STATE AGENCY ACTION REPORT

ON APPLICATION FOR CERTIFICATE OF NEED

A. PROJECT IDENTIFICATION

1. Applicant/CON Action Number

HCA Health Services of Florida, Inc. d/b/a Regional Medical Center Bayonet Point/CON #10544
14000 Fivay Road
Hudson, Florida 34667

Authorized Representative: Sharon Hayes
Chief Executive Officer
(727) 819-2929

2. Service District/Subdistrict

District 5/Pasco and Pinellas Counties

B. PUBLIC HEARING

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

Letters of Support
The letters of support included with the application are primarily from health professionals or other providers who cite a professional affiliation with the applicant.

Support for the proposal is noted with respect to the following:

- Regional Medical Center Bayonet Point (RMCBP) has grown exponentially, not only in serving the injured patients of Pasco, Hernando and Citrus Counties but also with the expansion of care to cardiac surgery, stroke and neurological patients. There has been a similar increase in the complexity and severity of these patients' illnesses and residual deficits.
- Comprehensive medical rehabilitation (CMR) beds are not available and this results in long inpatient stays and less than optimal discharges.

- When CMR beds are available, patients may be relocated/travel outside of the community.
- The proposal would allow CMR patients to be better served in a more efficient way and improve chances for quicker recovery.
- Inability for uninsured or underinsured patients to receive CMR services. Mitchell Rehab/North Bay does not accept these patients and results in longer inpatient stays.
- Reduction in readmission rates stemming from lack of appropriate access to CMR services post-acute care discharge.
- High-wage, high-skilled jobs stemming from a CMR unit would stimulate economic growth.

Letters of Opposition

Encompass Health Rehabilitation Hospital of Largo is an existing provider which submitted a letter of opposition to the proposal. Encompass states that current providers (Encompass Health Rehabilitation Hospital of Largo or EHRHL and Encompass Health Rehabilitation of Spring Hill of EHRSH) are both meeting the inpatient CMR needs of residents that RMCBP proposes to serve[1].

Encompass notes that the CMR utilization in District 5 is 58.21 percent, the lowest utilization in the state—resulting in a high surplus of beds and reflecting that existing providers are meeting the current and projected CMR needs of area residents. Opposition states that RMCBP does not refer enough patients to CMR programs to support the proposed unit. From CY 14 – CY 16, the opposition notes that RMCBP discharged an average of 279 patients to an inpatient CMR, which does not warrant approval of additional CMR beds within the district.

In response to a possible argument that RMCBP may present as a Level II Trauma Center, opposition states that both EHRHL and EHRSH currently serve trauma patients and there is no special circumstance regarding lack of access to care for trauma patients. Encompass notes that only a small number of trauma patients require inpatient CMR care, EHRSH has admitted 38 trauma patients year-to-date (YTD) or 2.9 percent of its total admissions. For these patients, opposition states that total patient days were 590 days or an average daily census (ADC) of 1.6 patients, which Encompass determines does not reflect need for the proposed CMR unit based on demand or a special circumstance.

Encompass expects for the proposal to negatively impact existing Encompass facilities as a result of introducing duplicative services.

[1] The reviewer notes that EHRHL is located in District 5 and that EHRSH is located in District 3

AHCA-Defined "No Need" for CMR Beds in District 5

Encompass provides a summary of the bed surplus for CMR beds across all districts based on existing utilization and the licensed CMR bed inventory within each district and determines that District 5 has the second highest surplus of CMR beds in the entire state (60 beds). Encompass states that the surplus of beds within District 5 is equivalent to at least three hospital inpatient rehabilitation units which supports the conclusion that the addition of new CMR beds in District 5 is unnecessary and detrimental to existing providers. Opposition trends CMR utilization comparisons from 2015 – 2017 and finds that the addition of CMR beds will adversely impact existing providers in both District 5 as well as adjacent counties by further reducing the low aggregate utilization. The opposition maintains that no additional inpatient CMR beds are necessary to serve the residents of District 5.

Bayonet Point Lacks Sufficient Total Rehabilitation Volume to Support the Project

From CY 2014 – CY 2016, Encompass notes that the average total discharge from RMCBP to any inpatient rehabilitation facility was 279 patients which is insufficient to support the addition of CMR beds. Encompass elaborates upon the insufficiency of discharges from Bayonet Point in the following points:

- Assuming that every single CMR-appropriate discharged from RMCBP is admitted to its own hospital, the CMR average length of stay (ALOS) would have to equal approximately 27 days to reach the 85.0 percent desired occupancy rate in its proposed 24-bed unit, which is an entirely inappropriate ALOS for a CMR program
- Conversely, if a more reasonable range of 12 to 14 day ALOS is assumed for the proposed inpatient rehabilitation program, the proposed 24-bed unit would have an annual occupancy rate of less than 50 percent, which is significantly below the desired 85.0 percent occupancy rate and further evidence that the proposed project unnecessarily duplicates existing services

Encompass Health Hospitals Currently serve Trauma Patients

Encompass provides a summary of the CMR patients served at EHRSH and states that it currently serves trauma patients albeit trauma patients constitute a small percentage of overall CMR patients.

Encompass Spring Hill will be adversely impacted by the proposed project

The opposition maintains that EHRSH is the leading provider of CMR services for RMCBP discharged inpatients and admits two-thirds of discharges to inpatient CMR programs. For the YTD, Encompass states that RMCBP's YTD admissions from Bayonet Point account for 12.0 percent of EHRSHs total hospital admissions and that the program would be adversely impacted if the proposed CMR program is approved.

For the reasons stated, the opposition determines that the proposed project should be denied.

C. PROJECT SUMMARY

HCA Health Services of Florida, Inc. d/b/a Regional Medical Center Bayonet Point (CON application #10544), also referenced as RMCBP, is an existing for-profit Class I general hospital seeking to establish a CMR unit of 16 beds.[2] The parent-company of the applicant, Hospital Corporation of America (HCA), operates 52 acute care facilities all licensed with a total of 12,183 acute care beds in Florida. The facility is located in Hudson, Florida (Pasco County).

Per FloridaHealthFinder[3], the licensed inventory and services provided at the facility are as follows:

- Acute care beds: 290
- Comprehensive Stroke Center
- Level II Adult Cardiovascular services
- Adult Open Heart Surgery
- Level II Trauma Center

It is noted that Largo Medical Center – Indian Rocks and Palms of Pasadena Hospital are providers of CMR services located in Pinellas County that are both operated by the applicant's parent-company, HCA, Inc. [4]

The total project cost is $10,197,000.[5] Project costs include building, equipment, project development, financing and start-up costs. The project involves 15,218 gross square feet (GSF) of renovation construction. The total construction cost of the project is $5,707,000.

The applicant anticipates issuance of the license in February 2021 and initiation of service in March 2021.

RMCBP includes the following Schedule C conditions with the proposal:

- Bayonet Point will provide a minimum of 4.0 percent of its annual CMR discharges to the combination of Medicaid, Medicaid HMO and self-pay (including charity) patients

[2] The reviewer notes that the applicant's Schedule A "Identification of Project" describes the proposal as a comprehensive inpatient rehabilitation unit of up to 24 beds, on page 2 of the application the applicant states "…proposes to establish a 16-bed comprehensive medical rehabilitation (CMR) unit".
[3] http://www.floridahealthfinder.gov/facilitylocator/FacilityProfilePage.aspx?id=10034 Accessed: October 18, 2018
[4] https://hcawestflorida.com/ Accessed: October 18, 2018
[5] Total cost subject to fee, Schedule 1, Line 51

- Bayonet Point will apply for CARF accreditation for its CMR program in the first 12 months of operation
- Bayonet Point will be accredited by the Joint Commission
- The medical director of the CMR program will be a board-certified or board-eligible physiatrist with at least two years of experience in the medical management of inpatients requiring rehabilitation services
- Therapy services will be available seven days a week
- CRRN (Certified Rehabilitation Registered Nurse) certification will be achieved for a minimum of 20 percent of Bayonet Point's rehabilitative nursing staff by year four of operation of the proposed CMR unit

Note: Should the proposed project be approved, the applicant's conditions would be reported in the annual condition compliance report as required by Rule 59C-1.013 (3) Florida Administrative Code. The applicant's proposed conditions are as they stated. However, Section 408.043(4), Florida Statutes, states that "Accreditation by any private organization may not be a requirement for the issuance or maintenance of a certificate of need under ss. 408.031-408.045." Also, conditions that are required CMR services would not require condition compliance reports so the Agency will not impose conditions on already mandated reporting requirements.

Regional Medical Center Bayonet Point, Project Cost and GSF					
Applicant	**CON App. #**	**Project**	**GSF**	**Total Costs $**	**Cost Per Bed**
RMCBP	10544	New 16-bed CMR project	15,218	$10,197,000	$637,312.50

Source: CON application #10544, Schedule 1 and 9

Issuance of a CON is required prior to licensure of certain health care facilities and services. The review of a CON application and ultimate approval or denial of a proposed project is based upon the applicable statutory criteria in the Health Facility and Services Development Act (408.031-408.045, Florida Statutes) and applicable rule criteria within Chapters 59C-1 and 59C-2, Florida Administrative Code. An approved CON does not guarantee licensure of the proposed project. Meeting the applicable licensure requirements and licensure of the proposed project is the sole responsibility of the applicant.

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 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, Bianca Eugene, analyzed the application with consultation from the financial analyst, Kimberly Noble 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 44, Number 141 of the Florida Administrative Register dated July 20, 2018, need for zero additional CMR beds was published in District 5 for the January 2024 planning horizon. Therefore, the proposed project is submitted outside of the fixed need pool. As of the application deadline September 5, 2018, there were no exemptions or CON projects approved to add CMR beds to District 5.

From January – December 2017, District 5 had 210 licensed CMR beds and an occupancy rate of 58.21 percent, the lowest occupancy rate of providers across all districts.

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.

From January – December 2017, District 5 had 210 licensed CMR beds and an occupancy rate of 58.21 percent, the lowest occupancy rate of providers across all districts.

District 5
Comprehensive Medical Rehabilitation Bed Utilization
CY 2013 – CY 2017

Facility	Beds	CY 2013	CY 2014	CY 2015	CY 2016	CY 2017
Morton Plant North Bay Hospital	30	71.21%	73.58%	76.68%	80.25%*	75.63%
Bayfront Health – St. Petersburg	60	25.90%	23.16%	20.21%	27.17%	25.89%
HealthSouth Rehabilitation Hospital of Largo	70	67.46%	76.00%	78.88%	77.08%	79.05%
Largo Medical Center – Indian Rocks	30	71.92%	65.51%	63.53%	64.16%	61.30%
Palms of Pasadena Hospital	20	62.96%	56.62%	60.11%	57.79%	51.45%
District 5 Total	200	55.58%	56.39%	56.88%	58.87%	58.21%

*Morton Plant North Bay Hospital licensed 10 additional CMR beds (from 20 to 30) on September 16, 2016
Source: Florida Hospital Bed Need Projections & Service Utilization by District, July 2014-2018 Batching Cycles

The table below shows the total number of Pasco and Pinellas adult residents discharged from a Florida CMR provider (both freestanding CMR units and inpatient units located on a hospital campus) for the 12-month period ending June 30, 2017.

Pasco and Pinellas Adult Residents Discharged from CMR Providers (12 Months Ending June 30, 2017)

Facility Name	Pasco County Discharges	Pasco County Discharges %	Pinellas County Discharges	Pinellas County Discharges %	Total Discharges	% Total Discharges
BAYFRONT HEALTH ST. PETE.	9	0.84%	407	15.84%	416	11.43%
BLAKE MEDICAL CENTER		0.00%	3	0.12%	3	0.08%
BROOKS REHAB. HOSPITAL	13	1.22%	12	0.47%	25	0.69%
FLORIDA HOSPITAL TAMPA	82	7.67%	15	0.58%	97	2.67%
HALIFAX HEALTH	1	0.09%		0.00%	1	0.03%
ENCOMPASS (LARGO)	36	3.37%	1,318	51.28%	1,354	37.21%
ENCOMPASS (MIAMI)		0.00%	1	0.04%	1	0.03%
ENCOMPASS (OCALA)	3	0.28%	2	0.08%	5	0.14%
ENCOMPASS (SARASOTA)		0.00%	3	0.12%	3	0.08%
ENCOMPASS (SPRING HILL)	377	35.27%	13	0.51%	390	10.72%
ENCOMPASS AFFILIATE (SEA PINES)		0.00%	1	0.04%	1	0.03%
ENCOMPASS (TALLAHASSEE)	1	0.09%		0.00%		0.00%
JACKSON MEMORIAL HOSPITAL		0.00%	3	0.12%	3	0.08%
LAKELAND REGIONAL	11	1.03%	2	0.08%	13	0.36%
LARGO MEDICAL CENTER - (IR)	12	1.12%	431	16.77%	443	12.17%
LEE MEMORIAL HOSPITAL	1	0.09%	1	0.04%	2	0.05%
MEMORIAL REGIONAL SOUTH	1	0.09%	1	0.04%	2	0.05%
MERCY HOSPITAL	1	0.09%		0.00%	1	0.03%
MORTON PLANT NORTH BAY	457	42.75%	47	1.83%	504	13.85%
MOUNT SINAI MEDICAL CENTER		0.00%	1	0.04%	1	0.03%
ORLANDO HEALTH	4	0.37%	1	0.04%	5	0.14%
PALMS OF PASADENA HOSPITAL		0.00%	249	9.69%	249	6.84%
SARASOTA MEMORIAL HOSPITAL		0.00%	5	0.19%	5	0.14%
ST. MARY'S MEDICAL CENTER	2	0.19%	1	0.04%	3	0.08%
TAMPA GENERAL HOSPITAL	56	5.24%	53	2.06%	109	3.00%
UF HEALTH SHANDS REHAB	2	0.19%	0	0.00%	2	0.05%
Total	**1,069**	**100.0%**	**2,570**	**100.0%**	**3,639**	**100.0%**

Source: Florida Center for Health Information and Transparency Database – Type Service 2 Discharges

The reviewer notes the following trends from the table above:

- 48.08 percent of Pasco County discharges were from District 5 providers
- 95.41 percent of Pinellas County discharges were from District 5 providers
- Providers from Pinellas County accounted for 67.65 percent of District 5 resident discharges, providers from Pasco County accounted for 13.85 percent of District 5 resident discharges
- 81.51 percent of District 5 discharges were from District 5 providers

GoogleMaps directions obtained 10/25/18 at 11:00 am indicate that existing CMR provider facilities are located within the following approximate driving miles/driving times.

Driving in Miles and Minutes - Existing Facilities and Proposed Site						
Facility	**RMCBP**	**Morton Plant (NBH)**	**Bayfront Health - (St. Pete)**	**Encompass Health (RHL)**	**Largo Medical Center - (IR)**	**Palms of Pasadena Hospital**
RMCBP		18 min, 8.8 miles	1 hr 6 min, 46.7 miles	1 hr 4 min, 34.6 miles	1 hr 12 min, 37.8 miles	1 hr 11 min, 43.8 miles
Morton Plant (NBH)	18 min, 8.8 miles		57 min, 38.6 miles	55 min, 26.8 miles	53 min, 31.2 miles	1 hr 1 min, 35.9 miles
Bayfront Health - (St. Pete)	1 hr 6 min, 46.7 miles	57 min, 38.6 miles		29 min, 17.9 miles	32 min, 18.5 miles	18 min, 7.5 miles
Encompass Health (RHL)	1 hr 4 min, 34.6 miles	55 min, 26.8 miles	29 min, 17.9 miles		8 min, 3.1 miles	31 min, 14.6 miles
Largo Medical Center – (IR)	1 hr 12 min, 37.8 miles	53 min, 31.2 miles	32 min, 18.5 miles	8 min, 3.1 miles		32 min, 14.6 miles
Palms of Pasadena Hospital	1 hr 11 min, 43.8 miles	1 hr 1 min, 35.9 miles	18 min, 7.5 miles	31 min, 14.6 miles	32 min, 14.6 miles	

Source: GoogleMaps. 10/25/18 Times are the shortest

c. Other Special or Not Normal Circumstances

CON application #10544 seeks to establish a new 16-bed CMR unit within RMCBP outside of published need.

The applicant describes the services and licensed inventory of its existing acute care facility, highlighting the comprehensive range of adult cardiac services including being recognized as a Level II Adult Cardiovascular Program. RMCBP notes its accreditations as a Comprehensive Stroke Center and an Accredited Chest Pain Center and Commission on Cancer approved cancer care, specialized orthopedic and neurosurgery programs. The applicant anticipates that its accreditation as a Comprehensive Stroke Center (received June 15, 2018) will assist in its capacity to serve persons recovering from strokes who are identified as being among the primary uses of CMR services.

RMCBP states that the location of its facility in the City of Hudson (Pasco County) in the northernmost portion of AHCA Planning District 5, east of the heavily traveled US 19 corridor which runs north-south through the western portion of the county, affording ready access to residents of Pasco County and portions of southern Hernando County (District 3). The applicant indicates that there is only one provider of CMR services in Pasco County, Morton Plant North Bay Hospital ("North Bay"), located in the southern portion of the county. The applicant states that North Bay operates a 30-bed CMR unit that experienced 75.6 percent utilization during CY 2017, including an 87.2 percent occupancy during the first quarter of the year. RMCBP maintains that this level of occupancy reflects only three available beds on an average daily basis. The applicant states that hospitals such as North Bay typically operate in a

step-down capacity and primarily serve patients discharged from their own acute care setting. For this reason, the applicant determines that it is important that hospitals have sufficient CMR bed capacity to accommodate rehab-appropriate acute care discharges as needed.

The applicant states that the next nearest CMR beds within District 5 are located in Largo (EHRHL) in central Pinellas County, which are determined to be a considerable distance from RMCBP and do not present realistic alternatives for meeting the rehabilitative needs of RMCBP's discharges nor the residents of Pasco County. A map of the CMR programs within District 5 is provided on page 15 of CON application #10544.

RMCBP identifies the following not-normal circumstances contributing to need:

- Consistently high utilization of Pasco County's only existing CMR unit, especially during the winter months
- The fact that CMR programs overwhelmingly serve patients from their home counties
- High utilization of the sole CMR beds in neighboring Hernando County
- The unwillingness or inability of CMR programs in closest proximity to RMCBP to admit all patients needing CMR services
- The geographic inaccessibility of Pinellas County-based CMR programs

The applicant provides narrative explanations for the proposal's conformity with Rule 59C-1.039(5), Florida Administrative Code, ss. 408.032(17) Florida Statutes and Rule 59C-1.002, Florida Administrative Code, on pages 16 – 20 of CON application #10544.

RMCBP Trauma Designation Has Resulted in Increased CMR Demand

Since the beginning of trauma operations and its designation as a Level II Trauma Center, RMCBP attests to experiencing an increase in acute care discharges to CMR. The applicant states that the number of patients discharged directly to a CMR unit increased 57.9 percent from the period between December 2010 – May 2011 (just prior to trauma center designation) and December 2011 – May 2012 (immediately after designation). From CY 2015 – August 2018, RMCBP documents serving over 7,000 trauma patients. Between January – August 2018 the applicant describes serving 1,316 trauma patients (annualized to 2,000), 25.0 percent of these patients were discharged and admitted to a CMR bed either at EHRSH in Hernando County or Brooks Rehabilitation Hospital in Duval County. The applicant states that only five patients discharged to a CMR unit were admitted to North Bay, likely because the facility is not staffed or equipped to provide the more intensive type of rehabilitation services that trauma patients require.

RMCBP states that HCA does not operate any CMR units within trauma center hospitals in District 5 and neither of its two existing CMR programs in District 5 are located within trauma centers. The applicant's parent-company, HCA, operates Blake Medical Center in District 6 which discharged 9.4 percent of its trauma patients to the CMR setting in comparison to 5.6 percent of trauma patients at RMCBP. RMCBP anticipates that if its facility had a CMR unit and discharged patients to CMR services at a similar rate as Blake Medical Center, it would have experienced increased discharges to CMR services (73 additional) instead of being referred to a skilled nursing facility (SNF) or foregoing the services altogether.

The applicant maintains that many patients who need CMR services are unable to access them due to high occupancies of existing beds, excessive travel times and/or the inability/unwillingness of existing CMR providers to accept all patients. The applicant indicates that many patients opt for SNF care instead, although a precise count of trauma center patients discharged to a SNF who should have received CMR care instead is not available. RMCBP references testimonials from case managers who report that many discharged trauma patients fall into this category—patient who cannot access CMR services due to capacity constraints, payer restrictions among existing providers or available beds located too far away from home as the patient's caregiver is unable/unwilling to make the drive.

RMCBP references the Committee on Trauma, American College of Surgeons *Resources for the Optimal Care of the Injured Patient* which states that "*In Level I and II trauma centers, rehabilitation services must be available within the hospital's physical facilities or as a freestanding rehabilitation hospital, in which case the hospital must have transfer agreements.*"

The applicant describes primarily relying upon EHRSH (District 3) or Brooks Rehabilitation Hospital (District 4). RMCBP states that the consistently high utilization of these facilities/units especially during the winter months coupled with both hospitals' unwillingness/inability to admit certain categories of patients has presented significant difficulties. RMCBP asserts that the establishment of the proposed inpatient CMR unit will contribute to improved quality and continuity of care for patients discharged from the Level II trauma center.

RMCBP notes that HCA has established verified trauma centers at various hospitals throughout Florida, six of which operate their own inpatient CMR units. The applicant anticipates that its historical experience operating trauma centers with CMR units will be indicative of the proposal's experience. RMCBP summarizes the operations of Central

Florida Regional Hospital to this effect. The applicant states that as a trauma center, RMCBP has an adequate ability to discharge trauma patients to CMR.

Neither North Bay nor HealthSouth Accepts All Patients Needing CMR Services Based on Payor

The applicant provides a table summarizing RMCBP patients referred for CMR to North Bay and EHRSH as well as other providers during 2017. RMCBP maintains that this data shows that despite the fact that patients were referred to these CMR providers across all payer classes most admissions were Medicare/Medicare HMO and commercial/other payer patients. See the table below:

CMR Referrals and Admissions by Payer from RMCBP CY 2017					
	Medicare/Medicare HMO	**Medicaid/Medicaid HMO**	**Self Pay/Charity**	**Commercial/Other**	**Total**
Patients Referred	184	93	2	68	347
Patients Admitted	132	5	2	36	175
Percent Admitted	**71.7%**	**5.4%**	**100.0%**	**52.9%**	**50.4%**
Percent of Patients Referred	53%	27%	1%	20%	100%
Percent of Patients Admitted	75%	3%	1%	21%	100%

Source: CON application #10544, page 24

RMCBP states that the two nearest CMR facilities are North Bay and EHRSH and based on historical experience, neither hospital will accept all patients in need of CMR. The applicant notes that a majority of admissions at North Bay's CMR unit appear to be discharges from that hospital's acute care beds and, when coupled with high seasonal occupancy, North Bay's CMR beds are not readily available to RMCBP's discharges.

The applicant indicates that some patients discharged from RMCBP in need of CMR services face payer class discrimination and cites that Medicaid/Medicaid HMO patients are admitted much less frequently. The applicant notes that historically, 5.4 percent of Medicaid/Medicaid HMO patients referred from RMCBP were accepted but none were accepted by either North Bay or EHRSH during 2017. RMCBP states that no self-pay/charity patients were referred to or accepted by North Bay and most CMR patients accepted were Medicare/Medicare HMO.

RMCBP asserts that the low levels of Medicaid and self-pay/charity care patients are consistent with Encompass' overall experience in EHRSH and statewide as well as North Bay, which reflects a lack of access when considering that both facilities operate at capacity and that the applicant has experienced difficulty discharging Medicaid and self-pay/charity patients to both of these destinations.

The applicant maintains that case managers provided the following reasons that patients are not accepted by North Bay or ERHSH:

- Unwillingness to accept Medicaid or charity/uninsured patients
- Unavailability of beds due to capacity constraints
- Delays in calling for authorization from managed care and commercial insurers
- Declinations and delays in accepting patients except total joints and cardiovascular surgery patients
- Refusal to take patients with tracheostomies, psych issues, substance abuse or patients with uncertain dispositions after two weeks

The applicant provides a table summarizing the payer mix history of Encompass hospitals and determines that on average, only 1.1 percent of patients are Medicaid patients and 1.0 percent are self-pay/charity patients statewide. From the analysis provided, the applicant determines that it is evident that Encompass has not typically served these populations.

In comparison to Encompass facilities and North Bay, RMCBP finds that the overall CMR payer mix for HCA trauma providers is 7.3 percent Medicaid/Medicaid HMO and 8.8 percent self-pay/charity.

HCA Trauma Centers with CMR Units CY 2017					
Payer	**Blake Medical Ctr.**	**Central FL Regional**	**Lawnwood Regional**	**Orange Park Med. Ctr.**	**Total**
Medicare	421	210	524	238	1,393
Medicaid	18	13	96	24	151
Self-Pay/Charity	21	27	109	24	181
Commercial	60	58	105	64	287
Other	11	10	18	12	51
Total	**531**	**318**	**852**	**362**	**2,063**
% Medicaid	3.4%	4.1%	11.3%	6.6%	7.3%
% Self-Pay/Charity	4.0%	8.5%	12.8%	6.6%	8.8%

Source: CON application #10544, page 26

The applicant maintains that its commitment to serving CMR patients in these payer categories is legitimate and will significantly improve financial access for persons in need of CMR services. RMCBP states that HCA's culture ensures access to all patients regardless of their ability to pay and the proposed CMR services are needed in order to ensure access to underserved populations that are currently served by ERHSH and North Bay.

The applicant provides a table of CMR discharges from CMR providers by payer and specifically notes the paucity of Medicaid and self-pay/charity discharges from North Bay or ERHSH.

CMR Discharges from CMR Providers By Payer (Pasco County Residents)							
Hospital	**Medicare**	**Medicaid**	**Commercial**	**Other**	**Self-Pay/Charity**	**Total**	**%Medicaid/Self-Pay/Charity**
North Bay	467	11	41	3	0	522	2.1%
HealthSouth Spring Hill	352	1	31	3	6	393	1.8%
Florida Hospital Tampa	68	1	14	0	0	83	1.2%
Tampa General	31	7	21	4	0	63	11.1%
HealthSouth Largo	35	2	8	0	0	45	4.4%
Bayfront St. Pete.	5	7	9	5	1	27	29.6%
Brooks Rehab Hospital	5	0	11	1	2	19	10.5%
All Other	19	6	20	2	5	52	21.2%
Total	**982**	**35**	**155**	**18**	**14**	**1,204**	**4.1%**

Source: CON application #10544, page 27

RMCBP notes that both providers are below the overall average of 4.1 percent for Pasco County Medicaid/self-pay/charity patients and most of patients in these payor groups receive care at facilities other than North Bay or EHRSH.

The applicant maintains that these findings confirm RMCBP's experience in discharging Medicaid and self-pay/charity patients to North Bay or EHRSH and as a result providers are forced to refer some of these patients to facilities far from their families. RMCBP asserts that these patients are experiencing undue hardship to travel significant distances away from their homes for CMR services, particularly when North Bay and EHRSH are operating in relatively close proximity. The applicant states that the approval of these beds will alleviate the need for Medicaid and self-pay/charity patients to leave the area to access CMR care.

RMCBP states that the proposal will relieve barriers to access as a result of their payer status (Medicaid and self-pay/no-pay patients), diagnoses or frequent high occupancy rates.[6]

Service Area Characteristics

The applicant summarizes the geographic distribution and distance of providers relative to RMCBP and identifies North Bay and EHRSH as the closest providers of CMR services. A map depicting the geographic location of these facilities is provided on page 28 of CON application #10544. The applicant states that neither North Bay, EHRSH or any of the other CMR units in District 5 are realistic alternatives for CMR-eligible patients being discharged from RMBCP. The applicant indicates that CMR inpatient facilities primarily serve patients from their home counties. The reviewer notes that CMR reviewed on a district-wide basis

[6] The reviewer notes that the applicant has not provided an analysis that depicts a disparity for access by patient diagnosis.

for purposes of CON, often in encompassing multiple counties. RMCBP states that beds at North Bay and EHRSH are frequently unavailable to RMCBP's patients due to high occupancy, especially during the winter months.

The applicant states that the proposed CMR program will primarily serve patients being discharged from the acute care setting within the hospital as well as other residents of Pasco County and southwestern portions of Hernando County.

RMCBP provides a summary of the population characteristics of Pasco County. The applicant states that Pasco County's adult July 1, 2018, population was estimated at 438,845, and during 2017, 60.0 percent of RMCBP inpatients discharged to the CMR setting were residents of Pasco County. The applicant states that if the residents of Hernando County are included, the proportion increases to 87.0 percent. The applicant discusses the following population trends:

- The adult (15+) population of Pasco County comprises over 35.0 percent of the adult population of District 5
- Only one-seventh (14.3 percent) of the district's CMR beds are physically located in Pasco County
- Pasco County has one-third of the district's 65+ population, 65+ individuals are the most intensive users of CMR services
- During 2017, over 75.0 percent of Pasco County residents discharged from a hospital to the CMR setting were 65+

The applicant states that the rehabilitation model to be employed at RMCBP is based on the concept that access to rehabilitation services, provided quickly, is the best way to facilitate returning older persons back into the community and avoiding long-term stays in a SNF setting.

District 5 CMR Utilization Patterns and Trends

RMCBP provides a summary of CY 2017 utilization patterns of District 5 CMR providers with the inclusion of EHRSH. The applicant reiterates that the primary providers of inpatient CMR services to residents of Pasco County are North Bay and EHRSH. RMCBP states that these providers and EHRHL regularly experience high utilization, especially during the winter season. The applicant indicates that other CMR providers, Bayfront Health St. Petersburg, Largo Medical Center – Indian Rocks and Palms of Pasadena had occupancies that ranged from 25.9 percent to 61.3 percent during 2017, however none of these providers are reasonably accessible to large portions of Pasco County although they are located in District 5 (one contiguous county over). RMCBP notes that North Bay and EHRSH's CMR occupancies during January – March 2017 were at 87.2 percent and 84.8 percent respectively which the applicant

concludes is encountered regularly. The reviewer notes that the CY 2017 occupancies for these two facilities was much lower, 75.63 percent and 80.85 percent, respectively.

The applicant states that the lower occupancies experienced in District 5 are partially a function of the federal Medicare program's "60 percent Rule", which evolved from the "75 percent Rule" for inpatient rehabilitation facilities/units that stipulated that at least 75.0 percent of patients discharged from an inpatient rehabilitation hospital/unit had to be treated for one of thirteen conditions in order for a facility to maintain inpatient rehabilitation facility (IRF) status and receive Medicare payments under the IRF prospective payment system. RMCBP maintains that historical changes to this rule resulted in restrictions on the types and numbers of patients that would be eligible under the rehabilitation payment system resulting in many older facilities with larger bed inventories having difficulty filling their beds. The applicant states that this trend is true especially in acute care hospital-based CMR units where the trend has been towards filling hospital-based CMR units with the hospital's own acute care discharges. RMCBP asserts that this practice is consistent with patient and family preferences to receive locally what is perceived to be a step-down level of care. The applicant maintains that Medicare reimbursement changes are significant to utilization because the majority of CMR patients are older adults primarily covered by the Medicare program.

The applicant reiterates its provision of trauma care which has resulted in a large volume of CMR discharges. RMCBP states that the vast majority of CMR discharges from its facility are either to EHRSH or Brooks Rehabilitation Hospital. The applicant notes that only five patients discharged to a CMR unit were admitted to North Bay, likely because the facility is not staffed or equipped to provide the more intensive type of rehabilitation services that trauma patients require. A table summarizing the discharges to and from CMR beds at North Bay is provided below:

Discharges to and From CMR Beds: North Bay CY 2017	
Discharges to CMR	380
CMR Unit Discharges	598
Discharges to CMR/CMR Unit Discharges (%)	63.5%

Source: CON application #10544, page 32

RMCBP outlines the following reasons identified by case managers for inaccessible CMR services:

- There are no CMR beds available due to the extremely high occupancy rates experienced by the existing CMR providers in reasonable proximity to RMCBP.

- The patient's type of health insurance generally is not accepted by area CMR providers, or the patient is a charity case.
- There are undue delays in calling for authorization from managed care providers and commercial insurers.
- The patient's family cannot or will not make the drive to CMR programs located in the Pinellas County portion of District 5. This is especially true of older adults who are the most intensive users of CMR services.
- Area providers generally do not accept or there are undue delays in accepting certain patient conditions or space is limited for these patients, especially those with limited financial resources. This is especially true of complex neuro rehab patients such as those with traumatic brain injury or spinal cord injury. Patients with tracheostomies, psychiatric/substance abuse issues and patients with uncertain dispositions after two weeks also fall into this category.

The applicant states that the proposal will treat all of the patients described above.

RMCBP provides a table summarizing the CMR discharges from Pasco County by provider, the applicant determines that the vast majority of Pasco County CMR patients are treated at either North Bay or EHRSH. In the analysis provided, these two providers accounted for over 75.0 percent of Pasco County discharges. The applicant states that these findings reflect that patients in need of CMR services primarily receive them locally and patients do not travel to more distant locations. See the table below:

CMR Discharges from Home County:
CMR Providers in AHCA District 5 and Adjacent Hernando County

CMR Provider	Pasco	Pinellas	Hernando	Other	Total	% from Home County
Bayfront Health St. Pete	19	1,176	19	114	1,328	89%
HealthSouth Largo	45	1,334	1	133	1,513	88%
HealthSouth Spring Hill	393	11	1,018	294	1,716	59%
Largo Medical Center (IR)	15	401	4	48	468	86%
Morton Plant North Bay	522	44	1	31	598	87%
Palms of Pasadena	0	240	0	27	267	90%
					Median	88%

Source: CON application #10544, page 33

From the analysis provided, the applicant determines that CMR services are more local than regional and CMR facilities no longer function as regional referral centers. For this reason, the applicant concludes that the increasingly localized nature of CMR service delivery means that

Pasco County residents primarily rely on proximate providers which are unable to meet these patients' needs due to frequent high occupancy and an inability to take all patients regardless of payer class/condition.

Inpatient Alternatives to CMR Services

The applicant states that in the absence of sufficient CMR bed capacity and the ability to discharge certain patients to CMR due to clinical status or payer class, patients are often discharged to SNFs as an alternative. RMCBP states that SNFs are generally not an acceptable alternative to CMR services as CMR services provided in a hospital setting are deemed tertiary per CON requirements, whereas SNF care is not tertiary per CON statutes and rules.

Bayonet Point summarizes structural differences between CMR programs/services in comparison to a SNF and outlines CMS descriptions and diagnoses for IRFs. Overall, the applicant notes that in comparison to the requirements outlined for IRFs/CMRs there are no specific diagnoses required for SNF admission if the criteria for nursing care are satisfied. RMCBP maintains that SNFs can admit Medicare patients typically within 30 days of an acute care hospital episode of at least three consecutive days. In contrast, CMR facilities can admit a patient from any location at any time provided the patient needs intensive inpatient rehabilitative services. Within Pasco County, the applicant notes that SNFs are full, with an average annual occupancy of over 90 percent and in excess of 91 percent during the most recent six-month reporting period.

RMCBP next details studies which document differential outcomes for patients who received care in CMR settings in comparison to SNF patients. The applicant maintains that, overall, patients served in CMR settings achieved significantly better outcomes in a shorter amount of time than patients treated in SNFs. RMCBP indicates that when matched on demographic and clinical characteristics, rehabilitation in a CMR facility leads to lower mortality, fewer readmissions and ER visits and more days at home when compared to rehabilitation in a SNF.

In reference to 2016 American Heart Association/American Stroke Association guidelines on adult stroke rehabilitation, RMCBP notes that CMR settings are preferential to SNFs. The applicant determines that that there is increasing evidence that post-acute rehabilitation for stroke patients can have a significant impact on quality of life. From January 2017 – August 2018, the applicant describes referring 63 stroke patients to a CMR bed. RMCBP maintains that this volume of patients likely understates true need and suggests that many stroke patients are forced to settle for sub-optimal care in SNFs or other settings. The applicant provides copies of relevant studies within Tab 5 of the supporting materials of CON application #10544.

Need for CMR beds at RMCBP Based on Letters of Support
The applicant states that the letters strongly support the proposal as a result of the belief that a lack of inpatient CMR beds at RMCBP represents a substantial unmet need that imposes an unfair burden on patients and families who cannot or will not travel to other CMR facilities within or outside of District 5 because of the lack of available beds at the two most proximate CMR providers, the inherent disruption in their continuity of care and/or other reasons.

The applicant references letters of support from the following individuals:
- Scott Norwood, MD, FACS, Trauma Medical Director for RMCBP
- Christine Behan, MD, Physician Advisor, RMCBP
- Jean Bellamy, ACM-RN, BSN, the Director of Case Management at RMCBP
- Ronda McNeill, BSN, MBA, RN, ACM, IQCI, Director of Case Management at Medical Center of Trinity
- Patricia Grady, MS, RN, CCM, Case Management Director at Oak Hill Hospital
- Jack Mariano, Former Chairman, Pasco County Board of County Commissioners

CMR Bed Need in Pasco County
The applicant maintains that regulatory and clinical changes/ advancements have led to an evolution 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.

RMCBP states that the need for additional CMR beds is predicated on a number of factors: 1) the large population residing in Pasco County, 2) forecasted rates of growth within that population especially persons 65+, 3) the special need that RMBCP has for its own CMR beds by virtue of its status as a Level II trauma center, 4) the special need that the hospital has based on its designation as a comprehensive stroke center, 5) documented difficulties encountered in placing significant numbers of referred patients into existing CMR beds due to capacity constraints as well as unwillingness or inability of existing providers to accept all patients and 6) the geographic inaccessibility of Pinellas County-based programs in District 5.

Population Factors
The applicant states that the majority of forecasted RMCBP CMR patients are expected to arise from the adult population of Pasco County. A summary of the anticipated changes in this population is provided below:

Pasco County Population			
Time Period	**15-64**	**65+**	**Total 15+**
7/1/2018	322,676	116,169	438,845
1/1/2021	337,240	124,954	462,194
1/1/2022	343,160	128,118	471,278
1/1/2024	354,364	134,570	488,934
Change	**31,688**	**18,401**	**50,089**
% Change	**9.8%**	**15.8%**	**11.4%**

Source: CON application #10544, page 41

RMCBP outlines the rate of growth in the older adult population at 15.8 percent which exceeds the rate of population growth in the 15 – 64 population by six percentage points. The applicant notes that the individuals 65+ are the most typical users of CMR services. RMCBP states that the rehabilitation model to be employed is based on the concept that access to rehabilitation services, provided quickly, is the best way to facilitate returning older adults back into the community and avoiding long-term stays in a SNF setting.

The applicant provides an additional population change summary for District 5 by county, and notes that the adult population of Pasco County is forecast to increase by 22.8 percent from July 2018 – January 2024 while the adult population in Pinellas County is forecast to increase by 0.6 percent, the adult population for the entire district for this period is anticipated to increase by 8.5 percent. RMCBP notes that the 65+ population in Pasco County is expected to increase by 15.8 percent while the 65+ population in Pinellas County is forecasted to increase by 12.1 percent. The applicant notes a disparity between the adult population located in Pasco County (40.0 percent) and its distribution of CMR beds in District 5 overall (14.0 percent).

Numeric Need for CMR Beds in Pasco County

The applicant provides a summary of anticipated bed need for Pasco County residents through January 2024 which is reproduced below:

Projected CMR Bed Need in Pasco County: January 2024 Planning Horizon	
Pasco County Resident CMR Patient Days 2017	16,647
15+ Population of Pasco County July 1, 2017	429,294
Use Rate/1000 Population 15+	38.78
15+ Population of Pasco County January 1, 2024	488,934
Projected Patient Days (Pop X Use Rate)	18,960
Average Daily Census	52
Bed Need @80% Annual Occupancy	65
Net Need Less 30 Licensed Beds	35

Source: CON application #10544, page 43

RMCBP states that this county-specific bed need projection of a net need for 35 additional CMR beds supports the proposal's addition of 16 additional CMR beds in Pasco County.

Projected Utilization of RMCBP's Proposed CMR Program

The applicant describes discharging 343 inpatients to the inpatient rehabilitation setting during 2016. The reviewer questions why 2017 data was not provided in lieu of older 2016 data. The applicant states that case managers on staff maintain that there are many instances of patients needing to be discharged to a CMR bed but unable to access CMR services due to lack of bed availability, patient payer status or some combination of factors. The applicant states that 2,092 patients were discharged to the Medicare-certified SNF setting.

RMCBP expects for the proposed 16-bed CMR unit to fill rapidly, primarily by patients currently discharged from the RMCBP acute care setting. The applicant expects referrals from affiliate facilities such as Medical Center of Trinity and Oak Hill Hospital.

The following utilization is projected for the proposal:

RMCBP 16-Bed CMR Unit Forecast			
Qtr/Yr	**Patient Days**	**ADC**	**Occ. Rate**
Mar - May 21	693	7.5	47.1%
Jun - Aug 21	901	9.8	61.2%
Sep - Nov 21	1,040	11.4	71.4%
Dec 21 - Feb 22	1,317	14.6	91.5%
Year One	**3,951**	**10.8**	**67.7%**
Mar - May 22	1,366	14.8	92.8%
Jun - Aug 22	1,024	11.1	69.6%
Sep - Nov 22	1,161	12.8	79.7%
Dec 21 - Feb 23	1,434	15.9	99.6%
Year Two	**4,985**	**13.7**	**85.4%**

Source: CON application #10544, page 45
Note: Totals may not add due to rounding

Impact on Other District 5 Providers

The applicant states that the proposed CMR program at RMCBP will primarily serve patients being discharged from the acute care setting within the hospital as well as residents of Pasco County and southwestern portions of Hernando County. While North Bay and EHRSH hospitals are the closest facilities to RMCBP, the applicant notes that these facilities are inaccessible due to their high occupancies. RMCBP maintains that facilities located in Pinellas County with lower occupancies are inaccessible due to travel times, especially for older drivers who comprise the majority of CMR patients and their families.

The applicant states that the proposed CMR unit at RMCBP is planned to alleviate the lack of programmatic access to rehabilitation services for RMCBP's patients who require certain medical services as well as patients whom the existing providers frequently are unable or unwilling to serve. The applicant provides a summary of the payer mix of CMR providers who serve Pasco County residents, recreated below:

Market Shares & Payer Mix of CMR Providers			
Hospital	**Discharges**	**% Medicaid/Self-Pay/Charity**	**Market Share**
North Bay	522	2.1%	43.4%
HealthSouth Spring Hill	393	1.8%	32.6%
Florida Hospital Tampa	83	1.2%	6.9%
Tampa General Hospital	63	11.1%	5.2%
HealthSouth Largo	45	4.4%	3.7%
Bayfront Health St. Pete	27	29.6%	2.2%
Brooks Rehab Hospital	19	10.5%	1.6%
All Other	52	21.2%	4.3%
Total	**1,204**	**4.1%**	**100.0%**

Source: CON application #10544, page 48

RMCBP states that the proposed 16-bed CMR unit can be highly successful based on realistic assumptions regarding start-up and utilization rates. The applicant maintains that any impact on existing providers should be minimized. RMCBP projects to serve the base of patients historically referred to CMR but oftentimes not admitted by existing providers. The applicant notes that historically Medicare/ Medicare HMO and commercial/other payer patients constitute the majority of patients admitted to referral facilities. RMCBP states that its willingness to accept the condition that a minimum of 4.0 percent of its CMR patients will be Medicaid or charity (including self-pay) reinforces the belief that existing providers will not be adversely impacted by the establishment of the proposed 16-bed CMR unit. The applicant does not expect for the admission of these patients to have any significant impact on the accessibility of CMR to patients, including trauma and stroke patients served by RMCBP.

RMCBP states that the upside of approving the proposed CMR unit, given the improvement that will be realized in bed availability, accessibility and patient continuity of care, outweigh any negatives including any diversion of patient volumes from either North Bay or ERHSH.

2. Agency Rule Criteria:

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

a. General Provisions

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

The proposed CMR unit will be provided at RMCBP which is licensed as a general hospital.

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

The applicant states that the proposed project will be provided in a separately organized unit within the hospital.

(3) Minimum Number of Beds. A general hospital providing comprehensive medical rehabilitation inpatient services should normally have a minimum of 20 comprehensive rehabilitation inpatient beds. A specialty hospital providing CMR inpatient services shall have a minimum of 60 CMR inpatient beds. Hospitals with licensed or approved comprehensive medical rehabilitation inpatient beds are exempt from meeting the requirements for a minimum number of beds.

RMCBP is a general hospital seeking to establish a CMR unit of 16 beds. The applicant states that this application is consistent with and appropriately addresses "identified need". RMCBP indicates that the numeric need methodology established by 59C-1.039(5), Florida Administrative Code, uses an occupancy standard of 85.0 percent as the desired rate, it becomes virtually impossible for the numeric formula to produce a need for a new unit of at least 20 beds if existing providers avail themselves of the statutory exemption. The reviewer notes that none of the District 5 providers of CON currently have an exemption to add additional CMR beds. The reviewer indicates that need was published recently (2017) in District 3 for new CMR beds. The applicant states that RMCBP has demonstrated herein that it will meet all the requirements for operation of 16-bed CMR unit in a cost-effective and efficient manner.

(3) Medicare and Medicaid Participation. An applicant proposing to increase the number of licensed comprehensive medical rehabilitation inpatient beds at its facility shall participate in the Medicare and Medicaid programs. Applicants proposing to establish a new comprehensive medical rehabilitation service shall state in their application that they will participate in the Medicare and Medicaid programs.

The applicant indicates that it currently participates in the Medicare and Medicaid programs in its existing acute care operations and will continue to do so for the proposed unit. RMCBP states that the proposed unit will be a provider-based unit for reimbursement purposes, billing under the hospital's existing provider number. A summary of the projected payer mix for the proposal is provided on page 52 of CON application #10544.

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.

RMCBP states that the proposed CMR program will be operated under the direct medical supervision of a board certified physical medicine and rehabilitation specialist (physiatrist). The applicant states that the medical director is responsible for directing and coordinating the interdisciplinary team. The applicant states that the physiatrist will be responsible for coordinating the services of any and all medical consultants to make certain that the medical care that each patient needs is available, provided in a timely manner and coordinated with the implementation of the rehab plan of care.

The applicant anticipates recruiting a physician for this position and will be assisted in this endeavor by the corporate physician recruitment office. RMCBP states that the office has expressed its confidence in meeting the need with highly qualified, experienced and capable candidates.

RMCBP anticipates that one physician will serve as the medical director and manage the rehabilitation needs of the patients who are admitted. The applicant states that arrangements will be made as necessary to ensure the capability to admit patients seven days a week as needed. RMCBP maintains that this circumstance

provides considerable continuity of care because of the uniformity of the practice of the one physician. The applicant outlines the role of the anticipated medical director on page 53 of CON application #10544.

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

1. **Rehabilitation nursing**
2. **Physical therapy**
3. **Occupational therapy**
4. **Speech pathology and audiology**
5. **Social services**
6. **Psychological services**
7. **Orthotic and prosthetic services**

The applicant indicates that the proposed services are currently available to patients at the facility with the exception of rehabilitation nursing. RMCBP references the proposed staffing for the CMR program included in Schedule 6A and provides job descriptions for the medical director, program director, rehabilitation nursing, therapy, social services and other key rehabilitation positions for the proposed unit in Tab 7 of CON application #10544. The applicant states that psychological services are available at RMCBP and will likewise be available to CMR patients when needed to fulfill the rehab plan of care. The applicant describes orthotic and prosthetic services are specialized areas of care and will be utilized on a contractual basis as necessary to meet patient needs.

Descriptions of services are provided on pages 55 – 59 of CON application #10544.

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.

The proposal is submitted outside of the fixed need pool.

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

For the most recent reporting period, the CMR utilization rate in District 5 was 58.21 percent.

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

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

The applicant was not present among facilities listed on the most recent Disproportionate Share Hospital Report queried on 8/17/18 at 2:34 PM. The applicant confirms that RMCBP is not a Disproportionate Share Hospital.

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

RMCBP's Schedule C conditions state: Bayonet Point will provide a minimum of 4.0 percent of its annual CMR discharges to the combination of Medicaid, Medicaid HMO and self-pay (including charity) patients. The applicant's Schedule 7B forecast also includes Medicaid/Medicaid HMO patients to be served by the proposal.

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

The applicant is listed as a Level II trauma center per Florida Department of Health's Florida Trauma Center listings, last updated August 8, 2018: http://www.floridahealth.gov/licensing-and-regulation/trauma-system/_documents/traumacenterlisting2018.pdf

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 applicant states that the proposal does not depend upon improvement in this geographic access standard for its justification, though it will result in enhanced geographic access for many patients. RMCBP details in Schedule B, Item E.1. "Fixed Need Pool", acute care patients at Regional Medical Center Bayonet Point are routinely unable to access existing inpatient rehabilitation beds in the service area. The applicant states that the rehabilitation proposal will remedy this identified access issue within the service area.

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.

The applicant states that 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. RMCBP maintains that the proposal/application is consistent with those standards and the applicant maintains it will apply for CARF accreditation within the first year of operation of the proposed unit.

RMCBP's describes its quality record as a function of its quality and clinical excellence program, clinical outcomes, patient experience, technology and innovation, culture of safety and performance improvement indicators.

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.

The applicant intends to serve adults aged 15+. Based upon an analysis of population demographics, RMCBP expects that 18.5 percent of admissions will be among individuals aged 15-64 and 81.5 percent will be aged 65+.

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

RMCBP intends to serve patients with traumatic brain injuries, traumatic or non-traumatic spinal cord injuries or major multiple trauma. The applicant provides summaries of specialty programming for stroke rehabilitation, arthritis, wound care, orthopedic rehabilitation, spasticity management, and balance/ vestibular patients.

(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.

Regional Medical Center Bayonet Point - Proposed Staffing		
Position	**Year 1 FTE**	**YEAR 2 FTE**
Program Director	1.0	1.0
Nurse Manager	1.0	1.0
Outreach Coordinator	1.0	1.0
PAI/PPS Coordinator	1.0	1.0
Medical Director/Physiatrist	Contracted	Contracted
Charge Nurse/Clinical Coordinator	1.0	1.0
RNs	4.2	12.6
CNAs	2.1	4.9
Inpatient Therapy Manager	1.0	1.0
Physical Therapist	2.8	2.8
Physical Therapy Assistant	0.8	1.8
Speech Therapist	0.75	1.25
Occupational Therapist	2.8	2.8
Occupational Therapy Assistant	0.8	1.8
Social Worker/Case Manager	1.0	1
Total	**21.25**	**34.95**

Source: CON application #10544, Schedule 6A. Years One and Two correspond with years ending on December 31, 2020 and December 31, 2021

The applicant indicates that the proposed staffing levels are consistent with licensure, CMS and CARF standards. RBMCP states that a number of anticipated staff positions are currently in place while others will be new. The applicant states that job descriptions or draft descriptions for the various staff positions and resumes are included in Tabs 7, 9 and 10 of the application. RMCBP states that the medical direction will be provided by a board certified physiatrist with at least two years' experience in the medical management of inpatients requiring rehabilitation services.

A brief overview of the training and experience requirements for key direct care staff are provided for the following positions: registered nurse, physical therapist, occupational therapist and speech language pathologists. The applicant states that the Comprehensive Inpatient Rehabilitation Center will train all medical staff and employees on the significance of a culture of safety, an essential component in a quality environment.

RMCBP provides a list of training topics for staff and employees on page 79 of CON application #10544.

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

The applicant notes that some of the personnel required for the unit may be reassigned from the existing hospitals and others will be recruited as necessary. RMCBP states that most of the affected categories are recruited through promotion and recruitment within HCA, utilization of corporate recruitment personnel/resources, professional recruiting agencies/services when necessary and advertisements in local state/national media and professional publications.

(5) Expected sources of patient referrals.

RMCBP expects to draw referrals to the proposed unit from a number of sources including it owns acute care admissions, physicians on staff and referrals from area SNFs/acute care hospitals. The applicant references letters of support for this project from case managers at Medical Center of Trinity and Oak Hill Hospital which express the intent to refer patients to the proposed program. The reviewer notes that both hospitals are operated by the applicant's parent company, HCA, Inc.

(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.

The applicant's proposed payer mix is included below:

Regional Medical Center Bayonet Point: Payer Mix Forecast								
Time Period	**Self-Pay/Charity**	**Medicaid**	**Medicaid HMO**	**Medicare**	**Medicare HMO**	**Com. (1)**	**Other Payers**	**Total**
Year 1	37	22	97	2,833	478	411	75	3,953
Year 2	46	27	123	3573	603	519	94	4,985
Year 1 %	0.9%	0.6%	2.5%	71.7%	12.1%	10.4%	1.9%	100.0%
Year 2 %	0.9%	0.5%	2.5%	71.7%	12.1%	10.4%	1.9%	100.0%

Source: CON application #10544, Schedule 7B. Years ending on February 28, 2022 and February 28, 2023
1. Commercial Insurance/HMO/PPO

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

RMCBP states that it 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 that Medicaid-sponsored, self-pay and indigent patients are currently served by the applicant and the proposal will ensure accessibility by these patients to needed CMR services. RMCBP states that these estimates are drawn from an assessment of the applicant and other area acute care facility discharges to hospital rehabilitation services, state-and district-wide CMR discharges and the demographic characteristics of Pasco County and the surrounding service area.

(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.

The applicant expresses the intent to comply with this criterion.

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.

The applicant states that each of the elements above evidences need for the project except for the quality of care and the response to Rule 59C-1.039(6), Florida Administrative Code.

RMCBP notes that the location of its facility in the City of Hudson (Pasco County) in the northernmost portion of AHCA Planning District 5, east of the heavily traveled US 19 corridor affords ready access to residents of Pasco County and portions of southern Hernando County (District 3). The applicant states that there is only one provider of CMR services in Pasco County, North Bay, located in the southern portion of the county. The applicant indicates that North Bay operates a 30-bed CMR unit that experienced 75.6 percent utilization during CY 2017, including an 87.2 percent occupancy during the first quarter of the year. RMCBP states that this level of occupancy reflects only three available beds on an average daily basis.

The applicant maintains that the next nearest CMR beds within District 5 are located in Largo in central Pinellas County—a considerable distance from RMCBP and do not present realistic alternatives for meeting the rehabilitative needs of Pasco County residents. RMCBP notes that there are no pending CON-approved CMR beds in District 5. The applicant states that the need for the proposed CMR unit is evidenced by the following:

- The large and growing population residing in Pasco County especially persons 65+ and given this, the imbalance in the supply of CMR beds between Pasco and Pinellas counties
- The inability or unwillingness of the closest CMR providers to accept all patients referred for CMR care
- The substantial impact and need for ready access to CMR services that has occurred as the result of RMCBP's designation as a Level II trauma center and a comprehensive stroke center
- The geographic inaccessibility of Pinellas County-based CMR programs

The applicant asserts that CMR facilities and units in Florida primarily serve patients from among their own counties, underscoring the increasingly localized "step-down" nature of CMR service delivery. The applicant states that the benefit of approving the proposed CMR unit, given the improvements that will be realized in bed availability, accessibility and patient continuity of care, especially given the hospital's status and a Level II trauma center and a comprehensive stroke center, outweigh any negatives. RMCBP maintains that the proposed CMR unit can be highly successful based in large measure on meeting the needs of its own underserved discharges.

RMCBP states that its position is that the need for the project is evidenced by the availability, accessibility and extent of utilization of existing health care facilities and services in Pasco County and District 5. The applicant stresses that current CMR-eligible patients discharged from the acute care setting are forced to transfer to one of the other existing providers of CMR services—either a well-utilized CMR unit in

Pasco County or relatively inaccessible providers in Pinellas County. The applicant notes that EHRSH is located in a contiguous district, but the facility does not accept all financial classes of patients. RMCBP maintains that any of these alternatives would result in less than optimal continuity of care for service area residents and other patients discharged from the acute setting. The applicant states that given the intense traffic congestion in Pasco County and Pinellas County these journeys are bound to disrupt the continuity of care of treatment of patient requiring a step-down level of care such as CMR.

RMCBP presents the following need arguments:

- A calculated need, based on current use rates, for 35 additional CMR beds in Pasco County, by the January 2024 planning horizon.
- Available data reinforces the belief that CMR units do not function as regional referral centers but instead primarily serve their own acute care discharges and other residents of their home counties. Similarly, freestanding CMR facilities predominantly serve patients from their own home county.
- Data contained herein demonstrate that the primary CMR facilities/units serving Pasco county residents, North Bay and EHRSH (Hernando County), are utilized at high levels, especially during peak seasonal periods.
- Both North Bay and EHRSH are inaccessible to many patients due to self-imposed restrictions on the types of patients and payer categories that they will accept as documented by both payer mix data and discharge data from RMCBP and the AHCA discharge database.
- RMCBP will serve without restriction the types of patients historically referred to either North Bay or EHRSH but not admitted. Thus, this proposal by RMCBP is unlikely to have a significant adverse impact on any existing provider.
- Admission of these patients will have a tremendous impact on the accessibility of CMR services to Pasco County residents and other patients, including trauma and stroke patients, served by Bayonet Point.

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.

RMCBP describes its facility as an existing provider that has been providing high quality care to residents of Pasco County since 2000. The applicant states that its facility offers a full range of patient care and ancillary services, directly or through referral, consultation or contractual arrangement. RMCBP discusses its patient care activity and economic impact stating that in FY 2017, it treated more than 15,350 hospital inpatients and more than 79,700 patients (including 45,451

emergency patients). The applicant indicates that during FY 2017 the hospital accounted for a total economic impact that exceeded $165,314,600.

The applicant notes its accreditation by the Joint Commission and awards and recognitions relative to the facility's quality of care. A list of awards is provided on pages 84 – 85 of CON application #10544. RMCBP maintains that its provision of care to Medicare and Medicaid patients and good standing with both of these programs along with VA, Workers Comp, private insurance carriers, HMOs and other managed care providers. The applicant states that the facility maintains full compliance with all applicable state licensing standards.

The applicant discusses HCA's historical provision of care as a CMR provider nationally, within the State of Florida operating 11 inpatient CMR programs with 296 CMR beds at general acute care hospitals. The applicant states that eight of 11 programs are CARF accredited, these 11 programs are:

- West Florida Hospital – 58 beds
- Rehabilitation Institute of Northwest Florida – 20 beds
- Largo Medical Center – Indian Rocks – 30 beds
- Blake Medical Center – 28 beds
- Fawcett Memorial Hospital – 20 beds
- Lawnwood Regional Medical Center and Heart Institute – 44 beds
- Mercy Hospital – 15 beds
- Central Florida Regional – 13 beds
- Palms of Pasadena – 20 beds
- Orange Park Medical Center – 20 beds
- Osceola Regional Medical Center – 28 beds

The applicant discusses its capacity to provide quality care in relation to the following:

- Uniform Data Systems (UDS)
- American Medical Rehabilitation Providers Association (AMRPA)
- Lite Gait (supportive ambulation system), ReoGo, Balance Matter, Visi-pitch, SaeboFlex Wrist Splint and Exercise Station, Bioness and Interactive Metronome

RMCBP states that the proposed CMR unit will be incorporated into the applicant's existing care delivery and performance improvement structure. The applicant indicates that the performance improvement structure includes *Performance Improvement Plan 2018* and *2018 Utilization Management Plan.* RMCBP provides a draft of its *Rehabilitation Program Performance Improvement Indicators 2018* which will serve as a guideline for the proposed CMR program. The applicant notes that it maintains a variety of policies regarding patient care quality,

safety, privacy and satisfaction. RMCBP asserts that a "Performance Improvement Policy and Procedure Statement" will be developed as a component of the two larger plans and revised as necessary through implementation and startup of the proposed program.

The applicant indicates that the Performance Improvement Plan describes the systematic, coordinated and continuous organization-wide approach to the maintenance and improvement of quality care, patient safety and services and services used within the facility. The applicant adopts the Institute of Medicine's definition of quality which defines quality as "A function of the following parameters: safe, effective, patient-centered, timely, efficient and equitable".

The applicant outlines the narrative objectives of the Performance Improvement Plan on pages 90 – 93 of CON application #10544. RMCBP determines that the plan's focus is on ongoing challenges to deliver superior patient care. The applicant describes having the management experience, resources, operational procedures and protocols that have contributed to the applicant's ability to provide superior quality health care in its existing hospital operations which will contribute to the ongoing success and effectiveness of the proposed CMR program. Samples of the "Performance Improvement and Utilization Review" plans are provided in Tab 12 and CON application #10544.

The parent company of the applicant, HCA, Inc., operates 52 acute care facilities within Florida all of which are licensed with a total of 12,183 acute care beds. Thirty-four facilities operated by the applicant's parent-company experienced 90 substantiated complaints across multiple complaint categories for the three year period between October 18, 2015 and October 18, 2018. The table below summarizes this complaint history:

HCA, Inc. Substantiated Complaint Categories 36 Months Ending October 18, 2018	
Complaint Category	**Number Substantiated**
Administration Personnel	1
Admission, Transfer & Discharge Rights	7
Emergency Access	12
EMTALA	1
Falsification of Records/Reports	1
Life Safety Code	1
Nursing Services	6
Pharmaceutical Services	1
Physical Environment	1
Physician Services	3
Quality of Care/Treatment	36
Resident/Patient/Client Assessment	1
Resident/Patient/Client Rights	9
Restraints/Seclusion General	1
State Licensure	20
Unqualified Personnel	1

Source: Florida Agency for Healthcare Administration Complaint Records. A single complaint can encompass multiple complaint categories. The chart reflects the number of times each complaint category appears within the complaint record.

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

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

Historically we have compared all applicant financial ratios regardless of type to bench marks established from financial ratios collected from Florida acute care hospitals. While not always a perfect match to a particular CON project it is a reasonable proxy for health care related entities. The below is an analysis of the audited financial statements of

HCA Health Services of Florida, Inc. d/b/a Regional Medical Center Bayonet Point, where the short-term and long-term measures fall on the scale (highlighted in gray) for the most recent year. All figures except ratios are in thousands.

HCA Healthcare, Inc. Hospitals in the State of Florida		
	Dec-17	**Dec-16**
Current Assets	$1,588,628,125	$1,468,864,065
Total Assets	$9,957,174,219	$8,978,116,783
Current Liabilities	$643,474,133	$615,513,344
Total Liabilities	$770,982,392	$744,531,716
Net Assets	$9,186,191,827	$8,233,585,067
Total Revenues	$9,223,557,052	$8,666,677,185
Excess of Revenues Over Expenses	$1,185,956,367	$1,110,298,530
Cash Flow from Operations	$1,257,896,804	$1,310,984,632
Short-Term Analysis		
Current Ratio (CA/CL)	2.5	2.4
Cash Flow to Current Liabilities (CFO/CL)	195.49%	212.99%
Long-Term Analysis		
Long-Term Debt to Net Assets (TL-CL/NA)	1.4%	1.6%
Total Margin (ER/TR)	12.86%	12.81%
Measure of Available Funding		
Working Capital	$945,153,992	$853,350,721

Capital Requirements and Funding:

The applicant indicates on Schedule 2 capital projects totaling $20,630,994 which includes FY 2018 Routine Capital Expenditures, FY 2019-20 Capital Expenditures, and the CON currently under review. The applicant provided a copy of its December 31, 2016 and December 31, 2017 audited financial statements. These statements were analyzed for the purpose of evaluating the applicant's ability to provide the capital and operational funding necessary to implement the project. Based on our analysis above, the applicant has an adequate financial position.

Conclusion:
Funding for this project is provided by funds by HCA Holdings, Inc. As shown above, the applicant reported $1,257,896,804 in cash flow from operations and $945,153,992 in working capital. Funding for the entire capital budget should be available as needed.

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

Analysis:
Our comparison is of the applicant's estimates to its latest FHURs report. Because the proposed comprehensive medical rehabilitation unit cannot operate without the support of the hospital, we have evaluated the reasonableness of the projections of the entire hospital including the project. The applicant will be compared to its latest AHCA filing which was December 31, 2017. Inflation adjustments were based on the new CMS Market Basket, 4th Quarter, 2017.

	PROJECTIONS PER APPLICANT		Actual Data Inflated to
	Total	PPD	2023
Net Revenues	267,563,266	3,404	4,178
Total Expenses	236,818,099	3,013	3,708
Operating Income	30,745,167	391	243
Operating Margin	11.49%		
	Days	Percent	2017
Occupancy	78,606	70.38%	67.85%
Medicaid/MDCD HMO	0	0.00%	11.74%
Medicare	0	0.00%	62.22%

The comprehensive medical rehabilitation unit represents 3.1 percent of the hospital's total revenue and 3.3 percent of the hospital's expenses. Projections indicate a $410,701 profit margin at the end of year two. It should be noted that the applicant did not provide patient days by payor class projections for the hospital as a whole. Therefore, no conclusions can be made regarding the reasonableness of Medicare and Medicaid occupancy. Because the comprehensive medical rehabilitation unit is such a minor part of the hospital's overall operations, the hospital could easily support the comprehensive medical rehabilitation unit even if extended losses were projected.

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

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

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

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

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

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

The plans submitted with this application were schematic in detail with the expectation that they will be necessarily revised and refined prior to being submitted for full plan review. The architectural review of this application shall not be construed as an in-depth effort to determine complete compliance with all applicable codes and standards. The final responsibility for facility compliance ultimately rests with the applicant. Approval from the Agency for Health Care Administration's Office of Plans and Construction is required before the commencement of any construction involving a hospital, nursing home, or intermediate care facility for the developmentally disabled (ICF/DD).

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.

Per the Florida Hospital Uniform Reporting System (FHURS), statewide, for FY 2017, RMCBP provided 11.74 percent of patient days to Medicaid/Medicaid HMO and 3.67 percent of patient days to charity care. See the table below.

Regional Medical Center Bayonet Point - Medicaid and Charity Care Provision 'FY 2017			
Applicant's Parent	**Medicaid/Medicaid HMO Days**	**Charity Care**	**Medicaid/Medicaid HMO/Charity Care (%)**
Regional Medical Center Bayonet Point	8,429	2,636	15.41%
District 5	164,513	36,209	20.29%

Source: FHURS data for FY 2017. Includes all general acute care facilities in District 5 and Encompass Health Rehabilitation of Largo

Among the 17 providers included in the analysis, the applicant provided:

- The seventh largest provision of Medicaid/Medicaid HMO by percentage
- The ninth largest provision of Medicaid/Medicaid HMO by volume of patient days
- The eighth largest provision of charity care by percentage
- The tenth largest provision of charity care by volume of patient days

The applicant states that HCA, Inc. will continue to extend services to all patients in need of care regardless of the ability to pay or source of payment; this practice will also extend to the proposed CMR unit. RMCBP expects for the proposed project to ensure accessibility by these and other service area patients both at present and in the future.

The following table is provided to document RMCBP's patient days by payer for FY 2017:

Regional Medical Center Bayonet Point - Patient Days by Payer (FY 2017)		
Payer	**Patient Days**	**Percent**
Medicare	22,837	31.8%
Medicare HMO	21,845	30.4%
Medicaid	3,174	4.4%
Medicaid HMO	5,255	7.3%
Charity	3,208	4.5%
Self-Pay	4,061	5.7%
Commercial Insurance	6,525	9.1%
Other Payers	4,913	6.8%
Total Acute Care	**71,818**	**100.0%**

Source: CON application #10544, Page 114. AHCA, Florida Hospital Financial Data, FY 2017.

The applicant also provides a table of the projected payer mix by discharge, see the table below:

Projected Payer Mix Bayonet Point CMR Discharges				
	2021-22		2022-23	
Payer	Discharges	%	Discharges	%
Medicare	217	70.9%	274	70.9%
Medicare HMO	33	10.6%	41	10.6%
Medicaid	2	0.5%	2	0.5%
Medicaid HMO	7	2.4%	9	2.4%
Charity/Self-Pay	4	1.2%	4	1.2%
Commercial Insurance	37	12.0%	47	12.0%
Other Payers	7	2.3%	9	2.3%
Total Acute Care	**307**	**100.0%**	**386**	**100.0%**

Source: CON application #10544, Page 115.
Note: Totals may not add due to rounding

RMCBP provides the following payer-mix forecast for the proposal:

Regional Medical Center Bayonet Point: Payer Mix Forecast								
Time Period	**Self-Pay/Charity**	**Medicaid**	**Medicaid HMO**	**Medicare**	**Medicare HMO**	**Com. (1)**	**Other Payers**	**Total**
Year 1	37	22	97	2,833	478	411	75	3,953
Year 2	46	27	123	3573	603	519	94	4,985
Year 1 %	0.9%	0.6%	2.5%	71.7%	12.1%	10.4%	1.9%	100.0%
Year 2 %	0.9%	0.5%	2.5%	71.7%	12.1%	10.4%	1.9%	100.0%

Source: CON application #10544, Schedule 7B. Years ending on February 28, 2022 and February 28, 2023.
1. Commercial Insurance/HMO/PPO.

The applicant estimates that Medicaid/Medicaid HMO will account for 3.1 percent of patient days in year one and 3.0 of patient days in year two. The applicant estimates that self-pay/charity will account for 0.9 percent of patient days in years one and two.

- RMBCP includes the following condition with the proposal: "Bayonet Point will provide a minimum of 4.0 percent of its annual CMR discharges to the combination of Medicaid, Medicaid HMO and self-pay (including charity) patients"

F. SUMMARY

HCA Health Services of Florida, Inc. d/b/a Regional Medical Center Bayonet Point (CON application #10544) is an existing for-profit Class I general hospital seeking to establish a comprehensive medical rehabilitation unit of 16 beds. The HCA operates 52 licensed acute care facilities with a total of 12,183 acute care beds.

The total project cost is $10,197,000. Project costs include building, equipment, project development, financing and start-up costs. The project involves 15,218 GSF of renovation construction. The total construction cost of the project is $5,707,000.

The applicant anticipates issuance of the license in February 2021 and initiation of service in March 2021.

The applicant proposes six Schedule C Conditions.

Need

In Volume 44, Number 141 of the Florida Administrative Register dated July 20, 2018, need for zero additional CMR beds was published in District 5 for the January 2024 planning horizon. Therefore, the proposed project is submitted outside of the fixed need pool. As of the application deadline September 5, 2018, there were no exemptions or CON projects approved to add CMR beds to District 5.

As of December 31, 2017, District 5 had 210 licensed CMR beds and an occupancy rate of 58.21 percent. District 5 had the lowest CMR utilization rate for this time period.

Florida Center for Health Information and Transparency data for the 12 months ending June 30, 2017 indicates:

- 48.08 percent of Pasco County discharges were from District 5 providers
- 95.41 percent of Pinellas County discharges were from District 5 providers
- Providers from Pinellas County accounted for 67.65 percent of District 5 resident discharges, providers from Pasco County accounted for 13.85 percent of District 5 resident discharges
- 81.51 percent of District 5 discharges were from District 5 providers

RMCBP presents the following need arguments:

- A calculated need, based on current use rates, for 35 additional CMR beds in Pasco County, by the January 2024 planning horizon.
- Available data reinforces the belief that CMR units do not function as regional referral centers but instead primarily serve their own acute care discharges and other residents of their home counties. Similarly, freestanding CMR facilities predominantly serve patients from their own home county.

- Data demonstrates that the primary CMR facilities/units serving Pasco county residents, North Bay and EHRSH (Hernando County), are utilized at high levels, especially during peak seasonal periods and that this circumstance has persisted over time.
- Both North Bay and ERHSH are inaccessible to many patients due to self-imposed restrictions on the types of patients and payer categories that they will accept as documented by both payer mix data and discharge data from RMCBP and the AHCA discharge database.
- RMCBP will serve without restriction the types of patients historically referred to either North Bay or EHRSH but not admitted. Thus, this proposal by RMCBP is unlikely to have a significant adverse impact on any existing provider.
- Admission of these patients will have a tremendous impact on the accessibility of CMR services to Pasco County residents and other patients, including trauma and stroke patients served by RMCBP.

The financial accessibility issues for residents of District 5 accessing CMR services from existing providers demonstrated by the applicant in weighing and balancing the "not normal circumstances" outside of published need in addition to the preference afforded to a designated trauma center, along with the applicable statutory and rule criteria, including 408.035 (1), F.S., and 59C-1.039, F.A.C., merit approval of the proposed project.

Quality of Care

The parent-company of the applicant, HCA, Inc., operates 52 acute care facilities all licensed with a total of 12,183 acute care beds. Thirty-four facilities operated by the applicant's parent-company experienced 90 substantiated complaints across multiple complaint categories for the three-year period between October 18, 2015 and October 18, 2018.

Cost/Financial Analysis

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

Medicaid/Indigent Care

The applicant estimates that Medicaid/Medicaid HMO will account for 3.1 percent of patient days in year one and 3.0 of patient days in year two. The applicant estimates that self-pay/charity will account for 0.9 percent of patient days in years one and two.

- RMBCP includes the following condition with the proposal: "Bayonet Point will provide a minimum of 4.0 percent of its annual CMR discharges to the combination of Medicaid, Medicaid HMO and self-pay (including charity) patients"

Architectural Analysis:

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 #10544 to establish a 16-bed comprehensive medical rehabilitation unit. The total project cost is $10,197,000. The project involves 15,218 GSF of renovation construction and a total construction cost of $5,707,000.

CONDITIONS:

- Bayonet Point will provide a minimum of 4.0 percent of its annual CMR discharges to the combination of Medicaid, Medicaid HMO and self-pay (including charity) patients
- Bayonet Point will apply for CARF accreditation for its CMR program in the first 12 months of operation
- Bayonet Point will be accredited by the Joint Commission
- The medical director of the CMR program will be a board-certified or board-eligible physiatrist with at least two years of experience in the medical management of inpatients requiring rehabilitation services
- Therapy services will be available seven days a week
- CRRN (Certified Rehabilitation Registered Nurse) certification will be achieved for a minimum of 20 percent of Bayonet Point's rehabilitative nursing staff by year four of operation of the proposed CMR unit

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