

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

**A. PROJECT IDENTIFICATION**

1. Applicant/CON Action Number

**Homestead Hospital, Inc.**  
**d/b/a Homestead Hospital/CON #10503**  
c/o Baptist Health South Florida  
6855 Red Road, Suite 500  
Coral Gables, Florida 33143

Authorized Representative: J. Brian Williams  
Strategic Planning & Market Development  
(786) 662-7808

2. Service District/Subdistrict

District 11 (Miami-Dade and Monroe Counties)

**B. PUBLIC HEARING**

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

**Letters of Support**

**Homestead Hospital, Inc. d/b/a Homestead Hospital (CON application #10503)** submitted 19 unduplicated letters of support in Appendix two of the application. The applicant provides excerpts from seven of these 19 letters of support (pages 26 to 31 of the application). The reviewer notes that generally the support letters are of a form letter variety but some are individually composed. A brief summary of these 19 support letters includes the following:

- Homestead Hospital is the only hospital or health system serving the area<sup>1</sup>

<sup>1</sup> According to the FloridaHealthFinder.gov website at <http://www.floridahealthfinder.gov/facilitylocator/ListFacilities.aspx>, Homestead Hospital is the only hospital with a Homestead, Florida address.

- Baptist Health South Florida (BHSF) experiences significant operating losses each year at Homestead Hospital, in 2016 approaching \$40 million which is not sustainable
- Homestead Hospital is the *de facto* safety-net hospital in south Miami-Dade County and receives no additional funding to care for the underserved
- The proposed project will serve to decrease the hospital's losses and enhance its long-term financial viability
- The proposal will offer all private rooms
- Homestead Hospital is well suited to provide the specialty care and support services required by an inpatient CMR unit
- Far south Miami-Dade County (as well as all of Monroe County) is underserved regarding inpatient CMR and does not have easy access to CMR—an imposition on families but also impedes the involvement of family members in the recovery process which is a key component in assuring successful outcomes
- The relocation has no impact to the competitive balance in the district
- With the core clinical staff transferring from Baptist Hospital of Miami to Homestead Hospital, the same great care will continue in the new location
- Continuity of care will be greatly improved by having a CMR unit in the community

Support letters are noted from the following:

- Anitere Flores, (39<sup>th</sup> District and President Pro Tempore), State Senator, The Florida Senate
- Kionne L. McGhee, (District 117) and Holly Raschein (District 120), State Representatives, The Florida House of Representatives
- Members of the Miami-Dade Board of County Commissioners
- Members of the Homestead City Council
- Mayor of Florida City
- President and CEO of Community Health of South Florida, Inc.<sup>2</sup>
- Various members of BHSF

## **C. PROJECT SUMMARY**

**Homestead Hospital, Inc. d/b/a Homestead Hospital (CON application #10503)**, also referenced as HH or the applicant, a Florida not-for-profit corporation and a subsidiary of BHSF, the parent, proposes to establish a new 23-bed CMR unit at HH through the relocation of the 23-bed CMR unit at sister facility Baptist Hospital of

<sup>2</sup> According to the website [http://www.fachc.org/find-a-health-center#/,](http://www.fachc.org/find-a-health-center#/) Community Health of South Florida, Inc. is a member of the Florida Association of Community Health Centers.

Miami, all within District 11, Miami-Dade County, Florida. The proposed project would not increase the net number of CMR beds within the district.

HH is a Class 1 general hospital with 142 licensed beds, with all 142 beds licensed for acute care. Homestead Hospital is not a provider of Level I or Level II adult cardiovascular services and is not a primary stroke center or a comprehensive stroke center.

The project involves 6,325 gross square feet (GSF) of renovation, with no new construction. The renovation cost is \$4,327,170. Total project cost is \$5,907,305. Project costs include building, equipment, project development and start-up costs. The applicant anticipates issuance of the license in March 2019 and initiation of service in April 2019.

The applicant proposes the following conditions to CON approval on CON application #10503's Schedule C:

- The proposed relocated inpatient rehabilitation program will be located within the Homestead Hospital facilities at 975 Baptist Way, Homestead, Florida.
- The existing 23 licensed inpatient rehabilitation beds at Baptist Hospital will be delicensed following the approval and subsequent development and licensure of this proposed Homestead Hospital inpatient rehabilitation program.

**Total GSF and Project Costs of Applicant**

<b>Applicant</b>	<b>CON App. #</b>	<b>Project</b>	<b>GSF</b>	<b>Total Costs \$</b>	<b>Cost Per Bed</b>
HH	10503	New 23-Bed CMR Unit at HH	6,325	\$5,907,305	\$256,839

Source: CON application #10503, 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, Steve Love, analyzed the application with consultation from the financial analyst, Everett “Butch” Broussard 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 zero beds was published for CMR beds for District 11 for the January 2023 planning horizon. Therefore, the proposed project is outside the fixed need pool. However, the Agency notes that CON application #10503 is a proposed replacement project described in item E.1.b. and c. below and would not add CMR beds to the Agency CMR inventory.

As of July 21, 2017, District 11 had 358 licensed and no approved CMR beds. During the 12-month period ending December 31, 2016, District 11’s 358 licensed CMR beds experienced 62.85 percent utilization. For this same timeframe, the statewide average utilization rate was 69.61 percent.

- 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 11’s 358 licensed CMR beds experienced an occupancy rate of 62.85 percent during the 12-month period ending December 31, 2016. The District 11 CMR percent utilization for the previous five years, ending December 31, 2016, is shown in the table below.

<b>District 11 Comprehensive Medical Rehabilitation Bed Utilization Five-Year Period Ending December 31, 2016</b>						
<b>Facility</b>	<b>Beds</b>	<b>CY 2012</b>	<b>CY 2013</b>	<b>CY 2014</b>	<b>CY 2015</b>	<b>CY 2016</b>
Baptist Hospital of Miami	23	83.98%	80.24%	77.95%	84.17%	77.85%
HealthSouth Rehabilitation Hospital of Miami	60	70.31%	72.06%	71.09%	76.12%	74.30%
Jackson Memorial Hospital	80	41.43%	48.27%	37.66%	32.70%	40.37%
Jackson North Medical Center	12	22.04%	22.15%	23.05%	38.56%	32.60%
Mercy Hospital A Campus of Plantation Gen. H.	15	63.88%	79.60%	79.43%	81.33%	77.23%
Mount Sinai Medical Center*	46	62.05%	68.68%	69.54%	66.09%	61.85%
St. Catherine’s Rehabilitation Hospital	22	63.43%	60.00%	64.96%	56.08%	42.73%
St. Catherine’s West Rehabilitation Hospital	40	78.57%	73.03%	78.48%	82.60%	70.03%
West Gables Rehabilitation Hospital	60	86.36%	81.30%	87.85%	90.03%	81.46%
<b>District 11 Total</b>	<b>358</b>	<b>64.92%</b>	<b>66.39%</b>	<b>67.42%</b>	<b>66.43%</b>	<b>62.85%</b>

Source: Florida Hospital Bed Need Projections & Service Utilization by District, July (2013-2017) Batching Cycles  
 \* On January 10, 2012, Mount Sinai Medical Center provided the Agency with notification (NF#120002) of intent to delicense 14 CMR beds. The effective date of the delicensure of the 14 CMR beds (resulting in the current 46 CMR beds) was June 30, 2012.

According to the sources indicated, District 11 had an aggregate of 372 licensed CMR beds in early CY 2012 which was reduced to an aggregate of 358 CMR beds by mid CY 2012, and the district remained at 358 CMR beds through December 31, 2016. A review of the table above indicates that for the five-year period ending December 31, 2016, District 11 experienced its highest utilization rate (67.42 percent) in CY 2014 and its lowest utilization rate (62.85 percent) in CY 2016, with utilization trending upward from CY 2012 to CY 2014 and then trending downward from CY 2014 to CY 2016. The reviewer notes that for each of the five CY’s, West Gables Rehabilitation Hospital had the highest utilization of any CMR provider in District 11.

HH points out that the primary population that it intends to serve pursuant to this proposal is southern Miami-Dade County and Monroe County. The applicant proposes a replacement project—to relocate the current licensed 23-bed CMR unit at Baptist Hospital of Miami (8900 N. Kendall Drive, Miami, Florida 33176) to HH (975 Baptist Way, Homestead, Florida 33033). The proposed relocate CMR unit would remain within the same district and within Miami-Dade County, Florida.

MapQuest directions obtained September 19, 2017 indicate that existing facilities are located within the following approximate driving miles/driving times (in minutes) from the applicant’s proposed project location and each other. Please note the following abbreviations for the referenced District 11 CMR providers:

- Baptist Hospital of Miami (BHM)
- HealthSouth Rehabilitation Hospital of Miami (HSRHM)
- Jackson Memorial Hospital (JMH)
- Jackson North Medical Center (JNMC)
- Mercy Hospital A Campus of Plantation Gen. Hosp. (MHCPGH)
- Mount Sinai Medical Center (MSMC)
- St. Catherine’s Rehabilitation Hospital (SCRH)
- St. Catherine’s West Rehabilitation Hospital (SCWRH)
- West Gables Rehabilitation Hospital (WGRH)
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**Driving Distance in Miles-Existing Facilities and Proposed Site**

Facility	HH CON # 10503	BHM	HSRHM	JMH	JNMC	MHCPGH	MSMC	SCRH	SCWRH	WGRH
<b>HH CON # 10503</b>		19.9 miles	11.3 miles	33.8 miles	44.2 miles	29.6 miles	40.0 miles	42.6 miles	34.3 miles	24.3 miles
<b>BHM</b>	19.9 miles		11.9 miles	13.6 miles	22.7 miles	9.6 miles	18.9 miles	21.5 miles	16.4 miles	5.8 miles
<b>HSRHM</b>	11.3 miles	11.9 miles		21.1 miles	35.9 miles	16.9 miles	26.3 miles	28.9 miles	26.1 miles	15.9 miles
<b>JMH</b>	33.8 miles	13.6 miles	21.1 miles		10.5 miles	5.4 miles	6.8 miles	10.6 miles	11.3 miles	10.5 miles
<b>JNMC</b>	44.2 miles	22.7 miles	35.9 miles	10.5 miles		14.0 miles	13.4 miles	5.3 miles	12.1 miles	20.6 miles
<b>MHCPGH</b>	29.6 miles	9.6 miles	16.9 miles	5.4 miles	14.0 miles		9.7 miles	12.7 miles	14.6 miles	8.1 miles
<b>MSMC</b>	40.0 miles	18.9 miles	26.3 miles	6.8 miles	13.4 miles	9.7 miles		11.5 miles	16.5 miles	16.2 miles
<b>SCRH</b>	42.6 miles	21.5 miles	28.9 miles	10.6 miles	5.3 miles	12.7 miles	11.5 miles		12.4 miles	18.9 miles
<b>SCWRH</b>	34.3 miles	16.4 miles	26.1 miles	11.3 miles	12.1 miles	14.6 miles	16.5 miles	12.4 miles		10.9 miles
<b>WGRH</b>	24.3 miles	5.8 miles	15.9 miles	10.5 miles	20.6 miles	8.1 miles	16.2 miles	18.9 miles	10.9 miles	

Source: Mapquest

**CON Action Number: 10503**

**Driving Distance in Hours/Minutes-Existing Facilities and Proposed Site**

Facility	HH CON # 10503	BHM	HSRHM	JMH	JNMC	MHCPGH	MSMC	SCRH	SCWRH	WGRH
HH CON # 10503		53 min	16 min	1 hr 24 min	1 hr 31 min	1 hr 19 min	1 hr 28 min	1 hr 31 min	1 hr 15 min	1 hr 1 min
BHM	53 min		17 min	44 min	56 min	21 min	53 min	55 min	26 min	12 min
HSRHM	16 min	17 min		1 hr 1 min	1 hr 6 min	57 min	1 hr 10 min	1 hr 11 min	51 min	20 min
JMH	1 hr 24 min	44 min	1 hr 1 min		19 min	12 min	22 min	20 min	33 min	26 min
JNMC	1 hr 31 min	56 min	1 hr 6 min	24 min		41 min	38 min	21 min	26 min	39 min
MHCPGH	1 hr 19 min	21 min	57 min	12 min	41 min		18 min	23 min	41 min	27 min
MSMC	1 hr 28 min	53 min	1 hr 10 min	22 min	38 min	18 min		19 min	39 min	40 min
SCRH	1 hr 31 min	55 min	1 hr 11 min	20 min	21 min	23 min	19 min		27 min	44 min
SCWRH	1 hr 15 min	26 min	51 min	33 min	26 min	41 min	39 min	27 min		21 min
WGRH	1 hr 1 min	12 min	20 min	26 min	39 min	27 min	40 min	44 min	21 min	

Source: Mapquest

The table below shows the total number of Miami-Dade 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.

**Miami-Dade County Adult Residents Discharged from CMR Providers  
12 Months Ending December 31, 2016**

Facility Name	Facility District/County	Total Discharges	Percent Total Discharges	Total Patient Days	Percent Patient Days
Baptist Hospital of Miami	11/Miami-Dade	235	10.64%	2,997	11.06%
HealthSouth Rehabilitation Hospital of Miami	11/Miami-Dade	303	13.72%	3,377	12.46%
Jackson Memorial Hospital	11/Miami-Dade	189	8.56%	2,420	8.93%
Jackson North Medical Center	11/Miami-Dade	21	0.95%	213	0.79%
Mercy Hospital A Campus of Plantation Gen. H.	11/Miami-Dade	153	6.93%	1,945	7.18%
Mount Sinai Medical Center	11/Miami-Dade	391	17.70%	4,548	16.78%
St. Catherine's Rehabilitation Hospital	11/Miami-Dade	138	6.25%	1,833	6.76%
St. Catherine's West Rehabilitation Hospital	11/Miami-Dade	141	6.38%	1,913	7.06%
West Gables Rehabilitation Hospital	11/Miami-Dade	267	12.09%	3,629	13.39%
Other Non-CMR District 11 Facilities	11	136	6.16%	1,053	3.89%
<b>Total District 11 Facilities</b>		<b>1,974</b>	<b>89.36%</b>	<b>23,928</b>	<b>88.29%</b>
<b>Other Florida Facilities (Non-District 11)</b>		<b>235</b>	<b>10.64%</b>	<b>3,173</b>	<b>11.71%</b>
<b>Total</b>		<b>2,209</b>	<b>100.0%</b>	<b>27,101</b>	<b>100.0%</b>

Source: Florida Center for Health Information and Transparency database—CMR. MS-DRGs 559-560, 945-946 and 949-950

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 2,209 adult Miami-Dade County residents discharged from CMR providers, 1,974 (89.36 percent) were discharged from a District 11 provider and 235 (10.64 percent) were discharged from a non-District 11 CMR provider
  - The majority of the 235 (10.64 percent) non-District 11 CMR provider discharges were from adjacent District 10 and primarily from Memorial Regional Hospital South (in Broward County's City of Hollywood)
- As shown above, adult Miami-Dade County residents substantially did not out-migrate from District 11 to receive services from a CMR freestanding facility or an in-hospital CMR distinct unit

**c. Other Special or Not Normal Circumstances**

As stated previously, HH proposes to establish a new 23-bed CMR unit through the relocation of the 23-bed CMR unit at sister facility Baptist Hospital of Miami. The proposed project would not increase the net number of CMR beds within the district but relocate a CMR unit from one general hospital (Baptist Hospital of Miami) to another general hospital (HH).

The applicant maintains that the proposed project would accomplish two major goals:

- Significantly enhance the distribution of inpatient rehabilitation programs within Miami-Dade County and Monroe County
- Enhance the mix of services offered at Homestead Hospital to support the long-term viability of this important safety-net provider and support Homestead Hospital's ability to continue to provide needed care to the underserved residents within south Miami-Dade County

The applicant notes that all existing CMR program in District 11 are located north of the Cutler Bay area, specifically with three existing CMR programs clustered between the Dolphin Expressway/MIA and Cutler Bay. The proposed relocation will shift the Baptist CMR program to support south Miami-Dade County and Monroe County while leaving two well-established programs within the local area.

HH identifies 1,599 patients from south Miami-Dade County and Monroe County that were discharged from a CMR setting during the 12 months ending September 30, 2016. The applicant notes that based on this discharge market data, there is a substantial pool of potential of CMR patients that will support the new location of the existing service, including those residents in Monroe County who regularly travel long distances to receive CMR services. HH comments that under normal



conditions, residents south of Marathon Key are typically beyond a two-hour ground travel time to obtain inpatient rehabilitation and Key West residents are approximately three hours away from inpatient rehabilitation. HH further comments that these travel times can expand exponentially with storm impacts and damage.

HH specifically comments that the incremental effect of establishing the proposed project is a \$7.2 million improvement in Homestead Hospital's financial performance.

The applicant indicates that the existing CMR unit at Baptist Hospital of Miami, slated to be relocated pursuant to this proposal, consists of seven semi-private and nine private rooms. According to HH, there are "a number of instances" when the program's full 23-bed capacity cannot be utilized due to patient or clinical conflict situations.

The applicant states that the area south of Baptist Hospital identified as the market potential for the proposed project includes the area south of Baptist Hospital/North Kendall Drive through south Miami-Dade County and Monroe County including the following ZIP Codes: 33030-33037, 33050-33051, 33070, 33156-33158, 33170, 33176-33177, 33186-33187, 33189-33190 and 33196.

The reviewer notes that upon review of the United States Postal Service (USPS) ZIP Code Look-Up website at <https://tools.usps.com/go/ZipLookupAction!input.action?mode=2&refresh=true>, all the ZIP Codes that the applicant identified above are located within District 11, and all within Miami-Dade County with the exception of the following ZIP Codes that are located in Monroe County: ZIP Codes 33036-33037, 33050-33051 and 33070.

HH concedes that the CMR program at Baptist Hospital is adequately and appropriately utilized. The applicant provides a licensed bed total, patient days and occupancy rate for the three years ending December 31, 2016. See the table below.

**Baptist Hospital Inpatient Rehabilitation Program  
Annual Occupancy Levels – CY 2014 to CY 2016**

	<b>CY 2014</b>	<b>CY 2015</b>	<b>CY 2016</b>
Beds	23	23	23
Patient Days	6,526	7,066	6,553
Occ. %	78%	84%	78%

Source: CON application #10503, pages 32 and 41

The reviewer notes that the CY 2014-CY 2016 beds and occupancy percentages shown in the table above are consistent with the first table shown in item E.1.b. of this report.

Per HH, the proposed project will significantly enhance the geographic distribution of existing CMR beds and services and also enhance access to services. According to HH, the fact that the proposed project will not add new CMR beds or services to the district is a “not normal” circumstance that supports approval.

**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.**

The applicant states that the proposed project will be located at Homestead Hospital. The reviewer notes that this facility is already licensed 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.**

HH does not directly respond to this general provision. However, the applicant states that the proposed project will be located on the third floor of the South Patient Wing at HH.

- (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. Hospitals with licensed or approved comprehensive medical rehabilitation inpatient beds are exempt from meeting the requirements for a minimum number of beds.**

HH does not directly respond to this general provision. However, the general hospital total complement under review is for 23 CMR beds. Therefore, this provision is met.

- (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. 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.**

HH does not directly respond to this general provision. However, the applicant states that Baptist Hospital and its rehabilitation program currently participate in the Medicare and Medicaid programs and that the proposed project “will continue to do so once the inpatient rehabilitation program is relocated to its new site”.

The applicant provides Medicare/Medicare HMO and Medicaid/Medicaid HMO patient days in the applicant’s year one (ending March 31, 2020) and year two (ending March 31, 2021) total annual patient days in Schedule 7B of the application. For a review of these estimates, see item E.3.g. of this report.

**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.**

HH states that Baptist Hospital’s medical director is Bradley Aiken, MD, who has been providing rehabilitation care at Baptist Hospital since 1998. The applicant indicates that Dr. Aiken will continue to be the medical director at the proposed HH location. Dr. Aiken provided a letter of support for the proposal.

The practitioners that the applicant names in this provision and for whom the applicant includes a curriculum vitae (CV) in Appendix three of the application are:

- Bradley M. Aiken, MD
- Lewis A. Orengo, MD
- Richard Allen Hamilton, PhD

HH maintains that Dr. Aiken and his staff are made available at Baptist Hospital and will be made available at the proposed location, including the following common physician support services:

- General surgery
- Internal medicine
- Neurology
- Pulmonary medicine
- Orthopedic surgery
- Psychiatry
- Otorhinolaryngology
- Pediatrics
- Urology
- Ophthalmology
- Plastic Surgery

HH indicates that additional specialty or subspecialty medical care, as needed, will be provided by physicians currently on staff or by other physicians from other Baptist Health System hospitals or from the broader community.

**(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**

HH states that Baptist Hospital's existing inpatient rehabilitation program currently directly provides each of these services except for orthotic and prosthetic services, which are stated to be provided in a coordinated manner to all patients in need by a community-based orthotic and prosthetic provider. The reviewer notes that no community-based orthotic and prosthetic provider is named and no contract for orthotic and prosthetic services is provided in CON application #10503. HH assures that this same mix of services and therapies will also be available at the new location.

The applicant discusses the core clinical staff at the existing CMR program and that this staff will bring their experience and expertise to the proposed project to ensure that the relocated program operates in the same high quality manner as the existing Baptist Hospital program.

HH emphasizes that the patient service departments currently available at the Baptist Hospital operation and to be provided at the proposed location include:

- Food and nutrition services-registered dietician
- Diagnostic services: pathology, radiology, phlebotomy and EKG
- Social services/case management/patient representatives
- Pastoral services
- Rehabilitation nursing
- Pharmacy
- Physical medicine and rehabilitation psychology
- Respiratory therapist
- Internal medicine/family practice
- Physical therapy
- Occupational therapy
- Speech/language pathology
- Therapeutic recreation

The applicant indicates that in addition to all of the patient service resources listed above which are directly provided by Baptist Hospital, HH will have “formal arrangements” with the following community-based local professional resources to provide additional support for the hospital’s rehabilitation patients:

- Vocational rehabilitation
- Orthotics/prosthetics
- Rehabilitation engineering
- Driver education

The reviewer notes that no written formal arrangements regarding the four bulleted services listed above are provided in CON application #10503.

HH provides a list of nine bulleted rehabilitation services or certifications stated to be held by Baptist Hospital staff - including certification as a rehabilitation registered nurse and a Baptist Hospital rehabilitation organizational chart (CON application #10503, pages 37-38). The applicant maintains that the same mix of staff, with similar specialty certifications, specialty training experience and a similar organizational structure, is anticipated for the proposed program.

The applicant notes BHSF's Clinical Learning Department and briefly describes other departments:

- Learning management system
- Clinical information department
- Nursing research department
- Continuing Medical Education (CME), accredited by the Accreditation Council for Continuing Education (ACCME) for physicians and advanced practice nurses
- Medical library department (electronic access systems)
- Pastoral care department

**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.**

As previously stated in item E.1.a. of this report, the applicant's proposed project is outside the fixed need pool. However, the proposed project does not add to the CMR licensed bed inventory within District 11, but rather relocates one existing 23-bed CMR unit (at Baptist Hospital of Miami) to a new 23-bed CMR unit (at HH), all within Miami-Dade County in District 11.

- (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 11 occupancy rate for the 358 CMR beds was 62.85 percent. However, again, as stated above, the proposed project does not add to the CMR licensed bed inventory within District 11. Therefore, since the proposal is not to add CMR beds to the licensed inventory, this provision is not applicable.

**(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.**

The table below illustrates Homestead Hospital’s (CON application #10503) and Baptist Hospital of Miami’s state fiscal year (SFY) 2016-2017 low-income pool (LIP) and disproportionate share hospital (DSH) program participation, as of July 7, 2017.

**Homestead Hospital (CON application #10503) and Baptist Hospital of Miami (BHM) LIP and DSH Program Participation SFY 2016-2017**

<b>Program/Provider</b>	<b>Annual Total Allocation</b>	<b>Year-to-Date Total Allocation as of July 7, 2017</b>
LIP/Homestead Hospital	\$24,240,795	\$24,240,795
DSH/Homestead Hospital	\$0	\$0
LIP/BHM	\$0	\$0
DSH/BHM	\$0	\$0

Source: Agency Division of Medicaid, Office of Program Finance

As shown in the table above, HH has drawn down the entirety of its SFY 2016-2017 LIP allocation. The applicant did not participate in the DSH program for SFY 2016-2017. Baptist Hospital of Miami did not participate in the LIP or the DSH program in SFY 2016-2017.

The applicant asserts that HH is a DSH hospital but does not mention participation in LIP. As shown in the table above, for SFY 2016-2017, HH participated in LIP but not DSH.

The applicant comments on HH’s Medicaid and charity care participation. For a review of this topic, see item E.3.g. of this report.

HH asserts that priority consideration should be given to the proposed project.

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

The applicant reiterates that HH currently services Medicaid eligible persons, does so at a rate well above other area providers and will continue to do so within the proposed project.

HH maintains that providing care to the area's Medicaid patients is a major emphasis for HH, with Medicaid patients accounting for 33 percent of the hospital's total patient volume and 29 percent of the hospital's total charges during FY 2016. For a review of HH's recent Medicaid patient day percentage, see item E.3.g. of this report.

The reviewer notes that the applicant's Schedule C does not offer a Medicaid and/or charity care condition for CON #10503.

HH asserts that priority consideration should be given to the proposed project.

**(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/%5C/licensing-and-regulation/trauma-system/documents/traumacenterlisting2016.pdf>, last updated May 5, 2017, Homestead Hospital is not a listed trauma center (neither Level I, Level II or provisional). The reviewer also notes that according to the same source, Baptist Hospital of Miami is not a listed trauma center.

**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.**

The reviewer notes that the access standard is currently met for District 11 CMR services.



HH comments that under normal conditions, residents south of Marathon Key are typically beyond a two-hour ground travel time to obtain inpatient rehabilitation and Key West residents are approximately three hours away from inpatient rehabilitation. HH further comments that these travel times can expand exponentially with storm impacts and damage.

The applicant maintains that residents of southern Miami-Dade County and all of Monroe County have only limited access to inpatient rehabilitation care. HH contends that the proposed project relocates a CMR program from an area with multiple CMR programs to an area where there are no CMR programs and that this will improve access to care for all residents of south Miami-Dade County and all residents of Monroe County.

**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.**

HH indicates that as an existing, licensed and Medicare-certified CMR inpatient provider, Baptist Hospital's CMR program complies with all Agency standards for program licensure. HH asserts that this same organization of staff and resources and the same high quality provision of care will be provided when the program is relocated to Homestead Hospital.

**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.**

HH states that the proposed program will serve patients age 14+, with children under age 14 not typically to be served unless there are no alternative treatment options available. The applicant asserts that the existing Baptist Health CMR program focuses on the treatment of adults, adolescents and children ages four and above. HH indicates that this minor shift in the age of patients to be served is not expected to have a material impact on access to care for this younger population.

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

HH states that Baptist Hospital currently offers a broad array of inpatient rehabilitation services and will continue to offer this same broad array of rehabilitation services at the new proposed program. The applicant discusses Baptist Hospital's CARF accreditations as well as being State of Florida Certified in Brain and Spinal Cord Injury. HH provides a copy of the Baptist Hospital's CARF accreditation, valid through November 2017. The applicant notes other Baptist Hospital CMR accreditations and recognitions include The Joint Commission and Magnet Recognition from the American Nurses Credentialing Center.

HH states that this same organization of staff and resources, same operational policies and procedures and the same high quality provision of care, meeting all requirements to maintain these accreditations, will also be provided when the program is relocated to the HH location – including CARF accreditation.

**(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.**

The reviewer notes that the staffing pattern below accounts for the incremental FTEs to be added, pursuant to the proposed project.

HH includes a Schedule 6A presenting a total of 59.0 FTEs by year one (ending March 31, 2020) and a total of 63.0 FTEs by year two (ending March 31, 2021). The reviewer confirms that the FTE totals for each year are arithmetically correct. There is a breakdown of each staff category with incremental FTEs for year one and for year two. The reviewer notes there is an FTE increase from year one to year two for the following categories: nursing and ancillary. See the table below.

<b>Homestead Hospital, Inc. d/b/a Homestead Hospital (CON application #10503)</b> <b>Projected Year One (Ending March 31, 2020 and</b> <b>Year Two (Ending March 31, 2021)</b> <b>Staffing Pattern</b>		
	<b>Year One Ending</b> <b>3/31/2020</b>	<b>Year Two Ending</b> <b>3/31/2021</b>
<b>Administration</b>		
Administrators	4.0	4.0
Admissions Director	1.0	1.0
Pt. Fin. Rep.	1.0	1.0
Secretary	1.0	1.0
<b>Physicians</b>		
Unit/Program Director	1.0	1.0
<b>Nursing</b>		
RNs	20.0	23.0
LPNs, Nurse Liaison	2.0	2.0
ARNP, etc.	3.0	3.0
Other	8.0	8.0
<b>Ancillary</b>		
Physical Therapist	3.0	3.0
Speech Therapist	1.0	2.0
Occupational Therapist	5.0	5.0
Recreational Therapist	1.0	1.0
Other: Clinical Ancillary	6.0	6.0
<b>Social Services</b>		
Other: PPS Coord.	1.5	1.5
<b>Other</b>		
Clinical Auditor	0.5	0.5
<b>Total</b>	<b>59.0</b>	<b>63.0</b>

Source: CON application #10503, Schedule 6A

Notes to Schedule 6A indicate that the current CMR program at Baptist Hospital of Miami has an executive director, two managers and a supervisor in administration. The reviewer notes that this may explain a 4.0 FTE for administrator (in year one and in year two). These same schedule notes indicate that there are “several clinical partners and nurse educators”. The reviewer notes that this may explain an 8.0 FTE for “other” under Nursing. The schedule notes also explain “Clinical Ancillary” under Ancillary. The applicant indicates that these current staffing levels will be in place at the proposed project.

The applicant provides a narrative description for each of the following service headings: nursing care, physical, occupational/recreational therapy, speech and language pathology. The applicant also reiterates the Clinical Learning Departments and provides a brief description of its initiatives – Initial Staff Education (Nursing Orientation and RN Residency Program) and Continuing Staff Education.

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

The applicant points out that its parent has an existing and staffed 23-bed licensed CMR program so that the relocation of the 23 licensed beds at HH is not expected to result in a significant loss of staff. The applicant further points out that, if necessary, BHSF's existing rehabilitation program and HH have established and effective staff recruiting processes currently in place, which will also be used to recruit needed staff to the proposed project.

The applicant indicates that BHSF has developed strong linkages with local, regional and national nursing, therapy and other rehabilitation support educational entities in order to maintain a pipeline of new graduates generally into the field of rehabilitation medicine and specifically into its rehabilitation program. The applicant also indicates that examples of existing BHSF clinical learning linkages with various rehabilitation educational programs are:

- Physical therapy
  - Florida International University
  - Nova Southeastern University
  - Barry University
  - Slippery Rock University
- Occupational therapy
  - Concorde College
  - Keiser University
  - Florida International University
  - Nova Southeastern University
  - Barry University
  - University of St. Augustine
- Speech therapy
  - Florida International University
  - Nova Southeastern University
- Recreational therapy
  - Florida International University

The applicant maintains that BHSF is active in publicizing staff openings in applicable professional journals and in participating in numerous regional and national employment job fairs, professional meetings and at other target recruitment opportunities.

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

HH states that referrals to the existing Baptist Hospital CMR program currently originate from the following:

- BHSF hospitals, programs and services
- Other acute care and post-acute care health care facilities or providers located within the south Florida area
- International referral resources as part of Baptist Health International Services, which attracts more than 12,000 patients yearly, primarily from Latin America and the Caribbean, to all Baptist Health programs and services, including the existing rehabilitation program
- Physicians
- Family/friends
- Self-referral

HH comments that referrals to the proposed program, following relocation, are not expected to experience significant change.

**(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.**

HH states that patient days by payer class for the first two years of relocated operation are shown below. The reviewer notes that the applicant has previously indicated that year one ends March 21, 2020 and year two ends March 31, 2021.

**Homestead Hospital Inpatient Rehabilitation Program  
Patient Days by Payer Class**

	Year One	Year Two
Medicare	3,060	4,591
Medicaid	165	248
Managed Care	703	1,055
Self-Pay	41	62
Charity Care	147	221
Other	84	123
<b>Total</b>	<b>4,200</b>	<b>6,300</b>

Source: CON application #10503, page 58

The reviewer notes that the totals for year one and for year two are arithmetically correct. The reviewer also notes that the applicant's Schedule 7B differs slightly from the table above. See the table below.

**Homestead Hospital Inpatient Rehabilitation Program  
Patient Days by Payer Class**

	<b>Year One</b>	<b>Year Two</b>
Medicare	2,481	3,722
Medicare HMO	579	869
Medicaid	0	0
Medicaid HMO	165	248
Other Managed Care	703	1,055
Self-Pay	41	62
Other Payers	83	124
Other Revenue	147	221
<b>Total</b>	<b>4,200*</b>	<b>6,300**</b>

Source: CON application #10503, Schedule 7B

\* The reviewer notes that the arithmetic total is 4,199.

\*\* The reviewer notes that the arithmetic total is 6,301.

Notes to Schedule 7 indicate that:

- Patient days for the first two years are taken from Schedule 6 of the application
- Patient days are capped at 50 percent occupancy for the first year and are capped at 75 percent occupancy for the second year
- The payer class for the first and second year are based on a blend of Baptist Hospital’s inpatient rehabilitation payer mix and the current distribution of rehabilitation cases within the District 11 geographic market that is south of Baptist Hospital of Miami
- Charity care is forecast at be 3.5 percent of total volume during year one and year two, accounting for one million of charity care in year two
- Medicaid is forecast to be an additional 3.9 percent of total volume in both year one and year two

The reviewer confirms that according to the applicant’s Schedule 7B 23-bed proposal, for year one (ending March 31, 2020) and for year two (ending March 31, 2021), the applicant forecasts 3.9 percent Medicaid HMO for year one and for year two and further, 1.0 percent self-pay for both year one and year two. However, the reviewer notes that there are no charity care patient days in the applicant’s Schedule 7B for either year one or for year two.

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

The applicant maintains that BHSF’s facilities and programs provide charity care to eligible patients when available services are deemed medically necessary based on the clinical judgement of the medical professionals evaluating the patient and after patients

have met all financial and eligibility criteria established in the Health System's charity policies. HH further maintains that the current Baptist Hospital CMR and the proposed inpatient rehabilitation program will follow these same guidelines.

HH contends that all BHSF facilities provide free health care to people with household incomes up to three times (300 percent) the federal poverty level. HH provides in Appendix 5 of the application, the eight-page BHSF Charity Care Policy (Policy No. BHSF-355.14). The applicant states that this same charity care policy will be applied to the proposed project. The reviewer confirms charity care up to 300 percent of the federal poverty level (not to exceed \$75,000) is verified on page two of the policy. However, the reviewer notes that page one of the Policy states:

*The allocation of BHSF charity care resources will be limited to:*

1. *All emergent and urgent patients and*
2. *Elective patients who reside:*
  - a. *In Miami-Dade County*
  - b. *In Broward County (limited to services rendered at BHSF located in Broward County)*
  - c. *North of mile marker 72 in Monroe County.*

*Other applicant with specific needs (such as lack of comparable services in their own geography) will be considered on a case by case basis, as budgeted resources permit.*

The reviewer notes that the Policy does not identify the location of mile marker 72 in Monroe County. As previously stated in this report, HH's Schedule 7B indicates no charity care patient days in year one and no charity care patient days in year two.

HH indicates that Baptist Health provided approximately \$300 million in total community benefit in FY 2016 – at cost. HH also indicates that this is approximately 13 percent of the Health System's net patient revenue after bad debt and is well more than the estimated value of Baptist's not-for-profit tax exemptions – estimated to be \$60 million for 2016.

The applicant contends that included in this System-wide community benefit total is approximately \$96 million of charity care, at cost, and approximately \$149 million of uncompensated services (Medicaid shortfall), again at cost. HH further contends that the remaining community benefit dollars are associated with:

- Community educational programs, free screenings and similar free services
- Community clinic donations
- Physician payment for the care of indigents
- Physician education programs
- Chaplaincy program
- Payment of the Florida indigent patient care tax

Specifically regarding community education programs, according to HH, these programs were provided with over \$2.7 million of community benefit (at cost) and include the following services, with over 235,000 community member encounters associated with these programs:

- Community health screenings
- Community exercise programs
- Community health resource centers
- Parenting programs

Additionally, HH points out community clinic support totaled over \$1.9 million (at cost).

According to HH, in FY 2015, it provided 9.1 percent of its gross revenue to charity, compared to 4.3 percent for all Baptist Miami-Dade hospitals, 3.4 percent of all Miami-Dade acute care hospitals and 2.8 percent Miami-Dade hospitals without Jackson (and excluding specialty hospitals). See the table below.

**Miami-Dade County Acute Care Hospital Profile – 2015  
(Specialty Hospitals Excluded)**

	<b>Homestead Hospital</b>	<b>All Baptist Miami-Dade Hospitals</b>	<b>All Miami-Dade Acute Care Hospitals</b>	<b>Miami-Dade Hospitals Without Jackson</b>
Charity \$\$s (000s)	\$80,906	\$332,349	\$1,115,924	\$793,905
Gross Revenue (000s)	\$877,609	\$7,792,766	\$33,030,126	\$28,515,465
<b>% Charity</b>	<b>9.1%</b>	<b>4.3%</b>	<b>3.4%</b>	<b>2.8%</b>

Source: CON application #10503, page 60



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

- (a) 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.**

HH states that both Baptist Hospital and HH currently provides and will continue to provide all Agency requested data in the format and timeframe identified by the Agency.

**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.**

As stated previously in item E.1.a and b of this report, District 11 had 358 licensed CMR beds which experienced an average 62.85 percent occupancy rate for the 12-month period ended December 31, 2016. Further, as previously indicated, the proposed replacement project would not add CMR beds to the Agency CMR inventory.

HH reiterates that the proposed project would accomplish two major goals:

- Significantly enhance the distribution of inpatient rehabilitation programs within Miami-Dade County and District 11
- Enhance the mix of services offered at HH to support the long-term viability of this important safety-net provider and support its ability to continue to provide needed care to the underserved residents within south Miami-Dade County

The applicant comments that the proposed project will provide a significant enhancement in access to and availability of inpatient rehabilitation services to the residents of the southern portions of District 11. HH indicates that the existing CMR unit at Baptist Hospital of Miami, slated to be relocated pursuant to this proposal, consists of seven semi-private and nine private rooms. According to HH, there are a number of instances when the program's full 23-bed capacity cannot be

utilized due to patient or clinical conflict situations. The reviewer notes that the applicant does not quantify the number of instances. HH points out that this co-rooming conflict would be removed with the proposed project.

HH notes that in order to help ensure the long-term financial viability of its operations, the BHSF organization seeks to establish a more financially sustainable mix of needed patient care services at HH. The applicant contends that HH experiences an adverse payer mix of the patients located in the Homestead area and that the proposed project is anticipated to reduce operational losses while at the same time enhancing access to needed health care services. The applicant asserts that it provides an extraordinary level of care to local area underserved populations that has resulted in HH operating at a substantial financial loss. HH reiterates that the incremental effect of establishing the proposed project is a \$7.2 Million improvement in HH's financial performance.

- 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.**

The applicant contends that both the parent (BHSF) and the applicant (HH) have an outstanding history of providing quality care to the patients that each serves. The applicant notes that BHSF and HH do not rest on historic laurels but rather every day strive to enhance patient safety and quality of care while implementing new efficiencies and keeping up with the latest medical developments. HH states that according to its mission, BHSF strongly believes in the benefits of patient- and family-centered care and seeks patient feedback to ensure that the organization adheres to this mission.

The applicant provides a Baptist Health Board of Trustees/Board Committee on Quality and Patient Safety organizational chart (page 68 of the application) and also provides the Baptist Health Center for Performance Excellence organizational chart (page 69 of the application). The applicant discusses these two organizational charts in the provision of excellence in quality of care. The reviewer generated the table below that captures the HH, BHM and BHSF quality performance policies provided in the application:

<b>Policy Title</b>	<b>Policy No.</b>	<b>Most Recent Revision Date</b>
Performance Improvement Steering Council	HH-400-5200-102	07/14
Performance Improvement Initiative	HH-400-5200-105	2015/04/16
Patient Safety Plan	BHSF-1406	11/15/2016
Rehabilitation Services Performance Improvement Plan	BHM-20200-47880-10.18	2013/09/27

Source: CON application #10503, Appendix 6

HH indicates that the purpose of the Performance Improvement plan is to define the processes for promoting awareness and providing guidance in the continuous improvement of clinical practice, support services, patient safety and leadership.

The applicant mentions numerous recognitions received by the parent:

- 100 Best Companies to Work For: #18 in the nation and #1 in Florida—Fortune
- Most Diverse of Fortune 100 Best Companies to Work For—Fortune
- World’s Most Ethical Companies, for the sixth straight year—Ethisphere Institute
- Best Employers for Health Lifestyles – Platinum Award—National Business Group on Health
- Most Wired Hospitals and Health Systems—Hospital and Health Networks

The reviewer notes that the applicant does not include copies of any of the five bulleted recognitions stated above.

Other recognitions specific to HH (with brief descriptions of each) that the applicant mentions are as follows:

- US News & World Report 2016-2017 Best Hospital Rankings
- Magnet Hospital (2016) – American Nurses Association
- Leapfrog National Patient Safety Scorecard (with 10 “A” grades in Fall 2016 and a “B” grade in Spring 2017)

The reviewer notes the applicant includes the referenced Magnet Recognition® (2016) by the American Nurses Association (Appendix 1 of the application), but does not include documentation of the stated US News & World Report or the Leapfrog recognitions.

HH lists other selected examples (with brief descriptions of each) of Homestead Hospital’s accreditations and credentials:

- The Joint Commission (Hospital Accreditation, effective date 8/1/2015)
- American College of Surgeons National Surgical Quality Improvement Program (January 1, 2015 – December 31, 2015)

- Clinical Laboratory Accreditation (by the Centers for Medicare and Medicaid Services, effective date 06/07/2017)
- American College of Radiology (eight different issuances and all are current)
- Intersocietal Accreditation Commission (Vascular Testing through January 31, 2020 and Echocardiography through February 28, 2020)
- Florida Department of Health/Division of Disease Control and Health Protection-HIV/AIDS Section-Certificate of Registration (expires November 29, 2017)
- CNOR Strong Facility November 2016-November 2017 (by the Competency & Credentialing Institute)

The reviewer notes that the applicant includes copies of each of the seven stated HH accreditations and credentials (Appendix 1 of the application).

HH explains that the patient care quality and performance improvement systems and initiatives follow the BHSF organizational structure, guidelines and protocols discussed prior and are guided by the Performance Improvement Steering Council, the Hospital’s Performance Improvement Plans/Initiatives and the Patient Safety Plan.

The parent, BHSF, had eight substantiated complaints among a total of 1,587 licensed beds, spread among its seven facilities, for the 36-month period ending September 6, 2017. HH had four 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 HH, are listed below:

<b>Baptist Health South Florida Substantiated Complaint Categories 36 Months Ending September 6, 2017</b>	
<b>Complaint Category</b>	<b>Number Substantiated</b>
Emergency Access	4
Nursing Services	3
Quality of Care/Treatment	2
Resident/Patient/Client Assessment	2
Infection Control	1

Source: Florida Agency for Healthcare Administration Complaint Records

<b>Homestead Hospital Substantiated Complaint Categories 36 Months Ending September 6, 2017</b>	
<b>Complaint Category</b>	<b>Number Substantiated</b>
Emergency Access	3
Infection Control	1
Nursing Services	1
Resident/Patient/Client Assessment	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.**

**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 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>Baptist Health South Florida, Inc. and Affiliates</b>		
	<b>Sep-16</b>	<b>Sep-15</b>
Current Assets	\$529,188,911	\$483,409,070
Total Assets	\$4,888,721,856	\$4,621,951,005
Current Liabilities	\$629,659,636	\$538,363,412
Total Liabilities	\$1,723,639,945	\$1,639,605,833
Net Assets	<b>\$3,165,081,911</b>	<b>\$2,982,345,172</b>
Total Revenues	\$2,376,141,876	\$2,357,325,196
Excess of Revenues Over Expenses	\$175,628,809	<b>(\$81,462,752)</b>
Cash Flow from Operations	\$263,490,965	\$224,828,325
<b>Short-Term Analysis</b>		
Current Ratio (CA/CL)	<b>0.8</b>	<b>0.9</b>
Cash Flow to Current Liabilities (CFO/CL)	<b>41.85%</b>	<b>41.76%</b>
<b>Long-Term Analysis</b>		
Long-Term Debt to Net Assets (TL-CL/NA)	<b>34.6%</b>	<b>36.9%</b>
Total Margin (ER/TR)	<b>7.39%</b>	<b>-3.46%</b>
<b>Measure of Available Funding</b>		
Working Capital	<b>(\$100,470,725)</b>	<b>(\$54,954,342)</b>

<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 \$19.0 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 September 30, 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. With negative working capital of \$100.5 million at December 31, 2016 and a current ratio of less than 1.0, the parent’s short-term ability to fund the project appears weak.

**Conclusion:**

Funding for this project by cash on hand should be available as needed. As shown above, the applicant reported \$263.5 million in cash flow from operations but negative \$100.5 million in working capital. In addition, the parent has \$119 million in cash and cash equivalents. Funding for the entire capital budget is uncertain.

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

**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.

2021	PROJECTIONS PER APPLICANT		COMPARATIVE GROUP VALUES PPD		
	Total	PPD	Highest	Median	Lowest
Net Revenues	9,527,087	1,512	2,158	1,781	1,610
Total Expenses	2,314,958	367	1,656	1,402	1,228
Operating Income	7,212,129	1,145	521	286	104
Operating Margin	75.70%		<b>Comparative Group Values</b>		
	Days	Percent	Highest	Median	Lowest
Occupancy	6,301	75.06%	98.49%	75.21%	53.60%
Medicaid/MDCD HMO	248	3.94%	12.24%	1.23%	0.24%
Medicare	4,591	72.86%	91.15%	83.28%	72.62%

The projected net revenues are below the group range and considered to be conservative to understated. The projected total expenses are significantly below the lowest in the group range. Operating income is above the group highest value. The unusually low expenses and high operating income stem from salary reductions in the amount of \$3,633,986. Expenses appear to be materially understated and operating income appears to be materially overstated due to the salary reductions. Profitability may also be materially overstated.

**Conclusion:**

While the project appears to be financially feasible based on the projections provided by the applicant, total expenses appear to be understated and operating income appears to be overstated.

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

Strictly from a financial perspective, the type of competition that would result in increased efficiencies, service, and quality is limited in health

care. Cost-effectiveness through competition is typically achieved via a combination of competitive pricing that forces more efficient cost to remain profitable and offering higher quality and additional services to attract patients from competitors. Since Medicare and Medicaid are the primary payers in the hospital industry, price-based competition is limited. With a large portion of the revenue stream essentially fixed on a per patient basis, the available margin to increase quality and offer additional services is limited. In addition, competitive forces truly do not begin to take shape until existing business' market share is threatened. The existing health care system's barrier to price-based competition via fixed price payers limits any significant gains in cost-effectiveness and quality that would be generated from competition.

**Conclusion:**

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

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

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

The plans submitted with this application were schematic in detail with the expectation that they will be necessarily revised and refined prior to being submitted for full plan review. The architectural review of this application shall not be construed as an in-depth effort to determine complete compliance with all applicable codes and standards. The final responsibility for facility compliance ultimately rests with the applicant. 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.



- 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 HH and District 11 overall, for FY 2016 data, according to the Florida Hospital Uniform Reporting System (FHURS).

**Medicaid, Medicaid HMO and Charity Data  
Homestead Hospital, Inc. d/b/a  
Homestead Hospital (CON application #10503) and District 11  
FY 2016**

<b>Applicant/Area</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>
Homestead Hospital	12,161	33.30%	12.93%	46.23%
<b>District 11 Total</b>	<b>477,134</b>	<b>25.94%</b>	<b>3.90%</b>	<b>29.84%</b>

Source: Agency for Health Care Administration FHURS

As shown in the table above, HH had a combined Medicaid, Medicaid HMO and charity care patient day percentage of 46.23 percent, the second highest percentage of combined Medicaid, Medicaid HMO and charity care patient days of any Class 1 hospital in District 11 for FY 2016, with the combined District 11 average being 29.84 percent. Only Jackson Memorial Hospital had a higher combined Medicaid, Medicaid HMO and charity care patient day percentage for the same time period. Additionally, according to the same source for the same timeframe, HH had the highest charity care patient day percentage (12.93 percent) of any Class 1 hospital in District 11.

The applicant states that HH and its parent, BHSF, have a proven history of providing health services to Medicaid patients and the medically indigent. The applicant also states that the proposed relocated program will likewise provide inpatient rehabilitation services to all patients in need, including Medicaid and medically indigent patients who are medically appropriate to obtain rehabilitation care.

HH reiterates that Baptist Health provided approximately \$300 million in total community benefit in FY 2016 – at cost. HH further reiterates that this is approximately 13 percent of the Health System’s net patient revenue after bad debt and is well more than the estimated value of Baptist’s not-for-profit tax exemptions – estimated to be \$60 million for 2016.

HH states that included in this System-wide community benefit total is approximately \$96 million of charity care – at cost, and approximately \$149 million of uncompensated services (Medicaid shortfall) – again at cost. The applicant indicates that the remaining community benefit dollars are associated with:

- Community educational programs, free screenings and similar free services
- Community clinic donations
- Physician payment for the care of indigents
- Physician education programs
- Chaplaincy program
- Payment of the Florida indigent patient care tax

Specifically regarding community education programs, HH reiterates that these programs were provided with over \$2.7 million of community benefit, at cost, and include the following services, with over 235,000 community member encounters associated with these programs:

- Community health screenings
- Community exercise programs
- Community health resource centers
- Parenting programs

The applicant's Schedule 7B indicates for year one (ending March 31, 2020) and for year two (ending March 31, 2021), 3.9 percent Medicaid HMO and 1.0 percent self-pay, total annual patient days, respectively.

The reviewer notes that the applicant does not condition to a Medicaid/Medicaid HMO and/or charity care patient day condition, pursuant to the proposed project.

The reviewer also notes that CON #5560 is attached to Baptist Hospital of Miami, regarding the existing 23-bed CMR unit slated for relocation to Homestead Hospital (CON application #10503). The reviewer also notes that CON #5560 includes the following conditions:

- (1) A minimum of 1.1 percent of total annual patient days shall be made available to Medicaid patients and
- (2) A minimum of .2 percent of total annual patient days shall be made available to charity care patients.

Agency records indicate that at least since CY 2004 through CY 2016, the parent's Baptist Hospital of Miami met each condition listed in CON #5560, for each year.

**F. SUMMARY**

**Homestead Hospital, Inc. d/b/a Homestead Hospital**

**(CON application #10503)**, a Florida not-for-profit corporation and a subsidiary of BHSF, proposes to establish a new 23-bed CMR unit at HH through the relocation of the 23-bed CMR unit at sister facility Baptist Hospital of Miami, all within District 11, Miami-Dade County, Florida. The proposed project would not increase the net number of CMR beds within the district.

The project involves 6,325 GSF of renovation, with no new construction. The renovation cost is \$4,327,170. Total project cost is \$5,907,305. Project costs include building, equipment, project development and start-up costs.

The applicant proposes two conditions to CON approval on CON application #10503's Schedule C.

**Need:**

In Volume 43, Number 141 of the Florida Administrative Register, dated July 21, 2017, a fixed need pool of zero beds was published for CMR beds for District 11 for the January 2023 planning horizon. However, the Agency notes that CON application #10503 is a proposed replacement project described in item E.1.b of this report and would not add CMR beds to the Agency CMR inventory.

As of July 21, 2017, District 11 had 358 licensed CMR beds. During the 12-month period ending December 31, 2016, District 11's 358 licensed CMR beds experienced 62.85 percent utilization.

Florida Center for Health Information and Transparency data for the 12 months ending December 31, 2016 indicates that 98.14 percent of adult Miami-Dade County residents that received a CMR discharge (MS-DRG 945 or 946) did so within their home county, indicating no substantial out-migration for CMR services.

**Homestead Hospital, Inc. d/b/a Homestead Hospital**

**(CON application #10503)** contends that the following "not normal" circumstances justify approval of the proposed project:

- Significantly enhance the distribution of inpatient rehabilitation programs within Miami-Dade County and District 11
- Enhance the mix of services offered at HH to support the long-term viability of this important safety-net provider and support HH's ability to continue to provide needed care to the underserved residents within south Miami-Dade County

- The incremental effect of establishing the proposed project is a \$7.2 million improvement in HH's financial performance
- The all-private rooms at the new proposed CMR unit would eliminate instances when the program's existing full 23-bed capacity cannot be utilized (at Baptist Hospital of Miami) due to patient or clinical conflict situations, since currently, the existing CMR unit has seven semi-private rooms
- The fact that the proposed project will not add new CMR beds or services to the district is a "not normal" circumstance that supports approval
- The issue that is important is that there is currently a mal-distribution of beds - the proposal relocates a CMR program from an area with multiple CMR programs to an area where there are no CMR programs and this will improve access to care for all residents of south Miami-Dade County and all residents of Monroe County
- HH experiences an adverse payer mix of the patients located in the Homestead area and the proposed project is anticipated to reduce operational losses while at the same time enhancing access to needed health care services
- HH provides an extraordinary level of care to local area underserved populations that has resulted in HH operating at a substantial financial losses in recent years

The applicant expects 4,200 total patient days in year one (ending March 31, 2020) and 6,300 total patient days in year two (ending March 31, 2021).

HH identifies 1,599 patients from south Miami-Dade County and Monroe County that were discharged from a CMR setting during the 12 months ending September 30, 2016. The applicant notes that based on this discharge market data, there is a substantial pool of potential of CMR patients that will support the new location of the existing service, including those residents in Monroe County who regularly travel long distances to receive CMR services. HH comments that under normal conditions, residents south of Marathon Key are typically beyond a two-hour ground travel time to obtain inpatient rehabilitation and Key West residents are approximately three hours away from inpatient rehabilitation. HH further comments that these travel times can expand exponentially with storm impacts and damage.

*CON application # 10503 proposes to relocate an existing CMR program in Miami-Dade County from an area with three CMR providers to a geographic area within the same District without any CMR providers. The geographical evidence presented by the applicant in weighing and balancing the “not normal circumstances” outside of published need and of 408.035 (1), Florida Statutes, and of 59C-1.039 Florida Administrative Code, approval of the relocation of existing beds is merited.*

**Quality of Care:**

HH demonstrated the ability to provide quality of care.

The applicant does not indicate any perceived or actual quality issues at existing CMR providers in District 11.

BHSF had eight substantiated complaints among a total of 1,587 licensed beds, spread among its seven facilities, for the 36-month period ending September 6, 2017. HH had four substantiated complaints during the same 36-month period.

**Cost/Financial Analysis:**

- Funding for this project by cash on hand should be available as needed. The applicant reported \$263.5 million in cash flow from operations but negative \$100.5 million in working capital. In addition, the parent has \$119 million in cash and cash equivalents
- Funding for the entire capital budget is uncertain
- While the project appears to be financially feasible based on the projections provided by the applicant, total expenses appear to be understated and operating income appears to be overstated
- This project is not likely to have a material impact on competition to promote quality and cost-effectiveness

**Medicaid/Indigent Care:**

- The application is not conditioned to a Medicaid/Medicaid HMO and/or charity care patient day condition
- The applicant’s Schedule 7B indicates for year one (ending March 31, 2020) and for year two (ending March 31, 2021), 3.9 percent Medicaid HMO and 1.0 percent self-pay, total annual patient days, respectively
- Schedule 7 notes indicate that:
  - Patient days for the first two years are taken from Schedule 6 of the application
  - Patient days are capped at 50 percent occupancy for the first year and are capped at 75 percent occupancy for the second year

- The payer class for the first and second year are based on a blend of Baptist Hospital's inpatient rehabilitation payer mix and the current distribution of rehabilitation cases within the District 11 geographic market that is south of Baptist Hospital of Miami
- Charity care is forecast at be 3.5 percent of total volume during year one and year two, accounting for \$1 million of charity care
- For SFY 2016-2017, Homestead Hospital participated in the LIP program, with an annual total allocation of \$24,240,795 which the applicant had drawn down in total, as of July 7, 2017
- For SFY 2016, Homestead Hospital's combined Medicaid/Medicaid HMO and charity care total annual patient day average was 46.23 percent, with the District 11 average of 29.84 percent for the same time period
  - The hospital's combined 46.23 percentage average was the second highest of any Class 1 hospital in District 11 and exceeded only by Jackson Memorial Hospital, for the same time period
  - The hospital had the highest charity total annual patient day average (12.93 percent) of any Class 1 hospital in District 11, for the same time period
    - ❖ The hospital substantially contributes an unusually high percentage of charity care patient days to indigent patients, when compared to District 11 overall
- BHSF's Baptist Hospital of Miami, slated to delicense its CMR unit pursuant to this proposal, is conditioned to provide 1.1 percent Medicaid total annual patient days and .2 percent charity care total annual patient days, pursuant to CON #5560
- CON #5560's Medicaid and charity care conditions have been met at least since CY 2004 through CY 2016

**Architectural Analysis:**

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 #10503 to establish a new 23-bed CMR unit at HH through the relocation of the 23-bed CMR unit at Baptist Hospital of Miami. The total project cost is \$5,907,305. The project involves 6,325 GSF of renovation, with no new construction. The renovation cost is \$4,327,170.

**CONDITIONS:**

- The proposed relocated inpatient rehabilitation program will be located within the Homestead Hospital facilities at 975 Baptist Way, Homestead, Florida.
- The existing 23 licensed inpatient rehabilitation beds at Baptist Hospital will be delicensed following the approval and subsequent development and licensure of this proposed Homestead Hospital inpatient rehabilitation program.

**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**