, 2021 and December 31, 2022 respectively). The applicant anticipates that the majority of patient care delivered in the proposed CMR unit, will be reimbursed by Medicare (just over 73 percent of total patient days, including Medicare HMO). The applicant projects to serve a substantial percentage of patients who qualify for Medicaid or are uninsured. See the table below.

| <b>Projected Payer Mix –WMCH CMR Unit<br/>Year One (Ending 2019) and Year Two (Ending 2020)</b> |                   |                |                   |                |
|---|-------------------|----------------|-------------------|----------------|
|   | <b>2019</b>       |                | <b>2020</b>       |                |
|   | <b>Discharges</b> | <b>Percent</b> | <b>Discharges</b> | <b>Percent</b> |
| Medicare  | 186               | 69.5%          | 216               | 69.5%          |
| Medicare HMO  | 10                | 3.8%           | 12                | 3.9%           |
| Medicaid  | 6                 | 2.4%           | 7                 | 2.3%           |
| Medicaid HMO  | 6                 | 2.4%           | 7                 | 2.3%           |
| Commercial  | 41                | 15.4%          | 47                | 15.1%          |
| Self-Pay/Charity  | 9                 | 3.4%           | 11                | 3.5%           |
| All Other   | 9                 | 3.4%           | 11                | 3.2%           |
| <b>Total Discharges</b>   | <b>267</b>        | <b>100.0%</b>  | <b>311</b>        | <b>100.0%</b>  |

Note: Total may not add due to rounding.

Source: CON application #10499, Vol. 1, page 101 and a portion of Schedule 7B-1

**(7) Admission policies of the facility with regard to charity care patients.**

**Florida Hospital Waterman, Inc. d/b/a Florida Hospital Waterman (CON application #10496)** states it will accept all patients regardless of ability to pay. The applicant notes that in 2016, FHW provided more than \$75 million in bad debt and charity care. The applicant states that the charitable mission, policies and procedures for financial assistance and full write-off of medical bills adopted by FHW will extend to the proposed CMR unit. FHW provides an example of its financial assistance document package in Exhibit H of CON application #10496.

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**Munroe HMA Hospital, LLC d/b/a Munroe Regional Medical Center (CON application #10498)** states it maintains a charity care policy and indicates providing services to patients who are financially unable to pay for their care. According to the applicant, the policy and practice at MRMC will be adopted by TimberRidge Hospital and apply to TimberRidge Hospital's proposed CMR unit.

**Marion Community Hospital, Inc. d/b/a West Marion Community Hospital (CON application #10499)** states that WMCH extends and will continue to extend services to all patients in need of care regardless of their ability to pay or source of payment. The applicant states Medicaid-sponsored, self-pay and indigent patients are currently served by the applicant. The project, according to the applicant, will ensure accessibility by these patients to needed inpatient rehabilitation services.

**g. Utilization Reports. Facilities providing licensed comprehensive medical rehabilitation inpatient services shall provide utilization reports to the Agency or its designee, as follows:**

- (1) Within 45 days after the end of each calendar quarter, facilities shall provide a report of the number of comprehensive medical rehabilitation inpatient services discharges and patient days which occurred during the quarter.**

**Florida Hospital Waterman, Inc. d/b/a Florida Hospital Waterman (CON application #10496)** states that FHW currently reports to the Agency or its designee, its inpatient acute care discharge and nursing home data consistent with this provision. The applicant maintains that it will collect and report similar data for patients discharged from the proposed inpatient CMR unit.

**Munroe HMA Hospital, LLC d/b/a Munroe Regional Medical Center (CON application #10498)** states that the applicant will comply with all reporting requirements of the Agency and the local health council. The applicant states it will provide the number of CMR discharges and patient days for the most recent quarter and within 45 days of the calendar year, the applicant will provide the number of CMR patient days by principal diagnosis for the year. Additionally the applicant asserts to providing sufficient data to demonstrate compliance with the conditions of this proposal.

**Marion Community Hospital, Inc. d/b/a West Marion Community Hospital (CON application #10499)** states that WMCH is familiar with and experienced in Agency reporting requirements, that WMCH currently reports to the Agency or its designee its inpatient acute care discharge data consistent with this provision, and will collect and report similar data for patients discharged from the proposed inpatient rehabilitation unit.

**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.**

**Florida Hospital Waterman, Inc. d/b/a Florida Hospital Waterman (CON application #10496)** reiterates that there are currently four CMR service providers located in District 3, none of which are located in Lake County. The applicant maintains that these four District 3 CMR providers are highly utilized with two of the four operating in excess of 90 percent capacity for CY 2016, resulting in a lack of available bed capacity in the service area.

The applicant states that FHW is located a significant distance from each existing CMR service providers in District 3. FHW affirms that it is the only co-batched applicant proposing to serve a county that currently lacks CMR services. The applicant indicates that FHW's proposed 12-bed CMR unit is the only proposal that would address and improve geographic distribution and accessibility of CMR services in District 3, while co-batched proposals would cluster additional services in counties that currently have access to a large number of CMR beds. The applicant discusses drive times and distance from FHW to four existing CMR service providers, noting that the closest provider is TVRH, which is more than 20 miles/40 minutes away in Sumter County. FHW indicates that it is the only applicant that would any meaningful impact on geographic accessibility and distribution of CMR services in District 3.

**Munroe HMA Hospital, LLC d/b/a Munroe Regional Medical Center (CON application #10498)** asserts that there are unique set of circumstances present in the TimberRidge Hospital's service area to warrant project approval. The applicant reiterates the need for the proposed CMR unit as it relates to a lack of availability, accessibility and the impact of utilization in the TimberRidge Hospital service area as follows:

- Programmatic inaccessibility as the only CMR hospital in Marion County is fully occupied

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- HealthSouth Ocala’s “worse than national average” 30-day readmission rate
- Financial inaccessibility as HealthSouth Ocala does not contract with several major managed care plans in the area
- Geographic inaccessibility
- SRRMC in Citrus County closed its CMR unit
- Internal MRMC/TimberRidge Hospital demand

The applicant states that there are no existing CMR providers within the TimberRidge Hospital’s proposed service area or in all of western Marion County. The applicant notes that TimberRidge Hospital’s proposed service area is an older population and virtually all of the existing and planned residential development in the proposed service area is age restricted to 55+. The applicant stresses that this unique dynamic results in many older adults residing in western Marion County who do not want to travel to the other side of the county for anything at all including healthcare services. The applicant maintains that the proposed project would have limited impact on the existing CMR provider in Marion County and no impact elsewhere in District 3.

**Marion Community Hospital, Inc. d/b/a West Marion Community Hospital (CON application #10499)** states that it makes no representations regarding the adequacy of the quality of care available via the existing providers of inpatient CMR in the district and states that need for the proposed project is not dependent upon an assertion or finding of an absence of quality.

The applicant reiterates that CMR programs in certain areas within District 3 are not reasonably available or accessible to residents/visitors in Marion County. The applicant indicates that analysis of the utilization of CMR programs is reasonable to do at the acute care subdistrict level and contends that CMR beds should be available and accessible to all residents of the district. WMCH emphasizes the relatively high utilization at HealthSouth Rehabilitation Hospital of Ocala since that facility’s opening in 2012 and that the chronic unavailability of inpatient beds at that facility creates an accessibility problem for the growing population of Marion County demonstrating that Marion County is the best location for the development of the 12 beds identified by the fixed need pool.

The applicant discusses driving miles and driving times from WMCH to other District 3 CMR providers. The applicant contends that the exiting other CMR providers in District 3 (other than HealthSouth Rehabilitation Hospital of Ocala) are not realistic alternatives for CMR-eligible patients being discharged from WMCH due to geographic considerations. WMCH also reiterates that CMR inpatient facilities in Florida, “overwhelmingly serve patients from their home counties”.

The applicant asserts that only HealthSouth Rehabilitation of Ocala is utilized by patients residing in Marion County to any appreciable extent. WMCH contends that HealthSouth Rehabilitation Hospital of Ocala enjoys, “a near-monopoly status” in the delivery of inpatient CMR services in the county.

The applicant indicates that the upside of approving the proposed project at WMCH, given the improvements that will be realized in bed availability, accessibility and patient continuity of care will outweigh any negatives. The applicant also states that there is a chronic shortage of CMR beds in Marion County, and across District 3 generally.

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

**Florida Hospital Waterman, Inc. d/b/a Florida Hospital Waterman (CON application #10496)** attests to having a history of providing high quality acute care and high quality outpatient rehabilitation care to residents of Lake County and the surrounding areas. The applicant states that FHW is accredited by the Joint Commission and has also earned the Joint Commission’s Gold Seal of Approval Certification for its Knee and Hip Joint Replacement Program (CON application #10496, Exhibit 1). The applicant emphasizes that in order to receive program specific certification from the Joint Commission, facilities must meet a rigorous set of standards related to the specific disease program. FHW list these standards on page 78 of CON application #10496.

FHW maintains that it has an organizational commitment to the provision of high quality care and ongoing performance improvement. The applicant reiterates that FHW staff develop specific performance evaluation/improvement plans as metrics to identify improvements. The plan includes a start/end date for the metric to be studied, the goal of the study and desired improvement, the responsible parties, stakeholders and steps in the Plan-Do-Study-Act plan for measuring, evaluating and improving performance.

The applicant states that FHW has earned a number of accreditations, awards and recognitions for clinical and service excellence, including:

- AHCA-Certified Primary Stroke Center
- 2016 Top Hospital by the Leapfrog Group
- Society of Cardiovascular Patient Care (SCPC) Accredited Chest Pain Center
- Joint Commission Gold Seal of Approval® for Knee and Hip Replacement

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- Health Information Management Systems Society (HIMSS) Level 7 Designation

FHW declares that its commitment to quality and performance improvement will extend to the proposed CMR unit, thus ensuring that the patients FHW serves have access to the highest quality, technologically advanced and clinically effective services available.

The parent, Adventist Health System, had 30 substantiated complaints among a total of 8,333 licensed beds and 23 facilities, for the 36-month period ending September 6, 2017. FHW had one substantiated complaint in the category Administration/Personnel during the same 36-month period. A single complaint can encompass multiple complaint categories. The substantiated complaint categories for Adventist Health System are listed below

| <b>Adventist Health System Substantiated Complaint Categories<br/>36 Months Ending September 6, 2017</b> |                             |
|--|-----------------------------|
| <b>Complaint Category</b>  | <b>Number Substantiated</b> |
| Emergency Access   | 6                           |
| Admission, Transfer & Discharge  | 2                           |
| EMTALA   | 3                           |
| Quality of Care/Treatment  | 7                           |
| Nursing Services   | 4                           |
| Physician Services   | 1                           |
| Administration/Personnel   | 2                           |
| Resident/Patient/Client Assessment   | 2                           |
| Restraints/Seclusion General   | 1                           |
| Infection Control  | 3                           |
| Resident/Patient/Client Rights   | 2                           |
| Life Safety Code   | 1                           |

Source: Florida Agency for Healthcare Administration Complaint Records

**Munroe HMA Hospital, LLC d/b/a Munroe Regional Medical Center (CON application #10498)** affirms Joint Commission accreditation as well as primary stroke center certified by The Joint Commission, with MRMC being the first hospital in Marion County to achieve this certification. MRMC states additionally that it is accredited for Heart Failure by the Society of Chest Pain Centers. The applicant emphasizes that it is one of only four hospitals in Florida to earn this distinction and one of only three hospitals in Florida to earn Chest Pain Center, Heart Failure and Atrial Fibrillation accreditation by the Society of Chest Pain Centers. The reviewer notes that the proposed CMR unit will not be located on the MRMC campus but rather on the satellite campus at TimberRidge.

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MRMC asserts that the CMR unit at TimberRidge Hospital will attain all relevant accreditations and certifications to ensure that the proposed project and its entire staff achieve and maintain the highest standards of rehabilitative patient care. MRMC states that specifically, the hospital will seek Joint Commission Disease-Specific Certification of its Stroke Rehabilitation Program.

MRMC lists 14 accreditations, awards, recognitions and certifications for the existing campus, not the proposed TimberRidge campus. Some of the most recent achievements are as follows:

- Accredited by The Joint Commission
- Chest Pain Center Accreditation
- Heart Failure Accreditation
- Atrial Fibrillation Accreditation
- Certified Advanced Primary Stroke Center
- “Best Hospitals” report ranked Munroe at #16 in Florida (U.S. News & World Report, 2017)
- Most Wired Hospital (American Hospital Association, July 2014)
- Consumer Choice award-named Marion County’s most preferred hospital for overall quality and image and best doctors and nurses for 13 consecutive years (National Research Corporation, 2015/2016)
- Women’s Choice Award
- Blue Distinction® Center for Bariatric Surgery (Florida Blue, 2015)
- Beacon Award for Excellence (American Association of Critical Care Nurses, 2014)
- “America’s Best 50 Hospitals Award” (HealthGrades 2015/2016)
- Patient Safety-Overall Hospital Care (Care Chex, 2014)
- U.S. News & World Report ranking for:
  - Abdominal Aortic Aneurysm Repair
  - Colon Cancer Surgery
  - COPD
  - Heart Failure

Additionally, MRMC lists the following HealthGrades awards:

- 2016, 2015 - Distinguished Hospital Award for Clinical Excellence™
- 2015, 2014 - Women's Health Excellence Award™
- 2017, 2016, 2015 - America's 100 Best Hospitals for Coronary Intervention Award™
- 2017, 2016, 2015 - America's 100 Best Hospitals for Prostate Surgery Award™
- 2017, 2016, 2015 - Pulmonary Care Excellence Award™
- 2017, 2016 - Spine Surgery Excellence Award™

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- 2016, 2015 - Labor and Delivery Excellence Award™
- 2016, 2015 - Obstetrics and Gynecology Excellence Award™
- 2016, 2015 - Stroke Care Excellence Award™
- 2015 - Gynecologic Surgery Excellence Award™
- 2015 - Neurosciences Excellence Award™

The parent, CHS, had 45 substantiated complaints among a total of 3,510 licensed beds, spread among its 22 facilities, for the 36-month period ending September 6, 2017. Munroe HMA (f/k/a Munroe Regional Medical Center) had six substantiated complaints during the same 36-month period. A single complaint can encompass multiple complaint categories. The substantiated complaint categories, for the parent and for MRMC, are listed below:

| <b>CHS Substantiated Complaint Categories<br/>36 Months Ending September 6, 2017</b> |                             |
|--|-----------------------------|
| <b>Complaint Category</b>  | <b>Number Substantiated</b> |
| Emergency Access   | 11                          |
| EMTALA   | 8                           |
| Quality of Care/Treatment  | 10                          |
| Nursing Services   | 4                           |
| Administration/Personnel   | 1                           |
| Resident/Patient/Client Assessment   | 3                           |
| Infection Control  | 2                           |
| Physical Environment   | 2                           |
| Resident/Patient/Client Rights   | 1                           |
| Life Safety Code   | 1                           |
| State Licensure  | 2                           |

Source: Florida Agency for Healthcare Administration Complaint Records

| <b>MRMC Substantiated Complaint Categories<br/>36 Months Ending September 6, 2017</b> |                             |
|---|-----------------------------|
| <b>Complaint Category</b>   | <b>Number Substantiated</b> |
| Emergency Access  | 2                           |
| EMTALA  | 1                           |
| Resident/Patient/Client Rights  | 1                           |
| Quality of Care/Treatment   | 1                           |
| Resident/Patient/Client Assessment  | 1                           |

Source: Florida Agency for Healthcare Administration Complaint Records

**Marion Community Hospital, Inc. d/b/a West Marion Community Hospital (CON application #10499)** states that the licensed facilities ORMC, WMCH and Summerfield Emergency Room (in Summerfield, Florida 34491), together, are known in the community as Ocala Health. The applicant comments on being an existing provider of acute care hospital services and providing high quality care primarily to residents of Marion County since 1973. The applicant discusses its full range of patient care and ancillary services WMCH provides directly, or through referral, consultation or contractual arrangement. WMCH states during its 2016 fiscal year, Ocala Health treated more than 20,650 hospital



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inpatients and more than 184,000 total patients (including 98,871 emergency patients). The reviewer notes that the applicant provides these hospital statistics in supporting materials (CON application #10499, Vol. 2, Tab 14-Community Report 2017/Ocala Health).

The applicant states and the reviewer confirms, that ORMC and WMCH are both accredited by the Joint Commission. WMCH notes the following awards and recognitions:

- The Leapfrog Group “A” Hospital Safety Score
- Joint Commission Gold Seal of Approval for Knee, Hip and Spine
- Joint Commission Certified Primary Stroke Center
- American Stroke Association “Get with the Guidelines” Gold Plus Achievement Award
- Society of Cardiovascular Patient Care Chest Pain Accreditation
- American Society of Metabolic and Bariatric Surgery Center of Excellence
- Society of Chest Pain Centers Chest Pain Accreditation
- American College of Surgeons, Commission on Cancer three-year Accreditation with Commendation
- College of American Pathologists Accreditation
- American College of Radiology Gold Seal of Accreditation
- HealthGrades Excellence Award: Bariatric Surgery, Orthopedic Surgery, Spine Surgery, Women’s Health
- BCBS Blue Distinction Center for Knee and Hip Replacement and for Bariatric Surgery
- United Health Premium Interventional Cardiac Care Specialty Center, Premium Cardiac Rhythm Management Specialty Center, Premium Cardiac Surgery Specialty Center

The reviewer notes that in addition to the awards and recognitions noted above by the applicant, its Community Report 2017 publication also indicates awards by/for:

- HealthGrades Excellence Award for Gynecologic Surgery
- HealthGrades-One of America’s 100 Best Hospitals for Orthopedic
- HealthGrades-One of America’s 100 Best Hospitals for Spine Surgery

The applicant indicates being in good standing with both the Medicare and Medicaid programs and that specifically, WMCH maintains full compliance with all applicable state licensing standards.

According to WMCH, all HCA CMR programs participate in a nationally recognized data collection system known as UDS (Uniform Data Systems). WMCH maintains that UDS is the nationally recognized data collection tool for rehab. The applicant briefly discusses and describes WMCH’s application of UDS within the HCA Rehab Services Division, as follows:

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- Through UDS, HCA Rehab Services Division has the means to receive corporate-wide reports for all its programs. Per WMCH, this allows the Division and individual programs to review quarterly and annual program evaluation scores and to identify best practices or areas needing improvement.
- PEM, or program evaluation model, allows managers to measure each program's quality performance in a variety of areas.
- HCA is committed to adherence to regulatory compliance and through documentation and that therefore, HCA has contracted with UDS to review documentation at each of HCA's rehab programs.

WMCH discusses the American Medical Rehabilitation Providers Association (AMRPA), stating that it is the nation's only trade organization dedicated solely to the interests of rehabilitation. WMCH indicates that all of HCA's rehab programs are members of AMRPA.

The applicant declares that HCA has a number of programs and support services available to assist its affiliates in the design, construction, start-up and continuing operation of high quality inpatient rehabilitation programs and that these include:

- Regulatory education and training materials
- Template documentation toolkit
- Policies and procedures
- Program protocols to ensure successful return to the community
- Systems support

The applicant states that existing HCA comprehensive inpatient rehabilitation programs utilize a wide range of state-of-the-art rehabilitation equipment. Below is what the applicant describes as a partial list of the rehabilitation specific equipment some or all of which is utilized at existing HCA comprehensive inpatient rehabilitation programs. WMCH indicates that WMCH will evaluate these and expects to employ some or all of these items initially or as the program develops. WMCH offers a brief narrative description of each of the following equipment items (CON application #10499, Vol. 1, pages 95– 96):

- Lite Gait (supportive ambulation system)
- ReoGo
- Balance Master
- Visipitch
- SaeBoFlex Wrist Splint and Exercise Station
- VitalStim
- Bioness
- Interactive Metronome (IM)

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WMCH states that the proposed program at WMCH will be incorporated into the applicant’s existing care delivery and performance improvement structure. The applicant provides a copy of WMCH’s Performance Improvement Plan and other relevant policies and procedures (CON application #10499, Vol. 2, Tab 12 and 13). Standards of Care and other draft policies are also included (CON application #10499, Vol. 2, Tab 8).

The applicant maintains that the goal of the performance improvement plan is to develop and maintain effective mechanisms for monitoring the assessment and improvement of the quality of the hospital’s governance, management, clinical and support process. WMCH states the performance plan provides a systematic approach to planning, designing, measuring, assessing and improving the process and outcomes of patient care and service. Additionally, the applicant states that through its focus on the ongoing challenges to deliver superior patient care for the proposed CMR unit, WMCH has amassed an extensive body of experience, resources, proven ability and reliability in the operation of its existing highly regarded acute care hospital and in the provision of quality healthcare in the proposed service area. The applicant contends that the management experience, resources, operational procedures and protocols that have contributed to WMCH’s ability to provide superior quality healthcare in its existing hospital operations will also contribute to the ongoing success and effectiveness of the proposed CMR unit.

The parent, HCA, had 100 substantiated complaints among a total of 12,403 licensed beds in 51 facilities, for the 36-month period ending September 6, 2017. WMCH had one substantiated complaint and ORMC had three substantiated complaints during the same 36-month period. A single complaint can encompass multiple complaint categories. The substantiated complaint categories, for the parent and for WMCH are listed below:

| <b>HCA Substantiated Complaint Categories<br/>36 Months Ending September 6, 2017</b> |                             |
|--|-----------------------------|
| <b>Complaint Category</b>  | <b>Number Substantiated</b> |
| Quality of Care/Treatment  | 26                          |
| Emergency Access   | 11                          |
| Nursing Services   | 14                          |
| State Licensure  | 15                          |
| EMTALA   | 7                           |
| Resident/Patient/Client Rights   | 9                           |
| Admission/Transfer and Discharge   | 6                           |
| Administration/Personnel   | 3                           |
| Life Safety Code   | 3                           |
| Resident/Patient/Client Assessment   | 2                           |
| Infection Control  | 1                           |
| Resident/Patient/Client Abuse  | 1                           |
| Physical Environment   | 1                           |
| Restraints/Seclusion General   | 1                           |

Source: Florida Agency for Healthcare Administration Complaint Records

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| <b>WMCH Substantiated Complaint Categories<br/>36 Months Ending September 6, 2017</b> |                             |
|---|-----------------------------|
| <b>Complaint Category</b>   | <b>Number Substantiated</b> |
| Resident/Patient/Client Rights  | 1                           |

Source: Florida Agency for Healthcare Administration Complaint Records

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

**Florida Hospital Waterman, Inc., d/b/a Florida Hospital Waterman (CON application #10496):**

**Analysis:**

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

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

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| <b>Adventist Health System</b>            |                  |                  |
|---|------------------|------------------|
|   | <b>Dec-16</b>    | <b>Dec-15</b>    |
| Current Assets                            | \$7,413,654,000  | \$6,611,806,000  |
| Total Assets                              | \$14,245,138,000 | \$12,991,166,000 |
| Current Liabilities                       | \$2,407,451,000  | \$2,131,875,000  |
| Total Liabilities                         | \$5,843,977,000  | \$5,396,815,000  |
| Net Assets                                | \$8,401,161,000  | \$7,594,351,000  |
| Total Revenues                            | \$9,651,689,000  | \$9,116,187,000  |
| Excess of Revenues Over Expenses          | \$666,160,000    | \$710,879,000    |
| Cash Flow from Operations                 | \$1,129,640,000  | \$699,237,000    |
| <b>Short-Term Analysis</b>                |                  |                  |
| Current Ratio (CA/CL)                     | 3.1              | 3.1              |
| Cash Flow to Current Liabilities (CFO/CL) | 46.92%           | 32.80%           |
| <b>Long-Term Analysis</b>                 |                  |                  |
| Long-Term Debt to Net Assets (TL-CL/NA)   | 40.9%            | 43.0%            |
| Total Margin (ER/TR)                      | 6.90%            | 7.80%            |
| <b>Measure of Available Funding</b>       |                  |                  |
| Working Capital                           | \$5,006,203,000  | \$4,479,931,000  |

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

**Capital Requirements and Funding:**

The applicant indicates on Schedule 2 capital projects totaling \$128,640,235, which includes this CON, contingencies, other capitalization, and other projects. Funding for this project will be provided by cash on hand. The applicant provided a copy of the Parent's December 31, 2016 and 2015 audited financial statements. These statements were analyzed for the purpose of evaluating the applicant's ability to provide the capital and operational funding necessary to implement the project. Based on our analysis above, the applicant has an adequate financial position.

**Conclusion:**

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

**Munroe HMA Hospital, LLC d/b/a Munroe Regional Medical Center (CON application #10498):**

**Analysis:**

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

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

| <b>Community Health Systems, Inc. Affiliated Hospitals in the State of Florida</b> |                 |                 |
|--|-----------------|-----------------|
|  | <b>Dec-16</b>   | <b>Dec-15</b>   |
| Current Assets   | \$561,434,000   | \$547,174,000   |
| Total Assets   | \$2,313,676,000 | \$3,473,621,000 |
| Current Liabilities  | \$299,471,000   | \$334,081,000   |
| Total Liabilities  | \$505,254,000   | \$507,683,000   |
| Net Assets   | \$1,808,422,000 | \$2,965,938,000 |
| Total Revenues   | \$2,284,440,000 | \$2,389,312,000 |
| Excess of Revenues Over Expenses   | \$78,891,000    | \$243,933,000   |
| Cash Flow from Operations  | \$246,598,000   | \$274,489,000   |
| <b>Short-Term Analysis</b>   |                 |                 |
| Current Ratio (CA/CL)  | 1.9             | 1.6             |
| Cash Flow to Current Liabilities (CFO/CL)  | 82.34%          | 82.16%          |
| <b>Long-Term Analysis</b>  |                 |                 |
| Long-Term Debt to Net Assets (TL-CL/NA)  | 11.4%           | 5.9%            |
| Total Margin (ER/TR)   | 3.45%           | 10.21%          |
| <b>Measure of Available Funding</b>  |                 |                 |
| Working Capital  | \$261,963,000   | \$213,093,000   |

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

**Capital Requirements and Funding:**

The applicant indicates on Schedule 2 capital projects totaling \$227.2 million, which includes this project, CON 10449, and capital expenditures. Funding for this project will be provided by the parent. The parent provided a copy of its December 31, 2015 and 2016 audited financial statements. These statements were analyzed for the purpose of evaluating the parent’s ability to provide the capital and operational funding necessary to implement the project. Based on our analysis above, the parent has an adequate financial position. The parent also has available a net available balance in a revolving credit facility of \$945,000,000.

**Conclusion:**

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

**Marion Community Hospital, Inc. d/b/a West Marion Community Hospital (CON application #10499):**

**Analysis:**

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.

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

| <b>HCA Holdings, Inc. in the State of Florida</b> |                 |                 |
|---|-----------------|-----------------|
|   | <b>Dec-16</b>   | <b>Dec-15</b>   |
| Current Assets                                    | \$1,468,864,065 | \$1,488,431,842 |
| Total Assets                                      | \$8,978,116,783 | \$8,234,337,056 |
| Current Liabilities                               | \$615,513,344   | \$571,978,063   |
| Total Liabilities                                 | \$744,531,716   | \$744,262,118   |
| Net Assets  | \$8,233,585,067 | \$7,490,074,938 |
| Total Revenues                                    | \$9,630,087,093 | \$9,560,609,283 |
| Excess of Revenues Over Expenses                  | \$1,110,298,530 | \$1,085,432,068 |
| Cash Flow from Operations                         | \$1,310,984,632 | \$1,151,484,643 |
| <b>Short-Term Analysis</b>                        |                 |                 |
| Current Ratio (CA/CL)                             | 2.4             | 2.6             |
| Cash Flow to Current Liabilities (CFO/CL)         | 212.99%         | 201.32%         |
| <b>Long-Term Analysis</b>                         |                 |                 |
| Long-Term Debt to Net Assets (TL-CL/NA)           | 1.6%            | 2.3%            |
| Total Margin (ER/TR)                              | 11.53%          | 11.35%          |
| <b>Measure of Available Funding</b>               |                 |                 |
| Working Capital                                   | \$853,350,721   | \$916,453,779   |

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

**Capital Requirements and Funding:**

The applicant indicates on Schedule 2 capital projects totaling \$103.2 million, which includes this project, routine capital, construction, and contingencies. Funding for this project will be provided by the parent. The parent provided a copy of its December 31, 2015 and 2016 audited financial statements. These statements were analyzed for the purpose of evaluating the parent's ability to provide the capital and operational funding necessary to implement the project. Based on our analysis above, the parent has an adequate financial position.



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**Conclusion:**

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

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

**Florida Hospital Waterman, Inc., d/b/a  
Florida Hospital Waterman (CON application #10496)**

**Analysis:**

Our comparison is of the applicant’s estimates to its latest FHURs report.

Because the proposed rehabilitation program cannot operate without the support of the hospital, we have evaluated the reasonableness of the projections of the entire hospital including the project. The applicant will be compared to its latest AHCA filing, which was December 2016. Inflation adjustments were based on the new CMS Market Basket, 1st Quarter, 2017.

|                    | PROJECTIONS PER APPLICANT |         | Actual Data Inflated to |
|--------------------|---------------------------|---------|-------------------------|
|                    | Total                     | PPD     | 2019                    |
| Net Revenues       | 249,407,630               | 3,523   | 4,136                   |
| Total Expenses     | 228,811,854               | 3,232   | 4,054                   |
| Operating Income   | 20,595,776                | 291     | 248                     |
| Operating Margin   | 8.26%                     |         |                         |
|                    | Days                      | Percent | Percent                 |
| Occupancy          | 70,791                    | 64.01%  | 56.50%                  |
| Medicaid/MDCD HMO  | 8,399                     | 11.86%  | 12.35%                  |
| Medicare/MCARE HMO | 48,801                    | 68.94%  | 68.07%                  |

NRPD, CPD and profitability or operating margin that fall close to the actual data are considered reasonable projections.

The projections for NRPD (85.2 percent), CPD (79.7 percent) are both slightly under the inflated actual data but appear to be reasonable. The projections for operating income (117.3 percent) is slightly over the inflated actual data but appear to be reasonable.

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**Conclusion:**

This project appears to be financially feasible and the projected NRPD, CPD and profitability appear to be attainable.

**Munroe HMA Hospital, LLC d/b/a Munroe Regional Medical Center (CON application #10498):**

**Analysis:**

A comparison of the applicant's estimates to the control group values provides for an objective evaluation of financial feasibility, (the likelihood that the services can be provided under the parameters and conditions contained in Schedules 7 and 8), and efficiency, (the degree of economies achievable through the management skills of the applicant). In general, projections that approximate the median are the most desirable, and balance the opposing forces of feasibility and efficiency. In other words, as estimates approach the highest in the group, it is more likely that the project is feasible, because fewer economies must be realized to achieve the desired outcome. Conversely, as estimates approach the lowest in the group, it is less likely that the project is feasible, because a much higher level of economies must be realized to achieve the desired outcome. These relationships hold true for a constant intensity of service through the relevant range of outcomes. As these relationships go beyond the relevant range of outcomes, revenues and expenses may go either beyond what the market will tolerate, or may decrease to levels where activities are no longer sustainable.

The applicant will be compared to hospitals in the Rehabilitation Hospital Group. Per Diem rates are projected to increase by an average of 3.1 percent per year. Inflation adjustments were based on the new CMS Market Basket, 1st Quarter, 2017.

NRPD, CPD and profitability or operating margin that fall within the group range are considered reasonable projections. Below is the result of our analysis.

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| 2022               | PROJECTIONS PER APPLICANT |         | COMPARATIVE GROUP VALUES PPD    |        |        |
|--------------------|---------------------------|---------|---------------------------------|--------|--------|
|                    | Total                     | PPD     | Highest                         | Median | Lowest |
| Net Revenues       | 2,465,570                 | 1,283   | 2,064                           | 1,704  | 1,540  |
| Total Expenses     | 2,378,815                 | 1,238   | 1,584                           | 1,341  | 1,175  |
| Operating Income   | 86,755                    | 45      | 521                             | 286    | 104    |
| Operating Margin   | 3.52%                     |         | <b>Comparative Group Values</b> |        |        |
|                    | Days                      | Percent | Highest                         | Median | Lowest |
| Occupancy          | 1,921                     | 87.72%  | 98.49%                          | 75.21% | 53.60% |
| Medicaid/MDCD HMO  | 46                        | 2.39%   | 12.24%                          | 1.23%  | 0.24%  |
| Medicare/MCARE HMO | 1,575                     | 81.99%  | 91.15%                          | 83.28% | 72.62% |

The projected net revenues are lower than the lowest value in the control group and may be understated. Total expenses are within the control group and are considered reasonable. Operating income is lower than the lowest in the control group and may be understated. Profitability appears achievable.

**Conclusion:**

This project appears to be financially feasible based on the projections provided by the applicant. **(Note: The applicant did not provide the data necessary to analyze the 12-bed rehab unit. Therefore, only the six-bed unit was reviewed.)**

**Marion Community Hospital, Inc. d/b/a West Marion Community Hospital (CON application #10499):**

**Analysis:**

A comparison of the applicant’s estimates to the control group values provides for an objective evaluation of financial feasibility, (the likelihood that the services can be provided under the parameters and conditions contained in Schedules 7 and 8), and efficiency, (the degree of economies achievable through the management skills of the applicant). In general, projections that approximate the median are the most desirable, and balance the opposing forces of feasibility and efficiency. In other words, as estimates approach the highest in the group, it is more likely that the project is feasible, because fewer economies must be realized to achieve the desired outcome. Conversely, as estimates approach the lowest in the group, it is less likely that the project is feasible, because a much higher level of economies must be realized to achieve the desired outcome. These relationships hold true for a constant intensity of service through the relevant range of outcomes. As these relationships go

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beyond the relevant range of outcomes, revenues and expenses may go either beyond what the market will tolerate, or may decrease to levels where activities are no longer sustainable.

The applicant will be compared to hospitals in the Rehabilitation Hospital Group. Per Diem rates are projected to increase by an average of 3.1 percent per year. Inflation adjustments were based on the new CMS Market Basket, 1st Quarter, 2017.

NRPD, CPD and profitability or operating margin that fall within the group range are considered reasonable projections. Below is the result of our analysis.

| 2020              | PROJECTIONS PER APPLICANT |         | COMPARATIVE GROUP VALUES<br>PPD |        |        |
|-------------------|---------------------------|---------|---------------------------------|--------|--------|
|                   | Total                     | PPD     | Highest                         | Median | Lowest |
| Net Revenues      | 5,750,337                 | 1,454   | 1,942                           | 1,603  | 1,449  |
| Total Expenses    | 6,042,199                 | 1,528   | 1,491                           | 1,261  | 1,105  |
| Operating Income  | -291,862                  | -74     | 521                             | 286    | 104    |
| Operating Margin  | -5.08%                    |         | <b>Comparative Group Values</b> |        |        |
|                   | Days                      | Percent | Highest                         | Median | Lowest |
| Occupancy         | 3,955                     | 90.30%  | 98.49%                          | 75.21% | 53.60% |
| Medicaid/MDCD HMO | 211                       | 5.34%   | 12.24%                          | 1.23%  | 0.24%  |
| Medicare          | 2,821                     | 71.33%  | 91.15%                          | 83.28% | 72.62% |

The projected net revenues are within the group range and considered reasonable. The projected total expenses are slightly above the highest in the group range and may be slightly overstated. Operating income is below the lowest value. Profitability may be understated.

**Conclusion:** This project appears to be financially feasible based on the projections provided by the applicant.

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

**For all applicants:**

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

competition via fixed price payers limits any significant gains in cost-effectiveness and quality that would be generated from competition.

**Conclusion:**

These projects are not likely to have a material impact on competition to promote quality and cost-effectiveness.

- f. Are the proposed costs and methods of construction reasonable? Do they comply with statutory and rule requirements? ss. 408.035(1)(h), Florida Statutes. Ch. 59A-3, Florida Administrative Code.**

The plans submitted with the applications were schematic in detail with the expectation that they will be necessarily revised and refined prior to being submitted for full plan review. The architectural review of the applications 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. Approval from the Agency for Health Care Administration's Office of Plans and Construction is required before the commencement of any construction involving a hospital, nursing home, or intermediate care facility for the developmentally disabled (ICF/DD).

**Florida Hospital Waterman, Inc. d/b/a Florida Hospital Waterman (CON application #10496):** The applicant has submitted all information and documentation necessary to demonstrate compliance with the architectural review criteria. The cost estimate for the proposed project provided in Schedule 9, Table A and the project completion forecast provided in Schedule 10 appear to be reasonable. A review of the architectural plans, narratives and other supporting documents did not reveal any deficiencies that are likely to have a significant impact on either construction costs or the proposed completion schedule.

**Munroe HMA Hospital, LLC d/b/a Munroe Regional Medical Center (CON application #10498):** The applicant has submitted all information and documentation necessary to demonstrate compliance with the architectural review criteria. The cost estimate for the proposed project provided in Schedule 9, Table A and the project completion forecast provided in Schedule 10 appear to be reasonable. A review of the architectural plans, narratives and other supporting documents did not reveal any deficiencies that are likely to have a significant impact on either construction costs or the proposed completion schedule.

**Marion Community Hospital, Inc. d/b/a West Marion Community Hospital (CON application #10499):** The applicant has submitted all information and documentation necessary to demonstrate compliance with the architectural review criteria. The cost estimate for the proposed

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

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

The table below illustrates the Medicaid/Medicaid HMO days and percentages as well as charity percentages provided by each co-batched applicant for FY 2016 data, according to the Florida Hospital Uniform Reporting System (FHURS). Per FHURS, the following hospitals had the following Medicaid/Medicaid HMO and charity care percentages of their total patient days for the same period<sup>8</sup>:

- ORMC, Medicaid/Medicaid HMO at 13.44 percent, charity care at 0.57 percent
- WMCH, Medicaid/Medicaid HMO and charity care are combined with ORMC and reported together with ORMC
- MRMC Medicaid/Medicaid HMO at 12.96 percent, charity care at 0.60 percent
- FHW Medicaid/Medicaid HMO at 13.96 percent, charity care at 2.8 percent

District 3 acute care facilities provided 14.42 percent of their total patient days to Medicaid/Medicaid HMO and 0.19 percent to charity care, during FY 2016. These same percentages are shown in the table below.

**WMCH, ORMC, MRMC, FHW and District 3 Acute Care Hospitals  
Medicaid, Medicaid HMO and Charity Care Data  
FY 2016**

| <b>Applicant</b> | <b>Medicaid and Medicaid HMO Days</b> | <b>Medicaid and Medicaid HMO Percent</b> | <b>Percent of Charity Care</b> | <b>Percent Combined Medicaid, Medicaid HMO and Charity Care</b> |
|------------------|---------------------------------------|--|--------------------------------|---|
| ORMC             | 13,044                                | 13.44%                                   | 0.57%                          | 14.01%  |
| WMCH*            | —                                     | —  | —                              | —   |
| MRMC             | 11,185                                | 12.96%                                   | 0.60%                          | 12.25%  |
| FHW              | 7,881                                 | 13.96%                                   | 2.8%                           | 16.76%  |
| District 3 Total | 179,130                               | 14.42%                                   | 0.19%                          | 14.61%  |

Source: FHURS data for FY 2016

\* ORMC and WMCH totals are combined and reported together.

**None** of the co-batched applicants participated in the DSH program or in the Low Income Pool (LIP) Payment program in SFE 2016-2017.

<sup>8</sup> ORMC and WMCH numbers are combined for Agency reporting purposes (CON application #10499, Vol. 1, page 135).

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**Florida Hospital Waterman, Inc. d/b/a Florida Hospital Waterman (CON application #10496)** indicates a long history of the provision of financially accessible care for all patients regardless of payer source or ability to pay. The applicant indicates that in CY 2016, 12.9 percent of FHW’s inpatient discharges were covered by traditional Medicaid and Managed Care with an additional 6.7 percent classified as self or non-pay. The applicant notes that less than 20 percent of FHW’s 2016 discharges were covered under commercial and other payors, with the vast majority of inpatients being covered under Medicare and Medicaid. FHW details its payor mix of inpatient discharges for 2014 through 2016. See the table below.

| FHW Payor Mix of Inpatient Discharges and Patient Days |               |               |               |               |               |                       |               |                         |
|--|---------------|---------------|---------------|---------------|---------------|-----------------------|---------------|-------------------------|
| Payor  | 2014          |               | 2015          |               | 2016          |                       |               |                         |
|  | Discharges    | Patient Days  | Discharges    | Patient Days  | Discharges    | % of Total Discharges | Patient Days  | % of Total Patient Days |
| Medicare   | 7,129         | 32,832        | 7,149         | 34,960        | 6,598         |                       | 30,998        |                         |
| Medicare Managed Care                                  | 1,738         | 8,812         | 2,027         | 10,612        | 2,152         |                       | 11,201        |                         |
| Subtotal All Medicare                                  | 8,867         | 41,644        | 9,176         | 45,572        | 8,750         | 60.9%                 | 42,189        | 67.4%                   |
| Medicare   | 1,142         | 5,292         | 810           | 3,749         | 550           |                       | 2,335         |                         |
| Medicare Managed Care                                  | 931           | 4,167         | 1,358         | 5,317         | 1,308         |                       | 4,850         |                         |
| Subtotal All Medicare                                  | 2,073         | 9,459         | 2,168         | 9,066         | 1,858         | 12.9%                 | 7,185         | 11.5%                   |
| Self/No-Pay  | 957           | 3,356         | 998           | 3,747         | 968           | 6.7%                  | 3,093         | 4.9%                    |
| All Other Payors                                       | 2,552         | 9,405         | 2,772         | 10,251        | 2,791         | 19.4%                 | 10,168        | 16.2%                   |
| <b>Total, All Payors</b>                               | <b>14,449</b> | <b>63,864</b> | <b>15,114</b> | <b>68,636</b> | <b>14,367</b> | <b>100.0%</b>         | <b>62,635</b> | <b>100.0%</b>           |

Source: CON application #10496, page 83

The applicant states that, according to data reporting on the 2016 FHURS, FHW provided more than \$150 million in care to patients covered by traditional Medicaid and Medicaid HMO. The applicant further states that FHW provided more than \$75 million in bad debt and charity care.

**Munroe HMA Hospital, LLC d/b/a Munroe Regional Medical Center (CON application #10498)** states that it has a long history of providing health services to Medicaid patients and to the medically indigent on an inpatient basis as well as in its two emergency rooms. MRMC states it is the only hospital in the Subdistrict that provides obstetrics and pediatric services of which Medicaid is a common payor source. The reviewer notes that in no instance does the applicant indicate targeting obstetrics or pediatric services in the proposed project. According to the applicant, Medicaid and medically indigent patients who are rehab appropriate have very little to no access to CMR beds and the CMR unit proposed will enhance access to CMR for this patient population.

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The applicant states that during each of the past three years (ending December 31, 2016), it has provided between 19 and 21 percent of its discharges to Medicaid, Medicaid Managed Care and KidCare patients with another one percent or so of discharges being charity care for the medically indigent. The applicant states also that an additional four to five percent were self-pay or underinsured patients. MRMC notes that in each of the last three years, approximately 24 to 26 percent of all MRMC patients were a combination of Medicaid, Medicaid HMO, KidCare and the medically indigent. The applicant presents discharges by payor source for CY 2014 through 2016, in the table below.

| <b>MRMC Percent of Discharges by Payor Excluding Normal Newborns<br/>CY 2014 Through CY 2016</b> |                         |                |                |
|--|-------------------------|----------------|----------------|
| <b>Payor</b>   | <b>Percent of Total</b> |                |                |
|  | <b>CY 2014</b>          | <b>CY 2015</b> | <b>CY 2016</b> |
| Medicare   | 41.2%                   | 39.1%          | 35.7%          |
| Comm. Insurance  | 27.3%                   | 28.0%          | 27.0%          |
| Medicaid Managed Care  | 10.5%                   | 15.3%          | 17.6%          |
| Medicare Managed Care  | 5.7%                    | 7.5%           | 9.0%           |
| Self-Pay/Underinsured  | 4.8%                    | 4.3%           | 4.5%           |
| Medicaid   | 8.2%                    | 3.9%           | 3.3%           |
| Other State/Local Gov  | 0.6%                    | 0.3%           | 0.9%           |
| Charity/Non-Payment  | 0.7%                    | 0.5%           | 0.7%           |
| Champus/TriCare/Other Govt   | 0.5%                    | 0.4%           | 0.5%           |
| VA   | 0.4%                    | 0.4%           | 0.4%           |
| Commercial Liability Coverage  | 0.2%                    | 0.1%           | 0.2%           |
| Workers Comp   | 0.0%                    | 0.1%           | 0.1%           |
| KidCare  | 0.0%                    | 0.0%           | 0.0%           |
| <b>Total</b>   | <b>100.0%</b>           | <b>100.0%</b>  | <b>100.0%</b>  |
| Medicaid/Medicaid HMO/KidCare  | 18.7%                   | 19.2%          | 21.0%          |
| Charity/Non-Payment  | 0.6%                    | 0.3%           | 0.9%           |
| Self-Pay/Underinsured  | 4.8%                    | 4.3%           | 4.5%           |
| <b>Total</b>   | <b>24.1%</b>            | <b>23.8%</b>   | <b>26.3%</b>   |

Source: CON application #10498, Vol. 1, page 135

MRMC states that the ED at TimberRidge has also been a long-standing provider with a commitment to serving the emergent needs of Medicaid patients and the medically indigent. The applicant states that according to the Agency's ED data tapes, for CY 2014 through 2016, Medicaid Managed Care followed by Medicaid has been the largest payor source at the TimberRidge ED. The applicant indicates that between 35 and 37 percent of all TimberRidge ED visits were either Medicaid, Medicaid Managed Care or KidCare payors, with another 17 to 19 percent of patients being charity care, self-pay and underinsured. The applicant provides the following table as evidence of the TimberRidge ED and the MRMC ED serving the needs of medically indigent patients.



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| <b>Emergency Center at TimberRidge ED Visits by Payor<br/>CY 2014 Through 2016</b> |                         |                |                |
|--|-------------------------|----------------|----------------|
| <b>Payor</b>   | <b>Percent of Total</b> |                |                |
|  | <b>CY 2014</b>          | <b>CY 2015</b> | <b>CY 2016</b> |
| Medicaid   | 10.6%                   | 6.5%           | 4.4%           |
| Medicaid HMO   | 25.0%                   | 29.5%          | 30.3%          |
| KidCare  | 1.0%                    | 0.7%           | 0.5%           |
| Charity/Non-Payment  | 1.5%                    | 0.5%           | 0.6%           |
| Self-Pay Underinsured  | 16.9%                   | 17.1%          | 17.1%          |
| <b>Subtotal</b>  | <b>55.1%</b>            | <b>54.3%</b>   | <b>53.0%</b>   |
| All Other  | 44.9%                   | 45.7%          | 47.0%          |
| <b>Total</b>   | <b>100.0%</b>           | <b>100.0%</b>  | <b>100.0%</b>  |
| <b>Medicaid/Medicaid Mgd<br/>Care/KidCare</b>                                      | <b>36.7%</b>            | <b>36.8%</b>   | <b>35.2%</b>   |

Source: CON application #10498, Vol. 1, page 136

| <b>Munroe Regional Medical Center ED Visits by Payor<br/>CY 2014 Through 2016</b> |                         |                |                |
|---|-------------------------|----------------|----------------|
| <b>Payor</b>  | <b>Percent of Total</b> |                |                |
|   | <b>CY 2014</b>          | <b>CY 2015</b> | <b>CY 2016</b> |
| Medicaid  | 11.8%                   | 16.1%          | 3.8%           |
| Medicaid Managed Care   | 36.0%                   | 41.7%          | 43.9%          |
| KidCare   | 1.1%                    | 0.8%           | 0.5%           |
| Charity/Non-Payment   | 1.3%                    | 0.5%           | 0.7%           |
| Self-Pay/Underinsured   | 15.3%                   | 15.5%          | 15.9%          |
| <b>Subtotal</b>   | <b>65.4%</b>            | <b>64.6%</b>   | <b>64.7%</b>   |
| All Other   | 34.6                    | 35.4%          | 35.3%          |
| <b>Total</b>  | <b>100%</b>             | <b>100.0%</b>  | <b>100.0%</b>  |
| <b>Medicaid/Medicaid Mgd<br/>Care/KidCare</b>                                     | <b>48.8%</b>            | <b>48.6%</b>   | <b>48.2%</b>   |

Source: CON application #10498, Vol. 1, page 137

Regarding the full award (12 CMR beds) as well as for the partial award (six CMR beds) the applicant's respective Schedule 7Bs indicates for each of the first three years (36 months ending September 30, 2023), a combined 4.49 percent Medicaid/Medicaid HMO and charity/self-pay, total annual patient days. See the table below.

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| <b>TimberRidge Forecasted CMR Patient Days by Payor<br/>Six-Bed and 12-Bed Unit – Year One Through Three of Operation</b> |                 |                 |                   |
|---|-----------------|-----------------|-------------------|
|   | <b>Year One</b> | <b>Year Two</b> | <b>Year Three</b> |
| Medicare & MCR MNGD   | 82.02%          | 82.02%          | 82.02%            |
| Medicare HMO  | 0.0%            | 0.0%            | 0.0%              |
| Medicaid & MCD MNGD   | 2.37%           | 2.37%           | 2.37%             |
| Medicaid HMO  | 0.0%            | 0.0%            | 0.0%              |
| Charity & Self Pay  | 2.12%           | 2.12%           | 2.12%             |
| Other MNGD Care   | 12.72%          | 12.72%          | 12.72%            |
| Other Payers  | 0.76%           | 0.76%           | 0.76%             |
| <b>Total</b>  | <b>100%</b>     | <b>100%</b>     | <b>100%</b>       |

Source: CON application #10498, full award (12-bed CMR unit) and partial award (six-bed CMR unit), Schedule 7B

MRMC agrees to condition the proposed project such that TimberRidge Hospital will provide a minimum of 4.5 percent of its inpatient days to Medicaid, Medicaid HMO, charity care, self-pay and underinsured patients on an annual basis.

**Marion Community Hospital, Inc. d/b/a West Marion Community Hospital (CON application #10499)** states that it will continue to extend services to all patients in need of care regardless of the ability to pay or source of payment. The applicant asserts that Medicaid-sponsored, self-pay and indigent patients are currently served by WMCH. The applicant states that the proposed project will ensure accessibility by these Medicaid and indigent patients, as well as other service area patients.

The applicant provides a table (CON application #10499, Vol.1, page 124) summarizing the historical care payer proportions for ORMC and WMCH combined, for fiscal years 2015 and 2016. The applicant indicates that ORMC’s 2015 and 2016 Medicaid and Medicaid HMO patient days were a combined 11.3 percent and 13.4 percent respectively of total patient days. The applicant asserts that these percentages indicate that ORMC and WMCH are significant providers of indigent care.

Below is the applicant’s projected payer mix for WMCH’s proposed CMR unit for year one and for year two, by total discharges and discharge percentages.

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| <b>Projected Payer Mix –WMCH CMR Unit</b>                |                   |                |                   |                |
|--|-------------------|----------------|-------------------|----------------|
| <b>Year One (Ending 2019) and Year Two (Ending 2020)</b> |                   |                |                   |                |
|  | <b>2019</b>       |                | <b>2020</b>       |                |
|  | <b>Discharges</b> | <b>Percent</b> | <b>Discharges</b> | <b>Percent</b> |
| Medicare   | 186               | 69.5%          | 216               | 69.5%          |
| Medicare HMO   | 10                | 3.8%           | 12                | 3.9%           |
| Medicaid   | 6                 | 2.4%           | 7                 | 2.3%           |
| Medicaid HMO   | 6                 | 2.4%           | 7                 | 2.3%           |
| Commercial   | 41                | 15.4%          | 47                | 15.1%          |
| Self-Pay/Charity   | 9                 | 3.4%           | 11                | 3.5%           |
| All Other  | 9                 | 3.4%           | 11                | 3.2%           |
| <b>Total Discharges</b>                                  | <b>267</b>        | <b>100.0%</b>  | <b>311</b>        | <b>100.0%</b>  |

Note: Total may not add due to rounding.

Source: CON application #10499, Vol. 1, page 101 and a portion of Schedule 7B-1

The applicant’s Schedule 7B indicates for year one (ending September 30, 2019) and for year two (ending September 30, 2020), 5.3 percent Medicaid/Medicaid HMO and 4.0 percent self-pay/charity, total annual patient days, respectively. The applicant’s Schedule 7B-1 indicates for year one (ending September 30, 2019), 4.4 percent and for year two (ending September 30, 2020), 4.6 percent Medicaid/Medicaid HMO total annual patient days. For the same period, the applicant’s Schedule 7B-1 also indicates 3.4 percent self-pay/charity care, total annual patient days for both year one and year two.

WMCH agrees to condition the proposed project to a minimum of 7.0 percent of its annual CRM discharges to the combination of Medicaid, Medicaid HMO and self- pay/other (including charity) patients.

**F. SUMMARY**

**Florida Hospital Waterman, Inc. d/b/a Florida Hospital Waterman (CON application #10496)** proposes to establish a new 12-bed CMR unit at FHW, in District 3, Lake County, Florida.

The project involves 25,566 GSF of new construction. The construction cost is \$6,350,000. Total project cost is \$9,987,579. Project cost includes building, equipment, project development, financing and start-up costs.

The applicant proposes five conditions to CON approval on the application’s Schedule C.

**Munroe HMA Hospital, LLC d/b/a Munroe Regional Medical Center (CON application #10498)** proposes to establish a new 12-bed CMR unit or a partial request to establish a new six-bed CMR unit, within TimberRidge Hospital in District 3, Marion County, Florida.

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The project, for the full award, involves 17,056 GSF of new construction. The construction cost is \$4,690,400. Total project cost is \$6,783,808. Project cost includes building, equipment, project development, financing and start-up costs. The partial award involves 10,532 GSF of new construction. The construction cost is \$2,896,300. Total project cost is \$4,629,960. Project cost includes building, equipment, project development, financing and start-up costs. The applicant anticipates issuance of license and initiation of services in October 2020.

The applicant proposes five conditions to CON approval on the application's Schedule C.

**Marion Community Hospital, Inc. d/b/a West Marion Community Hospital (CON application #10499)** proposes to establish a new 12-bed CMR unit within WMCH, in District 3, Marion County, Florida.

The project involves 16,857 GSF of new construction. The construction cost is \$5,340,000. Total project cost is \$8,614,169. Project cost includes building, equipment, project development, financing and start-up costs.

The applicant proposes five conditions to CON approval on the application's Schedule C.

**Need:**

In Volume 43, Number 141 of the Florida Administrative Register, dated July 21, 2017, a fixed need pool of 12 beds was published for CMR beds for District 3 for the January 2023 planning horizon. Therefore, the applicants are applying in response to published need.

As of July 21, 2017, District 3 had 202 licensed and one approved project (to add 10 CMR beds). During the 12-month period ending December 31, 2016, District 3's 202 licensed CMR beds experienced 84.15 percent utilization. The reviewer notes that for this same 12-month period, this CMR bed utilization rate was the highest of any district in Florida, with a statewide average utilization rate of 69.56 percent. There are currently three exemptions in District 3 to add 10 CMR beds to three separate facilities (Alachua, Marion and Sumter Counties).

**Florida Hospital Waterman, Inc. d/b/a Florida Hospital Waterman (CON application #10496)** states that there is a lack of accessible CMR services for residents of Lake County as evidenced by the following facts:

- There are currently no CMR beds located in Lake County
- CMR beds are not well distributed geographically in District 3
- The elderly population in Lake County is large and rapidly increasing, outpacing districtwide growth in the 65+ population.

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- Lake County has a significantly lower number of CMR discharges per 10,000 population than the District 3 average
- The percent of acute care patients discharged to inpatient comprehensive medical rehabilitation services at FHW and in Lake County is lower than District 3 and the state averages
- The extensive outpatient rehabilitation services currently available at FHW, along with the development of its nursing home provide a continuum of post-acute services, which the proposed CMR unit will complete
- The approval of a CMR unit at FHW will not have an adverse impact on existing providers, given that there is a calculated numerical need for CMR beds in the district and FHW is located in a county with no existing CMR beds

**Munroe HMA Hospital, LLC d/b/a Munroe Regional Medical Center (CON application #10498)** contends the proposed project should be approved based on the following:

- The proposed project is responsive to the Agency's published fixed need pool of 12 beds.
- There are four inpatient rehabilitation hospitals/units in the 11-county District 3 but only one CMR hospital in Marion County. All operate at high occupancy year-round, despite seasonality demands which go unanswered.
- The one CMR hospital provider in Marion County, HealthSouth Ocala, consistently operates at full capacity. This hospital, HealthSouth Rehab Hospital of Ocala, has had average quarterly occupancy rates for the past three and a half years ranging between 88 and 111 percent.
- CMR readmission rates in the subdistrict are higher than acceptable, expected and worse than the national average.
- The one CMR hospital provider in Marion County, HealthSouth Ocala, does not contract with several of the major managed care plans in the area for which 11 percent of MRMC's acute care patients (excluding obstetrics and neonatal services) and 25 percent of 2016 managed care plans had these payors.
- HealthSouth Ocala primarily accepts desirable paying patients, leaving all other parties (Medicaid and medically indigent) with lesser rehabilitative options ultimately impacting those patients' ability to maximize their functional improvement after an injury.
- There are no CMR beds in the TimberRidge Hospital self-defined service area or in the broader western Marion County.
- The three CMR providers outside Marion County are geographically inaccessible and each function above 82 percent occupancy.
- There is a disproportionately large percentage of elderly population in Marion County and specifically within the TimberRidge Hospital service area.

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- Hospital-based CMR units are primarily supported by referrals that come directly from within the acute care hospital or system, which will be the case with the TimberRidge Hospital CMR unit.
- Clinical continuity between acute care providers and programming and post-acute providers and programming is imperative but is, unfortunately, not the case for many service area residents.
- TimberRidge Hospital is able to fully support a CMR program based on projected internal volume and MRMC's internal volume of rehab appropriate patients.
- Citrus County, adjacent to the west of TimberRidge Hospital, now has zero CMR beds since SRRMC closed its 12-bed unit in 2016.

**Marion Community Hospital, Inc. d/b/a West Marion Community Hospital (CON application #10499):** states that the following

circumstances justify approval for the proposed project:

- The published need for 12 additional CMR beds in District 3 by the January 2023 planning horizon.
- A calculated need, based on current use rates, for 13 additional CMR beds in Marion County, by the January 2023 planning horizon.
- Available data reinforces the belief that CMR units do not function as regional referral centers but instead primarily serve their own acute care discharges and other residents of their home countries. Similarly, freestanding CMR facilities predominantly serve patients from their own home county.
- Marion County's sole provider, HealthSouth Rehabilitation Hospital of Ocala, is inaccessible to many patients due to self-imposed restriction on the types of patients and payer categories that it will accept as documented by both payer mix data and discharge data from Ocala Health.
- While not a part of the forecasts contained herein, CMR use rates in Marion County have been, and continue to, increase. WMCH will serve the base of patients types of patients historically referred to HealthSouth but not admitted. The proposed project is unlikely to have a significant adverse impact on any existing provider.

*The Agency has determined that within the context of the criteria specified in Section 408.035 (1) Florida Statutes, and Rule 59C-1.039 Florida Administrative Code, CON application #10496, on balance, best satisfied the criteria including the extent to which the proposed service will enhance access to health care to residents of the service district by adding a*

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*provider in Lake County. Lake County was identified as a significant and growing population of elderly who must travel further than the elderly population of Marion County to access CMR services. By locating the beds in Lake County both patients that are currently not accessing CMR care in Lake County and those that are accessing care in the two highly utilized facilities in Marion and Sumter Counties will have a new access point for CMR. In addition, the highly utilized existing providers of CMR will be able to modestly decompress to allow for the additional patient volume identified in both the letters of opposition and in CON applications 10498 and 10499—allowing the new and already highly-occupied TRVH unit to have bed availability as it continues to ramp-up its embryonic program and decompressing the highly-utilized HealthSouth Ocala facility to allow for additional referrals noted by MRMC and WMCH, notably referrals from non-Medicare payor sources.*

**Quality of Care:**

All three applicants demonstrated their ability to provide quality care.

**Florida Hospital Waterman, Inc. d/b/a Florida Hospital Waterman (CON application #10496):** Agency records indicate for the three-year period ending September 6, 2017, Adventist Health System, had 30 substantiated complaints among 8,333 licensed beds in 23 facilities. FHW had one substantiated complaints in the category Administration/Personnel during the same 36-month period.

**Munroe HMA Hospital, LLC d/b/a Munroe Regional Medical Center (CON application #10498):** Agency records indicate for the three-year period ending September 6, 2017, CHS had 45 substantiated complaints among 3,510 licensed beds in 22 facilities. Munroe HMA (f/k/a Munroe Regional Medical Center) had six substantiated complaints during the same 36-month period.

**Marion Community Hospital, Inc. d/b/a West Marion Community Hospital (CON application #10499):** Agency records indicate for the three-year period ending September 6, 2017, HCA had 100 substantiated complaints among 12,403 licensed beds in 51 facilities. WMCH had two substantiated complaints and ORMC had three substantiated complaints during the same 36-month period.

**Cost/Financial Analysis:**

**Florida Hospital Waterman, Inc. d/b/a Florida Hospital Waterman (CON application #10496):**

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

**Munroe HMA Hospital, LLC d/b/a Munroe Regional Medical Center (CON application #10498)**

- Funding for this project and the entire capital budget should be available as needed
- This project appears to be financially feasible based on the projections provided by the applicant (**Note: The applicant did not provide the data necessary to analyze the 12-bed rehab unit. Therefore, only the six-bed unit was reviewed.**)
- This project is not likely to have a material impact on competition to promote quality and cost-effectiveness

**Marion Community Hospital, Inc. d/b/a West Marion Community Hospital (CON application #10499):**

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

**Medicaid/Indigent Care:**

**None** of the co-batched applicants were LIP program participating hospitals in SFE 2016-2017.

**Florida Hospital Waterman, Inc. d/b/a Florida Hospital Waterman (CON application #10496):**

- The applicant does not propose any Medicaid conditions for the proposed project
- The applicants Schedule 7A for year one (ending August 2020) and year two (ending August 2021) 3.2 percent Medicaid/Medicaid HMO and 2.2 percent self-pay/charity, total annual patient days, respectively



**Munroe HMA Hospital, LLC d/b/a Munroe Regional Medical Center (CON application #10498):**

- The applicant conditions the proposed project such that TimberRidge Hospital will provide a minimum of 4.5 percent of its inpatient days to Medicaid, Medicaid HMO, charity care, self-pay and underinsured patients on an annual basis
- Regarding the full award (12 CMR beds) as well as for the partial award (six CMR beds) the applicant's respective Schedule 7Bs indicate for each of the first three years (36 months ending September 30, 2023), a combined 4.49 percent Medicaid/Medicaid HMO and percent charity/self-pay, total annual patient days.

**Marion Community Hospital, Inc. d/b/a West Marion Community Hospital (CON application #10499):**

- The applicant conditions the proposed project will provide a minimum of 7.0 percent of its annual CMR discharges to the combination of Medicaid, Medicaid HMO and self-pay/other (including charity patients)
- The applicant's Schedule 7B indicates for year one (ending December 31, 2020) and for year two (ending December 31, 2021), 5.3 percent Medicaid/Medicaid HMO and 4.0 percent self-pay/charity, total annual patient days, respectively
- The applicant's Schedule 7B-1 indicates for year one (ending September 30, 2019), 4.4 percent and for year two (ending September 30, 2020), 4.6 percent Medicaid/Medicaid HMO total annual patient days.

**Architectural Analysis:**

**Florida Hospital Waterman, Inc., d/b/a Florida Hospital Waterman (CON application #10496):** The cost estimate for the proposed project provided in Schedule 9, Table A and the project completion forecast provided in Schedule 10 appear to be reasonable. A review of the architectural plans, narratives and other supporting documents did not reveal any deficiencies that are likely to have a significant impact on either construction costs or the proposed completion schedule.

**Munroe HMA Hospital, LLC d/b/a Munroe Regional Medical Center (CON application #10498):** The applicant has submitted all information and documentation necessary to demonstrate compliance with the architectural review criteria. The cost estimate for the proposed project provided in Schedule 9, Table A and the project completion forecast provided in Schedule 10 appear to be reasonable. A review of the architectural plans, narratives and other supporting documents did not reveal any deficiencies that are likely to have a significant impact on either construction costs or the proposed completion schedule.

**Marion Community Hospital, Inc. d/b/a West Marion Community Hospital (CON application #10499):** The applicant has submitted all information and documentation necessary to demonstrate compliance with the architectural review criteria. The cost estimate for the proposed project provided in Schedule 9, Table A and the project completion forecast provided in Schedule 10 appear to be reasonable. A review of the architectural plans, narratives and other supporting documents did not reveal any deficiencies that are likely to have a significant impact on either construction costs or the proposed completion schedule.

#### **G. RECOMMENDATION**

Approve CON #10496 to establish a 12-bed CMR unit in District 3, Lake County, Florida. The total project cost is \$9,987,579. The project involves 25,566 GSF of new construction and a construction cost of \$6,350,000.

#### CONDITIONS:

- CARF Accreditation  
FHW will seek CARF accreditation within 12 months of opening the proposed CMR unit.
- Support Group Implementation  
FHW will implement additional support groups for patients and families/caregivers of patients who have been affected by injury or illness that resulted in the need for physical rehabilitation services. Specific groups will be determined based on patient needs.
- Equipment  
FHW commits to purchase at a minimum the following pieces of high tech rehabilitation equipment:
  - Vector Gait & Safety System
  - Armeo Spring
  - Car Transfer Simulator

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- Therapy Hours/Availability  
Though it is required five days per week, FHW commits to make inpatient rehabilitation therapy available seven days per week as needed
- Education

Due to the lack of inpatient acute CMR resources within Lake County, FHW will host education events on CMR services for physicians, community organization and/or residents to enhance awareness and educate on the clinical advantages of CMR. The focus will be the long-term benefits of CMR services, as well as discussion of different types of long-term rehabilitation services available to residents of Lake County. Education seminars/workshops will be held at least semiannually

Deny CON #10498, CON #10498P and CON #10499.

**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**