STATE AGENCY ACTION REPORT

ON APPLICATIONS FOR CERTIFICATE OF NEED

A. PROJECT IDENTIFICATION

1. Applicant/CON Action Number

Marion Community Hospital, Inc.
d/b/a Ocala Regional Medical Center and West Marion Community Hospital/CON #10477
1431 SW 1st Avenue
Ocala, Florida 34471

Authorized Representative: Mr. Chad P. Christianson
Chief Executive Officer
(352) 401-1101

Munroe HMA Hospital, LLC
d/b/a Munroe Regional Medical Center/CON #10478
1500 SW 1st Avenue
Ocala, Florida 33471

Authorized Representative: Mr. Robert J. Moore
Chief Executive Officer
(352) 351-7000

North Florida Regional Medical Center, Inc.
d/b/a North Florida Regional Medical Center/CON #10479
P.O. Box 147006
Gainesville, Florida 32614-7006

Authorized Representative: Mr. Brian Cook, CEO
(352) 333-4100

Shands Teaching Hospital and Clinics, Inc.
d/b/a UF Health Shands Rehab Hospital/CON #10480
115 Ripley Road
Cohasset, Massachusetts 02025

Authorized Representative: Mark Richardson
Richardson/Knapp & Associates
(781) 383-3119

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 regarding any of the proposed co-batched projects.

Letters of Support

Marion Community Hospital, Inc. d/b/a Ocala Regional Medical Center and West Marion Community Hospital (CON application #10477) submitted 15 unduplicated letters of support and provides excerpts of eight of these letters (pages 31 – 34 of the application). One letter cited was from Darwin Ang, MD, PhD, FACS (Trauma Medical Director for Ocala Health) but the reviewer notes that there is no corresponding letter of support from Dr. Ang included in the application's Vol. 1, Tab 3, while there is a corresponding letter of support regarding the remaining seven excerpts referenced in the application.

The reviewer notes that the 15 support letters are generally complimentary of excellent and high quality healthcare services provided by the applicant. These support letters are individually composed but generally share the following common themes:

- The Ocala Regional Medical Center Trauma Center[1] has treated over 10,000 injured patients in nearly five years and nearly half of these patients require rehab during their hospitalization but often times it is not possible to place patients into rehab facilities due to maximum capacities in the surrounding area[2]
- 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
- In the current situation, discharges to outpatient rehabilitation services may result in impeded, delayed, incomplete or less than optimal recovery

[1] For a review of Ocala Regional Medical Center's state trauma center designation, see item C and item E.2.(d).3 of this report.

[2] For a review of occupancy rates at existing comprehensive medical rehabilitation provider facilities for the five-year period ending December 31, 2016, see item E.1.b of this report.

- The nearest inpatient comprehensive medical rehabilitation providers are in Leesburg and Gainesville[3] 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
- The proposed project will create continuity of care, as the patients would potentially transfer from the hospital to the rehabilitation setting
- Due to continuous population growth in the area, the proposal will address needs of future residents of the area who need these services

Some of the letters of support are noted from the following:

- Dennis Baxley (12th District), State Senator, The Florida Senate
- Stan McClain (District 23) and Charlie Stone (District 22), State Representatives, The Florida House of Representatives
- Carl Zalak, Chairman, Marion County Board of County Commissioners and Marion County District 4 Commissioner

Munroe HMA Hospital, LLC d/b/a Munroe Regional Medical Center (CON application #10478) submitted 11 unduplicated letters of support and provided excerpts of all 11 of these support letters (page 74 and pages 87 – 88 of the application). These 10 support letters are of a form letter variety and common themes are as follows:

- The CMR unit will be built in conjunction with the building of the new hospital at the site set to being in late 2017
- Having this type of service at TimberRidge will enhance the availability for patients to receive needed rehabilitation services
- The region's population is increasing, so is the demand for medical services with Munroe's hospital capacity in the City of Ocala seeing an increase patients
- The new hospital at TimberRidge and the 20-bed CMR will help ease the capacity constraints at Munroe Regional Medical Center[4]
- 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

[3] For a review of travel distance and travel to from the proposed project to the nearest and next nearest licensed provider of CMR, see item E.1.b of this report.

[4] For a review of Munroe Regional Medical Center's notification to delicense eight acute care beds, see item C of this report. The reviewer notes that according to the Agency's Hospital Bed Need Projections & Service Utilization by District publication, issued January 18, 2013 for the 12 months ending June 30, 2012, Munroe Regional Medical Center had 421 licensed acute care beds and realized 101,596 total patient days with 65.93 percent total occupancy. For the same publication, issued January 20, 2017 for the 12 months ending June 30, 2016, the same facility again had 421 licensed acute care beds and realized 88,781 total patient days with 57.78 percent total occupancy—an 8.15 percent decline in total occupancy.

One support letter is from Austin E. Brown, Chief Executive Officer, Seven Rivers Regional Medical Center (SRRMC). Mr. Brown indicates that Munroe Regional Medical Center is a sister facility to SRRMC[5]. Some noted comments in Mr. Brown's support letter include:

- The conversion of SRRMC's licensed CMR beds to acute care beds was a strategic decision based on the pressing need to serve the acute medical needs of the residence of our service area
- While CMR has always been a much needed level of care, we no longer had the physical capacity to sustain that unit and simultaneously meet the acute care needs of our patient population
- Munroe Regional Medical Center in essence is replacing beds that we closed within out District and this is important to the area's patient population
- Since our CMR unit closed, we must discharge our patients to CMR providers outside the county, each farther away than TimberRidge Hospital
- Many patients and their family members do not opt for the CMR level of care because of the distance from home or because the prospective hospital's beds are at capacity
- If the project is approved, SRRMC would regularly discharge our rehab appropriate patients to that hospital

The reviewer notes that in these support letters, neither the Munroe Regional Medical Center medical staff, nor SRRMC's chief executive officer, indicate an expected number or an expected range in the number of patients that would likely be discharged from SRRMC to the proposed project.

North Florida Regional Medical Center, Inc. d/b/a North Florida Regional Medical Center (CON application #10479) submitted two unduplicated letters of support and provides excerpts of these two support letters (page 34 of the application). The reviewer notes that the two support letters are individually composed. Below are comments about North Florida Regional Medical Center included in these support letters:

- The hospital commonly deals with patients with complex orthopedic and neurological injuries that require long-term care
- The hospital has high demand for long-term care and having an inpatient rehabilitation center would enhance care
- North Florida Regional Medical Center treats complex cases of cancer, acute stroke and injury to the brain/spine with the admission of critical stroke patients and heart patients climbing exponentially in the last year

[5] For a review of CMR activities that relate to CON at SRRMC, see item E.1.b of this report.

- North Florida Regional Medical Center has a significant number of people surviving strokes, vascular interventions and open heart surgery that need specialized care to complete recovery
- North Florida Regional Medical Center aims to have rehabilitation patients recovering in close proximity to the surgeons and physicians who treated them
- The consensus is that continuity of care is a best practice
- A full service rehabilitation unit is of paramount importance for the complete care of patients

Shands Teaching Hospital and Clinics, Inc. d/b/a UF Health Shands Rehab Hospital (CON application #10480) submitted 16 letters of support and the Agency received one letter of support independently. The applicant provides excerpts of six letters on pages 13 -16 of the application. The reviewer notes that these six excerpts correspond to the submitted support letters. The reviewer also notes that while all 17 of the support letters are individually composed, recurring themes in these support letters speak to:

- The advantage of a new facility
- The advantage of additional private rooms
- The advantage of additional space for therapy and patient education
- The ability of UF Health Shands Rehab Hospital to quickly and efficiently return people to active, productive lives
- The advantage of improved infrastructure in the new location
- The closer proximity to UF Health Shands Hospital for continuity of care purposes

Letters of Opposition

The Agency received four letters of opposition regarding three of the co-batched proposals (this excludes **CON application #10480** for which the Agency received no letter of opposition). One opposition letter is from Ronald T. Luke, JD, PhD, President, RPC, on behalf of HealthSouth Rehabilitation Hospital of Ocala and HealthSouth Corporation (HealthSouth), in opposition to two of the co-batched proposals: **CON applications #10477 and #10478**. The remaining three opposition letters are from Seann M. Frazier, Partner, Parker Hudson Rainer & Dobbs, on behalf of Shands Teaching Hospital and Clinics, Inc. d/b/a/ UF Health Shands Rehab Hospital, in opposition to the three co-batched proposals: **CON applications #10477, #10478 and #10479**. The reviewer notes that all three of these Parker Hudson Rainer & Dobbs letters of opposition are materially identical (the differences being the proper nouns of the respective applicants).

RPC **Opposition to CON applications #10477 and #10478**

Dr. Luke indicates the following eight reasons that the Agency should deny co-batched **CON applications #10477 and #10478**:

- The fixed need pool formula shows no adjusted need for CMR beds in District 3 and there are no "not normal" circumstances that support approval of a new CMR program in the absence of published need.
- As a separate market, the fixed need pool formula shows a need for three beds in Marion County with HealthSouth meeting this need by adding 10 beds in 2018 through the exemption process.
- Marion County has a high CMR use rate, a high percentage of Centers for Medicare and Medicaid Services (CMS) 13 discharges to CMR and a high percentage of relevant discharges to CMR discharges—illustrating that Marion County residents have reasonable access to CMR services.
- There is no reasonable probability Community Health Systems (CHS) or Hospital Corporation of American (HCA) can increase the total discharges from Marion County CMR programs by increasing the use rate, reducing out-migration or increasing in-migration for CMR services. The factors driving any increase in CMR discharges will be the growth and aging of the population. Growth from these factors is insufficient to justify a new program.
- Both applications are an unnecessary duplication of services. The only source for admissions to the proposed programs is patients CHS and HCA currently refer to HealthSouth. Splintering the CMR patient census among two or three programs will reduce quality of care. Approval of both applications will reduce its census by half and threaten HealthSouth's continued operation.
- Even if CHS or HCA redirect all the patients it refers to HealthSouth, neither can reach 85 percent occupancy of the beds it requests.
- Marion County CMR patients currently have a choice of three accessible programs: HealthSouth Ocala, UF Shands and The Villages Regional Hospital. Because acute care hospitals steer patients to their own CMR units, approval of a CMR program for a general hospital reduces patient choice in practice.
- HealthSouth provides Marion County with an excellent CMR program which has consistently added beds to meet the needs of the district.

Dr. Luke provides a table to reflect two instances in which HealthSouth Rehabilitation Hospital of Ocala requested and was approved to add 10 CMR beds (a total of 20 beds approved for addition and licensed between January 1, 2014 and June 1, 2016). This figure also indicates plans to request for an additional 10 CMR beds on August 1, 2018.

Dr. Luke provides a table to indicate:

- 60 beds shown for HealthSouth Ocala includes the 10 beds licensed June 1, 2016
- The 10 beds were double counted as licensed and approved
- The correct number of licensed beds for District 3 is 202 and the number of approved beds is zero
- The occupancy percentage should be 81.69 as shown on page 73 of the FNP publication
- Adjusted bed need for the batching cycle remains at zero

Dr. Luke contends that based on HealthSouth internal data, following closure of SRRMC, most of the residents previously served by SRRMC were served at HealthSouth Rehabilitation Hospital of Spring Hill. Dr. Luke further contends that based on Google Maps, distance and travel time from SRRMC to HealthSouth Spring Hill is less than to HealthSouth Ocala or to Munroe Regional Medical Center. According to Dr. Luke, approval of either project will add no additional services that are not already available to Marion County residents, with no qualitative improvement in services.

Dr. Luke provides a table to indicate a Marion County use rate of 4.1 exceeding the Florida average (2.9) use rate and the average for counties with freestanding CMR programs (3.7). The narrative presents that the high use rate indicates there is good access to services and that physicians and patients accept HealthSouth. Dr. Luke also provides a table to indicate a Marion County discharge rate of 23.2 percent, with the Florida average at 16.3 percent and the average for counties with freestanding CMR programs at 20.8 percent. The narrative presents that the higher Marion County discharge rate shows no need for an additional program in Marion County. Dr. Luke again provides a table on CMR discharges as a percent of relevant discharges for FY 15/16 indicating that at 3.3 percent, the percentage for Marion County residents is 127 percent of the state average (2.6 percent) and the average for counties with freestanding CMR programs is also at 3.3 percent.

Dr. Luke asserts that since HealthSouth Rehabilitation Hospital of Ocala opened in 2012, the Marion County use rate and the relevant percentage of acute care discharges Marion County hospitals discharged to CMR programs have increased to average levels for Florida counties with

freestanding CMR hospitals. Dr. Luke stresses that there is no reason to expect that the CMR use rate or percentage of relevant discharges to increase further.

Using Agency inpatient discharge data from 2016, RPC concludes that 91 percent of Marion County residents stay in Marion County for CMR services, with 9.0 percent out-migration for this service. See item E.1.b of this report for Agency in-migration and out-migration percentages for this same population for the 12 months ending June 30, 2016.

RPC asserts that most of the patients HealthSouth admits who reside outside Marion County received their acute care at a Marion County hospital. RPC provides additional tables to indicate that using Agency inpatient discharge data for the 12 months ending June 30, 2016, Marion County residents accounted for 78 percent of Marion County CHS and HCA hospitals that issued a CMS-13 discharge. Also, for the same time frame and from the same source, 80 percent of HealthSouth Ocala's discharges were Marion County residents. Dr. Luke maintains that the need for three additional CMR beds in 2022 can best be met by the 10 beds HealthSouth Ocala will open in October 2018 through the exemption process and also maintains that the need for three or fewer CMR beds does not justify a new CMR program of 20 to 40 beds.

Dr. Luke emphasizes that on average 82 percent of Florida patients in general hospital CMR programs were acute care patients at that hospital. Dr. Luke points out that, "The path of least resistance is always to be wheeled down the corridor rather than transferred to a different facility, even if the different facility has a CMR program that better meets the patient's needs". Dr. Luke comments that general hospital discharge planners must make patients aware of other CMR options, but have great influence on the decision of the patient and family. According to Dr. Luke, to approve a CMR unit for an acute care hospital will, "…decrease real patient choice".

Concerning the impact of additional CMR programs in Marion County, using internal data, RPC provides tables below to reflect sources of 2016 referrals to HealthSouth Ocala and volumes needed at HCA and CHS for 85 percent occupancy.

Sources of 2016 Referrals to HealthSouth Ocala

Referral Source	Admissions	Percent of Total	Percent of Patients Coming from Acute Care Hospitals
Ocala Regional Medical Center	466	32%	25%
West Marion Community Hospital	141	10%	8%
Subtotal HCA	*607*	*42%*	*33%*
Munroe Regional Medical Center	385	27%	21%
Seven Rivers Regional Medical Center	1	0%	0%
Subtotal CHS	*386*	*27%*	*21%*
Shands at UF	124	9%	7%
The Villages Hospital	50	3%	3%
Leesburg Regional Medical Center	0	0%	0%
Other Hospitals	276	19%	
Not Admitted from Acute Care Hospital	160	11%	
Total	**1,443**	**100%**	

Source: RPC Letter of Opposition, page 14, Figure 14

Volume Needed at HCA and CHS for 85 Percent Occupancy

	HCA	CHS	Combined
CMR Beds	40*	20**	
Average Daily Census At 85%	20	17	
Patient Days at 85%	12,410	6,205	
Average Length of Stay	12.9	12.9	
Required Admissions at 85%	962	481	1,443
Number patients referred to HealthSouth in 2016	607	385	992
Percent of Patients Referred to HealthSouth Needed to Reach 85% Occupancy	158%	124%	145%

Source: RPC Letter of Opposition, page 14, Figure 14

* The reviewer notes that **CON application #10477** proposes a 30-bed CMR unit

** The reviewer notes that **CON application #10478** proposes a 16-bed CMR unit (full award) and a 10-bed CMR unit (partial award)

According to RPC, there is no valid health planning reason and no "not normal" circumstance to justify approval of either application. Also according to RPC, approval of either application would contravene the Agency's statutory and rule criteria.

Parker Hudson Rainer & Dobbs **Opposition to CON applications #10478, #10478P and #10479**

Mr. Frazier contends that **none of the co-batched applicants** can demonstrate special circumstances that would justify approval of their (respective) proposals and that no special circumstances are present in District 3. Mr. Frazier specifies no geographic barriers and no financial access barriers (to the proposed CMR services) in District 3.

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 inpatient rehab provider.

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 2016, UF Health Shands Rehab Hospital treated 18.3 percent of District 3 residents that received CMR but provided 36.3 percent of the District 3 Medicaid, Medical managed care, self-pay and non-pay rehabilitation 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 rehabilitation categories. Mr. Frazier states, "The comparable data for all District 3 residents that receive CMR shows that only 7.4 percent of patients in these same medically underserved payor groups". See the table below.

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

	Total Discharges	**Medicaid, Medicaid Managed Care, Self-Pay and Non-Pay Discharges**	**Percent of Total District 3 Resident Rehab Discharges for Medicaid, Medicaid Managed Care, Self-Pay and Non-Pay Discharges**
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 Letters of Opposition, page 5 (of each respective opposition letter)

Per Mr. Frazier, UF Health remains the safety net hospital for the greater Alachua County and District 3 community. He notes that UF Health Shands Rehab Hospital is the hospital of choice for more than 90 percent of all Alachua County residents receiving CMR care. Mr. Frazier concludes by stating that in the absence of special circumstances that might be alleviated with the approval of yet another provider, there is simply no reason to re-direct patients from UF Health to a new program at Ocala Regional **(CON application #10477)**[6], Munroe Regional **(CON application #10478)**[7] or North Florida **(CON application #10479)**.

[6] The reviewer notes that CON application #10477 seeks to establish a new CMR program at West Marion Community Hospital.

[7] The reviewer notes that CON application #10478 seeks to establish a new CMR program at TimberRidge Hospital (a general hospital for which a CON has not yet been issued but for which the Agency has published intent to issue CON #10449 and is subject of DOAH case #17-0554).

Mr. Frazier further concludes that such re-direction of patients could cause, a substantial adverse impact upon UF Health Shands Rehab Hospital, with little benefit to the CMR delivery system in District 3.

C. PROJECT SUMMARY

Marion Community Hospital, Inc. d/b/a Ocala Regional Medical Center and West Marion Community Hospital (CON application #10477), also referenced as MCH 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 30-bed CMR unit within West Marion Community Hospital (WMCH), in District 3, Marion County, Florida. For clarity purposes throughout the application, the reviewer will refer to the applicant's chosen licensed premise, WMCH, for the location of the CMR unit as the applicant and will differentiate when it is referring to MCH's other licensed premise (Ocala Regional Medical Center) on the same license. 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 services and licensed beds available on each premise. The premise on which the licensed CMR beds are proposed to be added to is WMCH. The applicant maintains that HCA affiliated hospitals in Florida operate 10 CMR programs with a cumulative total of 268 CMR beds and an additional 28 beds approved in District 7, Osceola County (Osceola Regional Medical Center).

West Marion Community Hospital (WMCH) is licensed as a Class 1 general hospital with 94 acute care beds. WMCH is CON approved through notification (N140003) to add 24 acute care beds and through N160005 to add 44 acute care beds. WMCH's non-CON regulated services include Level I adult cardiac services and primary stroke center designation. MCH also operates a second premise on the same license, ORMC a Class 1 general hospital with 222 acute care beds.

The project involves 29,922 gross square feet (GSF) of renovation[8]. The construction cost is $8,499,000[9]. Total project cost is $13,777,000. Project costs includes building, equipment, project development, financing and start-up costs. The applicant anticipates issuance of the license in December 2019 and initiation of service January 2020.

The applicant proposes the following conditions to CON approval on CON application #10477's Schedule C:

[8] The reviewer notes that this is drawn from notes to CON application #10477, Schedule 9, as page 1 of Schedule 9 is not included in the application.
[9] The reviewer notes that this is drawn from CON application #10477, Schedule 1, page 1, Line 12a, as page 1 of Schedule 9 is not included in the application.

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.
3. WMCH will be accredited by the Joint Commission.
4. The medical director of the CMR program will be board-certified or board-eligible physiatrist 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.

The reviewer notes that under MCH's Measurement of Conditions (sixth condition), the applicant conditions for a letter confirming the acquisition "…of the above equipment or its technical equivalent". A review of CON application #10477, Schedule C reveals that no physical equipment items are listed or otherwise identified. However, it is noted that Schedule 1, Line 25 of the application indicates a total equipment cost of $2,632,000.

Munroe HMA Hospital, LLC d/b/a Munroe Regional Medical Center (CON application #10478), also referenced as MHMAH, a Florida for-profit limited liability company and a subsidiary of Community Health Systems, Inc. also known as Health Management Associates (HMA), the parent, proposes to establish a new 16-bed CMR unit or a partial request to establish a 10-bed CMR unit within TimberRidge Hospital (a general hospital for which a CON has not yet been issued but for which the Agency has an intent to issue CON application #10449 which is currently in litigation), 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 MHMAH. 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 services 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.

TimberRidge is a CON-approved project to construct a 66-bed acute care hospital in District 3, Subdistrict 3-4, Marion County, and was conditioned as TimberRidge Hospital, 9521 SW State Road 200, Ocala, Florida 34481.

The project involves 17,056 GSF of new construction (no renovated space) for the full award. The construction cost is $4,690,400. Total project cost is $6,809,623. Project cost includes building, equipment, project development, financing and start-up costs. The applicant anticipates issuance of license in December 2019 and initiation of service in January 2020.

The partial project (also referenced as **CON application #10478P**) involves 15,256 GSF of new construction (no renovated space) for the partial award. The construction cost is $4,390,400. Total project cost is $6,327,429. Project cost includes building, equipment, project development, financing and start-up costs. The applicant anticipates issuance of license in December 2019 and initiation of service in January 2020.

The applicant proposes the following conditions to CON approval on CON application #10478's Schedule C:

Location:

1. 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:

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

Special Programs:

3. TimberRidge Hospital CMR unit will seek to become Joint Commission certified in stroke rehabilitation during its second year of operation.
4. The applicant will incorporate various disease/injury/condition specific support groups for CMR patients post discharge.
5. 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.

North Florida Regional Medical Center, Inc. (CON application #10479), also referenced as NFRMC or the applicant, a Florida for-profit corporation and a subsidiary of HCA Holdings, Inc., proposes to establish a new 20-bed CMR unit within NFRMC, in District 3, Alachua County, Florida. NFRMC maintains that HCA affiliated hospitals in Florida operate 10 CMR programs with a cumulative total of 268 CMR beds and an additional 28 beds approved in District 7, Osceola County (Osceola Regional Medical Center).

NFRMC is licensed as a Class 1 general hospital with a total of 432 licensed beds: 387 acute care beds, 12 Level II neonatal intense care unit (NICU) beds and 33 adult psychiatric beds. NFRM's non-CON regulated services include Level II adult cardiac services and primary stroke center designation.

The project involves 24,505 GSF of new construction (with no renovated space). The construction cost is $5,842,000. Total project cost is $10,268,000. Project cost includes building, equipment, project development, financing and start-up costs. The applicant anticipates issuance of license in December 2019 and initiation of service in January 2020.

The applicant proposes the following conditions to CON approval on CON application #10479's Schedule C:

1. NFRMC will provide a minimum of 4.0 percent of its annual CMR discharges to the combination of Medicaid, Medicaid HMO and self-pay/other (including charity) patients.
2. NFRMC will apply for CARF accreditation for its CMR program in the first 12 months of operation.
3. NFRMC will be accredited by the Joint Commission.
4. The medical director of the CMR program will be board-certified or board-eligible physiatrist 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.

The reviewer notes that under NFRMC's Measurement of Conditions (third condition), the applicant begins with "ORMC…". The applicant does not previously define this acronym. However, the reviewer notes that **co-batched CON application #10477** defines ORMC as Ocala Regional Medical Center.

The reviewer notes that under NFRMC's Measurement of Conditions (sixth condition), the applicant conditions for a letter confirming the acquisition "…of the above equipment or its technical equivalent". A review of CON application #10479, Schedule C reveals that no physical equipment items are listed or otherwise identified. However, it is noted that Schedule 1, Line 25 of the application indicates a total equipment cost of $2,361,000.

Shands Teaching Hospital and Clinics, Inc. (CON application #10480), also referenced as STHC or the applicant, a Florida not-for-profit corporation and a subsidiary of UF Health, the parent, with Select Medical Holdings Corporation (the company providing the funding), proposes to establish a 40-bed CMR replacement hospital at 2708 Archer Road, Gainesville, Florida 32608.

The applicant further proposes that the future usage has not been finalized for the exiting 40-bed CMR facility at 4101 NW 89th Boulevard, Gainesville, Florida 32606. The applicant maintains that the ultimate usage will be based on the needs of the community and how the applicant can best meet those needs. The existing and proposed facilities are within District 3, Alachua County, Florida. The existing and proposed locations are 9.1 driving miles/16 driving minutes apart[10]. Per the same source, the proposed location is 1.4 driving miles/four driving minutes from STHC's UF Health Shands Hospital's main entrance.

UF Health Shands Rehab Hospital (also referenced as UFHSRH), the facility proposed to be replaced, is a Class 3 Hospital premise under the STHC license. STHC's UF Health Shands Hospital is a separate premise classified as a Class 1 general hospital with 895 licensed beds: 813 acute care beds, 38 Level II NICU beds, 34 Level III NICU beds and 10 adult psychiatric beds. Under this same STHC license there is also an 81-bed Class 3 psychiatric hospital, UF Health Shands Psychiatric Hospital, with 48 adult psychiatric beds, 15 child/adolescent psychiatric beds and 18 adult substance abuse beds. STHC's referenced Class 1 and two Class 3 hospital premises are all statutory teaching hospitals.

The project involves 7,893 GSF of new construction and 10,233 GSF of renovation (a total of 18,126 GSF combined). The construction cost is $5,355,000. Total project cost is $8,312,234. Project cost includes building, equipment, project development and start-up costs. The applicant anticipates issuance of a license in January 2019 and initiation of service in January 2019.

The applicant proposes the following condition(s) to CON approval on CON application #10480's Schedule C:

The applicant's existing 40 comprehensive medical rehabilitation beds are conditioned to provide 4.6 percent of patient days to Medicaid recipients. The applicant agrees to that same commitment as part of this replacement facility, so that 40 beds included in this relocation project will be subject to a requirement to provide 4.6 percent of patient days to Medicaid recipients.

The reviewer confirms that UF Health Shands Rehab Hospital is currently conditioned to provide 4.6 percent patient days to Medicaid recipients, pursuant to CON application #2872.

[10] MapQuest.

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 will not be cited as conditions to approval. Should any of the above projects 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

Applicant	CON App. #	Project	GSF	Costs $	Cost Per Bed
MCH	10477	New 30-Bed CMR Unit	29,922	$13,770,000	$459,000
MHMA	10478	New 16-Bed CMR Unit	17,056	$6,809,623	$425,601
MHMA	10478P	New 10-Bed CMR Unit	15,256	$6,327,429	$632,743
NFRMC	10479	New 20-Bed CMR Unit	24,505	$10,268,000	$513,400
STHC/UFHSRH	10480	Replacement 40-Bed CMR Hospital	18,126	$8,312,234	$207,805

Source: CON applications #10477, 10478, 10479 and 10480, Schedule 1 and 9 each

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, Eric West 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 13 of the Florida Administrative Register, dated January 20, 2017, a fixed need pool of zero beds was published for CMR beds for District 3 for the July 2022 planning horizon. Therefore, co-batched **CON applications #10477, #10478, #10478P and #10479** propose projects that are outside the fixed need pool. **CON application #10480** is a proposed replacement project described in item E.1.b below and would not add CMR beds to the Agency CMR inventory.

As of January 20, 2017, District 3 had 208 licensed and one approved project (to add 10 CMR beds). During the 12-month period ending June 30, 2016, District 3's 208 licensed CMR beds experienced 81.69 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. The sole approved exemption project is: UF Health Shands Rehab Hospital (E160026) to add 10 CMR beds.

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 208 licensed CMR beds experienced an occupancy rate of 81.69 percent during the 12-month period ending June 30, 2016. The District 3 CMR percent utilization for the previous five years, ending June 30, 2016, is shown in the table below.

District 3
Comprehensive Medical Rehabilitation Bed Utilization
Five-Year Period Ending June 30, 2016

Facility	Beds	7/1/2011-6/30/2012	7/1/2012-6/30/2013	7/1/2013-6/30/2014	7/1/2014-6/30/2015	7/1/2015-6/30/2016
UF Health Shands Rehab Hospital*	40	78.21%	75.91%	81.37%	87.07%	82.55%
Seven Rivers Regional Medical Center**	16	56.47%	72.05%	64.25%	64.73%	28.89%
HealthSouth Rehab Hospital of Spring Hill	80	77.84%	77.99%	81.71%	83.75%	82.87%
Leesburg Rehabilitation Hospital***	22	62.82%	81.22%	60.36%	68.07%	82.20%
HealthSouth Rehab Hospital of Ocala****	50	N/A	70.10%	91.45%	95.41%	95.59%
District 3 Total	**208**	**73.68%**	**74.69%**	**79.83%**	**83.64%**	**81.69%**

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

* UF Health Shands Rehab Hospital was CON approved through exemption (E150023), effective June 5, 2015, to add 10 beds. The facility was again CON approved through exemption (E160026), effective December 13, 2016, to add 10 beds. These actions were not licensed as of January 20, 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 CON approved through CON #10218, effective July 2, 2014, to establish a 22-bed CMR unit at The Villages Regional Hospital and concurrently delicense the 22 CMR beds at Leesburg Regional Hospital. Effective July 1, 2016, 20 CMR beds were delicensed at Leesburg Regional Hospital. Effective July 1, 2016, a 22-bed CMR unit was licensed at The Villages Regional Hospital (20 beds in the first phase and two beds in the second phase).

**** 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.

In this same batching cycle, **Shands Teaching Hospital and Clinics, Inc. d/b/a UF Health Shands Rehab Hospital (CON application #10480)** proposes a replacement project – to relocate its current licensed 40 CMR beds more than one mile from the existing UF Health Shands Rehab Hospital (4101 NW 89th Boulevard, Gainesville, Florida 32606) but remaining within the same district and within Alachua County, Florida.

MapQuest directions obtained March 20, 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.

Driving Distance in Miles-Existing Facilities and Proposed Sites

Facility	WMCH CON app. #10477	TimberRidge CON app. #10478	NFRMC CON app. #10479	UF Health Shands Rehab Hosp.	HlthSouth Rehab Hosp. Spring Hill	The Villages Regional Hospital	HlthSouth Rehab Hosp. Ocala
WMCH CON app. #10477		7.7 miles	41.2 miles	43.8 miles	67,9 miles	26.1 miles	4.3 miles
TimberRidge CON app. #10478	7.7 miles		48.8 miles	51.5 miles	51.4 miles	25.2 miles	11.9 miles
NFRMC CON app. #10479	41.2 miles	48.8 miles		3.6 miles	106 miles	63.9 miles	40.4 miles
UF Health Shands Rehab Hosp.	43.8 miles	51.5 miles	3.6 miles		109 miles	63.0 miles	40.4 miles
HlthSouth Rehab Hosp. Spring Hill	67.9 miles	51.4 miles	106 miles	109 miles		59.3 miles	68.9 miles
The Villages Regional Hospital	26.1 miles	25.2 miles	63.9 miles	63.9 miles	59.3 miles		21.4 miles
HlthSouth Rehab Hosp. Ocala	4.3 miles	11.9 miles	40.4 miles	40.4 miles	68.9 miles	21.4 miles	

Source: MapQuest

Driving Distance in Minutes-Existing Facilities and Proposed Sites

Facility	WMCH CON app. #10477	TimberRidge CON app. #10478	NFRMC CON app. #10479	UF Health Shands Rehab Hosp.	HlthSouth Rehab Hosp. Spring Hill	The Villages Regional Hospital	HlthSouth Rehab Hosp. Ocala
WMCH CON app. #10477		11 minutes	44 minutes	45 minutes	1 hour 15 min.	36 minutes	9 minutes
TimberRidge CON app. #10478	11 minutes		58 minutes	1 hour	1 hour 6 min.	39 minutes	22 minutes
NFRMC CON app. #10479	44 minutes	58 minutes		5 minutes	1 hour 41 min.	1 hour 5 min.	43 minutes
UF Health Shands Rehab Hosp CON app. #10480*.	45 minutes	1 hour	5 minutes		1 hour 42 min.	1 hour 6 min.	40 minutes
HlthSouth Rehab Hosp. Spring Hill	1 hour 15 min.	1 hour 6 min.	1 hour 41 min.	1 hour 42 min.		1 hour 15 min.	1 hour 16 min.
The Villages Regional Hospital	36 minutes	39 minutes	1 hour 5 min.	1 hour 6 min.	1 hour 15 min.		35 minutes
HlthSouth Rehab Hosp. Ocala	9 minutes	22 minutes	43 minutes	40 minutes	1 hour 16 min.	35 minutes	

Source: MapQuest

* The reviewer notes that UF Health Shands Rehab Hospital is the only existing CMR provider of the co-batched applicants and is proposed for relocation within the same county and district.

As shown in the two tables above, the closest CMR provider to WMCH is HealthSouth Rehabilitation Hospital of Ocala (4.3 miles/nine minutes). Again as shown in the two tables above, TimberRidge's closest CMR provider is also HealthSouth Rehabilitation Hospital of Ocala (11.9 miles/22 minutes). The next nearest CMR provider to either of these two co-batched projects is The Villages Regional Hospital a maximum driving distance of no more than 26.1 miles/39 minutes. The closest CMR provider to NFRMC is UFHSRH (3.6 miles/five minutes) and the next nearest to this co-batched project is HealthSouth Rehabilitation Hospital of Ocala (40.4 miles/43 minutes).

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 June 30, 2016.

Marion County Adult Residents Discharged from CMR Providers 12 Months Ending June 30, 2016					
Facility Name	**Facility District/County**	**Total Discharges**	**Percent Total Discharges**	**Total Patient Days**	**Percent Patient Days**
HlthSouth Rehab Hospital of Ocala	3/Marion	271	87.99%	3,441	88.12%
UF Health Shands Rehab Hospital	3/Alachua	15	4.87%	165	4.23%
Leesburg Regional Hospital	3/Lake	7	2.27%	105	2.69%
Seven Rivers Regional Medical Center	3/Citrus	6	1.95%	58	1.49%
HlthSouth Rehab Hospital of Spring Hill	3/Hernando	0	0.00%	0	0.00%
Other Non-CMR District 3 Facilities	3	0	0.00%	0	0.00%
Total District 3 Facilities		**299**	97.08%	**3,769**	96.52%
Other Florida Facilities (Non-District 3)		**9**	2.92%	**136**	3.48%
Total		**308**	100.0%	**3,905**	100.0%

Source: Florida Center for Health Information and Transparency database—CMR. MS-DRGs 945 and 946

The reviewer notes that, in the 12-month period ending June 30, 2016, according to data from the Florida Center for Health Information and Transparency:

- Of the 308 adult Marion County residents discharged from CMR providers, 299 (97.08 percent) were discharged from a District 3 provider and nine (2.92 percent) were discharged from a non-District 3 CMR provider
- As shown above, adult Marion County residents substantially did not out-migrate from District 3 to receive services from a CMR freestanding facility or an in-hospital CMR distinct unit

The table below shows the total number of Alachua 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 June 30, 2016.

Alachua County Adult Residents Discharged from CMR Providers 12 Months Ending June 30, 2016					
Facility Name	**Facility District/County**	**Total Discharges**	**Percent Total Discharges**	**Total Patient Days**	**Percent Patient Days**
UF Health Shands Rehab Hospital	3/Alachua	125	91.91%	1,537	89.99%
HlthSouth Rehab Hospital of Ocala	3/Marion	4	2.94%	79	4.63%
HlthSouth Rehab Hospital of Spring Hill	3/Hernando	0	0.00%	0	0.00%
Leesburg Regional Hospital	3/Lake	0	0.00%	0	0.00%
Seven Rivers Regional Medical Center	3/Citrus	0	0.00%	0	0.00%
Other Non-CMR District 3 Facilities	3	2	1.47%	2	0.12%
Total District 3 Facilities		**131**	96.32%	**1,618**	94.73%
Other Florida Facilities (Non-District 3)		**5**	3.68%	**90**	5.27%
Total		**136**	100.0%	**1,708**	100.0%

Source: Florida Center for Health Information and Transparency database—CMR. MS-DRGs 945 and 946

The reviewer notes that in the 12-month period ending June 30, 2016, according to data from the Florida Center for Health Information and Transparency:

- Of the 136 adult Alachua County residents discharged from CMR providers, 131 (96.32 percent) were discharged from a District 3 provider and five (3.68 percent) were discharged from a non-District 3 CMR provider
- As shown, adult Alachua County residents substantially did not out-migrate to receive services from a CMR freestanding facility or an in-hospital CMR distinct unit

c. Other Special or Not Normal Circumstances

CON applications #10477 and #10479 are seeking to establish a new CMR unit within their respective existing general hospitals. **CON application #10478** is seeking to establish a new CMR unit at a location that has Agency intent to issue CON #10449 (a general hospital for which a CON has not yet been issued). **CON application #10480** is seeking to replace its existing freestanding CMR facility to a location more than one mile from its current location, but remaining within Alachua County, District 3.

Marion Community Hospital, Inc. d/b/a Ocala Regional Medical Center and West Marion Community Hospital (CON application #10477) contends that the following "not normal" circumstances justify approval of the proposed project, including but not limited to:

1. There has not been a published need for CMR beds in several years and because existing CMR providers can add beds via the CON exemption process, it is unlikely that there will be a net need for CMR beds projected anywhere in the state. This fact, coupled with the increasingly localized nature of CMR service delivery, constitutes a "not normal" circumstance.
2. An additional "not normal" circumstance arises due to the fact that CMR CON Rule 59C-1.039 has not been amended since 1995[11]. Thus, the rule does not account for the many subsequent changes in health care such as the Medicare reimbursement changes affecting CMR, more recent CMS policy changes, current medical literature nor the resultant changes in CMR service delivery away from the regional referral model and toward a more locally-based step-down model that the applicant contends emphasizes and enhances patient continuity of care.
3. 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 counties.

[11] The reviewer notes that a notice of development was published for amendments to 59C-1.039 Florida Administrative Code on August 5, 2016 with a second workshop requested by representatives of HCA. Notice of Proposed rule was published on March 16, 2017 with no public hearing requested for the proposed amendments. A final adoption packet of those amendments is currently circulating within the Agency and will be filed no later than June 14, 2017.

4. Data demonstrates that CMR beds in District 3 are utilized at very high levels, most prominently in Subdistrict 3-4 and this has persisted over time despite increases in the bed supply.
5. While not a part of the forecasts contained in this application, CMR use rates in Subdistrict 3-4 have been, and continue to, increase. Thus, this proposal is unlikely to have a significant adverse impact on any existing provider.

The reviewer notes that in "not normal" circumstance #1 above, the applicant comments on "…the increasingly localized nature of CMR service delivery" and in circumstance #2 above "…resultant changes in CMR service delivery away from the regional referral model and toward a more locally-based step-down model". The Agency recognizes Rule 59C-1.002(41), Florida Administrative Code which states, in part that comprehensive rehabilitation is a tertiary health service, defined in part as "…a health service which, due to its high level of intensity, complexity, specialized or limited applicability, and cost, should be limited to, and concentrated in, a limited number of hospitals, to ensure the quality, availability, and cost-effectiveness of such services".

The reviewer notes that in "not normal" circumstance #4 and #5 above, the applicant makes reference to CMR beds or CMR use rates in Subdistrict 3-4. The reviewer also notes that in CON application #10477, Vol. 1, page 12, the applicant states that in analyzing the utilization of CMR programs it is reasonable to do so at the acute care subdistrict level and also that the absence of published need at the district level does not automatically indicate a lack of need at the subdistrict level. The Agency recognizes that pursuant to Rule 59C-1.039, Florida Administrative Code and the Agency's semi-annual publication Florida Hospital Bed Need Projections and Service Utilization by District, CMR bed need, CMR service areas and the CMR bed need methodology are determined on a district, not a subdistrict, basis.

The applicant attests that the chronic unavailability of inpatient beds at HealthSouth Rehabilitation Hospital of Ocala creates an accessibility problem for the growing population of Subdistrict 3-4, and constitutes a not normal circumstance (CON application #10477, Vol. 1, page 12). Additionally, the applicant contends that the Agency has been receptive to CMR need arguments based upon "not normal" and/or unique local circumstances, despite publication of no need at a regional or tertiary level. The applicant states and the reviewer confirms that CMR proposals in the last five years were approved by the Agency in the absence of published need for a new CMR program.

The applicant emphasizes that clinical continuity of care is of primary importance to the patient and that this proposal would result in patients having the direct benefit of having the same physicians manage their medical care in conjunction with a rehabilitation physician. The applicant further emphasizes that clinical continuity is a distinct advantage to the patient and that the proposed project will allow for the shortest amount of time between discharge from acute care and admission to the program. The applicant indicates that elderly patients in particular (which the applicant anticipates will be the majority of patients for the proposed project) prefer to choose rehabilitation facilities that are in close proximity to their acute care setting or home and to go elsewhere is a burden to the family. The applicant maintains that elderly patients are often likely to choose a facility that is proximate to home even if the service is not optimal to their needs.

The applicant contends that the two hospital premises it operates, ORMC and WMCH combined, had 733 patient discharges to CMR, during the 12 months ending June 2016. Using the Agency Discharge Data Set for the 12 months ending September 2015, the applicant asserts that inpatient CMR utilization in District 3 lags behind other areas of the state. MCH indicates that District 3 ranked fifth out of 11 districts in total number of resident adult CMR discharges during the referenced time period. See the table below.

CMR Discharges by Age and District of Residence
October 2014 – September 2015

District	15-64	65+	Total
1	357	628	985
2	762	1,916	2,678
3	1,024	3,285	4,309
4	1,291	2,396	3,687
5	936	2,506	3,442
6	1,029	1,994	3,023
7	1,195	2,183	3,378
8	915	3,596	4,511
9	1,336	4,478	5,814
10	1,776	4,740	6,516
11	1,750	4,984	6,734
Unknown	683	1,632	2,315
	13,054	**34,338**	**47,392**

Source: CON application #10477, Vol. 1, page 20, Table 1

The reviewer notes that the applicant does not offer the MS-DRGs selected in arriving at the above table. The reviewer further notes that more recent Florida Center for Health Information and Transparency inpatient hospital discharge data was available to generate the above table. However, the applicant does not offer an explanation for why older data was selected. In addition, the reviewer notes that during the 12-month period ending June 30, 2016, District 3's 208 licensed CMR beds experienced 81.69 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.

The applicant indicates that to make comparisons more meaningful, the volume must be adjusted by population size. Using Office of the Governor population estimates for April 1, 2015, the applicant notes the age-specific population estimates and "total populations" for Florida's 11 districts. The reviewer notes that the applicant's table addresses the age 15+ population by district and not the "total populations". See the table below.

Adult Population by District
April 1, 2015*

District	15-64	65+	Total 15+
1	471,926	111,418	583,343
2	508,048	107,330	615,378
3	1,014,166	413,482	1,427,648
4	1,316,806	338,863	1,655,669
5	884,025	318,739	1,202,764
6	1,553,762	412,346	1,966,108
7	1,731,273	351,168	2,082,441
8	961,199	457,231	1,418,429
9	1,217,536	457,556	1,675,092
10	1,196,974	285,885	1,482,859
11	1,823,160	409,439	2,232,599
Unknown	--	--	--
	12,678,873	**3,663,454**	**16,342,327**

*Values are straight-line interpolation between published January and July estimates
Source: CON application #10477, Vol. 1, page 21, Table 2

According to the applicant, the stated disparity in inpatient CMR utilization in District 3 becomes apparent when use rates are compared among districts and to Florida as a whole—calculating for the 12 months ending September 2015, the average rate of inpatient CMR discharges in Florida as 103.0 per 100,000 population as well 937.7 per 100,000 for the 65+ population. The applicant stresses that for the same time period, District 3's rate was 101.0 and 794.5 per 100,000, respectively and that by these measures the residents of District 3 receive fewer CMR services "…than the typical Floridian". See the table below.

Adult CMR Discharge Rate by District of Residence
Per 100,000 Population
October 2014 – September 2015

District	15-64	65+	Total 15+
1	75.6	563.6	168.9
2	150.0	1,785.1	435.2
3	101.0	794.5	301.8
4	98.0	707.1	222.7
5	105.9	786.2	286.2
6	66.2	483.6	153.8
7	69.0	621.6	162.2
8	95.2	786.5	318.0
9	109.7	978.7	347.1
10	148.4	1,658.0	439.4
11	96.0	1,217.3	301.6
Unknown	n/a	n/a	n/a
Florida	**103.0**	**937.3**	**290.0**

*Values are straight-line interpolation between published January and July estimates
Source: CON application #10477, Vol. 1, page 22, Table 3

The reviewer notes that according to the applicant's table above, for District 3's total 15+ population, the CMR discharge rate is 301.8 which is higher than Florida's overall 15+ CMR discharge rate of 290.0. The reviewer also notes that again according to the applicant's table above, for District 3's total 65+ population, the CMR discharge rate is 794.5 which is lower than Florida's overall 65+ CMR discharge rate of 937.7. Therefore, the reviewer observes that according to the applicant's table, only a segment of District 3's population (the 65+ population) experienced a lower CMR discharge rate and not the residents of District 3 overall, who actually realized a higher CMR discharge rate than Florida overall. In addition, the reviewer notes that utilizing the applicant's table the median for the state is 301.6, 786.5 for the 65+ population and 98.0 for the 15-64 population. District 3 is above the median in all three categories.

The applicant asserts that in examining use rates for Marion County, a different finding emerges. The applicant states that the 15-64 and 65+ use rates experienced by the population of Marion County are 109.2 and 953.3—exceeding both the district and Florida averages for these same age groups. The reviewer notes that the applicant provides district-wide discharge data (appropriate to the fixed need pool methodology and to a tertiary service, like CMR) and therefore does not provide documentation to attest to the stated 109.2 and 953.3 use rates.

Utilizing population estimates for July 1, 2017, the applicant provides a table (CON application #10477, page 24, Table 4) to account for population by age cohorts for each county in District 3. According to the applicant, the adult population of Marion County is the third largest in District 3. However, the applicant indicates and the reviewer confirms that according to the applicant's table, on a county-by-county basis,

Marion County has the largest 65+ population in District 3. The applicant contends that its population findings are significant because persons age 65+ are the most intensive users of CMR services.

The applicant's next table addresses CMR utilization (occupancy rates and patient days) in District 3 for the 12 months ending June 30, 2016 (CON application #10477, Vol. 1, page 25, Table 5) and historical CMR utilization (occupancy rates and patient days) at HealthSouth Rehabilitation Hospital of Ocala for each quarter beginning January 2013 and ending June 2016 (CON application #10477, Vol. 1, page 26, Table 6). These two tables are relatively consistent with the first table shown in item E.1.b of this report (with the exception of patient days which are not shown in the earlier item E.1.b table of this report). The applicant maintains that HealthSouth Rehabilitation Hospital of Ocala's historically high occupancy rates mean that beds are frequently unavailable and therefore inaccessible to the residents of Marion County. The applicant contends that HealthSouth Rehabilitation Hospital of Ocala's incremental approach to increasing the availability of CMR beds has failed to keep pace with the needs of Marion County and that the chronic shortage of CMR beds in Marion County, and across District 3 generally, is a not normal circumstance. The reviewer notes that as previously indicated in item E.1.a of this report, Volume 43, Number 13 of the Florida Administrative Register, dated January 20, 2017, indicated a fixed need pool of zero beds was published for CMR beds for District 3 for the July 2022 planning horizon. Therefore, the Agency notes that the applicant's contention that there is a chronic shortage of CMR beds across District 3 generally is not supported by the most recent publication of the fixed need pool.

The applicant emphasizes that HealthSouth Rehabilitation Hospital of Ocala is the primary provider of inpatient CMR services to Marion County residents. The distribution of Marion County adult resident CMR discharges for the 12-months ending September 2015 is included, the distribution of adult resident CMR discharges is noted from: HealthSouth Rehabilitation Hospital of Ocala (90.3 percent) UF Health Shands Rehab Hospital (4.6 percent), Leesburg Rehabilitation Hospital (2.1 percent) and all other hospitals having 0.8 percent. See the table below.

Subdistrict 3-4 Adult Resident Rehab Discharges
October 2014 – September 2015

Facility	Discharges	Percent Share
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%
Subdistrict Total	**1,106**	**100.0%**

Source: Con application #10477, Vol. 1, page 27, Table 7

The reviewer notes that more recent Florida Center for Health Information and Transparency inpatient hospital discharge data was available to generate the above table. The applicant does not offer an explanation for why older data was selected.

Based on the table above, the applicant asserts that HealthSouth Rehabilitation Hospital of Ocala has "near-monopoly status" in CMR discharges among Marion County residents, with all other CMR providers realizing less than a five percent share. The applicant maintains that patients in need of CMR in Marion County primarily receive it locally and do not travel to more distant locations outside the county.

Further reiterating a shift away from regionalization and toward locally-based CMR services, the applicant indicates that CMR discharges occurring from the resident home county was at a median of 81 percent (among acute care hospital-based CMR programs) and at a median of 79 percent (among freestanding CMR programs).

The applicant discusses inpatient alternatives to CMR services (CON application #10477, Vol. 1, pages 29 – 31) noting that skilled nursing facilities (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 #10477, Vol. 2, Tab 5) 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
  - For five of 13 conditions, CMR patients experienced significantly fewer hospital readmissions per year than SNF patients

The applicant forecasts that for year one (2020), Marion County (a subsection of District 3) will realize a total of 1,300 CMR discharges with an average length of stay (ALOS) of 12.72 and a total discharge rate of 377.8. For year two (2021), MCH forecasts that Marion County will realize a total of 1,328 discharges with the same ALOS total (12.72), using the same total discharge rate (377.8). The reviewer notes that the forecast contemplates a 17.5 percent increase in discharges and a 17.2 percent increase in patient days in the historic data presented by the applicant to a service that is utilized by the residents of Marion County at a higher rate than the state average or state median. See the tables below.

Projected CMR Discharges in the Marion County
Forecast Year 2020

	15-64	65+	Total
Discharge Rate	109.2	953.3	377.8
SA Population (7/2020)	212,327	112,020	324,347
Projected Discharges	232	1,068	1,300
Historic Discharges (2014-15)	218	888	1,106
Projected-Historic	14	180	194
ALOS	13.90	12.43	12.72
Projected Pt Days	3,226	13,275	16,501
Historic Pt Days	3,031	11,038	14,069
Projected-Historic	195	2,237	2,432

Source: CON application #10477, Vol. 1, page 35, Table 9

Projected CMR Discharges in the Marion County
Forecast Year 2021

	15-64	65+	Total
Discharge Rate	109.2	953.3	377.8
SA Population (7/2021)	215,283	114,672	329,955
Projected Discharges	235	1,093	1,328
Historic Discharges (2014-15)	218	888	1,106
Projected-Historic	17	205	222
ALOS	13.90	12.43	12.72
Projected Pt Days	3,267	13,586	16,853
Historic Pt Days	3,031	11,038	14,069
Projected-Historic	236	2,548	2,784

Source: CON application #10477, Vol. 1, page 36, Table 10

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. The applicant forecasts that for the proposed 30-bed project, for year one (2020) WMCH will realize program total discharges of 570, days of 7,247, and average daily census (ADC) of 19.9 and occupancy of 66.2 percent. The applicant also forecasts that for year two (2021) WMCH will realize program total discharges of 679, days of 8,631, ADC of 23.6 and occupancy of 78.8 percent. The reviewer notes that the applicant forecasts that it will treat 61 percent of historic discharges and 63 percent of historic patient days as presented by the applicant for Marion County. See the tables below.

WMCH Forecast CMR Utilization
CY 2020

Service Area	Discharges	Base Capture Rate	28%	310
		Incremental Capture Rate	80%	155
	Total Subdistrict 3-4 Discharges			465
	Days	ALOS	12.72	5,914
	ADC			16.2
Out of Area	Discharges	Percent	18.4%	105
	Days	Percent	18.4%	1,333
	ADC			3.7
Program Total	Discharges			570
	Days			7,247
	ADC			19.9
	Occupancy	Beds	30	66.2%

Source: CON application #10477, Vol. 1, page 37, Table 11

WMCH Forecast CMR Utilization
CY 2021

Service Area	Discharges	Base Capture Rate	33%	365
		Incremental Capture Rate	85%	189
	Total Subdistrict 3-4 Discharges			554
	Days	ALOS	12.72	7,043
	ADC			19.3
Out of Area	Discharges	Percent	18.4%	125
	Days	Percent	18.4%	1,588
	ADC			4.4
Program Total	Discharges			679
	Days			8.631
	ADC			23.6
	Occupancy	Beds	30	78.8%

Source: CON application #10477, Vol. 1, page 38, Table 12

Regarding impact on other District 3 providers, the applicant reiterates historically high utilization rates among existing District 3 CMR providers. The applicant also stresses 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, outweigh any negatives. The reviewer notes that the applicant forecasts that it will treat 61 percent of historic discharges from Marion County facilities and 63 percent of historic patient days from Marion County facilities according to the data presented by the applicant—redirecting more than fifty percent of discharges to the proposed unit. The applicant expects it to be unlikely that the proposed project would have a significant adverse impact on any existing provider.

The reviewer notes that in no instance does the applicant document a case or cases of poor, substandard or adverse health care outcomes due to the current CMR options or rehabilitation alternatives in Marion County or in District 3 overall.

Munroe HMA Hospital, LLC d/b/a Munroe Regional Medical Center (CON application #10478) contends that the proposed project, to be located at the not yet licensed or CON issued, but preliminarily approved TimberRidge Hospital (CON application #10449), should be approved based on the following reasons:

1. 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.

2. 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. 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.
3. CMR readmission rates in the subdistrict are higher than acceptable, expected and worse than the national average.
4. The one CMR hospital provider in Marion County, HealthSouth Ocala, does not contract with several of the major managed care plans in the area, 11 percent of MRMC's acute care patients are enrolled in those plans. MRMC's acute care patients enrolled in these managed care plans do not have a CMR option within reasonable geographic distance.[12]
5. 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.
6. 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.
7. The three CMR providers outside Marion County, within the serviced district for the tertiary care service, are geographically inaccessible
8. There is a disproportionately large percentage of elderly population in Marion County and specifically within the TimberRidge Hospital self-defined service area. This population are the most frequent users of CMR services but have challenges in traveling to east Marion County or outside the County to access healthcare.[13]
9. 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.
10. Clinical continuity between acute care providers and programming and post-acute providers and programming is imperative but is, unfortunately, not the case for many of the applicant's self defined service area. 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.[14]

[12] Regarding the access standard rule, see item E.2.(e) of this report.
[13] The reviewer notes that according to FloridaHealthFinder.gov, HealthSouth Rehabilitation Hospital of Ocala is located less than eleven miles from the proposed site for the TimberRidge hospital and proposed CMR unit and only 1.42 miles from MRMC.
[14] The reviewer notes that the proposed unit will not be located at MRMC.

11. TimberRidge Hospital is able to fully support a CMR program based on projected internal volume and MRMC's internal volume of rehab appropriate patients.
12. Citrus County, adjacent to the west of TimberRidge Hospital, now has zero CMR beds since SRRMC closed its 16-bed unit in 2016. The applicant has forecasted 20 percent of its volume will migrate in from outside its self-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.
13. The Agency should have published need for 10 CMR beds in the District.[15] The applicant's partial award request is responsive to this computation.

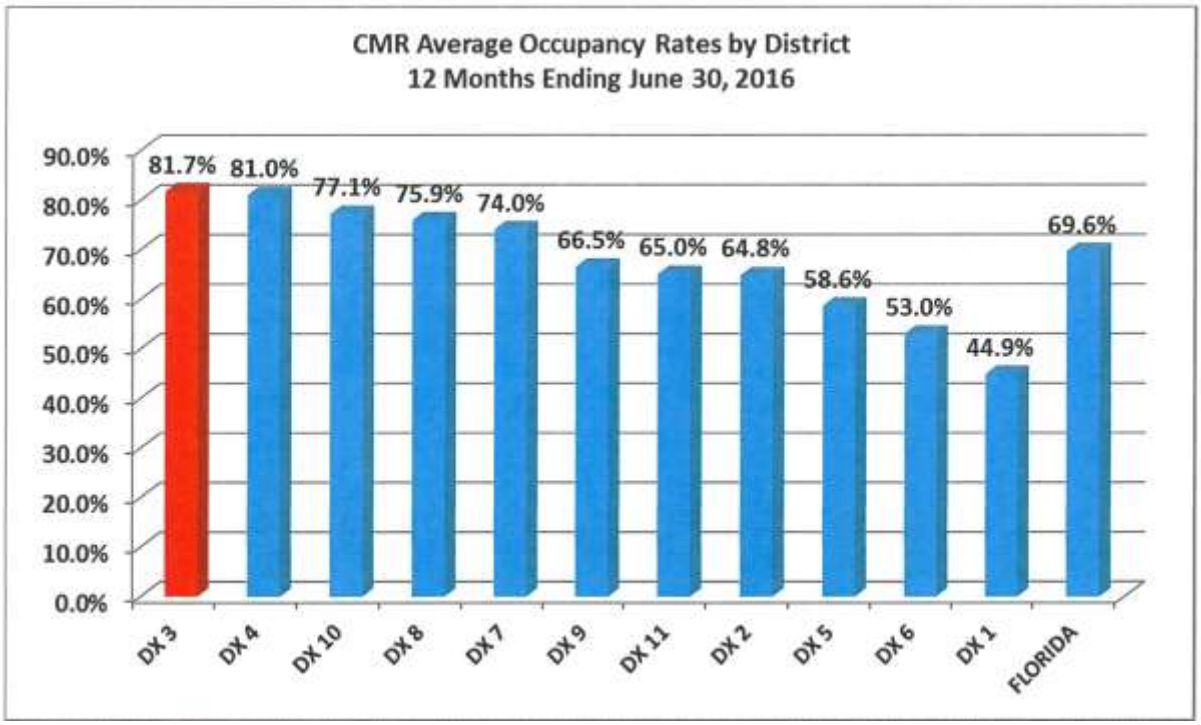
According to the applicant, the proposed project (full award as well as partial) would enhance the programmatic, financial and geographic accessibility to inpatient rehabilitation beds for residents and specifically elderly residents of the applicant's self-defined service area (particularly western Marion County).

The applicant indicates plans to locate the proposed project at TimberRidge Hospital (not yet issued CON #10449), 9521 SW State Road 200, Ocala, Florida 34481, the location of the Emergency Center at TimberRidge. This is the same location for the proposed full award (16 CMR beds) and the partial award (10 CMR beds).

The applicant challenges the Agency's most recent fixed need pool publication for the need for CMR beds in District 3 contending that a need of 10 CMR beds should have been published. The reviewer notes that 59C-1.008 (2) (a) 2., Florida Administrative Code, allows for a person to identify an error in the fixed need pool but the applicant did not submit any notice of an error to the fixed need pool. Further, the reviewer notes that 59C-1.008 (2) (a) 3., Florida Administrative Code, states that, "Except as provided in subparagraph 2. Above, the batching cycle specific fixed need pool number for that batching cycle shall not be changed or adjusted in the future regardless of any future changes in need methodologies, population estimates, bed inventories or other factors which would lead to different projections of need, if retroactively applied." The applicant points out that according to the Agency's Hospital Bed Need Projections and Service Utilization by District, published January 20, 2017 and NHA Analysis, District 3 had the

[15] The reviewer notes that the Agency did not receive any notices of error of the fixed need pool for District 3, or any district for CMR, pursuant to 59C-1.008 (2) (a), Florida Administrative Code.

highest CMR occupancy rate (81.7 percent) of any district stateside, with a statewide average CMR occupancy rate of 69.6 percent for the 12 months ending June 30, 2016. See the table below.



Source: CON application #10478, Vol. 1, page 31

The reviewer confirms that the above table agrees with the referenced Agency publication.

In the next two tables (CON application #10478, Vol. 1, page 32 and page 33), the applicant shows District 3 CMR average occupancy rates by quarter (3rd quarter 2013 to 2nd quarter 2016) and HealthSouth Rehabilitation Hospital of Ocala's average occupancy rates for the same quarters. The applicant maintains that as the only provider in Marion County, HealthSouth Ocala, is consistently at the highest occupancy in the district. The applicant also provides a table (CON application #10478, Vol. 1, page 34) from WellFlorida Council, Inc. and NHA Analysis to indicate that for each month of the 12 months ending December 31, 2016, HealthSouth Ocala had a lowest occupancy rate which ranged from 88.7 percent (in July 2016) to 97.6 percent (in May 2016). The applicant notes that despite HealthSouth Ocala's bed addition of 10 CMR beds in July 2016, the facility had a CY 2016 occupancy rate of 94.8 percent. The applicant contends that to achieve near full occupancy in the "off-season" in a subdistrict that does exhibit seasonality, is further proof that there are not sufficient CMR beds available. The applicant asserts that utilization will be substantially greater if the local county officials forecast of population increases comes to fruition.

The reviewer notes that the applicant discusses expected occupancy rates using Agency Hospital Beds Need Projections publications and NHA Analysis for the 12 months ending June 30, 2016, less SRRMC's 5,840 bed days and 1,687 patient days. Per the applicant, had SRRMC utilization been taken out of the occupancy rate calculation altogether, the districtwide occupancy rate would have been 86.1 percent which is even greater than the overall occupancy rate of 81.7 percent. The applicant states that had SSRMC's patients still received treatment at another CMR provider in the district (i.e. patient days counted but not bed days at SSRMC), the district annual occupancy rate would have been even higher, 88.5 percent. See the table below.

District 3 CMR Providers
12 Months Ending June 30, 2016

Hospital	Bed Days	Patient Days	Occupancy Rate
UF Health Shands Rehab Hospital	14,600	12,085	82.8%
HealthSouth Rehab Hospital of Ocala	18,250	17,445	95.6%
HealthSouth Rehab Hospital of Spring Hill	29,200	24,199	82.9%
Leesburg Regional Rehabilitation Hospital	8,030	6,601	82.2%
Seven Rivers Regional Medical Center	5,840	1,687	28.9%
District 3	75,920	62,017	81.7%
District 3 Less Seven Rivers Regional Medical Center	**70,080**	**60,330**	**86.1%**
District 3 Less Seven Rivers Beds Days with Seven Rivers Patient Days	**70,080**	**62,017**	**88.5%**

Source: CON application #10478, Vol. 1, page 35

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.

The applicant states that the proposed project's defined service area for the identified tertiary service is the same as its defined acute care service area, consisting of nine (five primary and four secondary) ZIP Codes in southwestern Marion County and a small portion of Citrus County, from which the applicant states TimberRidge Hospital will obtain 93 percent of its acute care patients and 80 percent of its forecasted CMR patients. The reviewer notes that pursuant to 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. 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 the application for CON application #10449. Below is the stated primary service area (PSA) and secondary service area (SSA) for the acute care facility.

TimberRidge Hospital Service Area

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

(*) P.O. Box 34477 is included in ZIP Code area 34476
(**) P.O. Box 34430 in included in ZIP Code area 34432
Source: CON application #10478, Vol. 1, page 40

The applicant provides a map (CON application #10478, page 41), to depict the above ZIP Codes, relative to the planned TimberRidge Hospital and the existing TimberRidge ED. The applicant points out that HealthSouth Rehabilitation Hospital of Ocala is outside the TimberRidge Hospital's defined acute care service area.

The applicant indicates that TimberRidge's proposed aggregate acute care service area is home to 146,128 persons—122,739 adults aged 18+ including 50,526 adults aged 65+ (41.2 percent of the adult population). The applicant maintains that the PSA currently has 76,130 adult residents, 3,707 are seniors (age 65+). The SSA has a population of 46,609 with 16,819 being seniors. The applicant asserts that 69 percent of the adults who reside in TimberRidge's designated home ZIP Code area are 65+ with 48.4 percent of those seniors living to the east in adjacent ZIP Code 34476.

The applicant indicates the high concentration of seniors can be attributed to age restricted communities dispersed throughout the designated acute care PSA for TimberRidge. The applicant further indicates that 36 percent of adults 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 designated acute care service area's 2016 population by ZIP Code and age cohort, along with the subdistrict and district.

TimberRidge Hospital Service Area, Marion County and District Population Ages 18 and Older 2016 Estimated Population								
Zip Code Area	**Ages 18-44**	**Ages 45-64**	**Ages 65-74**	**Ages 75-84**	**Ages 85+**	**Total 18+**	**Total 65+**	**Percent of Total 65+**
34481 Ocala	1,966	3,814	5,997	4,695	1,975	18,447	12,667	68.7%
34476 Ocala*	4,849	5,236	5,184	3,338	942	19,549	9,464	48.4%
34473 Ocala	5,353	4,266	2,397	1,245	363	13,624	4,005	29.4%
34432 Dunnellon**	3,017	3,643	2,562	1,272	380	10,692	4,214	39.4%
34474 Ocala	6,550	3,911	1,739	1,099	519	13,818	3,357	24.3%
PSA Total	**21,735**	**20,688**	**17,879**	**11,649**	**4,179**	**76,130**	**33,707**	**44.3%**
34442 Hernando	2,463	4,135	3,973	1,968	595	13,134	6,536	49.8%
34431 Dunnellon	1,887	2,204	1,456	817	309	6,673	2,582	38.7%
34482 Ocala	8,226	6,183	3,252	1,584	462	19,707	5,298	26.9%
34434 Dunnellon	2,458	2,234	1,395	757	251	7,095	2,403	33.9%
SSA Total	**15,034**	**14,756**	**10,076**	**5,126**	**1,617**	**46,609**	**16,819**	**36.1%**
Total Service Area	**36,769**	**35,444**	**27,955**	**16,775**	**5,796**	**122,739**	**50,526**	**41.2%**
Marion County	**94,466**	**87,867**	**56,283**	**31,054**	**11,013**	**280,683**	**98,350**	**35.0%**
District 3	**514,303**	**432,053**	**264,826**	**141,121**	**49,741**	**1,402,043**	**455,688**	**32.5%**

Source: CON application #10478, Vol. 1, page 42- The Nielsen Company and NHA Analysis
* 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 by 2021 (year two of operation), the designated acute care service area population for the proposed TimberRidge Hospital will increase to 130,261 adult residents, a growth rate of 6.1 percent. The applicant presents the following forecasted service area population by ZIP Code area and age cohort, along with the district. The reviewer notes that while Marion County population estimates are provided in the prior table and Marion County is indicated in the header of the table below, Marion County population figures are not provided in the table below.

TimberRidge Hospital Service Area, Marion County and District Population Ages 18 and Older 2021 Forecasted Population								
Zip Code Area	**Ages 18-44**	**Ages 45-64**	**Ages 65-74**	**Ages 75-84**	**Ages 85+**	**Total 18+**	**Total 65+**	**Percent of Total 65+**
34481 Ocala	2,133	3,130	7,323	5,217	2,318	20,121	14,858	73,8%
34476 Ocala	5,320	5,141	6,033	3,580	1,085	21,159	10,698	50.6%
34473 Ocala	5,967	4,358	2,599	1,276	411	14,611	4,286	29.3%
34432 Dunnellon	3,183	3,158	2,967	1,335	417	11,060	4,719	42.7%
34474 Ocala	6,737	4,294	1,950	1,176	556	14,713	3,682	25.0%
PSA Total	**23,340**	**20,081**	**20,872**	**12,584**	**4,787**	**81,664**	**38,243**	**46.8%**
34442 Hernando	2,600	3,682	4,584	2,082	655	13,613	7,321	53.8%
34431 Dunnellon	1,984	1,953	1,682	810	332	6,761	2,824	41.8%
34482 Ocala	8,723	5,926	3,847	1,677	534	20,707	6,058	29.3%
34434 Dunnellon	2,600	2,245	1,580	810	281	7,516	2,671	35.5%
SSA Total	**15,917**	**13,806**	**11,693**	**5,379**	**1,802**	**48,597**	**18,874**	**38.8%**
Total Service Area	**39,257**	**33,887**	**32,565**	**17,963**	**6,589**	**130,261**	**57,117**	**43.8%**
District 3	**538,725**	**418,276**	**315,617**	**155,901**	**55,820**	**1,484,339**	**527,338**	**35.5%**

Source: CON application #10478, Vol. 1, page 43

The applicant indicates that TimberRidge's overall designated acute care service area is expected to grow 7.4 percent (9,000+ residents) between 2016 and 2022 (year three of operation). The applicant anticipates nearly 74 percent of all new growth will be located in TimberRidge's designated acute care PSA. The applicant states from 2020 through 2022, TimberRidge's designated acute care PSA and SSA will experience 8.4 and 5.5 percent growth respectively. The applicant anticipates that the ZIP Code expected to grow the greatest, both in terms of sheer volume and growth rate is the TimberRidge's home Zip Code area, 34481. The applicant presents the forecasted adult population dynamics by service area ZIP Codes for 2016 and 2020 through 2022 for ages 18+ as well as ages 65+. The reviewer notes that unlike the applicant's prior two population estimate tables, the applicant's next two population projection tables do not identify districtwide population growth estimates. See the tables below.

TimberRidge Hospital Service Area Population Change
Ages 18+
2016 Estimate and Forecasted 2020 Through 2022

Zip Code Area	CY 2016	CY 2020 Year One	CY 2021 Year Two	CY 2022 Year Three	Numeric Change 2016-2022	Percent Change 2016-2022
34481 Ocala	18,447	19,786	20,121	20,456	2,099	10.9%
34476 Ocala	19,549	20,837	21,159	21,481	1,932	9.9%
34473 Ocala	13,624	14,414	14,611	14,808	1,184	8.7%
34432 Dunnellon	10,692	10,986	11,060	11,134	442	4.1%
34474 Ocala	13,624	14,534	14,713	14,892	1,074	7.8%
PSA Total	**76,130**	**80,557**	**81664**	**82,771**	**6,641**	**8.7%**
34442 Hernando	13,134	13,517	13,613	13,709	575	4.4%
34431 Dunnellon	6,673	6,743	6,761	6,779	106	1.6%
34482 Ocala	19,707	20,507	20,707	20,907	1,200	6.1%
34434 Dunnellon	7,095	7,432	7,516	7,600	505	7.1%
SSA Total	**46,609**	**48,199**	**48,597**	**48,995**	**2,386**	**5.1%**
Total Service Area	**122,739**	**128,575**	**130,261**	**131,765**	**9,026**	**7.4%**

Source: CON application #10478, Vol. 1, page 44

TimberRidge Hospital Service Area Population Change Ages 65 and Older 2016 Estimate and Forecasted 2020 Through 2022						
Zip Code Area	**CY 2016**	**CY 2020 Year One**	**CY 2021 Year Two**	**CY 2022 Year Three**	**Numeric Change 2016-2022**	**Percent Change 2016-2022**
34481 Ocala	12,667	14,420	14,858	15,296	2,629	20.8%
34476 Ocala	9,464	10,451	10,698	10,945	1,481	15.6%
34473 Ocala	4,005	4,230	4,286	4,342	337	8.4%
34432 Dunnellon	4,214	4,618	4,719	4,820	606	14.4%
34474 Ocala	3,357	37,336	38,243	39,150	5,443	11.1%
PSA Total	**33,707**	**37,336**	**38,243**	**39,150**	**5,443**	**16.1%**
34442 Hernando	6,536	7,164	7,321	7,478	942	14.4%
34431 Dunnellon	2,582	2,776	2,824	2,872	290	11.2%
34482 Ocala	5,298	5,906	6,058	6,210	912	17.2%
34434 Dunnellon	2,403	2,617	2,671	2,725	322	13.4%
SSA Total	**16,819**	**18,463**	**18,874**	**19,285**	**2,466**	**14.7%**
Total Service Area	**50,526**	**55,799**	**57,117**	**58,435**	**7,909**	**15.7%**

Source: CON application #10478, Vol. 1, page 45

According to the applicant, the above estimated and forecasted population supports for TimberRidge's designated acute care 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.

The applicant discusses the CMR bed inventory in District 3, HealthSouth Ocala's monthly occupancy rates (July through December 2016) and The Villages CMR occupancy rates for the same six-month period.

The applicant provides a list of ICD-9 and MS-DRGs (CON application #10478, Vol. 2, Tab 7/CMR-13 Rehab Appropriate and MSDRGs and ICD-9 Diagnosis) that it used to determine that for the 12 months ending June 30, 2016, there were more than 1,496 Service Area patients discharged from an acute care hospital setting who were potentially suitable for inpatient rehabilitation. The applicant indicates that for this same period, only 520 patients were actually discharged from a CMR bed in TimberRidge's designated acute care service area. The applicant indicates that of these 520 adult CMR discharges, 439 (84.4 percent) were 65+. See the table below.

TimberRidge Service Area Resident CMR Discharges
Ages 18 and Older
12 Months Ending June 30, 2016(1)

ZIP Code Area	Ages 18-64	Ages 65-74	Ages 75+	Total 18+	Ages 65+
34481 Ocala	20	36	88	144	124
34476 Ocala(2)	8	20	59	87	79
34473 Ocala	11	14	15	40	29
34432 Dunnellon(3)	6	12	21	39	33
34474 Ocala	12	9	24	45	33
PSA Total	57	91	207	355	298
34442 Hernando	3	12	18	33	30
34431 Dunnellon	3	12	18	33	30
34482 Ocala	15	18	47	80	65
34434Dunnellon	3	7	9	19	16
SSA Total	24	49	92	165	141
Total Service Area	**81**	**140**	**299**	**520**	**439**

Source: CON application #10478, Vol. 1, page 51

(1) Due to an unintentional consequence of ICD10, rehab MS-DRGs 945 and 946 are no longer the only rehab codes used for discharges used for hospital based CMR unites to easily identify CMR unit patients. Therefore, the Applicant extrapolated hospital based CMR unit discharges for 12 months ending June 30, 2016 from (1) Seven Rivers Regional Medical Center CMR discharges by Service Area ZIP Code for 12 months ending June 30, 2016 and (2) actual hospital based CMR discharges by Service Area ZIP Code for 12 months ending June 30, 2015 for those who were discharged elsewhere.

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

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

The applicant further contends that of the 520 resident discharges in TimberRidge's designated acute care service area, 493 were discharged from a freestanding rehab hospital. The applicant asserts that there are many more residents from TimberRidge's designated acute care service area who seek rehabilitation at freestanding rehabilitation hospitals than hospital-based units. The applicant maintains that the unavailability of beds in the sole freestanding provider in Marion County illustrates the need for a hospital-based CMR unit in Marion County. See the table below.

TimberRidge Service Area Resident CMR Discharges from Hospital Based CMR Units Ages 18 and Older 12 Months Ending June 30, 2016

Service Area ZIP	Hospital Based CMR Unit Discharges		
	12 Months Ending June 30, 2014	12 Months Ending June 30, 2015	12 Months Ending June 30, 2016
34481 Ocala	4	2	0
34476 Ocala	2	0	0
34473 Ocala	2	0	0
34432 Dunnellon	3	3	3
34474 Ocala	0	1	1
PSA Total	11	6	4
34442 Hernando	14	12	6
34431 Dunnellon	4	5	5
34482 Ocala	0	0	0
34434Dunnellon	7	13	5
SSA Total	25	30	16
Total Service Area	**36**	**36**	**20**

Source: CON application #10478, Vol. 1, page 53

The applicant indicates that there is suppressed discharge rate per 1,000 population in TimberRidge's designated acute care service area to justify the proposed project. Per the applicant, this suppressed discharge rate is 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 4.24 CMR discharges per 1,000 adults in TimberRidge's designated acute care service area, with PSA residents having a slightly higher use rate (4.66 discharges per 1,000 adults) and SSA residents having a use rate of 3.54 per 1,000 adults. Correspondingly, the applicant points out that adults age 65+ have a discharge use rate of 8.69 CMR discharges per 1,000 adults age 65+ in TimberRidge's designated acute care service area, with PSA residents having a slightly higher use rate (8.84) and SSA residents having a use rate of 8.38 per 1,000 adults age 65+. Other use rates are shown for each identified age cohort. See the table below.

TimberRidge Service Area Resident CMR Discharge
Use Rate Per 1,000 Population
Ages 18 and Older
12 Months Ending June 30, 2016

ZIP Code Area	Ages 18-64	Ages 65-74	Ages 75+	Total 18+	Ages 65+
34481 Ocala	3.46	6.00	13.19	7.81	9.79
34476 Ocala	0.79	3.86	13.79	4.45	8.35
34473 Ocala	1.14	5.84	9.33	2.94	7.24
34432 Dunnellon	0.93	4.68	12.71	3.65	7.83
34474 Ocala	1.15	5.18	14.83	3.26	9.83
PSA Total	1.34	5.09	13.08	4.66	8.84
34442 Hernando	0.45	3.02	7.02	2.51	4.59
34431 Dunnellon	0.73	8.24	15.99	4.95	11.62
34482 Ocala	1.04	5.54	22.97	4.06	12.27
34434Dunnellon	0.64	5.02	8.93	2.68	6.66
SSA Total	0.81	4.86	13.64	3.54	8.38
Total Service Area	**1.12**	**5.01**	**13.25**	**4.24**	**8.69**

Source: CON application #10478, Vol. 1, page 54

The applicant asserts 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. The reviewer notes that District 3 experienced 81.69 percent utilization for fiscal year 15/16 the highest of any district in Florida, with a statewide average utilization rate of 69.56 percent. The applicant notes that compared to other counties where HealthSouth has hospitals, Marion County has the second lowest discharge use rate of older adults. The applicant provides a table below to reflect CMR discharge use rates per 1,000 population age 65+ by county for counties where HealthSouth operates compared to use rates in TimberRidge's designated acute care service area, PSA and SSA. The applicant emphasizes that Marion County on its own, reveals a much higher discharge use rate than TimberRidge's designated acute care service area. See the table below.

CMR Discharge Use Rate per 1,000 Population by County
Ages 65 and Older
12 Months Ending June 30, 2016

County/Area	Ages 65+	HealthSouth Rehab Hospital Beds	HealthSouth Occupancy Rates
PSA	**8.84**	--	--
SSA	**8.38**	--	--
Total Service Area	**8.69**	--	--
Bay	30.64	75	76.2%
Indian River	28.25	80	72.3%
Hernando	19.65	80	82.9%
Martin	16.64	44	98.4%
Leon	16.12	76	53.5%
Sarasota	13.59	96	81.7%
Broward	13.03	126	71.4%
Miami-Dade	11.37	60	77.8%
Marion without TR Acute Care Service Area	**11.25**	**50**	**95.4%**
Brevard	10.36	90	58.4%
Marion-Total	**9.90**	**50**	**95.6%**
Pinellas	8.63	70	78.0%

Source: CON application #10478, Vol. 1, page 55
Noted: Seminole County (i.e. HealthSouth Altamonte) is not listed as a HealthSouth market above because 12 months of utilization is not yet available.

According to the applicant, the above Marion County use rate should be higher and more 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 stresses that not normal circumstances as it relates to HealthSouth's capacity constraints is also a significant driver of suppressed use rates in TimberRidge's designated acute care service area and in Marion County. The applicant indicates that because there are no CMR beds in TimberRidge's designated acute care service area, west of I-75 and there are beds at HealthSouth Ocala east of I-75—a significant disparity in discharges exists 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.

CMR Discharge Use Rates per 1,000 Population
TimberRidge Service Area and Balance of Marion County
January 2016 Population and Discharges 12 Months Ending June 30, 2016

Age Cohort	TimberRidge Service Area	Marion County Without TimberRidge Service Area	Disparity in Use Rates
Ages 18 to 64	1.12	1.35	(0.23)
Ages 65 to 74	5.01	5.90	(0.89)
Ages 75+	13.25	17.78	(4.53)
Ages 65+	**8.69**	**11.25**	**(2.56)**

Source: CON application #10478, Vol. 1, page 57

The applicant compares TimberRidge's designated acute care service area with Sarasota County indicating that if residents of its designated acute care service area had equal access to Sarasota County, there would have been between 740 and 835 residents discharged from CMR beds during the 12 months ending June 30, 2016 (an increase of 95 cases). The applicant emphasizes that Sarasota County's inpatient rehabilitation landscape differs from Marion County, with two providers in Sarasota County—a freestanding hospital was well as a hospital-based unit. Below are two tables the applicant provides to depict the stated disparities in use rates between the TimberRidge's designated acute care service area and Sarasota County.

Population Comparison
TimberRidge Service Area and Sarasota County
January 1, 2016

Age Cohort	TimberRidge Service Area	Sarasota County
Ages 18 to 64	72,213	208,056
Ages 65 to 74	27,955	66,779
Ages 75+	22,571	63,548
Total 18+	122,739	338,383
Percent Age 65+	**41.2%**	**38.5%**
Percent Age 75+	**18.4%**	**18.8%**

Source: CON application #10478, Vol. 1, page 57

CMR Discharge Use Rates per 1,000 Population
TimberRidge Service Area and Sarasota County
January 2016 Population and Discharges 12 Months Ending June 30, 2016

Age Cohort	TimberRidge Service Area	Sarasota County	Disparity in Use Rates
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)
Ages 65+	**8.69**	**13.59**	**(4.90)**

Source: CON application #10478, Vol. 1, page 58

The applicant summarizes their presented 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—noting that HealthSouth Ocala does not contract with several major managed care plans in the area
- Geographic inaccessibility

- SRRMC closing its CMR unit in Citrus County
- Internal MRMC/TimberRidge[16] Demand
- Agency should have published need for 10 CMR beds District 3

Concerning 30-day readmission rates, the applicant indicates that for the 18 months ending June 30, 2016, MRMC realized 101 readmissions from HealthSouth Ocala or a readmission rate of 16.0 percent. See the table below.

HealthSouth 30 Day Readmissions to MRMC
18 Months Ending June 30, 2016

MRMC Readmissions from HealthSouth Ocala	101
MRMC Discharges to Rehab	632
HealthSouth Readmission Rate	**16.0%**

Source: CON application #10478, Vol. 1, page 67-Munroe Regional Medical Center, Agency Inpatient Data Tapes and NHA Analysis

The reviewer notes that the applicant provides a Medicare.gov printout (CON application #10478, Vol. 2, Tab 8) indicating that HealthSouth Rehabilitation Hospital of Ocala's rate of unplanned readmission after discharge was "worse than the national rate" with the national average being 13.06 percent. The reviewer also notes that this Medicare.gov printout is not dated and does not indicate a time period or date range for these conclusions. The applicant asserts that the benefit of TimberRidge Hospital having a hospital based CMR unit is access to acute medical care in-house. According to the applicant, 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".

Concerning financial inaccessibility, the applicant indicates that HealthSouth Ocala does not contract with Aetna, Cigna, Freedom or Optimum[17]. 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 a CMR hospital in the County. The applicant maintains that project approval would help to ensure access to inpatient rehabilitation for these patients who would otherwise be discharged to a less intensive rehab setting or discharged home. The applicant does not provide data to show how many residents that had these insurance plans sought care at HealthSouth—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. In addition, according to the Agency's Commercial Managed Care Unit, Aetna is a participating provider at HealthSouth

[16] The reviewer notes that TimberRidge is a proposed hospital that does not yet hold a CON nor is it a licensed acute care facility.
[17] Freedom is a specialty plan under the Optimum umbrella.

Rehabilitation Hospital of Marion County for both commercial and Medicare product lines but not for its Coventry line of business. In addition, the unit did confirm that Cigna does not contract with HealthSouth Rehabilitation Hospital of Marion County.

MHMAH states that based on the records sampled for CY 2016, MRMC discharges from MRMC to HealthSouth Ocala were denied in 46.1 percent of cases. The applicant indicates higher denial percentages among Medicare HMO, Medicaid, Medicaid HMO, charity and self-pay categories. See the table below.

Percent of MRMC Referrals to HealthSouth Ocala Who Were Denied Admission CY 2016

	Percent Denied to HealthSouth
Medicare	38.1%
Medicare HMO	78.8%
Medicaid	100.0%
Medicaid HMO	62.5%
Commercial	43.3%
Charity	60.0%
Self-Pay	75.0%
Government	0.0%
Workers Comp	0.0%
Total Percent Denied	**46.1%**

Source: CON application #10478, Vol. 1, page 69-Munroe Regional Medical Center and NHA Analysis

The reviewer notes that the applicant does not provide discharge planner records or summaries or other documentation to confirm the above stated admission denials to HealthSouth Rehabilitation Hospital of Ocala.

Concerning 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 I-75 can get almost everything they need and avoid ever having to travel east of I-75. The reviewer notes that HealthSouth Rehabilitation Hospital of Ocala is located east of I-75. The applicant also discusses miles and minutes from the proposed project to other District 3 CMR providers (CON application #10478, page 71 and 72).

Concerning SRRMC closing its CMR unit, the applicant indicates that in the 12 months ending June 30, 2014, SRMMC discharged 30 MS-DRGs (945 and 946), followed by 28 such discharges for the 12 months ending June 30, 2015 and 20 such discharges for the 12 months ending June

30, 2016. The applicant indicates that the above noted discharges were from TimberRidge's designated acute care service area. The reviewer notes that SRRMC, just like MRMC and the proposed TimberRidge Hospital, is a subsidiary of Community Health Systems, Inc. also known as Health Management Associates (HMA).

Concerning internal MRMC and TimberRidge Hospital demand for CMR services, the applicant indicates that for the 12 months ending June 30, 2016, MRMC indicates that 67 percent of its total CMS-13 criteria rehab appropriate discharges were not discharged to rehab and likewise, 63 percent rehab appropriate discharges who were residents of TimberRidge's designated acute care service were not discharged to rehab. The applicant considers that for this same time period, MRMC realized an unmet CMR demand of 779 cases and the TimberRidge's designated acute care service area realized an unmet CMR demand of 262 cases. In addition, the applicant also discusses internal demand for stroke rehabilitation (CON application #10478, pages 75 – 77). See the table below.

MRMC Unmet Demand for CMR
12 Months Ending June 30, 2016

	MRMC Total	MRMC's TimberRidge Service Area Cases
CMS-13 Criteria Rehab Appropriate Cases	1,187	417
Discharges to CMR	408	155
Unmet Demand	**779**	**262**
Percent not Discharged to Rehab	**67%**	**63%**

Source: CON application #10478, Vol. 1, page 75

The applicant expects to have limited impact on existing providers, indicating limited impact on the existing CMR provider in Marion County and no impact elsewhere in the district, for the reasons previously indicated. The applicant contends that alternatives are inappropriate for CMR patients and that other levels of care are not substitutes for CMR care. The applicant offers further discussion regarding the advantages of CMR over other levels of care (CON application #10478, pages 80 – 81). The applicant states 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 states application of two different 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 and two versions of restated discharge use rates per 1,000 population by age cohort. The applicant indicates a use rate of 8.69 (actual), 11.25 (Version 1) and a use rate of 13.59 (Version 2), for those age 65+. The applicant notes that version one use rates correlate to Marion County's use rate minus TimberRidge's designated acute care Marion County service area and version two correlates with Sarasota County's use rate. See the table below.

CMR Discharge Use Rates per 1,000 Population Comparison
TimberRidge Service Area, Rest of Marion County and Sarasota County
January 2016 Population and Discharges 12 Months Ending June 30, 2016

Age Cohort	Actual TimberRidge Service Area	Restated Version 1 Marion County Without TimberRidge Service Area	Restated Version 2 Sarasota County
Ages 18 to 64	1.12	1.35	1.28
Ages 65 to 74	5.01	5.90	6.36
Ages 75+	13.25	17.78	21.19
Ages 65+	**8.69**	**11.25**	**13.59**

Source: CON application #10478, Vol. 1, page 82

The applicant points out that the above restated discharge use rates per 1,000 population were applied to forecasted Claritas population in TimberRidge's designated 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 reviewer confirms the stated report and the estimated residential dwelling units and estimated population, as referenced.

Thea applicant offers total market discharges for methodology #1 of 616 (86.2 percent) for age 65+ patients in year one (CY 2020), increasing to 629 (86.5 percent) for the same age cohort in year two (CY 2021), increasing to 641 (86.6 percent) for the same age cohort in year three (CY 2022). The reviewer collapses the applicant's PSA and SSA estimates, showing only the total for TimberRidge's designated acute care service area estimates. See the table below.

TimberRidge Hospital Service Area Forecasted Market Discharges
Restated Based on Use Rate in Marion County without Service Area
CY 2020 – 2022

	Ages 18+	Ages 65+	Ages 65+ as Percent of Total
Year One: 2020			
Total	715	616	86.2%
Year Two: 2021			
Total	727	629	86.5%
Year Three: 2022			
Total	740	641	86.6%

Source: CON application #10478, Vol. 1, page 83

The applicant offers total market discharges for methodology #2 of 713 (88.5 percent) for age 65+ patients in year one, increasing to 727 (88.6 percent) for the same age cohort in year two and increasing to 742 (88.9 for the same age cohort in year three.

TimberRidge Hospital Service Area Forecasted Market Discharges
Restated Based on Sarasota County CMR Discharge Use Rate per 1,000 Population
CY 2020 – 2022

	Ages 18+	Ages 65+	Ages 65+ as Percent of Total
Year One: 2020			
Total	806	713	88.5%
Year Two: 2021			
Total	821	727	88.6%
Year Three: 2022			
Total	835	742	88.9%

Source: CON application #10478, Vol. 1, page 84

Regarding the full project (16 CMR beds), the applicant expects for TimberRidge Hospital to admit 207 patients in year one, followed by 275 in year two and 344 in the third year. In the following table, the applicant also provides, for each year, estimated patient days, ADC and occupancy rates. The ALOS (12.81) is expected to be the same for each of the three years. See the table below.

Timber Ridge Hospital 16-Bed CMR Unit
Forecasted Utilization
Years One Through Three

	Year One	Year Two	Year Three
Service Area Admission	166	220	275
In-Migration @ 20%	41	55	69
Total Forecasted Admissions	207	275	344
ALOS		12.81	
Patient Days	2,649	3,523	4,405
ADC	7.3	9.7	12.1
Occupancy Rate	45.5%	60.4%	75.4%

Source: CON application #10478, Vol. 1, page 85

Regarding the partial project (10 CMR beds), the applicant expects for TimberRidge Hospital to admit 193 patients in year one, followed by 227 in year two and in year three. See the table below.

Timber Ridge Hospital 10-Bed CMR Unit
Forecasted Utilization
Years One Through Three

	Year One	Year Two	Year Three
Service Area Admission	154	182	182
In-Migration @ 20%	39	45	45
Total Forecasted Admissions	193	227	227
ALOS		12.8	
Patient Days	2,472	2,908	2,908
ADC	6.8	8.0	8.0
Occupancy Rate	67.6%	79.9%	79.7%

Source: CON application #10478, Vol. 1, page 86

The reviewer notes that in no instance does the applicant document a case or cases of poor, substandard or adverse healthcare outcomes due to the current CMR options or rehabilitation alternatives in Marion County or in District 3 overall.

North Florida Regional Medical Center, Inc. (CON application #10479) contends that the following "not normal" circumstances justify approval of the proposed project, including but not limited to:

1. There are gaps between the age-adjusted rates of discharge from CMR beds among District 3 hospitals and the state as a whole, making it obvious that CMR is underutilized in District 3 and Subdistrict 3-2.
2. This shortfall in CMR utilization represents a suppressed demand that will help drive utilization of the 20-bed unit proposed at NFRMC. Thus, the proposal is unlikely to have a significant adverse impact on any existing provider.
3. Shands is not readily accessible to acute care patients discharged from NFRMC since it experiences high occupancies in its 40-bed facility and Shands discharges a much higher proportion of patients to CMR than NFRMC. NFRMC staff state that Shands gives priority to its own acute care discharges over patients from other hospitals when referring patients to its rehab facility.

4. Shands, at an acute care level, functions as a regional referral center—drawn from a wider than typical geographic area. Thus, when patients are discharged from Shands' acute care setting to its CMR facility, local patients from NFRMC must compete against patients from far flung areas for already-scarce CMR bed space. Shands' proportion of rehab discharges which are residents of Alachua County is, by far, the lowest in Florida, regardless of whether the CMR facility is acute care hospital based or freestanding. This phenomenon further complicates the ability of North Florida Regional's patients to access inpatient CMR services.
5. There has not been a published need for CMR beds in several years and because existing CMR providers can add beds via the CON exemption process, it is unlikely that there will be a net need for CMR beds projected anywhere in the state. This fact, coupled with the increasingly localized nature of CMR service delivery, constitutes a "not normal" circumstance.
6. An additional "not normal" circumstance arises due to the fact that CMR CON Rule 59C-1.039 has not been amended since 1995[18]. Thus, the rule does not account for the many subsequent changes in health care such as the Medicare reimbursement changes affecting CMR, more recent CMS policy changes, current medical literature nor the resultant changes in CMR service delivery away from the regional referral model and toward a more locally-based step-down model that the applicant contends emphasizes and enhances patient continuity of care.
7. 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 counties.

The reviewer notes that in "not normal" circumstances above, the applicant makes reference to CMR being underutilized in District 3 and Subdistrict 3-2. The reviewer also notes that in CON application #10479 (pages 11 – 12), the applicant states that in analyzing the utilization of CMR programs it is reasonable to do so at the acute care subdistrict level and also that the absence of published need at the district level does not does not automatically indicate a lack of need at the subdistrict level. The Agency recognizes that pursuant to Rule 59C-1.039, Florida Administrative Code and the Agency's semi-annual publication Florida Hospital Bed Need Projections and Service Utilization by District, CMR bed need, CMR service areas and the CMR bed need methodology are determined on a district, not a subdistrict, basis.

[18] The reviewer notes that a notice of development was published for amendments to 59C-1.039 Florida Administrative Code on August 5, 2016 with a second workshop requested by representatives of HCA. Notice of Proposed rule was published on March 16, 2017 with no public hearing requested for the proposed amendments. A final adoption packet of those amendments is currently circulating within the Agency and will be filed no later than June 14, 2017.

The reviewer notes that in "not normal" circumstance #5 above, the applicant comments on "…the increasingly localized nature of CMR service delivery" and in circumstance #6 above "…resultant changes in CMR service delivery away from the regional referral model and toward a more locally-based step-down model". The Agency recognizes Rule 59C-1.002(41), Florida Administrative Code which states, in part that comprehensive rehabilitation is a tertiary health service, defined in part as "…a health service which, due to its high level of intensity, complexity, specialized or limited applicability, and cost, should be limited to, and concentrated in, a limited number of hospitals, to ensure the quality, availability, and cost-effectiveness of such services".

NFRMC asserts that the unavailability of inpatient beds at Shands creates an accessibility problem for the growing population of Subdistrict 3-2 (Alachua, Bradford, Dixie, Gilchrist, Lafayette, Levy and Union Counties) and constitutes a not normal circumstance. Additionally, the applicant contends that the Agency has been receptive to CMR need arguments based upon "not normal" and/or unique local circumstances, despite publication of no need at a regional or tertiary level. The applicant states and the reviewer confirms that CMR proposals in the last five years were approved by the Agency in the absence of published need for a new CMR program.

NFRMC emphasizes that clinical continuity of care is of primary importance to the patient and that this proposal would result in patients having the direct benefit of having the same physicians manage their medical care in conjunction with a rehabilitation physician. NFRMC further emphasizes that clinical continuity is a distinct advantage to the patient. NFRMC points out that the proposed project will allow for the shortest amount of time between discharge from acute care and admission to the program. NFRMC also points out that elderly patients in particular (which the applicant anticipates will be the majority of patients for the proposed project) are often likely to choose a facility that is proximate to home even if the service is not optimal to their needs. Per NFRMC, to go elsewhere is a burden to the family and is unfamiliar.

Stating the use of the Agency Discharge Data Set for the 12 months ending September 2015, NFRMC contends that age-adjusted inpatient CMR utilization in District 3 lags behind other areas of the state. NFRMC indicates that District 3 ranked fifth out of 11 districts in total number of resident adult CMR discharges during the referenced time period. See the table below.

CMR Discharges by Age and District of Residence
October 2014 – September 2015

District	15-64	65+	Total
1	357	628	985
2	762	1,916	2,678
3	1,024	3,285	4,309
4	1,291	2,396	3,687
5	936	2,506	3,442
6	1,029	1,994	3,023
7	1,195	2,183	3,378
8	915	3,596	4,511
9	1,336	4,478	5,814
10	1,776	4,740	6,516
11	1,750	4,984	6,734
Unknown	683	1,632	2,315
	13,054	**34,338**	**47,392**

Source: CON application #10479, Vol. 1, page 20, Table 1

The reviewer notes that the applicant does not offer the MS-DRGs selected in arriving at the above table. The reviewer further notes that more recent Florida Center for Health Information and Transparency inpatient hospital discharge data was available to generate the above table. However, NFRMC does not offer an explanation for why older data was selected. In addition, the reviewer notes that during the 12-month period ending June 30, 2016, District 3's 208 licensed CMR beds experienced 81.69 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.

NFRMC indicates that to make comparisons more meaningful, the volume must be adjusted by population size. Using Office of the Governor population estimates from April 1, 2015, NFRMC states the provision of age-specific population estimates and "total populations" for Florida's 11 districts. The reviewer notes that the applicant's table addresses the age 15+ population by district and not the "total populations". See the table below.

Adult Population by District
April 1, 2015*

District	15-64	65+	Total 15+
1	471,926	111,418	583,343
2	508,048	107,330	615,378
3	1,014,166	413,482	1,427,648
4	1,316,806	338,863	1,655,669
5	884,025	318,739	1,202,764
6	1,553,762	412,346	1,966,108
7	1,731,273	351,168	2,082,441
8	961,199	457,231	1,418,429
9	1,217,536	457,556	1,675,092
10	1,196,974	285,885	1,482,859
11	1,823,160	409,439	2,232,599
Unknown	--	--	--
	12,678,873	**3,663,454**	**16,342,327**

*Values are straight-line interpolation between published January and July estimates
Source: CON application #10479, Vol. 1, page 21, Table 2

According to NFRMC, the stated lag in inpatient CMR utilization in District 3 becomes apparent when use rates are compared among districts and to Florida as a whole—calculating for the 12 months ending September 2015, the average rate of inpatient CMR discharges in Florida as 103.0 per 100,000 population as well 937.7 per 100,000 for the 65+ population. The applicant stresses that for the same time period, District 3's rate was 101.0 and 794.5 per 100,000, respectively and that by these measures the residents of District 3 receive fewer CMR services "than the typical Floridian". See the table below.

Adult CMR Discharge Rate by District of Residence
Per 100,000 Population
October 2014 – September 2015

District	15-64	65+	Total 15+
1	75.6	563.6	168.9
2	150.0	1,785.1	435.2
3	101.0	794.5	301.8
4	98.0	707.1	222.7
5	105.9	786.2	286.2
6	66.2	483.6	153.8
7	69.0	621.6	162.2
8	95.2	786.5	318.0
9	109.7	978.7	347.1
10	148.4	1,658.0	439.4
11	96.0	1,217.3	301.6
Unknown	n/a	n/a	n/a
Florida	**103.0**	**937.3**	**290.0**

Source: CON application #10479, Vol. 1, page 22, Table 3

The reviewer notes that according to the applicant's table above, for District 3's total 15+ population, the CMR discharge rate is 301.8 which is higher than Florida's overall 15+ CMR discharge rate of 290.0. The reviewer also notes that again according to the applicant's table above, for District 3's total 65+ population, the CMR discharge rate is 794.5 which is lower than Florida's overall 65+ CMR discharge rate of 937.7.

Therefore, the reviewer observes that according to the applicant's table, only a segment of District 3's population (the 65+ population) experienced a lower CMR discharge rate and not the residents of District 3 overall, who actually realized a higher CMR discharge rate than Florida overall.

NFRMC states an expectation to primarily serve patients being discharged from the acute care setting within Subdistrict 3-2, but also from other adjacent subdistricts without any licensed or CON-approved CMR beds, particularly Columbia, Hamilton, Putnam and Suwannee Counties.

NFRMC provides a table (CON application #10479, page 24, Table 4) to account for population by age cohorts (15-64, 65+ and total 15+), for each county and for each subdistrict in District 3. According to NFRMC, as shown in the table, focusing solely on the older population (ages 65+), Subdistrict 3-2 (Alachua, Bradford, Dixie, Gilchrist, Lafayette, Levy and Union Counties) is the third largest after Subdistrict 3-4 (Marion County) and Subdistrict 3-7 (Lake and Sumter Counties), with Subdistrict 3-2 totaling nearly 62,000 persons age 65+. NFRMC contends that this is significant because persons 65+ are the most intensive users of CMR services (as measured by the rates of resident inpatient CMR discharges by age group). In addition, the reviewer notes that utilizing the applicant's table the median for the state is 301.6, 786.5 for the 65+ population and 98.0 for the 15-64 population. District 3 is above the median in all three categories.

NFRMC's next table addresses CMR utilization (occupancy rates and patient days) in District 3 for the 12 months ending June 30, 2016 (CON application #10479, page 25, Table 5) and historical CMR utilization (occupancy rates and patient days) at UF Health Shands Rehab Hospital for each quarter beginning July 2011 and ending June 2016 (CON application #10479, page 26, Table 6). These two tables are relatively consistent with the first table shown in item E.1.b of this report (with the exception of patient days which are not shown in the earlier item E.1.b table of this report). NFRMC discusses UF Health Shands Rehab Hospital's historically high occupancy rates. NFRMC contends that any solution to address the facility's historically high occupancy rates may be short-lived. According to NFRMC, the unavailability of inpatient CMR beds at Shands creates an accessibility problem for the growing population of Subdistrict 3-2 and constitutes a not normal circumstance. The reviewer notes that as previously indicated in item E.1.a of this report, Volume 43, Number 13 of the Florida Administrative Register, dated January 20, 2017, indicated a fixed need pool of zero beds was published for CMR beds for District 3 for the July 2022 planning

horizon. Therefore, the Agency notes that the applicant's contention that there is a chronic shortage of CMR beds across District 3 generally is not supported by the most recent publication of the fixed need pool.

NFRMC emphasizes that further evidence of the unavailability of CMR beds is demonstrated when comparing all Subdistrict 3-2 acute care hospitals based upon the percentage of acute care discharges of subdistrict adult residents to the CMR setting, using Agency Discharge Data for the 12 months ending June 30, 2016. See the table below.

Percent Acute Care Adult Discharges to CMR
Subdistrict 3-2 Acute Care Hospital
July 2015 – June 2016

Hospital	Discharges		
	to CMR	Percent to CMR	Acute Total
UF Health Shands Hospital	658	4.3%	15,328
Regional General Williston	7	3.8%	186
North Florida Regional	191	1.2%	15,361
Lake Butler Hospital	0	0.0%	18
Shands Starke RMC	0	0.0%	1,063
Total	**856**	**2.7%**	**31,956**

Source: CON application #10479, Vol. 1, page 27, Table 7

The reviewer notes that three of the five hospitals designated above are statutory rural hospitals and two of the five are critical access hospitals. NFRMC stresses that the highest proportion of adult acute discharges to CMR is over 4.0 percent at Shands, compared to a subdistrict average of 2.7 percent. NFRMC also stresses that three of the five subdistrict acute care hospitals fall below this average, including NFRMC at 1.2 percent, less than one-third the level for Shands. NFRMC points out that UF Health Shands Rehab Hospital is the only District 3 CMR providers located in geographic proximity to residents of Subdistrict 3-2.

The applicant emphasizes that UF Health Shands Rehab Hospital is the primary provider of inpatient CMR services to the counties designated as acute care Subdistrict 3-2. Utilizing the Agency Discharge Data Set for the 12 months ending September 2015, NRFRMC indicates Subdistrict 3-2 adult resident rehabilitation discharges by hospital. See the table below.

Subdistrict 3-2 Adult Resident Rehab Discharges
October 2014 – September 2015

Facility	Discharges	Percent Share
UF Health Shands Rehab Hospital	506	81.5%
HealthSouth Rehab Hospital of Ocala	40	6.4%
Brooks Rehabilitation Hospital	32	5.2%
Seven Rivers Regional Medical Center	22	3.5%
Holy Cross Hospital	6	1.0%
HealthSouth Rehab Hospital of Tallahassee	4	0.6%
HealthSouth Rehab Hospital of Miami	2	0.3%
Delray Medical Center	1	0.2%
Florida Hospital Oceanside	1	0.2%
Halifax Health Medical Center	1	0.2%
HealthSouth Emerald Coast Rehab Hospital	1	0.2%
HealthSouth Rehab Hospital of Largo	1	0.2%
Jackson North Medical Center	1	0.2%
Largo Medical Center-Indian Rocks	1	0.2%
Tampa General Hospital	1	0.2%
West Gables Rehabilitation Hospital	1	0.2%
Subdistrict Total	**621**	**100.0%**

Source: CON application #10479, Vol. 1, page 28, Table 8

The reviewer notes that more recent Florida Center for Health Information and Transparency inpatient hospital discharge data was available to generate the above table. However, NFRMC does not offer an explanation for why older data was selected.

Based on the table above, NFRMC contends that UF Health Shands Rehab Hospital has "near-monopoly status" in CMR discharges among residents of the counties designated as acute care subdistrict, with no other single provider having more than 40 total CMR discharges compared to UF Health Shands Rehab Hospital's 506 CMR discharges. NFRMC asserts and the reviewer confirms that patients in Alachua County in need of CMR primarily receive it locally.

On a statewide basis, NFRMC indicates that using the Agency Discharge Data Set for the 12 months ending September 2015, statewide, CMR discharges occurring from the resident home county was at a median of 81 percent (among acute care hospital-based CMR programs) and was at a median of 79 percent (among freestanding CMR programs). NFRMC contends that Shands is, "a glaring exception to the above rule", stating that according to Agency discharge data, only 39 percent of its rehab discharges are residents of Alachua County and that further, only 53 percent of its rehab discharges are residents of Subdistrict 3-2. NFRMC concludes that this phenomenon further complicates the ability of North Florida Regional's patients to access inpatient CMR services.

NFRMC discusses inpatient alternatives to CMR services (CON application #10479, pages 31 – 33) 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. NFRMC indicates two 2008 studies and one 2014 study (CON application #10479, Vol. 2, Tab 5) 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
  - For five of 13 conditions, CMR patients experienced significantly fewer hospital readmissions per year than SNF patients

NFRMC notes that for year one (2020), acute care Subdistrict 3-2 (a subsection of District 3) will realize a total of 4,213 CMR discharges with an "ALOS" total of 13.24 and a total discharge rate of 290.0. For year two (2021), NFRMC forecasts that acute care Subdistrict 3-2 will realize a total of 4,512 discharges with the same ALOS (13.24) using the same discharge rate (290.0). See the tables below.

Expected Versus Actual CMR Discharges in the Subdistrict
Forecast Year 2020

	15-64	65+	Total
Discharge Rate	103.0	937.3	290.0
3-2 Population (7/2020)	270,677	69,685	340,362
Projected Discharges	279	653	932
Actual Discharges (2014-15)	249	372	621
Projected-Actual	30	281	311
ALOS	12.64	13.64	13.24
Projected Pt Days	3,526	8,909	12,435
Actual Pt Days	3,147	5,075	8,222
Expected-Actual	379	3,834	4,213

Source: CON application #10479, Vol. 1, page 35, Table 10

Expected Versus Actual CMR Discharges in the Subdistrict
Forecast Year 2021

	15-64	65+	Total
Discharge Rate	103.0	937.3	290.0
3-2 Population (7/2021)	271,985	71,870	343,855
Projected Discharges	280	674	954
Actual Discharges (2014-15)	249	372	621
Projected-Actual	31	302	333
ALOS	12.64	13.64	13.24
Projected Pt Days	3,539	9,195	12,734
Actual Pt Days	3,147	5,075	8,222
Expected-Actual	392	4,120	4,512

Source: CON application #10479, Vol. 1, page 36, Table 11

NFRMC maintains that a hospital based CMR unit should be able to avoid unnecessary readmissions to a greater extent than existing options 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. The applicant forecasts that for the proposed 20-bed project, for year one (2020) NFRMC will realize 365 discharges, 4,839 patient days, an ADC of 13.3 and occupancy of 66.3 percent. The applicant also forecasts that for year two (2021) NFRMC will realize 441 discharges, 5,838 patient days, an ADC of 16.0 and occupancy of 80.0 percent. The reviewer notes that the applicant forecasts that it will treat 65 percent of historic discharges and 64 percent of historic patient days as presented by the applicant for residents of acute care Subdistrict 3-2. See the tables below.

NFRMC Forecast CMR Utilization
CY 2020

Service Area	Discharges	Base Capture Rate	28%	174
		Incremental Capture Rate	28%	87
	Total Subdistrict 3-4* Discharges			261
	Days	ALOS	13.24	3,455
	ADC			9.5
Out of Area	Discharges	Percent	28.6%	104
	Days	Percent	28.6%	1,384
	ADC			3.8
Program Total	Discharges			365
	Days			4,839
	ADC			13.3
	Occupancy	Beds	20	66.3%

Source: CON application #10479, Vol. 1, page 38, Table 12

NFRMH Forecast CMR Utilization
CY 2021

Service Area	Discharges	Base Capture Rate	33%	205
		Incremental Capture Rate	33%	110
	Total Subdistrict 3-4** Discharges			315
	Days	ALOS	13.24	4,168
	ADC			11.4
Out of Area	Discharges	Percent	28.6%	126
	Days	Percent	28.6%	1,670
	ADC			4.6
Program Total	Discharges			441
	Days			5,838
	ADC			16.0
	Occupancy	Beds	20	80.0%

Source: CON application #10479, Vol. 1, page 39, Table 13
Note: * and ** indicate "Subdistrict 3-4" (Marion County). The reviewer notes that CON application #10479 seeks to establish a new CMR program at NFRMC (located in Alachua County, Subdistrict 3-2).

Regarding impact on other District 3 providers, NFRMC again reiterates that other than UF Health Shands Rehab Hospital, none of the other CMR providers in District 3 are located in acute care Subdistrict 3-2. The applicant discusses driving times and driving miles from the applicant's proposed site to the remaining District 3 CMR providers. NFRMC contends that the proposed project is based on the assumption that a CMR unit at NFRMC will help increase the proportion of acute care patients discharged to CMR, bringing NFRMC's experience, more in line with statewide norms and that this will minimize any impact on existing providers. The reviewer notes that the applicant forecasts that it will treat 65 percent of historic discharges and 64 percent of historic patient days according to the data presented by the applicant—redirecting more than 50 percent of discharges to the proposed unit. In addition, the applicant forecasts 28.6 percent of discharges (more than one in four) will be from out of area for a service that according to the applicant is "increasingly localized".

The reviewer notes that in no instance does the applicant document a case or cases of poor, substandard or adverse healthcare outcomes due to the current CMR options or rehabilitation alternatives in Alachua County or in District 3 overall.

Shands Teaching Hospital and Clinics, Inc., (CON application #10480) points out that the proposed project is the relocation of the existing 40-bed licensed UF Health Shands Rehab Hospital from its existing location at 4101 NW 89th Boulevard, Gainesville, Florida (32606) to a new 40-bed licensed location at 2708 Archer Road, Gainesville, Florida (32608). The applicant further points out that no new beds are proposed to be added via this relocation CON application. STHC

emphasizes that the need for additional beds or the lack of need for additional beds is not applicable to this project.

STHC states that a review of historical utilization of the UF Health Shands Rehab Hospital shows that the hospital is adequately and appropriately utilized with utilization over the past three years ranging from an 84 percent to 86 percent occupancy level. See the table below.

UF Health Shands Rehab Hospital
Annual Occupancy Levels – CY 2014 to 2016

	CY 2014	CY 2015	CY 2016
Beds	40	40	40
Patient Days	12,472	12,308	12,571
Occ. Percent	85%	84%	86%

Source: CON application #10480, page 17

The reviewer notes that the applicant does not offer a data source for the table above. A review of UF Health Shands Rehab Hospital total occupancy rates for the five years ending June 30, 2016 is available in the first table in item E.1.b of this report.

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.

CON applications #10477, #10478 and #10479 state intent to operate their respective proposed CMR program under license as a general hospital. **CON application #10480** proposes to operate its proposed relocated facility as a specialty hospital.

Marion Community Hospital, Inc. d/b/a Ocala Regional Medical Center and West Marion Community Hospital (CON application #10477) states that the proposed unit will be located at WMCH, licensed as a general hospital.

Munroe HMA Hospital, LLC d/b/a Munroe Regional Medical Center (CON application #10478) does not respond directly to this rule. However, the applicant has indicated that the proposed project is to be located at TimberRidge Hospital (CON approved but not issued #10449).

North Florida Regional Medical Center, Inc. (CON application #10479) states that the proposed unit will be located at NFRMC, licensed as a general hospital.

Shands Teaching Hospital and Clinics, Inc. (CON application #10480) indicates that the proposed project is the relocation of the existing 40-bed licensed UFHSRH from its existing location at 4101 NW 89th Boulevard, Gainesville, Florida (32606) to a new 40-bed licensed location at 2708 Archer Road, Gainesville, Florida (32608).

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

Marion Community Hospital, Inc. d/b/a Ocala Regional Medical Center and West Marion Community Hospital (CON application #10477) indicates that the proposed project calls for the buildout of the fifth floor of WMCH currently under construction as part of an existing project.

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 rooms will have an accessible toilet and shower
- One negative pressure isolation patient room will be included

The applicant indicates 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. The reviewer notes that page one of three of Schedule 9 is not included in CON application #10477.

Munroe HMA Hospital, LLC d/b/a Munroe Regional Medical Center (CON application #10478) does not respond directly to this rule. However, the applicant has indicated that the proposed project is to be located at TimberRidge Hospital (CON approved but not issued #10449).

North Florida Regional Medical Center, Inc. (CON application #10479) indicates that inpatient rehabilitation service at NFRMC will be provided in a separately organized unit. According to the applicant, the proposed project calls for renovation of the existing sixth floor. The reviewer notes that per CON application #10479, Schedule 9, the proposed project involves 24,505 GSF of new construction (with no renovated space).

The applicant states the following programmatic-based features:

- An 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

The applicant indicates 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.

Shands Teaching Hospital and Clinics, Inc. (CON application #10480) does not respond directly to this criterion. However, the reviewer notes that the proposed project is the relocation of the existing 40-bed licensed UFHSRH from its existing location at 4101 NW 89th Boulevard, Gainesville, Florida (32606) to a new 40-bed licensed location at 2708 Archer Road, Gainesville, Florida (32608). Therefore, this rule criterion is met.

(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.

Marion Community Hospital, Inc. d/b/a Ocala Regional Medical Center and West Marion Community Hospital (CON application #10477) proposes a 30-bed unit.

Munroe HMA Hospital, LLC (CON application #10478) proposes a full award (a 16-bed unit) or a partial award (a 10-bed) unit and does not respond to this rule directly.

North Florida Regional Medical Center, Inc. (CON application #10479) proposes a 20-bed unit.

Shands Teaching Hospital and Clinics, Inc. (CON application #10480) proposes to relocate an existing 40-bed CMR facility to a new 40-bed CMR facility.

(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.

Marion Community Hospital, Inc. d/b/a Ocala Regional Medical Center and West Marion Community Hospital (CON application #10477) states 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 project. The applicant states that the unit will be a provider-based unit for reimbursement purposes.

A table of the applicant's payer mix, by total discharges and percentage discharges, for year one and year two of operations, is shown in item E.3.g of this report.

Munroe HMA Hospital, LLC d/b/a Munroe Regional Medical Center (CON application #10478) does not respond directly to this criterion. However, the applicant has previously stated participation in the Medicare and Medicaid programs and will do so at the proposed program.

North Florida Regional Medical Center, Inc. (CON application #10479) states it currently participates in the Medicare and Medicaid programs in its existing acute care operations and will continue to do so in the proposed project. The applicant states that the unit will be a provider-based unit for reimbursement purposes.

A table of the applicant's payer mix, by total discharges and percentage discharges, for year one and year to of operations, is shown in item E.3.g of this report.

Shands Teaching Hospital and Clinics, Inc. (CON application #10480) responds to this criterion on page 19 of the application. The reviewer notes that this proposal is not to establish a new CMR service but rather to provide an existing CMR service at a different location. STHC maintains that both UFHSRH and UF Health Shands Hospital currently participate in the Medicare and Medicaid programs and will continue to do so once the proposed project is relocated to its new site.

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 physiatrist and has had at least two years of experience in the medical management of inpatients requiring rehabilitation services.

Marion Community Hospital, Inc. d/b/a Ocala Regional Medical Center and West Marion Community Hospital (CON application #10477) states that the proposed project at WMCH will be operated under the direct medical supervision of a board certified physical medicine and rehabilitation specialist (physiatrist). The applicant anticipates recruiting a physician for this position and will be assisted by the corporate physician recruitment office. The applicant offers a bulleted list of seven roles of this physician (CON application #10477, Vol. 1, page 44). Also, the reviewer notes an Ocala Health policy/procedure (Policy Number HR-03-5), subject: Staff Recruitment, with an effective date of 10/1/95 (CON application #10477, Vol. 2, Tab 9).

The applicant indicates that it will utilize the services of physicians who have expertise and specialized focus in the areas of geriatric medicine, neurology, orthopedics, cardiology/cardiovascular surgery, pulmonology, urology, oncology and neurosurgery. The applicant further discusses the Centers for Medicare and Medicaid Services (CMS) Case Mix Index and this index's application in the provision of CMR services.

Munroe HMA Hospital, LLC d/b/a Munroe Regional Medical Center (CON application #10478) indicates that the Medical Director of Rehabilitation will consult with 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. Further, the applicant states that the Medical Director will attend to all patients admitted to the unit which will promote continuity of care and 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.

North Florida Regional Medical Center, Inc. (CON application #10479) states that the proposed program will be operated under the direct medical supervision of a board certified physical medicine and rehabilitation specialist (physiatrist). The applicant anticipates recruiting a physician for this position and will be assisted by the corporate physician recruitment office. NFRMC offers a bulleted list of seven roles of this physician (CON application #10479, Vol. 1, page 46). Also, the reviewer notes an HCA Rehabilitation Service Policy and Procedure (Reference Number: REH PAT.001), subject: Medical Direction (stated to clearly define the role of the medical director of the rehab unit who will oversee the rehabilitation of all patients admitted to the rehab unit), with no effective date shown (CON application #10479, Vol. 2, Tab 7). Additionally, the reviewer notes an HCA Rehabilitation Services acute rehab job description for a Program Director (CON application #10479, Vol. 2, Tab 6). The reviewer further notes that this job description indicates under qualification, "Masters Degree or equivalent in healthcare administration or related field, desired".

MCH states intent to involve the services of physicians who have expertise and specialized focus in the areas of geriatric medicine, neurology, orthopedics, cardiology/cardiovascular surgery, pulmonology, urology, oncology and neurosurgery. The applicant further discusses the CMS Case Mix Index and this index's application in the provision of CMR services.

Shands Teaching Hospital and Clinics, Inc. (CON application #10480) states that UF Health Shands Rehab Hospital's Medical Director is Wilda Murphy, MD. The reviewer notes a letter of support from Dr. Murphy. According to the applicant, Dr. Murphy

has been providing rehabilitation care at UFHSRH since 2005, has been the hospital's medical director since 2012 and will continue to be the medical director at the proposed location. The applicant provides Dr. Murphy's curriculum vitae (CV) in Appendix 6 of the application. STHC maintains that Dr. Murphy is board-certified in Physical and Rehabilitation Medicine (a board-certified physiatrist) with more than 10 years of experience in providing the medical management of inpatients requiring rehabilitation services.

The reviewer notes that according to the Florida Department of Health license verification website at https://appsmqa.doh.state.fl.us/MQASearchServices/HealthcareProviders/LicenseVerification?LicInd=88192&ProCde=1501, as of May 10, 2017, Wilda Murphy, MD has a clear and active license to practice medicine in Florida. This same source also indicates that Dr. Murphy holds staff privileges at UFHSRH (among other facilities) and is board certified in Physical Medicine and Rehabilitation by the American Board of Physical Medicine and Rehabilitation. The reviewer also notes that according to her CV, Dr. Murphy meets the requirement of having had at least two years of experience in the medical management of inpatients requiring rehabilitation services.

STHC stresses that in addition to Dr. Murphy, there are two additional board certified physiatrists on active staff as well as six Family Medicine physicians and two rehabilitation psychologists. The reviewer notes that the applicant names these practitioners but does not provide respective CVs for them. The applicant provides a bulleted list of 12 services that the applicant indicates are examples of common physician support services provided to inpatient rehabilitation patients (CON application #10480, page 20).

(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 therapy**
5. **Social services**
6. **Psychological services**
7. **Orthotic and prosthetic services**

Marion Community Hospital, Inc. d/b/a Ocala Regional Medical Center and West Marion Community Hospital (CON application #10477) lists the following services:

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

The applicant indicates that additional personnel will be provided based on patient need such as:

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

According to the applicant, all of the identified services are currently available to patients at WMCH with the exception of rehabilitation nursing. The reviewer notes that the applicant provides an in-depth narrative description of each of the bulleted services listed above (CON application #10477, Vol. 1, pages 46-50 and on pages 60-63).

Munroe HMA Hospital, LLC d/b/a Munroe Regional Medical Center (CON application #10478) maintains 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 to 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 Hospital's operational plan. The reviewer notes that applicant provides a narrative description of each of the bulleted services listed above (CON application #10478, Vol. 1, pages 91 – 94).

North Florida Regional Medical Center, Inc. (CON application #10479) lists the following services:

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

NFRMC indicates additional personnel to be provided based on patient need are:

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

According to NFRMC, all of the identified services are currently available to patients at NFRMC with the exception of rehabilitation nursing. The reviewer notes that NFRMC provides an in-depth narrative description of each of the bulleted services listed above (CON application #10479, Vol. 1, pages 48–52 and on pages 62-65).

Shands Teaching Hospital and Clinics, Inc. (CON application #10480) indicates that as an existing comprehensive provider of inpatient medical rehabilitation services, UFHSRH currently directly provides each of these services except for orthotic and prosthetic services, "which are 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 in provided in CON application #10480. According to STHC, this same mix of services and therapies will also be available at the new location.

STHC emphasizes that the patient services currently available at the existing facility and to be provided at the Archer Road 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

STHC indicates that in addition to all of the patient service resources listed above which are directly provided by UFHSRH, the hospital also has, "existing 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 #10480.

STHC provides a matrix to describe UFHSRH professional patient care staff roles and responsibilities and additionally provides 12 bulleted degrees or certifications held by the hospital's staff - including certification as a rehabilitation registered nurse and a UFHSRH organizational chart (CON application #10480, page 22-24).

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, co-batched **CON applications #10477, #10478 (and CON #10478P) and #10479** propose projects that are outside the fixed need pool. **CON application #10480** is a proposed replacement project described in item E.1.b of this report that would not add CMR beds to the Agency CMR inventory. **CON application #10480** does not propose new or expanded CMR inpatient services, only the relocation of 40 licensed CMR beds from one location to a new location within Alachua County, District 3.

(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 June 30, 2016), the average annual District 3 occupancy rate for the 208 CMR beds was 81.69 percent.

Marion Community Hospital, Inc. d/b/a Ocala Regional Medical Center and West Marion Community Hospital (CON application #10477) does not respond directly to this criterion but does state in the application that the project is based on not normal circumstances.

Munroe HMA Hospital, LLC d/b/a Munroe Regional Medical Center (CON application #10478) reiterates its contention that (for this batching cycle) the Agency incorrectly published an adjusted net bed need of zero CMR beds but should have published need for 10 CMR beds in District 3 based on excessive occupancy. The applicant maintains that the Agency erroneously reduced the net need to zero when occupancy in the district was 81.7 percent during the relevant period. The reviewer notes that the Agency did not receive any notices of error of the fixed need pool for District 3, or any district for CMR, pursuant to 59C-1.008 (2) (a), Florida Administrative Code.

The applicant notes the number of licensed CMR beds and approved CMR beds in District 3 as of January 17, 2017. Additionally, MHMAH repeats that District 3 has excessive occupancy rates and had the highest CMR occupancy rate of all 11 districts during the 12 months ending June 30, 2016. The reviewer previously confirmed District 3's highest CMR total occupancy rate compared to any other district statewide for the referenced period.

North Florida Regional Medical Center, Inc. (CON application #10479) does not respond directly to this criterion but does state in the application that the project is based on not normal circumstances.

Shands Teaching Hospital and Clinics, Inc. (CON application #10480) reiterates that proposed project is the relocation of the existing 40-bed licensed UF Health Shands Rehab Hospital from its existing location at 4101 NW 89th Boulevard, Gainesville, Florida (32606) to a new 40-bed licensed location at 2708 Archer Road, Gainesville, Florida (32608). The applicant further points out that no new beds are proposed to be added via this relocation CON application. STHC emphasizes that the need for additional beds or the lack of need for additional beds is not applicable to this project.

(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 co-batched **CON applications #10477, #10478 or #10479** participated in the disproportionate share hospital (DSH) program in state fiscal year (SFE) 2016-2017 or in the Low Income Pool (LIP) Payment Program. However, for this same period, **CON application #10480** affiliate UF Health Shands Hospital participated in the LIP Payment Program, with a year-to-date (as of March 28, 2017) and a total annual allocation of $63,152,642, according to the Agency's Office of Medicaid Program Finance.

Marion Community Hospital, Inc. d/b/a Ocala Regional Medical Center and West Marion Community Hospital (CON application #10477) states that the proposed premise for the proposed project, WMCH, is not a DSH provider. This is confirmed by the reviewer for SFE 2016-2017.

Munroe HMA Hospital, LLC d/b/a Munroe Regional Medical Center (CON application #10478) states that the applicant is a DSH provider. This is not confirmed by the reviewer for SFE 2016-2017. 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. The reviewer notes that specifically, the applicant indicates that the proposed CMR unit will provide care to Medicaid, Medicaid HMO and indigent patients who would otherwise have no access to CMR services.

North Florida Regional Medical Center, Inc. (CON application #10479) states that NFRMC is not a DSH provider. This is confirmed by the reviewer for SFE 2016-2017.

Shands Teaching Hospital and Clinics, Inc. (CON application #10480) affiliate UF Health Shands Hospital participated in the LIP Payment Program, with a year-to-date (as of March 28, 2017) and a total annual allocation of $63,152,642, according to the Agency's Office of Medicaid Program Finance.

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

Marion Community Hospital, Inc. d/b/a Ocala Regional Medical Center and West Marion Community Hospital (CON application #10477) proposes to provide care to Medicaid-eligible persons. The applicant conditions approval of CON application #10477 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.

Munroe HMA Hospital, LLC d/b/a Munroe Regional Medical Center (CON application #10478) proposes that TimberRidge Hospital will care for all patients regardless of their ability to pay. The applicant conditions approval of

CON application #10478 upon providing a minimum of nine percent of its inpatient days to Medicaid, Medicaid HMO, charity care, self-pay and underinsured patients on an annual basis.

North Florida Regional Medical Center, Inc. (CON application #10479) proposes to provide care to Medicaid-eligible persons. The applicant conditions approval of CON application #10479 upon providing a minimum of 4.0 percent of its annual CMR discharges to the combination of Medicaid, Medicaid HMO and self-pay/other (including charity) patients.

Shands Teaching Hospital and Clinics, Inc. (CON application #10480) maintains that UFHSRH currently serves Medicaid eligible persons at a rate, "well above other area providers" and states that it will continue to do so at the new facility. The applicant conditions approval of CON application #10480 to provide 4.6 percent of patient days to Medicaid recipients. The reviewer confirms that UF Health Shands Rehab Hospital is currently conditioned to provide 4.6 percent patient days to Medicaid recipients, pursuant to CON #2872.

(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/trauma-system/_documents/raumacenterlisting2016.pdf, last updated July 29, 2016, Shands Teaching Hospital and Clinics, Inc., is the designated premise with a Level I Trauma Center and that ORMC is the designated premise with a Level II Trauma Center. Neither of these premises where the proposed projects will be located nor the remaining two co-batched applicants (CON applications #10478 or #10479) have trauma center designations.

Marion Community Hospital, Inc. d/b/a Ocala Regional Medical Center and West Marion Community Hospital (CON application #10477) states and the reviewer confirms that ORMC holds a 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 applicant notes trauma centers treat the most seriously injured patients in their respective service areas and in turn generate substantial volumes of patients who subsequently require inpatient CMR in order to achieve their highest potential level of recovery and physical

function. The reviewer notes that any trauma patients admitted to ORMC would then need to be transferred and admitted as a CMR patient to WMCH.

Munroe HMA Hospital, LLC d/b/a Munroe Regional Medical Center (CON application #10478) states and the reviewer confirms that MRMC is not a designated trauma center.

North Florida Regional Medical Center, Inc. (CON application #10479) states and the reviewer confirms that NFRMC is not a designated trauma center.

Shands Teaching Hospital and Clinics, Inc. (CON application #10480) states and the reviewer confirms that its Florida DOH Level I Trauma Center designation is held by UF Health Shands Hospital. The reviewer notes that UFHSRH does not hold the same designation. The reviewer notes that any trauma patients admitted to UF Health Shands Hospital would then need to be transferred and admitted as a CMR patient to UFHSRH.

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 3 CMR services.

Marion Community Hospital, Inc. d/b/a Ocala Regional Medical Center and West Marion Community Hospital (CON application #10477) 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.

The reviewer notes that in no instance does the applicant document a case or cases of poor, substandard or adverse health care outcomes due to the current CMR options or rehabilitation alternatives in Marion County or in District 3 overall.

Munroe HMA Hospital, LLC d/b/a Munroe Regional Medical Center (CON application #10478) states that CMR beds are programmatically, financially and geographically inaccessible to residents of the TimberRidge Hospital designated acute care service area. The applicant indicates District 3's nearest CMR provider (HealthSouth Rehabilitation

Hospital of Ocala) to TimberRidge Hospital's designated acute care service area, has relatively high occupancy rates (greater than 85 percent occupancy) for the 3rd quarter 2013 to 2nd quarter 2016. The applicant maintains that the proposed project at TimberRidge Hospital would be geographically accessible to all residents within its designated acute care service area.

North Florida Regional Medical Center, Inc. (CON application #10479) 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 NFRMC are routinely unable to access existing inpatient rehabilitation beds in the service area. NFRMC contends that the proposed project will remedy the access issue identified by the applicant.

The reviewer notes that in no instance does the applicant document a case or cases of poor, substandard or adverse health care outcomes due to the current CMR options or rehabilitation alternatives in Alachua County or in District 3 overall.

Shands Teaching Hospital and Clinics, Inc. (CON application #10480) maintains that with existing CMR inpatient services available in the two major population hubs within District 3 – Gainesville and Ocala, as well as in Leesburg, The Villages, Crystal River and Brooksville, access to rehabilitation services is available within two hours travel time for at least 90 percent of District 3's total population.

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.

Marion Community Hospital, Inc. d/b/a Ocala Regional Medical Center and West Marion Community Hospital (CON application #10477) 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 of the proposed unit. The applicant offers a description of its Quality and Clinical Excellence Program and

Performance Improvement Indicators (CON application #10477, Vol. 1, pages 54–56), which includes clinical outcomes, patient experience, technology and innovation and also a culture of safety.

Munroe HMA Hospital, LLC d/b/a Munroe Regional Medical Center (CON application #10478) 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 emphasizes that policies and procedures for the whole hospital are under development for TimberRidge Hospital and will be adopted from MRMC. 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. The reviewer confirms that the applicant provides samples of inpatient rehabilitation facility policies and procedures (CON application #10478, Vol. 2, Tab 10).

North Florida Regional Medical Center, Inc. (CON application #10479) states that NFRMC, 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. NFRMC states that it will apply for CARF accreditation within the first year of operation of the proposed unit. The applicant offers a description of its Quality and Clinical Excellence Program and Performance Improvement Indicators (CON application #10479, Vol. 1, pages 56–58), which includes clinical outcomes, patient experience, technology and innovation and also a culture of safety.

Shands Teaching Hospital and Clinics, Inc. (CON application #10480) states that as an existing, licensed and Medicare-certified CMR inpatient provider, UFHSRH complies with all Agency standards for program licensure. STHC 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 the new Archer Road location.

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.

Marion Community Hospital, Inc. d/b/a Ocala Regional Medical Center and West Marion Community Hospital (CON application #10477) 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+.

Munroe HMA Hospital, LLC d/b/a Munroe Regional Medical Center (CON application #10478) 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 more than 41 percent of all adults in the TimberRidge Hospital designated acute care service area aged 65+. MHMAH assures that patients will be served without regard to race, creed, color, sex, age or national origin, as long as they meet admission criteria.

North Florida Regional Medical Center, Inc. (CON application #10479) states that NFRMC will serve adults age 15+ and anticipates that approximately 36 percent of admissions to the proposed unit will be age 15-64 and 64 percent will be age 65+.

Shands Teaching Hospital and Clinics, Inc. (CON application #10480) states that the existing UFHSRH operations focus on the treatment of adults. However, STHC points out that adolescents (ages 12 through 18) are considered for admission if the adolescent is developmentally appropriate for adult services and equipment, and if other, more appropriate services are not available. STHC comments that neonates and children under the age of 12 are not eligible for admission. STHC indicates that this same age profile will be used in the relocated Archer Road facility.

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

Marion Community Hospital, Inc. d/b/a Ocala Regional Medical Center and West Marion Community Hospital (CON application #10477) states that it will provide the following specialty CMR programs in the proposed project. The applicant

notes that these programs will be provided on an inpatient or outpatient basis, or both, as needed:

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

The applicant provides a brief narrative description of each of the programs listed above (CON application #10477, Vol. 1, pages 64–66).

Munroe HMA Hospital, LLC d/b/a Munroe Regional Medical Center (CON application #10478) 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 outcomes and "FIM"[19] 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.

North Florida Regional Medical Center, Inc. (CON application #10479) states that it will provide the following specialty CMR programs in the proposed project. The applicant notes that these programs will be provided on an inpatient or outpatient basis, or both, as needed:

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

NFRMC provides a brief narrative description of each of the programs listed above (CON application #10479, Vol. 1, pages 66–68).

Shands Teaching Hospital and Clinics, Inc. (CON application #10480) states that UFHSRH currently offers a broad and comprehensive array of inpatient rehabilitation services and will

[19] Functional Independence Measure instrument which is based on the Barthel Index while adding cognition items

continue to offer this same depth and breadth of rehabilitation services at the new Archer Road location. The applicant discusses UFHSRH's CARF accreditations as well as being State of Florida Certified in Brain and Spinal Cord Injury.

The applicant contends that current patient care focuses include the treatment and support of the following specialty patient groupings and that these same focuses will be in place at the new Archer Road location:

- Spinal cord
- Amputee
- Major multi-trauma
- Burn
- Orthopedics
- Stroke
- Brain injury
- Left Ventricular Assist Device (LVAD)

(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 for **each** co-bathed applicant, the staff patterns below account for the FTEs to be added, consistent with **each** respective proposal.

Marion Community Hospital, Inc. d/b/a Ocala Regional Medical Center and West Marion Community Hospital (CON application #10477) includes a Schedule 6A presenting a total of 44.98 FTEs by year one (ending December 31, 2020) and a total of 55.73 FTEs by year two (ending December 31, 2021). There is also a breakdown of each staff category (administration, physicians, nursing, ancillary and social services) for year one and for year two. The reviewer notes with the exception of physicians (0.23 FTEs for each year), there is an increase in FTEs for each of the remaining categories from year one to year two. See the table below.

Marion Community Hospital, Inc. (CON application #10477) Projected Year One (Ending December 31, 2020 and Year Two (Ending December 31, 2021) Staffing Pattern		
	Year One Ending 12/31/2020	**Year Two Ending 12/31/2021**
Administration		
Program Director	1.00	1.00
Manager	1.00	1.00
Admissions Coordinator	--	--
Outreach Coordinator	1.00	1.60
PAI Coordinator	1.00	1.00
Medical Records Clerk	--	--
Other	--	--
Physicians		
Medical Director/Physiatrist (Contract)	0.23	0.23
Other:	--	--
Nursing		
Charge Nurse/Clinical Coordinator	1.00	1.00
RNs	17.60	22.40
LPNs	--	--
CNAs	4.40	5.60
Unit Secretary	1.40	1.40
Ancillary		
Inpatient Therapy Manager	1.00	1.00
Physical Therapist	4.20	5.60
Physical Therapy Assistant	2.10	2.30
Speech Therapist	1.75	2.00
Occupational Therapist	4.20	5.60
Occupational Therapist Asst.	2.10	2.30
Social Services		
Social Worker/Case Manager	1.00	1.70
Total	**44.98**	**55.73**

Source: CON application #10477, Schedule 6A

Notes to Schedule 6A indicate that no FTEs are shown for non-patient care services such as dietary, housekeeping, laundry and plant maintenance. According to the notes, these services will be provided directly by WMCH. The notes further indicate that the staffing projections utilized the experience of other operational CMR units at HCA facilities, as well as HCA corporate inpatient rehabilitation nursing and therapy staffing standards.

Munroe HMA Hospital, LLC (CON application #10478) indicates that for the full award (16 CMR beds), Schedule 6A indicates total FTEs in year one of 27.5 (ending December 31, 2020), increasing to total FTEs in year two of 35.1 (ending December 31, 2021), and again increasing to total FTEs in year three of 43.8 (ending December 31, 2022). There is also a breakdown of each staff category (administration, nursing, ancillary and resource management) for all three years. The reviewer notes with the exception of administration (1.0 FTEs for each of the three years), there is an increase in FTEs for each of the remaining categories for each of the following two years. See the table below.

Munroe HMA Hospital, Inc. (CON application #10478) Projected Year One (Ending 12/31/2020), Year Two (Ending 12/31/2021) and Year Three (Ending 12/31/2022) Staffing Pattern for Full Award (16 CMR Beds)			
	Year One Ending 12/31/2020	**Year Two Ending 12/31/2021**	**Year Three Ending 12/31/2022**
Administration			
CMS Unit Director	1.0	1.0	1.0
Nursing			
RNs	8.8	11.7	14.6
Nurses Aides/Unit Asst	9.0	11.0	14.0
Ancillary			
Physical Therapy, CMR	3.8	5.1	6.4
Speech Therapy, CMR	2.0	2.5	3.2
Occupational Therapy, CMR	2.0	2.5	3.2
Hospital Ancillary Staff incl Hosp The	0.3	0.4	0.5
Resource Management			
CMR Case Management	0.5	0.75	1.0
TOTAL	**27.5**	**35.1**	**43.8**

Source: CON application #10478, full award (16 bed CMR unit), Schedule 6A

MHMAH also indicates that for the partial award (10 CMR beds), Schedule 6A indicates total FTEs in year one of 26.6 (ending December 31, 2020), increasing to total FTEs in year two of 32.4 (ending December 31, 2021) and remaining at total FTEs in year three of 32.4 (ending December 31, 2022). See the table below.

Munroe HMA Hospital, Inc. (CON application #10478) Projected Year One (Ending 12/31/2020), Year Two (Ending 12/31/2021) and Year Three (Ending 12/31/2022) Staffing Pattern for Partial Award (10 CMR Beds)			
	Year One Ending 12/31/2020	**Year Two Ending 12/31/2021**	**Year Three Ending 12/31/2022**
Administration			
CMS Unit Director	1.0	1.0	1.0
Nursing			
RNs	9.6	9.6	9.6
Nurses Aides/Unit Asst	11.0	11.0	11.0
Ancillary			
Physical Therapy, CMR	4.2	4.2	4.2
Speech Therapy, CMR	2.5	2.5	2.5
Occupational Therapy, CMR	3.0	3.0	3.0
Hospital Ancillary Staff incl Hosp The	0.35	0.35	0.35
Resource Management			
CMR Case Management	0.75	0.75	0.8
TOTAL	**26.6**	**32.4**	**32.4***

Source: CON application #10478P, partial award (10 bed CMR unit), Schedule 6A
NOTE: The reviewer notes (*) that this total is arithmetically 32.45 FTEs.

Schedule 6A notes for both the full award (16 CMR beds) and for the partial award (10 CMR beds) the staffing schedule is based upon actual staffing patterns at other CHS facilities. Per the notes, each schedule is adjusted for the forecasted patient admissions and volume, Medicare conditions of participation, anticipated

patient mix and needs and TimberRidge Hospital's operational plan. The applicant points out that contract medical specialists for the CMR unit are not included in the staffing schedule but are reflected in Schedule 8A in ancillary expenses.

North Florida Regional Medical Center, Inc. (CON application #10479) includes a Schedule 6A presenting a total of 32.53 FTEs by year one (ending December 31, 2020) and a total of 38.83 FTEs by year two (ending December 31, 2021). There is also a breakdown of each staff category (administration, physicians, nursing, ancillary and social services) for year one and for year two. The reviewer notes with the exception of administration (4.00 FTEs for each year), physicians (0.23 FTEs for each year) and social services (1.0 FTEs for each year), there is an increase in FTEs for each of the remaining categories from year one to year two. See the table below.

North Florida Regional Medical Center, Inc. (CON application #10479) Projected Year One (Ending December 31, 2020 and Year Two (Ending December 31, 2021) Staffing Pattern		
	Year One Ending 12/31/2020	**Year Two Ending 12/31/2021**
Administration		
Program Director	1.00	1.00
Manager	1.00	1.00
Admissions Coordinator	--	--
Outreach Coordinator	1.00	1.60
PAI Coordinator	1.00	1.00
Medical Records Clerk	--	--
Other	--	--
Physicians		
Medical Director/Physiatrist (Contract)	0.23	0.23
Other:	--	--
Nursing		
Charge Nurse/Clinical Coordinator	1.00	1.00
RNs	12.00	14.80
LPNs	--	--
CNAs	3.00	3.80
Unit Secretary	0.70	1.40
Ancillary		
Inpatient Therapy Manager	1.00	1.00
Physical Therapist	2.80	3.50
Physical Therapy Assistant	1.50	1.80
Speech Therapist	1.00	1.00
Occupational Therapist	2.80	3.50
Occupational Therapist Asst.	1.50	1.80
Social Services		
Social Worker/Case Manager	1.00	1.00
Total	**32.53**	**38.83**

Source: CON application #10479, Schedule 6

Notes to Schedule 6A indicate that no FTEs are shown for non-patient care services such as dietary, housekeeping, laundry and

plant maintenance. According to the notes, these services will be provided directly by NFRMC. The notes further indicate that the staffing projections utilized the experience of other operational CMR units at HCA facilities, as well as HCA corporate inpatient rehabilitation nursing and therapy staffing standards.

Shands Teaching Hospital and Clinics, Inc. (CON application #10480) includes a Schedule 6A presenting the existing staffing within UFHSRH as well as the proposed new staffing levels following the relocation to the Archer Road facility. The applicant's Schedule 6A presents an additional 10.20 FTEs associated with the replacement proposal in year one (ending December 2019) and year two (ending December 2020) again a total of 10.20 FTEs. There is also a breakdown of each staff category (administration, ancillary, dietary, housekeeping and plant maintenance) for year one and for year two. The reviewer notes that each of these staff category FTEs remain constant for both year one and year two. See the table below.

Shands Teaching Hospital and Clinics, Inc. (CON application #10480)
Projected Year One (Ending December 2019) and
Year Two (Ending December 2020)
Staffing Pattern

	Year One Ending December 2019	Year Two Ending December 2020
Administration		
Medical Records Coder	0.5	0.5
Other: Quality Director	0.5	0.5
Ancillary		
Rad Tech	0.5	0.5
Dietary		
Dietary Supervisor	0.5	0.5
Cooks	1.0	1.0
Dietary Aides	2.75	2.75
Housekeeping		
Housekeeping Supervision	0.5	0.5
Housekeepers	1.25	1.25
Plant Maintenance		
Maintenance Supervisor	0.5	0.5
Maintenance Assistance	0.5	0.5
Security	1.7	1.7
Total	**10.20**	**10.20**

Source: CON application #10480, Schedule 6A

Notes to the schedule indicate that staffing assumptions assume that the current operational personnel staffing levels at UFHSRH will be replicated at the new relocated facility and that additional support staff will be required to operate the rehabilitation program as the relocated facility will no longer share support functions with

UF Health Shands Psychiatric Hospital, which is currently co-located with the Rehabilitation Hospital at the NW 89th Boulevard location. The reviewer confirms that per the Agency's flroidahealthfinder.gov website at http://www.floridahealthfinder.gov/facilitylocator/ListFacilities.aspx, UF Health Shands Psychiatric Hospital and UF Health Shands Rehab Hospital share the same address.

The applicant provides a narrative description for each of the following service headings: nursing care, physical, occupational and recreational therapy, speech and language pathology services, rehabilitation psychology, pharmacy, case management and food and nutritional services (CON application #10480, pages 33 – 36).

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

Marion Community Hospital, Inc. d/b/a Ocala Regional Medical Center and West Marion Community Hospital (CON application #10477) 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 either ORMC or WMCH. The applicant states that others will be recruited as necessary and that WMCH and ORMC currently recruit most of the affected personnel categories, for the acute care units of the hospitals, utilizing a variety of methods and processes. The reviewer notes that methods and processes are briefly discussed (CON application #10477, Vol. 1, page 68). The applicant asserts 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.

Munroe HMA Hospital, LLC d/b/a Munroe Regional Medical Center (CON application #10478) states that MRMC and the TimberRidge ED have appropriately qualified and credentialed staff. The applicant briefly discusses retention activities. The applicant 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
- 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 and regional level
- Hard to fill positions are advertised in specialty journals

North Florida Regional Medical Center, Inc. (CON application #10479) 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 NFRMC. The applicant states that others will be recruited as necessary. NFRMC points out that it currently recruits most of the affected personnel categories, for the acute care units of the hospital, utilizing a variety of methods and processes. The review notes that methods and processes are briefly discussed (CON application #10479, Vol. 1, page 70). The applicant asserts 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.

Shands Teaching Hospital and Clinics, Inc. (CON application #10480) indicates that as an existing and fully staffed 40-bed licensed inpatient rehabilitation hospital, the proposed project will not result in a significant loss of staff and therefore will not require a significant recruitment effort. However, the applicant also indicates having an established and effective staff recruiting process which will also be used in the new Archer Road location.

The applicant provides a table (CON application #10480, page 38) of 36 different local, regional, national nursing, therapy and other rehabilitation support educational entities that STHC states to maintain a pipeline of new graduates into its rehabilitation program.

(5) Expected sources of patient referrals.

Marion Community Hospital, Inc. d/b/a Ocala Regional Medical Center and West Marion Community Hospital (CON application #10477) 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

and others practicing in the service area. The applicant also maintains that referrals are expected from area nursing homes and other acute care hospitals in the area.

Munroe HMA Hospital, LLC d/b/a Munroe Regional Medical Center (CON application #10478) 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 indicates that others may be admitted from SRRMC. The applicant stresses that patients may also be admitted from a short-term stay in a nursing home with that stay having been post-hospitalization and gearing to strengthening a patient sufficient to tolerate the aggressiveness of a CMR program.

North Florida Regional Medical Center, Inc. (CON application #10479) expects to draw referrals to the proposed unit from a number of sources and that many admissions to the comprehensive unit will arise from among NFRMC's 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 hospital, and others practicing in the service area. The applicant also maintains that referrals are expected from area nursing homes and other acute care hospitals in the area.

Shands Teaching Hospital and Clinics, Inc. (CON application #10480) states that referrals to the existing UF Health Shands Rehab Hospital currently originate from the following:

- UF Health Shands programs and centers
- NFRMC
- Select Specialty Hospital
- Malcom Randall VA Medical Center in Gainesville and Lake City VA Medical Center
- Other acute care and post-acute care healthcare facilities or providers within North Central Florida
- Physicians
- Family/friends
- Self-referral

The applicant comments that referrals to UFHSRH following relocation to the Archer Road location are not expected to 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.

Marion Community Hospital, Inc. d/b/a Ocala Regional Medical Center and West Marion Community Hospital (CON application #10477) provides, in the applicant's 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, 2020 and December 31, 2021, respectively). The applicant maintains that most of the patient care delivered in the proposed unit will be reimbursed by Medicare (just over 73 percent of total days, including Medicare HMO). The reviewer notes that an arithmetic calculation for Medicare plus Medicare HMO patient days is 71.35 percent of total patient days for year one and for year two.

Forecasted Days by Payers for MCH (CON application #10477)
Proposed CMR Program
Years One and Two of Operation

	Year One Ending December 31, 2020					Year Two Ending December 31, 2021				
	Dis-Charges	Dis-charge Percent	Patient Days	ALOS	Percent Patient Days	Dis charges	Dis-charge Percent	Patient Days	ALOS	Percent Patient Days
Medicare	388	69.7%,	4,728	12.6	66.6%	472	69.4%	5,751	12.6	66.6%
Medicare HMO	21	3.8%	335	14.0	4.7%	26	3.8%	407	14.0	4.7%
Medicaid*	13	2.3%	0	41.8	0.0%	16	2.4%	0	41.8	0.0%
Medicaid HMO	13	2.3%	378	18.2	5.3%	16	2.4%	459	18.2	5.3%
Commercial HMO/PPO	85	15.3%	1.105	15.6	15.6%	104	15.3%	1,344	15.6	15.6%
Self-Pay/Charity	19	3.4%	282	25.3	4.0%	24	3.5%	344	25.3	4.0%
All Other	18	3.2%	268	13.7	3.8%	22	3.2%	326	13.7	3.8%
Total	**557**	**100.0%**	**7,096**	**12.7**	**100.0%**	**680**	**100.0%**	**8,631**	**12.7**	**100.0%**

Source: CON application #10477, Schedule 7B, Schedule 7B-1 and Vol. 1, page 43
*NOTE: The reviewer notes that in CON application #10477, Vol. 1, page 43 and for Schedule 7B-1, Medicaid discharges and Medicaid discharge percentages, for year one and for year two, are indicated, as shown. Also, the applicant's Schedule 7B-1 indicates ALOS in year one and year two of 41.8, with Medicaid patient days in year one of 181 days and Medicaid patient days in year two of 220 days. However, the applicant's Schedule 7B indicates 0.0 Medicaid patient days in year one and in year two.

Notes to the applicant's discharge and discharge percent totals indicate that the totals "may not add due to rounding". Notes to Schedule 7B indicate that self-pay/other or self-pay/charity include self-pay patients, non-pay patients and charity patients. The reviewer recognizes that these notes also state that the applicant will accept all patients regardless of ability to pay including non-pay and charity patients. Per the notes, charity care patients are written off in total.

Munroe HMA Hospital, LLC d/b/a Munroe Regional Medical Center (CON application #10478) provides tables below to account for forecasted CMR patient days and patient day percentages by payor for the full award (16 CMR beds) and for the partial award (10 CMR beds) for year's one through three.

Forecasted CMR Patient Days by Payor – 16 Bed Unit
Year One Through Three of Operation

	Year One	Year Two	Year Three
Medicare/Medicare HMO	1,882	2,498	3,119
Medicaid/Medicaid HMO	141	187	233
Managed Care	428	568	709
Charity & Self-Pay	109	145	181
Other Payers	98	131	163
Total	**2,658**	**3,528**	**4,405**
Medicare/Medicare HMO	70.8%	70.8%	70.8%
Medicaid/Medicaid HMO	5.3%	5.3%	5.3%
Managed Care	16.1%	16.1%	16.1%
Charity & Self-Pay	4.1%	4.1%	4.1%
Other Payers	3.7%	3.7%	3.7%
Total	**100.0%**	**100.0%**	**100.0%**
Medicaid/Charity/Self	**9.4%**	**9.4%**	**9.4%**

Source: CON application #10478, Vol. 1, page 107

Forecasted CMR Patient Days by Payor – 10 Bed Unit
Year One Through Three of Operation

	Year One	Year Two	Year Three
Medicare/Medicare HMO	1,750	2,059	2,059
Medicaid/Medicaid HMO	131	154	154
Managed Care	398	468	468
Charity & Self-Pay	101	119	119
Other Payers	91	108	108
Total	**2,472**	**2,908**	**2,908**
Medicare/Medicare HMO	70.8%	70.8%	70.8%
Medicaid/Medicaid HMO	5.3%	5.3%	5.3%
Managed Care	16.1%	16.1%	16.1%
Charity & Self-Pay	4.1%	4.1%	4.1%
Other Payers	3.7%	3.7%	3.7%
Total	**100.0%**	**100.0%**	**100.0%**
Medicaid/Charity/Self	**9.4%**	**9.4%**	**9.4%**

Source: CON application #10478, Vol. 1, page 108

The applicant reiterates and the reviewer confirms that the proposal is conditioned such that TimberRidge Hospital will provide a minimum of nine percent of its inpatient days to Medicaid, Medicaid HMO, charity care, self-pay and underinsured patients on an annual basis.

Below the reviewer reproduces the applicant's Schedule 7B (for the full award of 16 CMR beds and the partial award of 10 CMR beds) that indicates the percent of patient days, per payer category for the first three years (ending December 31, 2022). The reviewer notes that the patient day percentages are constant for each of the three years.

Forecasted Patient Day Percentages by Payer Category for 16 CMR Beds at TimberRidge Hospital
Years One Through Three

	Year One	Year Two	Year Three
Medicare & MCR MNGD	70.8%	70.8%	70.8%
Medicare HMO	0.0%	0.0%	0.0%
Medicaid & MCD MNGD	5.3%	5.3%	5.3%
Medicaid HMO	0.0%	0.0%	0.0%
Charity & Self-Pay	4.1%	4.1%	4.1%
Other MNGD Care	16.1%	16.1%	16.1%
Other Payers	3.7%	3.7%	3.7%
Total	**100.0%**	**100.0%**	**100.0%**

Source: CON application #10478, full award (16 bed CMR unit), Schedule 7B

Forecasted Patient Day Percentages by Payer Category for 10 CMR Beds at TimberRidge Hospital
Years One Through Three

	Year One	Year Two	Year Three
Medicare & MCR MNGD	66.8%	66.8%	66.8%
Medicare HMO	0.0%	0.0%	0.0%
Medicaid & MCD MNGD	7.6%	7.6%	7.6%
Medicaid HMO	0.0%	0.0%	0.0%
Charity & Self-Pay	5.4%	5.4%	5.4%
Other MNGD Care	17.6%	17.6%	17.6%
Other Payers	2.6%	2.6%	2.6%
Total	**100.0%**	**100.0%**	**100.0%**

Source: CON application #10478, partial award (10 bed CMR unit), Schedule 7A.B

North Florida Regional Medical Center, Inc. (CON application #10479) provides, in the applicant's 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, 2020 and December 31, 2021, respectively). The reviewer also notes that total discharges and percentages of discharges are drawn from CON application #10479, Vol. 1, page 71 with ALOS days drawn from Schedule 7B-1. See the table below.

Forecasted Days by Payers for NFRMC (CON application #10479)
Proposed CMR Program
Years One and Two of Operation

	Year One Ending December 31, 2020					Year Twi Ending December 31, 2021				
	Dis-charges	Dis-charge Percent	Patient Days	ALOS	Percent Patient Days	Dis charges	Dis-charge Percent	Patient Days	ALOS	Percent Patient Days
Medicare	203	55.5%	2,669	12.6	55.8%	245	55.5%	3,256	12.6	55.8%
Medicare HMO	31	8.5%	449	14.0	9.3%	37	8.4%	542	14.0	9.3%
Medicaid*	22	6.0%	315	41.8	0.0%	26	5.9%	380	41.8	0.0%
Medicaid HMO	15	4.1%	168	18.2	10.0%	18	4.1%	203	18.2	10.0%
Commercial HMO/PPO	66	18.0%	255	15.6	17.3%	80	18.1%	308	15.6	17.3%
Self-Pay/Charity	9	2.5%	835	25.3	2.4%	11	2.4%	1,008	25.3	2.4%
All Other	20	5.5%	117	13.7	5.3%	25	5.6%	141	13.7	5.3%
Total	**366**	**100.0%**	**4,839**	**12.7**	**100.0%**	**442**	**100.0%**	**5,838**	**12.7**	**100.0%**

Source: CON application #10479, Schedule 7B, Schedule 7B-1 and Vol. 1, page 71
NOTE: The reviewer notes that in CON application #10479, Vol. 1, page 71 and for Schedule 7B-1, Medicaid discharges and Medicaid discharge percentages, for year one and for year two, are indicated, as shown. Also, the applicant's Schedule 7B-1 indicates ALOS in year one and year two of 41.8, with Medicaid patient days in year one of 318 days and Medicaid patient days in year two of 380 days. However, the applicant's Schedule 7B indicates 0.0 Medicaid patient days in year one and in year two.

Notes to the applicant's discharge and discharge percent totals indicate that the totals "may not add due to rounding". Notes to Schedule 7B indicate that self-pay/other or self-pay/charity include self-pay patients, non-pay patients and charity patients. The reviewer recognizes that these notes also state that the applicant will accept all patients regardless of ability to pay including non-pay and charity patients. Per the notes, charity care patients are written off in total.

Shands Teaching Hospital and Clinics, Inc. (CON application #10480) indicates that charity care is not reported as revenue and therefore not included in the patient day data table shown below. According to the applicant, for year one of the proposed project, charity care is forecast to total $652,348 and $693,444 for year two (CON application #10480, page 39). The reviewer notes that the applicant has previously indicated that year one ends December 2019 and year two ends December 2020.

UF Health Shands Rehab Hospital
Patient Days by Payer Class

	Year One	Year Two
Medicare	8,267	8,450
Medicaid	1,586	1,621
Comm. Insurance	189	193
Managed Care	2,322	2,373
Self-Pay	245	251
Other	415	424
Total	**13,024**	**13,312**

Source: CON application #10480, page 39

The reviewer notes that according to the applicant's Schedule 7B 40-bed proposal, for year one (ending December 2019) and for year two (ending December 2020), the applicant forecasts 3.3 percent Medicaid, 8.8 Medicaid HMO and 1.9 percent self-pay, total annual patient days, for each of the two years.

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

Marion Community Hospital, Inc. d/b/a Ocala Regional Medical Center and West Marion Community Hospital (CON application #10477) 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.

Munroe HMA Hospital, LLC d/b/a Munroe Regional Medical Center (CON application #10478) notes current 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.

North Florida Regional Medical Center, Inc. (CON application #10479) states that NFRMC extends and 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.

Shands Teaching Hospital and Clinics, Inc. (CON application #10480) indicates that UFHSRH provides charity care to eligible patients when rehabilitation services are deemed medically necessary based on the clinical judgement of the rehabilitation physician and after patients have met all financial and eligibility criteria established in the charity policy (CON application #10480, Appendix 7 referenced as the Charity Policy). STHC maintains that this same Charity Policy will be utilized at the relocated Archer Road facility. The applicant states and a review of the Charity Policy confirms that charity care status is granted when gross family income is at or below 200 percent of current Federal Policy Guidelines (FPG). The applicant also states that the Charity Policy

confirms that in addition to qualifying for charity care, patients will be considered "Presumptively Eligible" under the following circumstances:

- Homelessness
- Eligible for other unfunded state or local assistance programs
- Eligible for food stamps or subsidized school lunch program
- Eligible for a state-funded prescription medication program
- Valid address is considered a low-income or subsidized housing

STHC states and a review of the Charity Policy confirms that:

- Applicants who qualify for charity care status will receive a 100 percent discount of UFHSRH charges
- Uninsured patients who are not eligible for financial assistance may be eligible for a self-pay discount of 45 percent off UFHSRH's gross charges

The reviewer notes that per Core Procedure I.B of the Charity Policy, UF Health Shands does not offer sliding scale charity assistance for applicants whose "gross family" income exceeds 200 percent of the FPG but that in the event that UF Health adopts a sliding scale for patients above 200 percent, amounts generally billed will be calculated and applied. Additionally, the reviewer notes that per Core Procedure I.D.2 (Self-pay discount for uninsured patients) of the Charity Policy, the self-pay discount does not relieve nor forgive point-of-service cash payments that the patient may be required to pay. Also, per Core Procedure II.B of the Charity Policy, the charity care application is available in English, Spanish and Chinese.

(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.

(2) Within 45 days after the end of each calendar year, facilities shall provide a report of the number of comprehensive medical rehabilitation inpatient days which occurred during the year, by principal diagnosis coded consistent with the International Classification of Disease (ICD-9).

Marion Community Hospital, Inc. d/b/a Ocala Regional Medical Center and West Marion Community Hospital (CON application #10477) 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.

Marion Community Hospital, Inc. d/b/a Ocala Regional Medical Center and West Marion Community Hospital (CON application #10477) states that the applicant will comply with all reporting requirements of the Agency and the local health council.

North Florida Regional Medical Center, Inc. (CON application #10479) states that NFRMC is familiar with and experienced in Agency reporting requirements, that NFRMC 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.

Shands Teaching Hospital and Clinics, Inc. (CON application #10480) states that UF Health Shands Rehab Hospital 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 3 had 208 licensed CMR beds which experienced an average 81.69 percent occupancy rate for the 12-month period ended June 30, 2016.

Marion Community Hospital, Inc. d/b/a Ocala Regional Medical Center and West Marion Community Hospital (CON application #10477) 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 preventing utilization.

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 analyzation of the utilization of CMR programs is reasonable to do at the acute care subdistrict level. The applicant contends that CMR beds should be available and accessible to all residents of the district. The reviewer notes that the applicant has not demonstrated that CMR beds are not available and accessible to all residents of the district. Additionally, The applicant has made statements that tertiary CMR services are not promptly or conveniently available to patients at or discharged from ORMC or WMCH but the reviewer notes that in no instance does the applicant document a case or cases of poor, substandard or adverse healthcare outcomes due to the current CMR options or rehabilitation alternatives in Marion County or in District 3 overall. The applicant notes that the absence of published need at the district level does not automatically indicate a lack of need at the acute care subdistrict level.

The applicant notes 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 and constitutes a not normal circumstance.

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". MCH also reiterates that CMR inpatient facilities in Florida, "overwhelmingly serve patients from their home counties".

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

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.

Munroe HMA Hospital, LLC d/b/a Munroe Regional Medical Center (CON application #10478) asserts that there are unique not normal circumstances present in the TimberRidge Hospital's designated acute

care service area to warrant project approval. The applicant reiterates not normal circumstances as it relates to a lack of availability, accessibility and the impact of utilization in the TimberRidge Hospital designated acute care service area as follows:

- Programmatic inaccessibility as the only CMR hospital in Marion County is fully occupied
- 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
- Agency should have published a need for 10 CMR beds in the District

The applicant states that there are no existing CMR providers within the TimberRidge Hospital's designated acute care service area, or in all of western Marion County. The applicant notes that TimberRidge Hospital's designated acute care service area is an older population and virtually all of the existing and planned residential development in the 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 reviewer notes that since the access standard for District 3 is met, as discussed earlier, justification based on personal preference or convenience, beyond the time parameter in the access standard, is not an access standard criterion that is reached or exceeded, in this proposal.

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.

North Florida Regional Medical Center, Inc. (CON application #10479) 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 preventing utilization.

NFRMC reiterates that CMR programs in certain areas within District 3 are not reasonably available or accessible to residents/visitors at the acute care subdistrict level. NFRMC contends CMR beds should be available and accessible to all residents of the district. The reviewer notes that the applicant has not demonstrated that CMR beds are not available and accessible to all residents of the district. Additionally, the

applicant has made statements that tertiary CMR services are not promptly or conveniently available to patients at or discharged from NFRMC but the reviewer notes that in no instance does the applicant document a case or cases of poor, substandard or adverse health care outcomes due to the current CMR options or rehabilitation alternative in the acute care subdistrict or in District 3 overall. The applicant notes that the absence of published need at the district level does not automatically indicate a lack of need at the subdistrict level.

NFRMC stresses that none of the other rehabilitation facilities or units within District 3, including UF Health Shands Rehab Hospital, are suitable alternatives for CMR-eligible patients being discharged from the acute care setting at NFRMC. NFRMC reiterates that general acute care hospital-based CMR inpatient facilities in Florida primarily serve patients from within their home counties, underscoring the increasingly localized "step-down" nature of CMR service delivery.

The applicant asserts that, "Shands is a glaring exception to" 59C-1.039, Florida Administrative Code, and indicates that according to Agency hospital discharge data, only 39 percent of its rehab discharges are residents of Alachua County. NFRMC contends again this proportion is, by far, the lowest in Florida and that only 53 percent of its rehab discharges are residents of Subdistrict 3-2. NFRMC again states that this phenomenon further complicates the ability of North Florida Regional's patients to access inpatient CMR services.

NFRMC notes the relatively high utilization at UFHSRH and that the unavailability of inpatient bed at that facility creates an accessibility problem for the acute care subdistrict and constitutes a not normal circumstance. The applicant also indicates that the Shands Health system gives priority to its own acute care discharges over patients from other hospitals when referring patients to UFHSRH, a problem exacerbated by high bed occupancies. The applicant that only UFHSRH CMR services were utilized by patients residing in acute care Subdistrict 3-2 to any appreciable extent. NFRMC also discusses driving miles and driving times from NFRMC to other District 3 CMR providers.

The applicant indicates that the upside of approving the proposed project at NFRMC, given improvements that will be realized in bed availability, accessibility and patient continuity of care outweigh any negatives. The applicant states that there is a chronic shortage of CMR beds in acute Subdistrict 3-2, across District 3 generally.

Shands Teaching Hospital and Clinics, Inc. (CON application #10480) states that the proposed project entails the relocation of the existing 40-bed licensed UFHSRH from its existing location at 4101 NW 89th Boulevard, Gainesville, Florida (32606) to a new 40-bed location at 2708 Archer Road, Gainesville, Florida (32608).

STHC asserts that the need for the proposed project is to enhance the existing rehabilitation hospital's ability to integrate its services into the comprehensive array of medical and educational resources available within the larger "UF Health Shands Health System" and the UF educational programs, to provide a facility with 100 percent private rooms versus the current situation with 60 percent of patients in semi-private rooms and to expand rehabilitation treatment and support spaces to better serve the hospital's patient population.

STHC reiterates that the shift to 100 percent private rooms at the relocated facility, versus the 60 percent semi-private situation at the existing facility, provides significant benefit to the hospital's patients, families and staff. STHC again states that the private rooms enhance patient privacy, infection control efforts and patient safety and enables more family presence and involvement at the patient bedside, which results in a more efficient and effective hospitalization and a better post-discharge family/home environment readjustment.

The applicant comments that the need for the proposed project is not based on current service gaps or existing program limitations[20] - rather it is based on UFHSRH's desire to provide enhanced facility resources to better meet the inpatient rehabilitation needs of District 3 patients. The applicant again discusses the importance of maintaining adequate availability of inpatient rehabilitation services within District 3 and the current locations of licensed District 3 CMR providers.

STHC emphasizes that the issue of accessibility to care, especially accessibility to care by those patients with limited financial resources, is an important issue in the proposed project. The applicant stresses that UFHSRH is committed to providing services to all segments of the population in need, including those patients with limited or no financial resources. For the 12 months ending June 30, 2016, STHC provides a table below to depict its Medicaid, Medicaid Managed Care, self-pay and non-payment discharges compared to its total discharges and corresponding payer mix percentages for the remaining District 3 CMR providers.

[20] Regarding exiting program limitations, see item B-Letters of Support (Wilda E. Murphy, MD, Medical Director, UF Health Shands Rehab Hospital and Partner, Southeastern Integrated Medical, LLC)

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

	Total Discharges	Medicaid, Medicaid Managed Care, Self-Pay and Non-Pay Discharges	Percent of Total District 3 Resident Rehab Discharges for Medicaid, Medicaid Managed Care, Self-Pay and Non-Pay Discharges
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: CON application #10480, page 47 and page 56

The reviewer notes that the table above is identical to that submitted by Seann M. Frazier, Partner, Parker Hudson Rainer & Dobbs, on behalf of Shands Teaching Hospital and Clinics, Inc., d/b/a/ UF Health Shands Rehab Hospital, in opposition to the three co-batched proposals: CON applications #10477, #10478 and #10479.

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.

Marion Community Hospital, Inc. d/b/a Ocala Regional Medical Center and West Marion Community Hospital (CON application #10477) maintains 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 states that it has been providing high quality care (primarily) to residents of Marion County since 1973. The applicant describes the medical and related services that it provides (CON application #10477, Vol. 1, page 72). The applicant states that in its 2015 fiscal year, Ocala Health treated more than 19,300 hospital inpatients and more than 170,000 total patients, including 88,576 emergency patients.

The applicant provides documentation that ORMC and WMCH are both accredited by The Joint Commission for the Hospital Accreditation Program (CON application #10477, Vol. 1, Tab 6). The reviewer notes that the accreditation certificate for ORMC and for WMCH both indicate an effective date of February 15, 2014 and that accreditation is customarily valid for up to 36 months. The reviewer also notes that upon the application deadline date of this application (March 8, 2017), the 36 month validity period had passed for both of these Joint Commission accreditation certificates.

The applicant notes the following awards and recognitions:

- 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
- American Diabetes Association Quality Diabetes Self-Management Education Program
- 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 indicates that the applicant does not provide copies of any of the bulleted awards and recognitions listed above. However, the reviewer also notes that each of the bulleted awards and recognitions listed above are stated in the applicant's published awards and recognition page in supporting materials (CON application #10477, Vol. 2, Tab 14-Community Report 2016/Ocala Health, page 6). The reviewer notes that in addition to the awards and recognitions attested above by the applicant, its Community Report 2016 publication also indicates award by/for:

- 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 the applicant, all HCA CMR programs participate in a nationally recognized data collection system known as UDS (Uniform Data Systems). The applicant maintains that UDS is the nationally recognized data collection tool for rehab. In brief, the applicant describes the application of UDS as follows:

- Through UDS, HCA Rehab Services Division has the means to receive corporate-wide reports for all its programs. Per the applicant, 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.

The applicant discusses (CON application #10477, Vol. 1, pages 74 -75) the American Medical Rehabilitation Providers Association (AMRPA), stated to be the nation's only trade organization dedicated solely to the interests of Rehab. The applicant indicates that all of HCA's rehab programs are members of AMRPA.

The applicant contends 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: Web-based materials, courses and webinars ensure timely regulatory knowledge and continuing compliance
- Template documentation toolkit: Up to date forms, tools and instruments to best build and carry out the rehabilitation plan of care
- CMR probe/RAC reviews and appeals support
- Policies and procedures: Ethics and compliance policies and procedures are in place to help ensure that each affiliate helps further the HCA commitment to doing the right thing
- Program protocols to ensure successful return to the community
- Systems support: HCA uses Meditech as the primary electronic medical record and will integrate with UDS

The applicant states that existing HCA CMR programs utilize a wide range of state-of-the-art rehabilitation equipment. Below, the applicant indicates a partial list of the rehabilitation specific equipment which may be utilized at existing HCA CMR programs. The applicant indicates that WMCH will evaluate these and expects to employ some or all of these items initially or as the program develops. The applicant offers a brief narrative description of each of the following equipment items on pages 76-77 of CON application #10477:

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

The applicant points out that the proposed program at WMCH will be incorporated into the applicant's existing care delivery and performance improvement structure. The applicant provides stated standards of care and other draft policies specific to the proposed inpatient rehabilitation unit (CON application #10477, Vol. 2, Tab 8):

- Rehabilitation Care Plan (2 ½ pages)
- Scope of Services (2 ½ pages)
- Team Conference (1 ¼ pages)

MCH provides a draft Rehabilitation Program Performance Improvement Indicators 2017 (CON application #10477, Vol. 1, page 56). The applicant offers other Ocala Health policies and procedures that relate to performance improvement and related activities.
CON application #10477, Vol. 2, Tab 12:

- Organizational Performance Improvement and Patient Safety Plan (PolicyStat ID: 2534415), effective 11/1/2014 (21 pages)
- Utilization Management Plan (PolicyStat ID 2466871), effective 1/1/1992 (12 pages)

CON application #10477, Vol. 2, Tab 13:

- Interdisciplinary Patient Assessment/Reassessment Plan (PolicyStat ID 2967870), effective 1/1/2014 (29 pages)

The reviewer notes that the applicant offers a narrative description of the scope and purpose of the Organizational Performance Improvement and Patient Safety Plan and the Utilization Management Plan (CON application #10477, Vol. 1, pages 78 -80) but does not offer a like narrative description of the Interdisciplinary Patient Assessment/ Reassessment Plan.

The parent, HCA, had 93 substantiated complaints among a total of 11,866 licensed beds, spread among its 50 facilities, for the 36 month period ending March 8, 2017. ORMC had two substantiated complaints and WMCH had no 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 ORMC, are listed below:

HCA Substantiated Complaint Categories 36 Months Ending March 8, 2017	
Complaint Category	**Number Substantiated**
Quality of Care/Treatment	23
Emergency Access	20
Nursing Services	19
State Licensure	12
EMTALA	11
Resident/Patient/Client Rights	8
Admission/Transfer and Discharge	5
Administration/Personnel	3
Life Safety Code	3
Resident/Patient/Client Assessment	3
Infection Control	2
Resident/Patient/Client Abuse	2
Falsification of Records/Reports	1
Physical Environment	1
Restraints/Seclusion General	1

Source: Florida Agency for Healthcare Administration Complaint Records

ORMC Substantiated Complaint Categories 36 Months Ending March 8, 2017	
Complaint Category	**Number Substantiated**
Quality of Care/Treatment	2
Nursing Services	1

Source: Florida Agency for Healthcare Administration Complaint Records

Munroe HMA Hospital, LLC d/b/a Munroe Regional Medical Center (CON application #10478) states that the MRMC is Joint Commission accredited and is a certified primary stroke center by The Joint Commission—being the first hospital in Marion County to achieve this certification. The applicant notes that it is accredited for Heart Failure by the Society of Chest Pain Centers—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 applicant 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. The applicant states that specifically, the hospital will seek Joint Commission Disease-Specific Certification of its Stroke Rehabilitation Program.

The applicant lists 14 bulleted awards, recognitions and certifications. Some of these are as follows:

- "Best Hospitals" report ranked Munroe at #19 in Florida
- 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, 12 years in a row)

- Blue Distinction® Center for Bariatric Surgery (Florida Blue, 2015)
- Beacon Award for Excellence (American Association of Critical Care Nurses, 2015)-The only four time recipient of the Beacon Award for Critical Care Excellence in the State of Florida and only six recipients recognized four or more times in the United States

The applicant lists 61 bulleted awards from HealthGrades. The applicant indicates HealthGrades awards in the following categories:

- Overall Hospital
- America's 100 Best by Specialty
- Cardiac
- Orthopedics
- Neurosciences
- Pulmonary
- Prostate surgery
- Gastrointestinal
- Cardiac care
- Women's health
- Maternity care
- GYN surgery
- HealthGrades' Five-Star Ratings in 2016

Additionally, the applicant lists 49 bulleted awards or rankings from CareChex which provides clinical, financial and patient satisfaction findings to consumers, providers and purchasers of U. S. medical care. Some of these awards and rankings are as follows:

- #1 in Nation Awards: Medical Excellence, Patient Safety and Patient Satisfaction
- #1 in Region Awards: Medical Excellence, Patient Safety and Patient Satisfaction
- Top 10 Percent in Region Awards: Medical Excellence, Patient Safety and Patient Satisfaction
- Ranked in the Top 100 in the nation, Top 10 percent in the nation, top 10 percent in the region, Top 10 percent in the state and #1 in the market for Patient Safety in Overall Hospital Care (2015)
- Ranked in the Top 100 in the nation, Top 10 percent in the nation, top 10 percent in the region, Top 10 percent in the state and #1 in the market for Medical Excellence in Hip Fracture Repair (2015)
- Ranked in the Top 10 percent in the nation, Top 10 percent in the region, Top 10 percent in the state and #1 in the market for Medical Excellence in Neurological Care (2015) and Major Orthopedic Surgery (2015)
- Ranked in the Top 100 in the nation, Top 10 percent in the nation, top 10 percent in the region, Top 10 percent in the state and #1 in the market for Medical Excellence in Spinal Surgery (2015) and Stroke Care (2015)

The reviewer notes a more exhaustive listing of these and similar awards for each year from 2008 through 2015 in CON application #10478, Vol. 2, Tab 11. The reviewer further notes that the applicant does not provide copies of any of the bulleted awards and recognitions listed above or listed in the applicant's Tab 11.

The parent, HMA, had 41 substantiated complaints among a total of 3,645 licensed beds, spread among its 20 facilities, for the 36-month period ending March 8, 2017. MRMC 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 MHMAH, are listed below:

HMA Substantiated Complaint Categories 36 Months Ending March 8, 2017	
Complaint Category	**Number Substantiated**
Emergency Access	11
EMTALA	8
Quality of Care/Treatment	8
Nursing Services	7
Administration/Personnel	4
Resident/Patient/Client Assessment	4
Infection Control	3
Physical Environment	2
Resident/Patient/Client Rights	2
Admission/Transfer and Discharge	1
Life Safety Code	1
State Licensure	1

Source: Florida Agency for Healthcare Administration Complaint Records

MHMAH Substantiated Complaint Categories 36 Months Ending March 8, 2017	
Complaint Category	**Number Substantiated**
Emergency Access	1
EMTALA	1
Resident/Patient/Client Rights	1

Source: Florida Agency for Healthcare Administration Complaint Records

North Florida Regional Medical Center, Inc. (CON application #10479) states being part of North Florida Regional Healthcare, what NFRMC references as a healthcare system that also includes a number of other outstanding medical programs dedicated to quality healing. The applicant names these programs in CON application #10479, Vol. 1, page 79. NFRMC indicates since opening to a group of physicians and HCA, in 1973, NFRMC has provided the community with high quality cost-effective health care. The applicant states that in its 2014 fiscal year, NFRMC treated more than 24,200 hospital inpatients and more than 180,800 total patients, including 67,013 emergency patients. The

reviewer notes that these hospital statistics are attested to in supporting materials (CON application #10479, Vol. 2, Tab 13-2015 Community Report/NFRMC, page 2).

NFRMC includes current Agency licensure and current accreditation by The Joint Commission for the Hospital Accreditation Program (CON application #10479, Vol. 2, Tab 5).

NFRMC points out the following awards and recognitions:
- Joint Commission Top Performer on Key Quality Measures 2010-2013
- Joint Commission Certified Primary Stroke Center
- Agency certified primary stroke center
- American Stroke Association "Get with the Guidelines" Gold Plus Achievement
- Society of Cardiovascular Patient Care Chest Pain Center
- BCBS Blue Distinction for Spine Surgery
- BCBS Blue Distinction Center for Knee and Hip Replacement
- HealthGrades A rating for general surgery and maternity care
- Institute for Safe Medication Practices Cheers Award

The reviewer notes that of the award and recognitions bulleted above, the applicant provides documentation of the following awards/recognitions:
- Joint Commission Certified Primary Stroke Center
- Society of Cardiovascular Patient Care Chest Pain Center

The reviewer additionally notes the following awards and recognitions that the applicant does not expressly state in the application but are included in CON application #10479, Vol. 2. Tab 5:
- Metabolic and Bariatric Surgery Accreditation and Quality Improvement Program-Accreditation Award/Comprehensive Center
- Intersocietal Accreditation Commission Nuclear/PET/ICANL-Nuclear Cardiology

The reviewer further notes 18 award/recognition/certification listings in CON application #10479, Vol. 2, Tab 13-2015 Community Report/ NFRMC, page 5.

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

According to NFRMC, all HCA comprehensive inpatient rehabilitation programs participate in a nationally recognized data collection system known as UDS (Uniform Data Systems). NFRMC maintains that UDS is the nationally recognized data collection tool for rehab. In brief, NFRMC describes the application of UDS as follows:

- Through UDS, HCA Rehab Services Division has the means to receive corporate-wide reports for all its programs. Per NFRMC 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.

NFRMC discusses (CON application #10479, Vol. 1, page 78) the AMRPA, stated to be the nation's only trade organization dedicated solely to the interests of Rehab. NFRMC indicates that all of HCA's rehab programs are members of AMRPA.

NFRMC contends 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: Web-based materials, courses and webinars ensure timely regulatory knowledge and continuing compliance
- Template documentation toolkit: Up to date forms, tools and instruments to best build and carry out the rehabilitation plan of care
- CMR Probe/RAC reviews and appeals support
- Policies and procedures: Ethics and compliance policies and procedures are in place to help ensure that each affiliate helps further the HCA commitment to doing the right thing
- Program protocols to ensure successful return to the community
- Systems support: HCA uses Meditech as the primary electronic medical record and will integrate with UDS

NFRMC states that existing HCA CMR programs utilize a wide range of state-of-the-art rehabilitation equipment. Below the applicant indicates a partial list of the rehabilitation specific equipment which may be utilized at existing HCA CMR programs. NFRMC indicates that it expects to employ some or all of these items initially or as the program develops.

NFRMC offers a brief narrative description of each of the following equipment items (CON application #10479, Vol. 1, pages 79 – 80):

- Lite Gait
- ReoGo
- Balance Master
- Visipitch
- SaeBoFlex Wrist Splint and Exercise Station
- VitalStim
- Bioness
- IM

NFRMC points out that the proposed program will be incorporated into the applicant's existing care delivery and performance improvement structure. The applicant shares HCA Rehabilitation Services policies and procedures (CON application #10479, Vol. 2, Tab 7). The referenced tab includes individual policies/procedures regarding the following:

- Medical direction
- Pre-admission assessment
- Admission and continued care criteria
- Scope of services
- Individualized overall plan of care
- Care coordination/communication
- Interdisciplinary team
- Team conference

NFRMC states that a draft Rehabilitation Program Performance Improvement Indicators 2015 has been prepared. The reviewer notes a Rehabilitation Program Performance Improvement Indicators 2017 (CON application #10479, Vol. 1, page 58). The applicant offers other NFRMC policies and procedures that relate to performance improvement and related activities CON application #10479, Vol. 2, Tabs 11 and 12):

- Organizational Performance Improvement Plan 2017 (Policy Stat ID: 3447434), effective 8/1/1995 (10 pages)
- Utilization Resources Management Plan 2016, 900-1.602 (Policy Stat ID: 1496210, effective 1/1/1994 (10 pages)
- Patient Assessment/Reassessment, 900-1.300 (Policy Stat ID: 2052005), effective 4/1/1996 (26 pages)
- 2016 Plan for the Provision of Patient Care, 900-1.100 (Policy Stat ID: 2924552, effective 7/25/2016 (18 pages)
- Education and Training Plan, 900-2.107.100 (Policy Stat ID: 2014160), effective 3/1/1994 (six pages)

The reviewer notes that each of the five bulleted NFRMC policies and procedures listed above has been revised since their respective effective dates.

The reviewer notes that NFRMC provides a narrative description of the Performance Improvement Plan (CON application #10479, Vol. 1, pages 81 – 84) and within this description is a stated performance improvement methodology that incorporates a "Plan-Do-Check-Act" model.

The parent, HCA, had 93 substantiated complaints among a total of 11,866 licensed beds, spread among its 50 facilities, for the 36 month period ending March 8, 2017. NFRMC had one substantiated complaint during the same 36 month period. A single complaint can encompass multiple complaint categories. The substantiated complaint categories, for the parent and for NFRMC, are listed below:

HCA Substantiated Complaint Categories 36 Months Ending March 8, 2017	
Complaint Category	**Number Substantiated**
Quality of Care/Treatment	23
Emergency Access	20
Nursing Services	19
State Licensure	12
EMTALA	11
Resident/Patient/Client Rights	8
Administration/Transfer & Discharge	5
Admission/Personnel	3
Life Safety Code	3
Resident/Patient/Client Assessment	3
Infection Control	2
Resident/Patient/Client Abuse	2
Falsification of Records/Reports	1
Physical Environment	1
Restraints/Seclusion General	1

Source: Florida Agency for Healthcare Administration Complaint Records

NFRMC Substantiated Complaint Categories 36 Months Ending March 8, 2017	
Complaint Category	**Number Substantiated**
Nursing Services	1

Source: Florida Agency for Healthcare Administration Complaint Records

Shands Teaching Hospital and Clinics, Inc. (CON application #10480) states that UFHSRH has a long and proven history of providing quality of care to the rehabilitation patients it serves. The applicant provides a UFHSRH three-year accreditation award from the Commission on Accreditation of Rehabilitation Facility (CARF), valid through March 2018 (CON application #10480, page 49). The applicant states and a review of the CARF accreditation confirms that UFHSRH's CARF accreditation covers the following rehabilitation programs:

- Inpatient Rehabilitation Programs-Hospital (adults, children and adolescents)
- Inpatient Rehabilitation Programs-Hospital: Brain Injury Specialty Program (adults, children and adolescents)
- Inpatient Rehabilitation Programs-Hospital: Spinal Cord Injury System of Care (adults, children and adolescents)

- Inpatient Rehabilitation Programs-Hospitals: Stroke Specialty Program (adults)
- Interdisciplinary Outpatient Medical Rehabilitation Programs: Spinal Cord System of Care (adults, children and adolescents)
- Single Discipline Outpatient Medical Rehabilitation Programs: Spinal Cord System of Care (adults)

The reviewer confirms that per the Agency's floridahealthfinder.gov website at http://www.floridahealthfinder.gov/facilitylocator/FacilityProfilePage.aspx?id=10092, UF Health Shands Rehab Hospital is accredited by The Joint Commission.

STHC indicates that UFHSRH received full Medicare certification, Magnet Recognition from the American Nurses Credentialing Center (ANCC) and is State of Florida certified in Brain and Spinal Cord Injury Care.

STHC shares the 10-page UF Health Shands Rehab Hospital Performance Management, Quality and Patient Safety Plan 2015-2020 (CON application #10480, Appendix 8). According to STHC, this plan is to provide a framework for continuous study and adaptation of structures, functions and processes that are strategically driven, systemic, proactive and patient-centered, ensuring the delivery of quality patient care within a culture of safety and service excellence. STHC provides extracts from the plan regarding "Big Aims" - a patient safety and quality initiative (pages 2 and 3 of the plan) and the 2017 Shands Rehab Hospital Quality Goals (page 7 of the plan). The plan indicates that the five goals of "Big Aims" are:

- Zero harm
- Reduce variation
- Transform our culture
- Increase value
- Perfect patient experience

The applicant further provides the following measures as the 2017 Quality Goals:

- Transform culture
- Infection rate
- Sepsis index
- Falls
- Patient satisfaction
- Readmissions

STHC contends that the same organization of staff and resources and the same high quality provision of care, meeting all requirements to maintain these accreditations, will be provided when the program is relocated to the new Archer Road location.

The parent, UF Health, had eight substantiated complaints among a total of 1,711 licensed beds, spread among its four facilities, for the 36-month period ending March 8, 2017. Shands Teaching Hospital and Clinics, Inc., had five substantiated complaints and UFHSRH had one substantiated complaint during the same 36-month period. A single complaint can encompass multiple complaint categories. The substantiated complaint categories, for the parent and for UFHSRH, are listed below:

UF Health Substantiated Complaint Categories 36 Months Ending March 8, 2017	
Complaint Category	**Number Substantiated**
Resident/Patient/Client Assessment	2
Resident/Patient/Client Rights	2
Emergency Access	1
EMTALA	1
Nursing Services	1
Quality of Care/Treatment	1

Source: Florida Agency for Healthcare Administration Complaint Records

UFHSRH Substantiated Complaint Categories 36 Months Ending March 8, 2017	
Complaint Category	**Number Substantiated**
Quality of Care/Treatment	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.

Marion Community Hospital, Inc. (CON application #10477):

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. Hospitals in the State of Florida (parent company) and where the two short-term and long-term measures fall on the scale (highlighted in gray) for the most recent year.

HCA Holdings, Inc. Hospitals in the State of Florida		
	Dec-15	**Dec-14**
Current Assets	$1,488,431,842	$1,425,854,571
Total Assets	$8,234,337,056	$7,329,962,173
Current Liabilities	$571,978,063	$618,111,722
Total Liabilities	$744,262,118	$783,306,052
Net Assets	$7,490,074,938	$6,546,656,121
Total Revenues	$8,218,737,451	$7,568,087,055
Excess of Revenues Over Expenses	$903,809,620	$822,647,294
Cash Flow from Operations	$1,151,484,643	$1,054,044,895
Short-Term Analysis		
Current Ratio (CA/CL)	2.6	2.3
Cash Flow to Current Liabilities (CFO/CL)	201.32%	170.53%
Long-Term Analysis		
Long-Term Debt to Net Assets (TL-CL/NA)	2.3%	2.5%
Total Margin (ER/TR)	11.00%	10.87%
Measure of Available Funding		
Working Capital	$916,453,779	$807,742,849

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

Capital Requirements and Funding:
The applicant provided audited financial statements for the years 2015 and 2014. The applicant indicates on Schedule 2 capital projects totaling $87,448,962 which consists of routine rollover FY 2016, other projects/expenditures, 4th floor expenditures at West Marion, 5th floor shell at West Marion, routine capital budget – FY 2017, this project (CON application #10477), contingency, and routine capital estimated FY 2018-2019. The applicant indicates on Schedule 3 of its application that the total funding for this project will be provided by related company financing. The applicant did not list a concurrent CON (#10479) that is being reviewed at the same time. The estimated project cost for the unlisted CON application is $13,777,000 on Schedule 3 of the application for CON application #10479. A letter from HCA pledging financing to the applicant was submitted.

Conclusion:
Funding for this project should be available to the applicant as needed, even with the above mentioned unlisted CON taken into consideration.

Munroe HMA Hospital, LLC (CON application #10478): Full Award-16 CMR beds.

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. (the parent company) and where the two short-term and long-term measures fall on the scale (highlighted in gray) for the most recent year. All numbers, except ratios, are in thousands.

Community Health Systems, Inc. Affiliated Hospitals in the State of Florida (in thousands)		
	Dec-15	**Dec-14**
Current Assets	$547,174	$497,249
Total Assets	$3,473,621	$3,261,529
Current Liabilities	$334,081	$360,885
Total Liabilities	$507,683	$539,360
Net Assets	$2,965,938	$2,722,169
Total Revenues	$2,389,312	$2,358,137
Excess of Revenues Over Expenses	$250,249	$262,904
Cash Flow from Operations	$274,489	$347,818
Short-Term Analysis		
Current Ratio (CA/CL)	1.6	1.4
Cash Flow to Current Liabilities (CFO/CL)	82.16%	96.38%
Long-Term Analysis		
Long-Term Debt to Net Assets (TL-CL/NA)	5.9%	6.6%
Total Margin (ER/TR)	10.47%	11.15%
Measure of Available Funding		
Working Capital	$213,093	$136,364

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

Capital Requirements and Funding:
The applicant provided audited financial statements for the years 2015 and 2014. The applicant indicates on Schedule 2 capital projects totaling $222,626,623 which consists of CY 2017 capital expenditures, the current project, Timber Ridge Hospital (CON application # 10449), CY 2018 capital expenditures, CY 2019 capital expenditures, and CY 2020 capital expenditures. The applicant indicates on Schedule 3 of its application that the total funding for this project will be provided by related company financing. A letter from Community Health Systems pledging financing to the applicant was submitted.

Conclusion:
With over $213 million in working capital, funding for this project should be available to the applicant as needed.

Munroe HMA Hospital, LLC (CON application #10478P): Partial Award-10 CMR beds.

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. (the parent company) and where the two short-term and long-term measures fall on the scale (highlighted in gray) for the most recent year. All numbers, except ratios, are in thousands.

Community Health Systems, Inc. Affiliated Hospitals in the State of Florida (in thousands)		
	Dec-15	**Dec-14**
Current Assets	$547,174	$497,249
Total Assets	$3,473,621	$3,261,529
Current Liabilities	$334,081	$360,885
Total Liabilities	$507,683	$539,360
Net Assets	$2,965,938	$2,722,169
Total Revenues	$2,389,312	$2,358,137
Excess of Revenues Over Expenses	$250,249	$262,904
Cash Flow from Operations	$274,489	$347,818
Short-Term Analysis		
Current Ratio (CA/CL)	1.6	1.4
Cash Flow to Current Liabilities (CFO/CL)	82.16%	96.38%
Long-Term Analysis		
Long-Term Debt to Net Assets (TL-CL/NA)	5.9%	6.6%
Total Margin (ER/TR)	10.47%	11.15%
Measure of Available Funding		
Working Capital	$213,093	$136,364

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

Capital Requirements and Funding:
The applicant provided audited financial statements for the years 2015 and 2014. The applicant indicates on Schedule 2 capital projects totaling $222,626,623 which consists of CY 2017 capital expenditures, the current project, Timber Ridge Hospital (CON application #10449), CY 2018 capital expenditures, CY 2019 capital expenditures, and CY 2020 capital expenditures. The applicant indicates on Schedule 3 of its application that the total funding for this project will be provided by related company financing. A letter from Community Health Systems pledging financing to the applicant was submitted.

Conclusion:
With over $213 million in working capital, funding for this project should be available to the applicant as needed.

North Florida Regional Medical Center, Inc. (CON application #10479):

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. Hospitals in the State of Florida (parent company) and where the two short-term and long-term measures fall on the scale (highlighted in gray) for the most recent year.

HCA Holdings, Inc. Hospitals in the State of Florida		
	Dec-15	**Dec-14**
Current Assets	$1,488,431,842	$1,425,854,571
Total Assets	$8,234,337,056	$7,329,962,173
Current Liabilities	$571,978,063	$618,111,722
Total Liabilities	$744,262,118	$783,306,052
Net Assets	$7,490,074,938	$6,546,656,121
Total Revenues	$8,218,737,451	$7,568,087,055
Excess of Revenues Over Expenses	$903,809,620	$822,647,294
Cash Flow from Operations	$1,151,484,643	$1,054,044,895
Short-Term Analysis		
Current Ratio CA/CL)	2.6	2.3
Cash Flow to Current Liabilities (CFO/CL)	201.32%	170.53%
Long-Term Analysis		
Long-Term Debt to Net Assets (TL-CL/NA)	2.3%	2.5%
Total Margin (ER/TR)	11.00%	10.87%
Measure of Available Funding		
Working Capital	$916,453,779	$807,742,849

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

Capital Requirements and Funding:
The applicant provided audited financial statements for the years 2015 and 2014. The applicant indicates on Schedule 2 capital projects totaling $166,357,000 which consists of FSED #1 and FSED #2, other projects in progress, South Tower expansion, minor ED entrance expansion, routine capital budget – FY2017, this CON (#10479), contingency, other projects pending approval, and routine capital – est. FY 2017-2019. The applicant indicates on Schedule 3 of its application that the total funding for this project will be provided by related company financing. The applicant did not list a concurrent CON (#10477) that is being reviewed at the same time. The estimated project cost for the unlisted CON application is $13,777,000. A letter from HCA pledging financing to the applicant was submitted.

Conclusion:
Funding for this project should be available to the applicant as needed, even with the above mentioned unlisted CON is taken into consideration.

Shands Teaching Hospital and Clinics, Inc. (CON application #10480):

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 Select Medical Holdings Corporation (the company providing the funding) and where the two short-term and long-term measures fall on the scale (highlighted in gray) for the most recent year. All numbers, except ratios, are in thousands.

Select Medical Holdings Corporation (in thousands)		
	Dec-16	**Dec-15**
Current Assets	$808,068	$749,154
Total Assets	$4,522,236	$4,150,457
Current Liabilities	$571,635	$729,285
Total Liabilities	$3,616,335	$3,241,940
Net Assets	$905,901	$908,517
Total Revenues	$4,286,021	$3,742,736
Excess of Revenues Over Expenses	$180,734	$208,432
Cash Flow from Operations	$346,603	$208,415
Short-Term Analysis		
Current Ratio (CA/CL)	1.4	1.0
Cash Flow to Current Liabilities (CFO/CL)	60.63%	28.58%
Long-Term Analysis		
Long-Term Debt to Net Assets (TL-CL/NA)	336.1%	276.6%
Total Margin (ER/TR)	4.22%	5.57%
Measure of Available Funding		
Working Capital	$236,433	$19,869

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

Capital Requirements and Funding:

The applicant provided audited financial statements for the years 2016 and 2015. The applicant indicates on Schedule 2 capital projects totaling $337,812,234 which consists of new towers construction, children's hospital projects, Kanapaha ED, core lab automation, routine capital, and this project. The applicant indicates on Schedule 3 of its application

that the total funding for this project will be provided by non-related company financing. A letter from Select Medical Corporation pledging financing to the applicant was submitted. Additionally, a letter from University of Florida Health was submitted pledging additional funding support.

Conclusion:
With over $99 million in cash and cash equivalents and over $236 million in working capital, funding for this project should be available to the applicant as needed.

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

Marion Community Hospital, Inc. (CON application #10477):
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.

Per Diem rates are projected to increase by an average of 3.0 percent per year. Inflation adjustments were based on the new CMS Market Basket, 3rd Quarter, 2016.

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

	PROJECTIONS PER APPLICANT		COMPARATIVE GROUP VALUES PPD		
	Total	**PPD**	**Highest**	**Median**	**Lowest**
Net Revenues	12,887,179	1,493	2,057	1,625	1,523
Total Expenses	12,359,291	1,432	1,694	1,310	1,107
Operating Income	527,888	61	544	274	83
Operating Margin	4.10%		**Comparative Group Values**		
	Days	**Percent**	**Highest**	**Median**	**Lowest**
Occupancy	8,631	78.82%	91.74%	74.77%	56.01%
Medicaid/MDCD HMO	459	5.32%	21.12%	2.14%	0.10%
Medicare	6,158	71.35%	88.93%	79.87%	60.24%

The projected CPD falls within the control group range. The projected NRPD and profitability fall slightly below the control group range.

Conclusion:
This project appears to be financially feasible based on the projections provided by the applicant, but likely not at the levels expected.

Munroe HMA Hospital, LLC (CON application #10478): Full award-16 CMR beds.

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.

Per Diem rates are projected to increase by an average of 3.0 percent per year. Inflation adjustments were based on the new CMS Market Basket, 3rd Quarter, 2016.

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

	PROJECTIONS PER APPLICANT		COMPARATIVE GROUP VALUES PPD		
	Total	PPD	Highest	Median	Lowest
Net Revenues	4,131,185	1,171	2,057	1,625	1,523
Total Expenses	3,717,601	1,053	1,694	1,310	1,107
Operating Income	413,584	117	544	274	83
Operating Margin	10.01%		Comparative Group Values		
	Days	Percent	Highest	Median	Lowest
Occupancy	3,529	60.43%	91.74%	74.77%	56.01%
Medicaid/MDCD HMO	187	5.30%	21.12%	2.14%	0.10%
Medicare	2,498	70.78%	88.93%	79.87%	60.24%

Conclusion:
This project appears likely to be financially feasible based on the projections provided by the applicant, but likely not at the levels projected.

Munroe HMA Hospital, LLC (CON application #10478P): Partial award-10 CMR beds.

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.

Per Diem rates are projected to increase by an average of 3.0 percent per year. Inflation adjustments were based on the new CMS Market Basket, 3rd Quarter, 2016.

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

	PROJECTIONS PER APPLICANT		COMPARATIVE GROUP VALUES PPD		
	Total	**PPD**	**Highest**	**Median**	**Lowest**
Net Revenues	3,439,204	1,183	2,057	1,625	1,523
Total Expenses	3,352,902	1,153	1,694	1,310	1,107
Operating Income	86,302	30	544	274	83
Operating Margin	2.51%		**Comparative Group Values**		
	Days	**Percent**	**Highest**	**Median**	**Lowest**
Occupancy	2,908	79.67%	91.74%	74.77%	56.01%
Medicaid/MDCD HMO	154	5.30%	21.12%	2.14%	0.10%
Medicare	2,059	70.80%	88.93%	79.87%	60.24%

The projected NRPD and profitability fall below the control group range. The projected CPD falls within the control group range.

Conclusion:
This project appears likely to be financially feasible based on the projections provided by the applicant, but likely not at the levels projected.

North Florida Regional Medical Center, Inc. (CON application #10479): 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.

Per Diem rates are projected to increase by an average of 3.0 percent per year. Inflation adjustments were based on the new CMS Market Basket, 3rd Quarter, 2016.

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

	PROJECTIONS PER APPLICANT		COMPARATIVE GROUP VALUES PPD		
	Total	PPD	Highest	Median	Lowest
Net Revenues	9,338,916	1,600	2,206	1,743	1,633
Total Expenses	8,998,457	1,541	1,817	1,405	1,187
Operating Income	340,459	58	544	274	83
Operating Margin	3.65%		Comparative Group Values		
	Days	Percent	Highest	Median	Lowest
Occupancy	5,838	79.97%	91.74%	74.77%	56.01%
Medicaid/MDCD HMO	583	9.99%	21.12%	2.14%	0.10%
Medicare	3,798	65.06%	88.93%	79.87%	60.24%

The projected NRPD falls within the control group range. CPD and Profitability fall slightly below the control group range.

Conclusion:
This project appears to be financially feasible based on the projections provided by the applicant, but likely not at the levels expected.

Shands Teaching Hospital and Clinics, Inc. (CON application #10480): 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.

Per Diem rates are projected to increase by an average of 3.0 percent per year. Inflation adjustments were based on the new CMS Market Basket, 3rd Quarter, 2016.

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

	PROJECTIONS PER APPLICANT		COMPARATIVE GROUP VALUES PPD		
	Total	PPD	Highest	Median	Lowest
Net Revenues	21,793,267	1,637	2,142	1,692	1,585
Total Expenses	20,523,916	1,542	1,764	1,364	1,152
Operating Income	1,269,351	95	544	274	83
Operating Margin	5.82%		Comparative Group Values		
	Days	Percent	Highest	Median	Lowest
Occupancy	13,312	90.93%	91.74%	74.77%	56.01%
Medicaid/MDCD HMO	1,621	12.18%	21.12%	2.14%	0.10%
Medicare	8,450	63.48%	88.93%	79.87%	60.24%

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.

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:
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 these 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 this application shall not be construed as an in-depth effort to determine complete compliance with all applicable codes and standards. The final responsibility for facility compliance ultimately rests with the applicant owner. Approval from the Agency for Health Care Administration's Office of Plans and Construction is required before the commencement of any construction.

Marion Community Hospital, Inc. d/b/a Ocala Regional Medical Center and West Marion Community Hospital (CON application #10477) has submitted all information and documentation necessary to demonstrate compliance with the architectural review criteria. A cost estimate for the proposed project was not provided in Schedule 9, Table A. The applicant did provide a summary of the area calculations for in Table A and cost data in Schedule 1. Based on the area and projected construction cost, the estimate is reasonable. 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 #10478) has submitted all information and documentation necessary to demonstrate compliance with the architectural review criteria. The proposed plans do not appear to provide the required area of 55 square feet per patient for dining and recreation. The cost estimate for the proposed project provided in Schedule 9, Table A and the project completion forecast provided in Schedule 10 appear to be reasonable, but do not reflect changes needed to provide the required dining and recreation area. A review of the architectural plans, narratives and other supporting documents did not reveal any additional deficiencies that are likely to have a significant impact on either construction costs or the proposed completion schedule.

North Florida Regional Medical Center, Inc. (CON application #10479) 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.

Shands Teaching Hospital and Clinics, Inc. (CON application #10480) 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 a have 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 2015 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[21]:

- ORMC, Medicaid/Medicaid HMO at 11.15 percent, charity care at 0.79 percent
- WMCH, Medicaid/Medicaid HMO and charity care are combined with ORMC and reported together as ORMC
- MRMC Medicaid/Medicaid HMO at 12.18 percent, charity care at 0.07 percent
- NFRMC Medicaid/Medicaid HMO at 14.42 percent, charity care at 0.46 percent
- STHC/UF Health Shands Hospital Medicaid/Medicaid HMO at 26.79 percent, charity care at 5.20 percent

[21] ORMC and WMCH numbers are combined for Agency reporting purposes (CON application #10477, Vol. 1, page 100).

District 3 acute care facilities provided 13.96 percent of their total patient days to Medicaid/Medicaid HMO and 2.14 percent to charity care, during FY 2015. These same percentages are shown in the table below.

ORMC, WMCH, MHMAH, NFRMC, STHC and District 3 Acute Care Hospitals Medicaid, Medicaid HMO and Charity Care Data FY 2015

Applicant	Medicaid and Medicaid HMO Days	Medicaid and Medicaid HMO Percent	Percent of Charity Care	Percent Combined Medicaid, Medicaid HMO and Charity Care
ORMC	9.960	11.15%	0.79%	11.94%
WMCH	—	—	—	—
MRMC	11,384	12.18%	0.07%	12.25%
NFRMC	14,556	14.42%	0.46%	14.88%
STHC	78,988	26.79%	5.20%	31.99%
District 3 Total	169,777	13.96%	2.14%	16.10%

Source: FHURS data for FY 2015

None of co-batched **CON applications #10477, #10478 or #10479** participated in the disproportionate share hospital (DSH) program in state fiscal year (SFE) 2016-2017 or in the Low Income Pool (LIP) Payment Program. However, for this same period, **CON application #10480** affiliate UF Health Shands Hospital participated in the LIP Payment Program, with a year-to-date (as of March 28, 2017) and a total annual allocation of $63,152,642, according to the Agency's Office of Medicaid Program Finance.

Marion Community Hospital, Inc. d/b/a Ocala Regional Medical Center and West Marion Community Hospital (CON application #10477) states that in its 2015 fiscal year, Ocala Health accounted for a total economic impact to the local community exceeding $234,483,000.

The applicant assures that WMCH extends and will continue to extend services to all patients in need of care regardless of the ability to pay or source of payment. The applicant points out that Medicaid-sponsored, self-pay and indigent patients are currently served by the hospital and that this policy will continue in the future, "including in the 20-bed CMR unit described herein" (CON application #10477, Vol. 2, page 100). The reviewer notes that the proposal is for a 30-bed CMR unit. The reviewer also notes that the **co-batched CON application #10479** is for a 20-bed CMR unit.

The applicant provides a table (CON application #10477, Vol. 1, page 100), showing ORMC's FY 2015 Medicaid/Medicaid HMO and charity care patient day percentages are consistent with the percentages shown in the Agency-generated table above. The applicant's table indicates that ORMC's FY 2014 Medicaid/Medicaid HMO was 11.4 percent and charity care was 1.2 percent of total annual patient days.

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.

Projected Payer Mix –WMCH CMR Unit
Year One (2020) and Year Two (2021)

	2020		2021	
	Discharges	**Percent**	**Discharges**	**Percent**
Medicare	388	69.7%	472	69.4%
Medicare HMO	21	3.8%	26	3.8%
Medicaid	13	2.3%	16	2.4%
Medicaid HMO	13	2.3%	16	2.4%
Commercial HMO/PPO	85	15.3%	104	15.3%
Charity	19	3.4%	24	3.5%
All Other	18	3.2%	22	3.2%
Total Discharges	**557**	**100.0%**	**680**	**100.0%**

Note: Total may not add due to rounding.
Source: CON application #10477, Vol. 1, page 101 and a portion of Schedule 7B-1

The reviewer notes that though the applicant indicates "totals may not add due to rounding", the total discharges and discharge percentages, for each payer category, for year one (2020) and for year two (2021), as shown in the table above, are arithmetically correct, with no rounding discrepancies.

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 December 31, 2020), 4.6 percent and for year two (ending December 31, 2021), 4.8 percent Medicaid/Medicaid HMO total annual patient days. The same schedule for the same period indicates 3.4 percent and 3.5 percent self-pay/charity care, respectively, total annual patient days. Notes to Schedule 7B/7B-1 indicate that self-pay/other payer group includes self-pay patients, non-pay patients and charity patients.

The applicant agrees to condition the proposed project to 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.

Munroe HMA Hospital, LLC d/b/a Munroe Regional Medical Center (CON application #10478) states that MRMC 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. The applicant assert that MRMC is the only hospital in acute care Subdistrict 3-4 that provides obstetrics and pediatric services where 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.

The applicant states that during each of the past three years (ending June 30, 2016), it has provided between 18 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. The applicant 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 each of the three years ending June 30, 2016, in the table below.

MRMC Discharges by Payor
Excluding Normal Newborns
12 Months Ending June 30, 2014 Through June 30, 2016

	Discharges			Percent of Total		
Payor	**Ending 6/30/14**	**Ending 6/30/15**	**Ending 6/30/16**	**Ending 6/30/14**	**Ending 6/30/15**	**Ending 6/30/16**
Medicare	9,622	9,362	7,645	42.3%	40.5%	37.3%
Comm. Insurance	6,162	6,216	5,607	27.1%	26.9%	27.3%
Medicaid Managed Care	1,633	3,137	3,428	7.2%	13.6%	16.7%
Medicare Managed Care	1,030	1,714	1,656	4.5%	7.4%	8.1%
Self-Pay/Underinsured	1,017	1,115	865	4.5%	4.8%	4.2%
Medicaid	2,685	1,123	796	11.8%	4.9%	3.9%
Other State/Local Gov	135	147	153	0.6%	0.6%	0.7%
Charity/Non-Payment	231	44	137	1.0%	0.2%	0.7%
Champus/TriCare/Other Govt	113	115	97	0.5%	0.5%	0.5%
VA	89	92	67	0.4%	0.4%	0.3%
Commercial Liability Coverage	0	18	27	0.0%	0.1%	0.1%
Workers Comp	43	48	22	0.2%	0.2%	0.1%
KidCare	12	7	3	0.1%	0.0%	0.0%
Total	**22,772**	**23,138**	**20,503**	**100.0%**	**100.0%**	**100.0%**
Medicaid/Medicaid HMO/KidCare	4,330	4,267	4,227	19.0%	18.4%	20.6%
Charity/Non-Payment	231	44	137	1.0	0.2	0.7%
Self-Pay/Underinsured	1,017	1,115	865	4.5	4.8	4.2%
Total	**5,578**	**5,426**	**5,229**	**24.5**	**23.5**	**25.5%**

Source: CON application #10478, Vol. 1, page 131

The applicant 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 the last three years ending June 30, 2016, Medicaid Managed Care followed by Medicaid has been the largest payor source at 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 20 percent of patients being charity care, self-pay and underinsured. The applicant provides the following table as evidence of TimberRidge ED and MRMC ED serving the needs of medically indigent patients.

Emergency Center at TimberRidge ED Visits by Payor 12 Months Ending June 30, 2014 Through June 30, 2016						
	ED Visits			Percent of Total		
Payor	Ending 6/30/14	Ending 6/30/15	Ending 6/30/16	Ending 6/30/14	Ending 6/30/15	Ending 6/30/16
Medicaid	3,086	2,140	1,591	11.9%	7.7%	5.5%
Medicaid HMO	5,834	7,958	8,693	22.5%	28.6%	30.0%
KidCare	252	248	156	1.0%	0.9%	0.5%
Charity/Non-Payment	791	64	169	3.1%	0.2%	0.6%
Self-Pay/ Underinsured	4,489	4,681	5,079	17.3%	16.8%	17.5%
Subtotal	**14,452**	**15,091**	**15,688**	**55.8%**	**54.3%**	**54.1%**
All Other	11,426	12,714	13,310	44.2%	45.7%	45.9%
Total	**25,878**	**27,805**	**28,998**	**100.0%**	**100.0%**	**100.0%**
Medicaid/Medicaid Mgd Care/KidCare	**9,172**	**10,346**	**10,440**	**35.4%**	**37.2%**	**36.0%**

Source: CON application #10478, Vol. 1, page 132

Munroe Regional Medical Center ED Visits by Payor 12 Months Ending June 30, 2014 Through June 30, 2016						
	ED Visits			Percent of Total		
Payor	Ending 6/30/14	Ending 6/30/15	Ending 6/30/16	Ending 6/30/14	Ending 6/30/15	Ending 6/30/16
Medicaid	8,263	4,904	2,961	13.1%	7.8%	4.9%
Medicaid Managed Care	20,195	25,772	258,635	32.0%	41.1%	42.4%
KidCare	727	636	337	1.2%	1.0%	0.6%
Charity/Non-Payment	1,773	188	407	2.8%	0.3%	0.7%
Self-Pay/Underinsured	9,681	9,646	9,537	15.3%	15.4%	15.8%
Subtotal	**40,639**	**41,146**	**38,877**	**64.4%**	**65.6%**	**64.4%**
All Other	22,491	21,587	21,518	35.6%	34.4%	35.6%
Total	**63,130**	**62,733**	**60,395**	**100.0%**	**100.0%**	**100.0%**
Medicaid/Medicaid Mgd Care/KidCare	**29,185**	**31,312**	**28,933**	**46.2%**	**49.9%**	**47.9%**

Source: CON application #10478, Vol. 1, page 133

Regarding the full award (16 CMR beds) as well as for the partial award (10 CMR beds) the applicant's respective Schedule 7Bs indicate for each of the first three years (36 months ending December 31, 2022), 5.3 percent Medicaid/Medicaid HMO and 4.1 percent charity/self-pay, total annual patient days.

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

North Florida Regional Medical Center, Inc. (CON application #10479) asserts that it extends and will continue to extend services to all patients in need of care regardless of the ability to pay or source of payment. The applicant states that Medicaid-sponsored, self-pay and indigent patients are currently served by the hospital, and this policy will continue in the future, including in the proposed program.

The reviewer notes that according to CON application #10479, Vol. 2, Tab 13-2015 Community Report/North Florida Regional Healthcare, page 3, NFRMC indicates a 2014 total economic impact of $266,848,900 and a cost of charity and uncompensated care of 19,750,275.

The applicant provides a table (CON application #10479, Vol. 1, page 101), showing the NFRMC's FY 2014 and FY 2015 Medicaid/Medicaid HMO and charity care patient day percentages. For the applicant's FY 2015, the stated Medicaid/Medicaid HMO and charity care patient day percentages are consistent with the percentages shown in the Agency-generated table above. The applicant's table indicates that NFRMC's FY 2014 Medicaid/Medicaid HMO was 13.5 percent and charity care was 1.1 percent of total annual patient days.

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

Projected Payer Mix –North Florida Regional CMR
Year One (2020) and Year Two (2021)

	2020		2021	
	Discharges	**Percent**	**Discharges**	**Percent**
Medicare	203	55.5%	245	55.5%
Medicare HMO	31	8.5%	37	8.4%
Medicaid	22	6.0%	26	5.9%
Medicaid HMO	15	4.1%	18	4.1%
Commercial HMO/PPO	66	18.0%	80	18.1%
Charity	9	2.5%	11	2.4%
All Other	20	5.5%	25	5.6%
Total Discharges	**366**	**100.0%**	**442**	**100.0%**

Note: Total may not add due to rounding.
Source: CON application #10479, Vol. 1, page 102 and a portion of Schedule 7B-1

The applicant's Schedule 7B indicates for year one (ending December 31, 2020) and for year two (ending December 31, 2021), 10.0 percent Medicaid/Medicaid HMO and 2.4 percent self-pay/charity, total annual patient days, respectively. The applicant's Schedule 7B-1 indicates for year one (ending December 31, 2020), 10.1 percent and for year two (ending December 31, 2021), 10.1 percent Medicaid/Medicaid HMO total annual patient days. The same schedule for the same period indicates 2.5 percent and 2.4 percent self-pay/charity care, respectively, total

annual patient days. Notes to Schedule 7B/7B-1 indicate that self-pay/other payer group includes self-pay patients, non-pay patients and charity patients.

NFRMC agrees to provide a minimum of 4.0 percent of its annual CMR discharges to the combination of Medicaid, Medicaid HMO and self-pay/other (including charity) patients.

Shands Teaching Hospital and Clinics, Inc. (CON application #10480) states that UFHSRH has a strong and proven history of providing rehabilitation services to Medicaid patients and the medically indigent.

STHC reiterates that UF Health Shands Rehab Hospital is committed to providing services to all segments of the population in need, including those patients with limited or no financial resources. For the 12 months ending June 30, 2016, STHC provides a table below to depict its Medicaid, Medicaid Managed Care, self-pay and non-payment discharges, compared to its total discharges and corresponding payer mix percentages for remaining District 3 CMR providers.

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

	Total Discharges	Medicaid, Medicaid Managed Care, Self-Pay and Non-Pay Discharges	Percent of Total District 3 Resident Rehab Discharges for Medicaid, Medicaid Managed Care, Self-Pay and Non-Pay Discharges
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: CON application #10480, page 47 and page 56

The reviewer notes that according to the applicant's Schedule 7B 40-bed proposal, for year one (ending December 2019) and for year two (ending December 2020), the applicant forecasts 3.3 percent Medicaid, 8.8 Medicaid HMO and 1.9 percent self-pay, total annual patient days, for each of the two years.

STHC conditions to the 40 beds included in the proposed relocation project will be subject to a requirement to provide 4.6 percent of patient days to Medicaid recipients. The reviewer confirms that UFHSRH is currently conditioned to provide 4.6 percent patient days to Medicaid recipients, pursuant to CON #2872.

F. SUMMARY

Marion Community Hospital, Inc. d/b/a Ocala Regional Medical Center and West Marion Community Hospital (CON application #10477) proposes to establish a new 30-bed CMR unit within WMCH, in District 3, Marion County, Florida.

The project involves 29,922 GSF of renovation[22]. The construction cost is $8,499,000[23]. Total project cost is $13,777,000. Project cost includes building, equipment, project development, financing and start-up costs.

The applicant proposes 11 conditions to CON approval on the application's Schedule C (see item C-Project Summary).

Munroe HMA Hospital, LLC d/b/a Munroe Regional Medical Center (CON application #10478) proposes to establish a new 16-bed CMR unit or a partial request to establish a new 10-bed CMR unit, within TimberRidge Hospital, a location that has Agency intent to issue CON #10449 (a general hospital for which a CON has not yet been issued), in District 3, Marion County, Florida.

The project involves 17,056 GSF of new construction (no renovated space) for the full award (16 CMR beds). The construction cost is $4,690,400. Total project cost is $6,809,623. Project cost includes building, equipment, project development, financing and start-up costs.

The partial project (also referenced as **CON application #10478P**) involves 15,256 GSF of new construction (no renovated space) for the partial award (10 CMR beds). The construction cost is $4,390,400. Total project cost is $6,327,429. 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 (see item C-Project Summary).

[22] The reviewer notes that this is drawn from notes to CON application #10477, Schedule 9, as page 1 of Schedule 9 is not included in the application.
[23] The reviewer notes that this is drawn from CON application #10477, Schedule 1, page 1, Line 12a, as page 1 of Schedule 9 is not included in the application.

North Florida Regional Medical Center, Inc. d/b/a North Florida Regional Medical Center (CON application #10479) proposes to establish a new 20-bed CMR unit within NFRMC, in District 3, Alachua County, Florida.

The project involves 24,505 GSF of new construction (with no renovated space). The construction cost is $5,842,000. Total project cost is $10,268,000. Project cost includes building, equipment, project development, financing and start-up costs.

The applicant proposes 11 conditions to CON approval on the application's Schedule C (see item C-Project Summary).

Shands Teaching Hospital and Clinics, Inc. d/b/a UF Health Shands Rehab Hospital (CON application #10480) proposes to establish a new 40-bed CMR replacement hospital at 2708 Archer Road, Gainesville, Florida 32608 from its current 40-bed CMR hospital at 4101 NW 89th Boulevard, Gainesville, Florida 32606, all in District 3, Alachua County, Florida.

The project involves 7,893 GSF of new construction and 10,233 GSF of renovation (a total of 18,126 GSF combined). The construction cost is $5,355,000. Total project cost is $8,312,234. Project cost includes building, equipment, project development and start-up costs.

The applicant conditions that the 40 beds included in this relocation project will be subject to a requirement to provide 4.6 percent of patient days to Medicaid recipients. The reviewer confirms that UFHSRH is currently conditioned to provide 4.6 percent patient days to Medicaid recipients, pursuant to CON #2872.

Need:

In Volume 43, Number 13 of the Florida Administrative Register, dated January 20, 2017, a fixed need pool of zero beds was published for CMR beds for District 3 for the July 2022 planning horizon. Therefore, **each** co-batched applicants' proposed project is outside the fixed need pool.

As of the most recent publication of the fixed need pool (January 20, 2017), District 3 had 208 licensed CMR beds and one approved project (to add 10 CMR beds). During the 12-month period ending June 30, 2016, District 3's 208 licensed CMR beds experienced 81.69 percent utilization. The reviewer notes that for this same 12-month period, this CMR bed utilization rate (81.69 percent) was the highest of any district in Florida, with a statewide average utilization rate of 69.56 percent.

Florida Center for Health Information and Transparency data for the 12 months ending June 30, 2016 indicates that 97.08 percent of adult Marion County residents and 96.32 percent of adult Alachua County residents that received a CMR discharge (MS-DRG 945 or 946) did so within their respective county, indicating no substantial out-migration for CMR services.

Marion Community Hospital, Inc. (CON application #10477) contends that the following "not normal" circumstances justifying approval of the proposed project, including but not limited to:

- There has not been a published need for CMR beds in several years because existing CMR providers can add beds via the CON exemption process, it is unlikely that there will be a net need for CMR beds projected anywhere in the state. This fact, coupled with the increasingly localized nature of CMR service delivery, constitutes a "not normal" circumstance.
- The current CMR rules does not account for the many subsequent changes in health care such as the Medicare reimbursement changes affecting CMR, more recent CMS policy changes, current medical literature nor the resultant changes in CMR service delivery away from the regional referral model and toward a more locally-based step-down model that emphasizes and enhances patient continuity of care.
- 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 counties.
- Data demonstrate that CMR beds in District 3 are utilized at very high levels, most prominently in Subdistrict 3-4 and this has persisted over time despite increases in the bed supply.
- While not a part of the forecasts contained in this application, CMR use rates in Subdistrict 3-4 have been, and continue to, increase. Thus, this proposal is unlikely to have a significant adverse impact on any existing provider.

The applicant indicates that its data supports a need for 30 CMR beds, which are projected to realize 570 discharges (corresponding to 7,247 total patient days) at 66.2 percent total occupancy (in year one ending December 31, 2020), increasing to 679 discharges (corresponding to 8,631 total patient days) at 78.8 percent total occupancy (in year two ending December 31, 2021).

The reviewer notes that in no instance does the applicant document a case or cases of poor, substandard or adverse healthcare outcomes due to the current CMR options or rehabilitation alternatives in Marion County or in District 3 overall.

Munroe HMA Hospital, LLC d/b/a Munroe Regional Medical Center (CON application #10478) contends that the proposed project, to be located at TimberRidge Hospital, should be approved based on the following reasons:

- There are four inpatient rehabilitation hospitals/units in 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 with average quarterly occupancy rates for the past three and a half years ranging between 88 and 111 percent. Other District 3 providers also function at or close to full capacity.
- CRM readmission rates in the subdistrict are higher than acceptable or 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. MRMC's acute care patients enrolled in these managed care plans do not have a CMR option within reasonable geographic distance.[24]
- 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 designated acute care 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.
- There is a disproportionately large percentage of elderly population in Marion County and specifically within the TimberRidge Hospital's designated acute care service area. This population have challenges in traveling to east Marion County or outside the County to access healthcare.
- 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. Rehab appropriate patients at MRMC experience a break in the continuity of care since it is not currently available either at MRMC nor within western Marion County.

[24] Regarding the access standard, see item E.2.(e) of this report. In addition, the reviewer notes that information gathered from the Commercial Managed Care Unit contradicts some of the applicant's contention.

- 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 has zero CMR beds since SRRMC closed its 16-bed unit in 2016. The applicant has forecasted 20 percent of its volume will migrate in from outside TimberRidge's designated acute care 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 reviewer notes that SRRMC is a CHS-affiliated facility.
- The Agency should have published need for 10 CMR beds in the District. The applicant's partial award request is responsive to this computation. The reviewer notes that no error were noticed to the Agency regarding CMR need publication.

Regarding its full proposal (16 CMR beds), the applicant indicates that its data support this need, which is projected to realize 207 admissions (corresponding to 2,649 total patient days) at 45.4 percent total occupancy (in year one ending December 31, 2020), increasing to 344 admissions (corresponding to 4,405 total patient days) at 75.4 percent total occupancy (in year three ending December 31, 2022).

Regarding its partial proposal (10 CMR beds), the applicant indicates that its data support this need, which is projected to realize 193 admissions (corresponding to 2,472 total patient days) at 67.6 percent total occupancy (in year one ending December 31, 2020), increasing to 227 admissions (corresponding to 2,908 total patient days) at 79.7 percent total occupancy (in year two ending December 31, 2021) and in year three (ending December 31, 2022).

The reviewer notes that in no instance does the applicant document a case or cases of poor, substandard or adverse healthcare outcomes due to the current CMR options or rehabilitation alternatives in Marion County or in District 3 overall.

North Florida Regional Medical Center, Inc. (CON application #10479) contends that the following "not normal" circumstances justify approval of the proposed project, including but not limited to:

- There are gaps between the age adjusted rates of discharge from CMR beds among District 3 hospitals and the state as a whole, making it obvious that CMR is underutilized in District 3 and in acute care Subdistrict 3-2.
- This shortfall in CMR utilization represents a suppressed demand that will help drive utilization of the 20-bed unit proposed at NFRMC. Thus, the proposal is unlikely to have a significant adverse impact on any existing provider.

- Shands is not readily accessible to acute care patients discharged from NFRMC as it experiences high occupancies in its 40-bed facility, and it discharges a much higher proportion of patients to CMR than does NFRMC. NFRMC staff maintain that Shands gives priority to its own acute care discharges over patients from other hospitals when referring patients to its rehab facility.
- CMR services at UFHSRH functions as a regional referral center when accepting patients from the acute care setting as patients are drawn from a wider than typical geographic area. Thus, when patients are discharged from Shands' acute care setting to its CMR facility, local patients from hospitals must compete against patients from far flung areas for already-scarce CMR bed space. Shands' proportion of rehab discharges which are residents of Alachua County is, by far, the lowest in Florida, regardless of whether the CMR facility is acute care hospital based or freestanding. This phenomenon further complicates the ability of North Florida Regional's patients to access inpatient CMR services.
- There has not been a published need for CMR beds in several years because existing CMR providers can add beds via the CON exemption process, it is unlikely that there will be a net need for CMR beds projected anywhere in the state. This fact, coupled with the increasingly localized nature of CMR service delivery, constitutes a "not normal" circumstance.
- The current CMR rules does not account for the many subsequent changes in health care such as the Medicare reimbursement changes affecting CMR, more recent CMS policy changes, current medical literature nor the resultant changes in CMR service delivery away from the regional referral model and toward a more locally-based step-down model that emphasizes and enhances patient continuity of care.
- 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 counties.

The applicant indicates that its data support a need for 20 CMR beds, which are projected to realize 365 discharges (corresponding to 4,839 total patient days) at 66.3 percent total occupancy (in year one ending December 31, 2020), increasing to 441 discharges (corresponding to 5,838 total patient days) at 80.0 percent total occupancy (in year two ending December 31, 2021).

The reviewer notes that in no instance does the applicant document a case or cases of poor, substandard or adverse healthcare outcomes due to the current CMR options or rehabilitation alternatives in acute care Subdistrict 3-2 or in District 3 overall.

Shands Teaching Hospital and Clinics, Inc. d/b/a UF Health Shands Rehab Hospital (CON application #10480) proposed need based on the following considerations:

- The 40-bed licensed CMR facility at 4101 NW 89th Boulevard, Gainesville, Florida (32606) is to be relocated to a new 40-bed location at 2708 Archer Road, Gainesville, Florida (32608)
- No new beds are proposed to be added via this proposal
- Not based on current service gaps or existing program limitations but rather to enhance facility resources to better meet the inpatient rehabilitation needs of District 3 patients
- To enhance the rehabilitation hospital's ability to integrate its services into the comprehensive array of medical and educational resources available within the larger "UF Health Shands Health System" and the UF educational programs
- To provide a facility with 100 percent private rooms versus the current situation with 60 percent of patients in semi-private rooms, providing significant benefit to the hospital's patients, families and staff, with private rooms:
  - Enhancing patient privacy, infection control efforts and patient safety
  - Enabling significantly more family presence and family involvement at the patient bedside, resulting in a more efficient and effective hospitalization and a better post-discharge family/home environment readjustment
- To expand rehabilitation treatment and support spaces to better serve the hospital's patient population
- Continue to provide services to all segments of the population and also to continue to be a proportionately high level provider of CMR inpatient services to patients with limited or no financial resources, Medicaid recipients and the medically indigent

All of the applicants applied under "not normal" circumstances and presented arguments outside of the need formula. Pursuant to 59C-1.039 (3), F.A.C., "General Provisions", the Agency shall not normally be approved unless the applicant meets the applicable review criteria in Section 408.035, F.S. and the standards and need determination set forth by 59C-1.039 F.A.C.

In absence of published need, the burden to prove need for the tertiary services by the proposed project within the specific and unique circumstances for the residents of the service district (District 3) upon examination of data on existing services and utilization in the service district is incumbent upon the applicant. The Agency has determined that none of the three applicants (CON application #10477, #10478/#10478P, or #10479) applying to additional beds/services demonstrated need for requested services at the specified requested location (WMCH,

TimberRidge Hospital or NFRMC) for those services within the context of the statutory (408.035 (1), F.S.) or rule (59C-1.039 F.A.C.) provisions. These applicants did not demonstrate specific adverse outcomes in District 3, quality issues at the existing providers or financial accessibility issues by residents in District 3 from empirical or anecdotal evidence. In addition, CON application 10478 and 10478P did not demonstrate that its projected costs and methods of proposed construction are feasible as presented.

CON application #10480 proposes to relocate a significantly utilized CMR service within District 3 more than one mile from its existing site will not add additional beds to the service area. The evidence and circumstances presented by the applicant and in weighing and balancing the "not normal" circumstances outside of published need and of 408.035 (1), F.S., and 59C-1.039 F.A.C., approval of the replacement facility closer to both the major acute care facilities in the market is merited. Additionally, approval of the proposed relocation will enhance access to CMR services for residents of District 3.

Quality of Care:

All four applicants demonstrated the ability to provide quality of care. In addition, no applicant indicated that there were perceived quality issues at existing CMR providers in District 3.

Marion Community Hospital, Inc. (CON application #10477): Agency records, for the three-year period ending March 8, 2017, indicate that the parent, HCA, had 93 substantiated complaints, among its 10,611 licensed beds (spread among its 39 facilities). From the same source for the same period, the applicant's ORMC had two substantiated complaints and for WMCH, no substantiated complaints.

Munroe HMA Hospital, LLC (CON application #10478): According to Agency records, for the three-year period ending March 8, 2017, the parent, HMA, had 41 substantiated complaints among a total of 3,645 licensed beds (spread among its 20 facilities). From the same source for the same period, the applicant, MRMC, had three substantiated complaints.

North Florida Regional Medical Center, Inc. (CON application #10479): Agency records, for the three-year period ending March 8, 2017, the parent, HCA, had 93 substantiated complaints, among its 10,611 licensed beds (spread among its 39 facilities). From the same source for the same period, NFRMC had one substantiated complaint.

Shands Teaching Hospital and Clinics, Inc. (CON application #10480): According to Agency records, for the three-year period ending March 13, 2017, the parent, UF Health, had eight substantiated

complaints among a total of 1,711 licensed beds (spread among its four facilities). From the same source for the same period, the applicant, Shands Teaching Hospital and Clinics, Inc., had five substantiated complaints and UFHSRH (the existing facility proposed for relocation) had one substantiated complaints during the same 36-month period.

Cost/Financial Analysis:

Marion Community Hospital, Inc. d/b/a Ocala Regional Medical Center and West Marion Community Hospital (CON application #10477):

- 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, but likely not at the levels expected
- 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 #10478): (full proposal-16 CMR beds)

- With over $213 million in working capital, funding for this project should be available to the applicant as needed
- This project appears likely to be financially feasible based on the projections provided by the applicant, but likely not at the levels projected
- This project is not likely to have a material impact on competition to promote quality and cost-effectiveness

Munroe HMA Hospital, LLC (CON application #10478P): (partial proposal-10 CMR beds)

- With over $213 million in working capital, funding for this project should be available to the applicant as needed
- This project appears likely to be financially feasible based on the projections provided by the applicant, but likely not at the levels projected
- This project is not likely to have a material impact on competition to promote quality and cost-effectiveness

North Florida Regional Medical Center, Inc. (CON application #10479):

- 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, but likely not at the levels expected
- This project is not likely to have a material impact on competition to promote quality and cost-effectiveness

Shands Teaching Hospital and Clinics, Inc. d/b/a UF Health Shands Rehab Hospital (CON application #10480):

- Select Medical Holdings Corporation is the company providing the funding
- With over $99 million in cash and cash equivalents and over $236 million in working capital, 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 co-batched **CON applications #10477, #10478 or #10479** participated in the disproportionate share hospital (DSH) program in state fiscal year (SFE) 2016-2017 or in the Low Income Pool (LIP) Payment Program. However, for this same period, **CON application #10480** affiliate UF Health Shands Hospital participated in the LIP Payment Program, with a year-to-date (as of March 28, 2017) and a total annual allocation of $63,152,642, according to the Agency's Office of Medicaid Program Finance.

Marion Community Hospital, Inc. (CON application #10477):

- 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 December 31, 2020), 4.6 percent and for year two (ending December 31, 2021), 4.8 percent Medicaid/Medicaid HMO total annual patient days. The same schedule for the same period indicates 3.4 percent and 3.5 percent self-pay/charity care, respectively, total annual patient days
- Notes to Schedules 7B/7B-1 indicate that self-pay/other payer group includes self-pay patients, non-pay patients and charity patients

Munroe HMA Hospital, LLC (CON application #10478):

- The applicant conditions the proposed project such that TimberRidge Hospital will provide a minimum of nine percent of its inpatient days to Medicaid, Medicaid HMO, charity care, self-pay and underinsured patients on an annual basis
- Regarding the full proposal (16 CMR beds) as well as for the partial proposal (10 CMR beds) the applicant's respective Schedule 7Bs indicate for each of the first three years (36 months ending December 31, 2022), 5.3 percent Medicaid/Medicaid HMO and 4.1 percent charity/self-pay, total annual patient days

North Florida Regional Medical Center, Inc. (CON application #10479):

- The applicant conditions the proposed project will provide a minimum of 4.0 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), 10.0 percent Medicaid/Medicaid HMO and 2.4 percent self-pay/charity, total annual patient days, respectively
- The applicant's Schedule 7B-1 indicates for year one (ending December 31, 2020) and for year two (ending December 31, 2021), 10.1 percent Medicaid/Medicaid HMO total annual patient days. The same schedule for the same period indicates 2.5 percent and 2.4 percent self-pay/charity care, respectively, total annual patient days
- Notes to Schedule 7B/7B-1 indicate that self-pay/other payer group includes self-pay patients, non-pay patients and charity patients

Shands Teaching Hospital and Clinics, Inc. d/b/a UF Health Shands Rehab Hospital (CON application #10480):

- The applicant conditions the proposed project such that the 40 beds included in the proposed relocation project will be subject to a requirement to provide 4.6 percent of patient days to Medicaid recipients
- The applicant's Schedule 7B (for the 40-bed relocation project) for year one (ending December 2019) and for year two (ending December 2020) forecasts 3.3 percent Medicaid, 8.8 percent Medicaid HMO and 1.9 percent self-pay, total annual patient days for each of the two years
- Notes to Schedule 7B (for the 40-bed relocation project) indicate charity care is forecast to total $652,348 for year one and $693,444 for year two

Architectural Analysis:

Marion Community Hospital, Inc. d/b/a Ocala Regional Medical Center and West Marion Community Hospital (CON application #10477) submitted all information and documentation necessary to demonstrate compliance with the architectural review criteria. The cost estimate for the proposed project provided in Table A and cost data in Schedule 1 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 #10478) submitted all information and documentation, but the proposed plans do not provide the required area per patient for dining and recreation nor does the cost estimate reflect changes needed to provide the required dining and recreation area. A review of the architectural plans, narratives and other supporting documents did not reveal any additional deficiencies that are likely to have a significant impact on either construction costs or the proposed completion schedule.

North Florida Regional Medical Center, Inc. (CON application #10479) 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.

Shands Teaching Hospital and Clinics, Inc. d/b/a UF Health Shands Rehab Hospital (CON application #10480) 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 #10480 to establish a 40-bed replacement comprehensive medical rehabilitation hospital. The total project cost is $8,312,234. The project involves 7,893 GSF of new construction, 10,233 GSF of renovation and a construction cost of $5,355,000.

CONDITION: The applicant will provide 4.6 percent of patient days to Medicaid recipients.

Deny CON #'s 10477, 10478, 10478P and 10479.

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