

STATE AGENCY ACTION REPORT
CON APPLICATION FOR CERTIFICATE OF NEED

A. PROJECT IDENTIFICATION

1. Applicant/CON Action Number:

Orlando Health, Inc. d/b/a Orlando Health Orlando Regional Medical Center/CON #10547

1414 Kuhl Avenue, MP 2
Orlando, Florida 32806

Authorized Representative: Mr. R. Erick Hawkins
Senior Vice President
Strategic Management
(321) 841-3088

2. Service District/Subdistrict

District 7/Subdistrict 7-2 (Orange County)

B. PUBLIC HEARING

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

Letters of Support

Orlando Health, Inc. d/b/a Orlando Health Orlando Regional Medical Center (CON application #10547) submitted 32 unduplicated letters of support in Appendix 6 of the application. The applicant divides these 32 support letters as follows: six support letters from elected officials, two support letters from providers of direct primary care delivery, two support letters from rescue/emergency services, four Orlando, Florida area residents and 18 support letters from Orlando Regional Medical Center staff. The applicant provides extracts from six of these 32 support letters (pages 62 thru 65 of the application). The majority of these 32 support letters are of a form letter variety, with recurring themes with some individual comments. The reviewer notes that some of the statements in these support letters include the following:

- There is a need for local access for a community hospital in the Randal Park/southeast Orlando/Orange County area

- Orlando Health (OH) is uniquely qualified to provide high quality and cost-effective services to the residents of Orange County
- The southeastern Orlando area is experiencing tremendous growth
 - The geographic area of the proposed project is expected to grow by nine percent between 2018 and 2023 (from 487,563 to 531,432 residents)
 - The geriatric population (age 65+) is expected to grow by 27 percent by 2023
- OH/Orlando Regional Medical Center (OHORMC) is the only Level I Trauma Center in the region¹
- OH has established the OH Community Grant Program (to enhance health care for the local population)
- OH is an excellent provider of local community initiatives including the following programs:
 - Orange Bloom Family Health
 - Howard Phillips Center for Children and Families
 - Shepherd's Hope (SH)
 - ❖ If it was not for SH, many Orange County residents would seek medical care at a freestanding emergency department (FSED), which would cost \$4,600/per patient compared to just \$77 at SH
- OH provided over \$450 million in value to the community in fiscal year (FY) 2017, including:
 - \$100 million in charity care
 - \$79.9 million in community benefit programs and services
- OH's knowledge, expertise and experience would transform the community into a destination medical campus
- For nearly 100 years, OH has provided quality care to the Orange County community and Central Florida

Some support letters are noted from the following:

- The Florida Senate:
 - Senator Victor M. Tores, Jr., (15th District)
- The Florida House of Representatives:
 - Representative Carlos Guillermo Smith (District 49)
 - Representative Rene "Coach P" Plasencia (District 50)
- Orange County Government:
 - Orange County Mayor
 - Orange County District 4 Commissioner
 - Orange County Fire Rescue Department-Fire Chief

¹ This is confirmed by the Florida Department of Health (FDOH) Office of Trauma website at http://www.floridahealth.gov/licensing-and-regulation/trauma-system/_documents/traumacenterlisting2018.pdf.

- City of Orlando:
 - Mayor
 - Fire Department-Fire Chief
- Shepherd's Hope, Inc.² (SH), President/CEO
 - True Health™ (Central Florida Family Health Center, Inc., or CFFHC)³, CEO

C. PROJECT SUMMARY

Orlando Health, Inc. d/b/a Orlando Health Orlando Regional Medical Center (CON application #10547), referenced as OHORMC or the applicant, an existing Class 1, not-for-profit general acute care hospital, affiliated with not-for-profit hospital system OH, proposes to establish a new 50-bed general acute care hospital (to be named Orlando Health Randal Park Hospital or OHRPH) in the Randal Park community, at 9349 Randal Park Blvd., within the southeastern Orlando/eastern Orange County marketplace, in Orange County (Subdistrict 7-2).

OHORMC maintains that the proposal is submitted:

- To serve the rapidly growing Randal Park and southeastern Orlando area
- To enhance geographic and financial access within the service area
- To ensure that there is consumer choice in obtaining community-based health care services in southeastern Orlando/eastern Orange County
- To help OHORMC decompress from its current situation, where it is operating at near functional capacity
 - To redirect medically appropriate local southeastern Orlando/east Orange County patients from OHORMC to the proposed OHRPH – having a needed positive effect on OHORMC's operations

As required in Section 408.037(2), Florida Statutes, the applicant offers a proposed project location within ZIP Code 32832. According to OHORMC, the proposed OHRPH will focus on primary and secondary acute care services, targeted to the adult (age 18+) population within the service area. At opening, inpatient tertiary services and inpatient specialty services are not anticipated to be offered at the proposed OHRPH. The applicant asserts that the proposed new hospital will

² According to this support letter, SH is a faith-based not-for-profit organization of volunteers whose mission is to provide access to free health care for the uninsured. This same support letter indicates that since 1997 to the present, SH has processed 256,000 free, primary care and specialty care patient visits to uninsured men, women and children across Central Florida.

³ According to the website <https://www.fachc.org/find-a-health-center#/>, True Health™/CFFHC is a federally qualified health center (FQHC) and a member of the Florida Association of Community Health Centers (FACHC).

continue to evolve to meet the growing and changing needs of the Randal Park/eastern Orange County community.

The reviewer notes that the applicant did not supply the proper Schedule D(H) which was requested in the omissions letter from the Agency dated September 12, 2018. Thereby the applicant omitted the statutory requirement to certify to the Agency that the applicant will furnish satisfactory proof of the applicant's ability to operate within 120 days of the Agency's final order of approval pursuant to 408.037 (2), Florida Statutes.

The proposal is part of a larger OH multi-phase health care development within Randal Park and southeastern Orlando community:

- Phase One (plans presently being finalized with construction expected to start by 2019 and be completed by 2020):
 - a FSED and outpatient medical office development—the reviewer notes that this would not be CON-regulated
- Phase Two (operations anticipated to begin in 2022):
 - This hospital proposal (CON application #10547)
- Phase Three:
 - Future expansion of outpatient/medical office capabilities and expansion of inpatient facilities as needed

OHORMC offers nine ZIP Codes⁴ to account for the total proposed service area, with the following six ZIP Codes as the primary service area (PSA) and the remaining three ZIP Codes as the secondary service area (SSA), all in Orange County, Florida. The reviewer notes that the city name attached to the ZIP Codes below is consistent with the United States Postal Service (USPS) website at <https://tools.usps.com/go/zip-code-lookup.htm> for the recommended city, as assigned by the USPS.

PSA ZIP Codes:

- 32822 (Orlando)
- 32825 (Orlando)
- 32828 (Orlando)
- 32824 (Orlando)
- 32829 (Orlando)
- 32832 (Orlando)

SSA ZIP Codes:

- 32827 (Orlando)
- 32833 (Orlando)

⁴ These nine ZIP Codes are narratively listed on page 77 of the application. However, the reviewer notes that the same nine ZIP Codes shown on page 78 of the applicant indicate a slightly different arrangement of the same ZIP Codes regarding PSAs and SSAs. The arrangement depends on whether discharges exclusively inside or both inside and outside the PSA and SSA. See item E.1.d for a description of these two different service area arrangements.

- 32831 (Orlando)

The applicant anticipates that by 2022 (year one), 15.0 percent of forecasted volume will originate from in-migration beyond the nine ZIP Code proposed total service area.

OHORMC, a statutory teaching hospital, is a Class 1 general hospital with 866 licensed beds, including: 813 acute care beds and 53 comprehensive medical rehabilitation (CMR) beds. As of September 12, 2018 Agency records indicate the following notifications (pursuant to Section 408.036(5), Florida Statutes), NF 120010 (to add 146 acute care beds), NF 180024 (to delicense 22 acute care beds) and NF180033 (to add 32 acute care beds). There are no exemptions on file, regarding OHORMC. OHORMC is a provider of the following non-CON regulated services: burn unit, Level II Adult Cardio and Comprehensive Stroke Center designation. Additionally, as of March 28, 2018, according to the Florida Department of Health, Division of Emergency Preparedness and Community Support, Bureau of Emergency Medical Oversight, OHORMC is a Level I Trauma Center.

OHORMC proposes the following conditions to CON approval on the application's Schedule C for the proposed OHRPH:

1. The proposed new 50-bed hospital will be located at an 11.5-acre site situated at the northeast corner of Dowden Road and Randal Park Boulevard – located between Highway 417 (Central Florida GreenWay or the Orlando East Bypass Road and 528 (Beachline Expressway).
2. The proposed new hospital will provide at least 19 percent of patient discharge volume to Medicaid/Medicaid Managed Care/ non-payment/self-payment/charity patients.
3. The proposed new hospital will include a minimum contribution of \$50,000 per year for at least three years, to affiliated members of the Primary Care Access Network (PCAN), to expand its provision of care and coordination of care within the southeast Orlando/east Orange County area.
4. The proposed new hospital will include a minimum contribution of \$50,000 per year to the Foundation for Orange County Public Schools, to provide support and programming to schools and students within the southeast Orlando/east Orange County area, with a focus on underserved schools and programs.

Should the proposed project be approved, the applicant's condition would be reported in the annual condition compliance report, as required by Rule 59C-1.013 (3) Florida Administrative Code. The Agency will not impose conditions on already mandated reporting requirements.

NOTE: 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 Sections 408.035 and 408.037, 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 (subdistrict), applications are comparatively reviewed to determine which applicant(s) best meets the review criteria.

Rule 59C-1.010(3) (b), Florida Administrative Code, prohibits any amendments once an application has been deemed complete; however, two exceptions exist regarding receipt of information concerning general hospital applications. Pursuant to Section 408.039(3) (c), Florida Statutes, an existing hospital may submit a written statement of opposition within 21 days after the general hospital application is deemed complete and is available to the public. Pursuant to Section 408.039(3)(d), Florida Statutes, in those cases where a written statement of opposition has been timely filed regarding a certificate of need application for a general hospital, the applicant for the general hospital may submit a written response to the Agency within 10 days of the written statement due date. The burden of proof to entitlement of a certificate rests with the applicant. As such, the applicant is responsible for the representations in the application. This is attested to as part of the application in the certification of the applicant.

As part of the fact-finding, the consultant, Steve Love, analyzed the application in its entirety.

E. CONFORMITY OF PROJECT WITH REVIEW CRITERIA

The following indicate the level of conformity of the proposed project with the review criteria and application content requirements found in Sections 408.035, and 408.037, and applicable rules of the State of Florida, Chapters 59C-1 and 59C-2, Florida Administrative Code.

1. Statutory Review Criteria

For a general hospital, the Agency shall consider only the criteria specified in ss. 408.035 (1) (a), (1) (b), except for quality of care, and (1) (e), (g), and (i), Florida Statutes. ss.408.035 (2), Florida Statutes.

a. Is need for the project evidenced by the availability, 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 existence of unmet need is not determined solely on the absence of a health service, health care facility, or beds in the district, subdistrict, region or proposed service area. Current and likely future levels of utilization are better indicators of need than bed-to-population ratios or similar measures. The following table illustrates bed utilization levels in District 7, Subdistrict 7-2 for the 12-month period ending December 31, 2017.

**Acute Care Hospital Utilization
District 7/Subdistrict 7-2
12-Month Period Ending December 31, 2017**

Hospital/Orange County	Beds	Bed Days	Patient Days	Utilization
Arnold Palmer Medical Center	364	131,111	77,516	59.12%
Florida Hospital	1,240	453,347	337,101	74.36%
Florida Hospital-Apopka	120	19,580	8,113	41.44%
Florida Hospital-East Orlando*	295	107,675	72,990	67.79%
Health Central	211	77,015	51,815	67.28%
Nemours Children's Hospital**	73	27,973	14,366	51.36%
Orlando Health-Dr. P. Phillips Hospital	237	86,505	56,433	65.24%
Orlando Health-Orlando Regional Medical Center	835	283,531	162,214	57.21%
Winter Park Memorial Hospital	288	105,120	58,227	55.39%
Subdistrict 7-2 Total	3,663	1,291,857	838,775	64.93%
District 7 Total	6,777	2,432,532	1,525,127	62.70%
Statewide	52,097	18,879,960	11,023,767	58.39%

Source: Florida Hospital Bed and Service Utilization by District, published July 20, 2018

* This facility may also be referenced as Adventist East Orlando

** This is a Class 2 hospital for children, with all remaining acute care hospitals shown in the above table being Class 1 hospitals.

District 7, Subdistrict 7-2 had 3,663 licensed acute care beds with an occupancy rate of 64.93 percent during the 12-month period ending

December 31, 2017. As shown above, the subdistrict occupancy rate (64.93 percent) was greater than that of District 7 overall (62.70 percent) and also greater than that of the state overall (58.39 percent). CON application #10222 was approved on June 6, 2014 to construct a 50-bed acute care replacement hospital for Florida Hospital Apopka in Orange County, Florida 32703.

The reviewer notes that in the Hospital Beds and Facilities: 2nd Batching Cycle -2016, the Agency issued CONs for the following co-batched general acute care hospital projects in District 7, Subdistrict 7-2 (Orange County, Florida):

- CON application #10450 by Adventist Health System/Sunbelt, Inc., d/b/a Florida Hospital – to establish a new 100-bed project in ZIP Code 34787 (to be named Florida Hospital Winter Garden at 2000 Fowler Grove Boulevard, Winter Garden, Florida)
- CON application #10451 by Central Florida Health Services, LLC – to establish a new 100-bed project in ZIP Code 32827 (no exact street address given)
- CON application #10454 by Orlando Health Central, Inc. – to establish a new 103-bed project in ZIP Code 34787 (to be named Orlando Health Central Horizon West Hospital in the Horizon West Town Center in southwestern Orange County)

Below is a chart to account for existing notifications in Agency records concerning the addition or deletion of acute care beds at District 7/Subdistrict 7-2 general acute care hospitals, pursuant to Section 408.036(5), Florida Statutes. As shown below, notifications indicate that a net increase of 242 acute care beds are pending licensure in Orange County/Greater Orlando. See the chart below.

Acute Care Bed Addition or Deletion through Notification at District 7/Subdistrict 7-2 Licensed General Acute Care Hospitals

Notification Number	Notification Date	Facility	City	Notification Action	
				No. of Beds to Add	No. of Beds to Delete
NF#130022	9/16/2013	Florida Hospital	Orlando		17
NF#170027	8/8/2017	Florida Hospital	Orlando		4
NF#170028	8/8/2017	Florida Hospital	Orlando		12
NF#150044	10/19/2015	Florida Hospital East Orlando	Orlando	2	
NF#140038	9/10/2014	Health Central	Ocoee	50	
NF#180023	6/1/2018	Health Central	Ocoee	5	
NF#120010	2/21/2012	Orlando Health-ORMC	Orlando	146	
NF#180024	6/4/2018	Orlando Health-ORMC	Orlando		22
NF#180033	6/29/2018	Orlando Health-ORMC	Orlando	32	
NF#160035	8/19/2016	Winter Park Memorial Hospital	Winter Park	62	
Total Number of Beds to Add/Delete				297	55
Net Number of Beds to Add				242	

Source: Florida Hospital Bed and Service Utilization by District, published July 20, 2018

Acute care bed utilization in the district/subdistrict over the past three years is shown in the chart below.

**District 7/Subdistrict 7-2 Acute Care Hospital Utilization
Three Years Ending December 31, 2017**

	JAN 2015 DEC 2015	JAN 2016 DEC 2016	JAN 2017 DEC 2017
Number of Acute Care Beds	3,228	3,477	3,663
Percentage Occupancy	70.89%	67.89%	64.93%

Source: Florida Bed Need Projections and Services Utilization, published July 2016-July 2018

As shown above, Subdistrict 7-2 had a 5.96 percent decrease in acute care bed utilization (from 70.89 percent to 64.93 percent) over the three-year period ending December 31, 2017. For this same three-year period, as licensed acute care bed totals increased (from 3,228 to 3,663). Patient days increased approximately 1.07 percent from the 12 months ending December 31, 2015 (829,878 acute care patient days) to the 12 months ending December 31, 2017 (838,775 acute care patient days). For the three-year period, this was an increase of 8,897 patient days for the subdistrict overall.

Below is a chart illustrating District 7 population estimates for January 2018 to July 2024.

**District 7 Total Population and Population Age 65 and Over
Estimates and Percent Change by County
From January 2018 to July 2024**

County/Area	Total January 2018	Total July 2024	Percent Change	Age 65+ January 2018	Age 65+ July 2024	Age 65+ Percent Change
Brevard	575,533	612,646	6.45%	131,083	160,354	22.33%
Orange	1,328,544	1,506,803	13.42%	149,294	192,674	29.06%
Osceola	336,348	402,255	19.59%	42,846	58,212	35.86%
Seminole	453,833	484,791	6.82%	67,208	82,900	23.35%
District 7 Total	2,694,258	3,006,495	11.59%	390,431	494,140	26.56%
State Total	20,523,262	22,257,706	8.45%	4,013,237	4,819,212	20.08%

Source: Agency for Health Care Administration Population Projections, published February 2015

As shown above, as of January 2018 and estimated for July 2024, Orange County has the largest total population and the largest age 65+ population of the four counties in District 7. Orange County's total population is projected to increase from 1,328,544 to 1,506,803 (13.42 percent increase) and its age 65+ population from 149,294 to 192,674 (29.06 percent increase) from January 2018 to July 2024. For this time period, Orange County is estimated to have the second highest percentage in total population increase as well as the second highest percentage increase in age 65+ residents of the four counties in District 7.

Orlando Health, Inc. d/b/a Orlando Health Orlando Regional Medical Center (CON application #10547) contends that the proposed project is supported by the following considerations:

- The strong existing population base and forecasted population growth within Randal Park and southeastern Orlando communities
- The large and growing pool of patients capable of being served at the proposed hospital
- Enhanced geographic access to hospital services for the rapidly growing southeastern Orlando market
- HCA/UCF Lake Nona project and the proposed project have distinctly different operational direction focus and both facilities can operate successfully
- Enhanced geographic access to OH aligned patients
- Strong community support for the proposed new project
- Ability to establish the proposed new facility and achieve significant access enhancement, with realistic market capture levels and minimal adverse impact levels
- Decompression of OHORMC operations

In addition to the bulleted points above, OHORMC indicates the following additional OH health care services that will be used in support of the proposed project/services:

- Hospital-based home health care agency
- Orlando Cancer Center, Inc.
- OH Physician Group, Inc.
- OH Physician Associates, LLC
- Orlando Physicians Network, Inc.
- OH Physician Partners, Inc.
- OH Foundation, Inc.
- Healthcare Purchasing Alliance, LLC

OHORMC points out that Randal Park is a defined community development district (CDD)⁵, a master planned community, established in 2012, and a subset of the larger nine ZIP Code southeastern Orlando service area used in CON application #10547. The applicant describes Randal Park as being 300 acres in size. Additional information is provided regarding Randal Park (Appendix 5 of the application)⁶.

⁵ According to the website <http://www.randalparkcommunity.com/>, Randal Park CDD is a local, special purpose government entity authorized by Chapter 190 of the Florida Statutes as amended, and created by ordinance of the City of Orlando as an alternative method of planning, acquiring, operating and maintaining community-wide improvements in planned communities.

⁶ The reviewer notes that according to the “Community Amenities-Randal Park” materials in this appendix, the Randal Park community is a single and multi-family community located in the South Orlando Lake Nona area.

OHORMC comments that the service area is defined based upon ZIP Codes located within 10 miles of the proposed project.

According to OHORMC, examples of major development activity in the larger total service area (of which Randal Park is a portion) are:

- Sunbridge – Phase 1 being 5,720 homes, 1,650 multi-family units, nine million square feet (sf) of commercial space, 5,470,000 sf of office space, 2,900,000 of industrial space, 880,000 sf of retail space and 490 hotel rooms
- Vista Park – a 4,000-acre development with 4,300 homes and apartments and 20,000 sf (each) of office and retail space proposed (for Vista Park)
- Starwood – a 2,560 total acre development, with 1,161 net acres slated for single-family residential development (expected to comprise more than 4,000 single-family homes, 2,000 multi-family homes and nearly 500,000 sf of retail/office space)

The reviewer notes that no documentation is included in the application to validate any of the applicant's attestations regarding Sunbridge, Vista Park or Starwood. However, the reviewer performed a web search of these stated projects and notes the following in the referenced websites:

- According to the website <https://www.sunbridgefl.com/about-1/>, Sunbridge spans 24,000 acres and is located in fast-growing Central Florida, in close proximity to key economic drivers like Orlando International Airport, Port Canaveral, iCAMP, Lake Nona and the University of Central Florida.
- According to the website http://www.cityoforlando.net/wp-content/uploads/sites/27/2016/01/MPBStaffReport2016-01_GMP2015-00036_GMP_ZON.pdf, the City of Orlando Staff Report to the Municipal Planning Board-January 19, 2016/Project Summary.
 - Vista Park Planned Development is located south of Lee Vista Blvd, west of SR 417, north of SR 528 and east of Narcoossee Road and is approximately 1,572 acres. The site is a planned mixed used development containing 4,300 residential units, 20,000 sf of office space and 20,000 sf of retail space. The property is within City Council District 1.
- According to the website http://www.cityoforlando.net/wp-content/uploads/sites/27/2016/05/MPBStaffReport2016-05_ZON2015-00033.pdf, the City of Orlando Staff Report to the Municipal Planning Board-May 17, 2016/Project Summary.
 - Starwood Planned Development is located south of SR 528, east of SR 417 and north of Wewahoottee Road and is approximately 2,558.63 acres. The site is approved for 6,400 residential units (of which 2,000 units are multifamily), 145,000 sf of office space, 150,000 of retail space and 145,000 sf of industrial space. The property is within City Council District 1.

OHORMC utilizes Claritas 2018 data to indicate that the proposed nine ZIP Code services area age 18+ total population is expected to rise from 246,012 (2018) to 274,189 (2023), an increase of 28,177 (11.45 percent). The reviewer collapses each of the nine ZIP Codes, with assigned market share zones, into single population estimates. See the table below.

**Orlando Health Randal Park Service Area Population
(Age 18+)**

Nine ZIP Code Service Area	ZIP City Name	Market Share Zones	2018 Total Pop	2023 Total Pop	5-Year Growth Rate
Total	Orlando	1 and 2	246,012	274,189	11%

CON application #10547, page 49

Utilizing Claritas 2018 data, OHORMC indicates that age-specific growth rates show that the elderly age cohort (65+) within the proposed service area is forecasted to experience the strongest growth from 32,899 (2018) to 43,201 (2023). The reviewer notes that this is arithmetically an increase of 10,302 age 65+ residents (31.31 percent). OHORMC comments that the elderly utilize significantly higher levels of inpatient health care services than younger population groups and that this will result in demand for inpatient hospital care. See the table below.

**Orlando Health Randal Park Service Area Population
Segmented by Age Cohort**

Age Group	2018 Pop	2023 Pop	Percent Growth
18-44	133,689	139,611	4.4%
45-64	79,424	91,377	15.0%
65+	32,899	43,201	31.3%
Total	246,012	274,189	11.5%

Source: CON application #10547, page 50

The applicant provides maps to reflect the proposed project location (pages 29, 41 and 77 of the application) and a map to reflect the proposed market share “Zone One” and “Zone Two” by ZIP Code (page 45 of the application). The reviewer notes that the map is consistent with identifying the applicant’s OHRPH proposed “Zone One” and “Zone Two” Zip Codes in the table below.

OHRPH Proposed Service Area

ZIP Code	Market Share Zone
32827	Zone 1
32829	Zone 1
32831	Zone 1
32832	Zone 1
32822	Zone 2
32824	Zone 2
32825	Zone 2
32828	Zone 2
32833	Zone 2

Source: CON application #10547, pages 32 and 44

OHORMC explains that the four “Zone One” ZIP Codes comprise the expected highest level of market share capture and that the remaining five “Zone Two” ZIP Codes reflect the lower expected market share. The applicant indicates that the zones were established based on “ZIP Code proximity to the proposed Randal Park location and travel and patient flows within the area”. The reviewer notes that “Zone One” ZIP Codes and “Zone Two” ZIP Codes do not equally correlate with the applicant’s proposed PSA and SSA ZIP Codes. Below the reviewer generates a table to indicate the correlation between the stated PSA and SSA ZIP Codes (page 77 of the application) and the “Zone One” and “Zone Two” ZIP Codes.

**OHRPH Proposed Service Area
Zone 1 and Zone 2 ZIP Code Relationship to
Proposed PSA and SSA ZIP Codes**

ZIP Code	Market Share Zone	PSA or SSA	PSA ZIP Code and Zone 1 ZIP Code Agree?	SSA ZIP Code and Zone 2 ZIP Code Agree?
32827	Zone 1	SSA	No	No
32829	Zone 1	PSA	Yes	N/A
32831	Zone 1	SSA	No	No
32832	Zone 1	PSA	Yes	N/A
32822	Zone 2	PSA	No	No
32824	Zone 2	PSA	No	No
32825	Zone 2	PSA	No	No
32828	Zone 2	PSA	No	No
32833	Zone 2	SSA	N/A	Yes

CON application #10547, pages 32, 33, 44, 45, 49 and 56 (Zone 1/Zone 2) and page 77 (PSA/SSA)

OHORMC states that the only hospital within the nine ZIP Code service area is Florida Hospital East Orlando (FHEO), located in the far north of the service area, ZIP Code 32822. The reviewer notes that ZIP Code 32822 is one of the applicant’s proposed SSA ZIP Codes.

The applicant utilizes the Agency inpatient discharge data to produce a table illustrating that for the 12 months ending September 30, 2017, all nine ZIP Code service area residents (all ages/all DRGs – except normal newborns) had a total of 26,918 discharges, with a total of 124,818 patient days. OHORMC maintains that the proposed service area resident discharge total of 26,918 resulted in an average length of stay (ALOS) of 4.64, an average daily census (ADC) of 342 and a bed need of 488 when a 70 percent target occupancy rate is utilized. The applicant asserts that based on this, the proposed service area is large enough to support the OHRPH proposal.

The applicant points out that the proposed OHRPH is to serve a subset of this total all-patient volume, initially focusing on primary and secondary acute care services for the adult (age 18+) population within the service area, with the following patient types to be excluded:

- Pediatrics (age 0-17)
- Psychiatric/substance abuse patients
- Obstetric patients
- Newborn/neonatal patients
- Neurosurgery
- Cardiac surgery
- Trauma
- Transplant
- Rehabilitation patients

The applicant provides a listing of the MS-DRGs that were excluded from the full AHCA Database to reach the target patient definition⁷.

Again, utilizing Agency discharge data for the 12 months ending September 30, 2017, and excluding the referenced MS-DRGs, the applicant indicates a total of 17,587 discharges, with a total of 82,493 patient days. OHORMC maintains that the proposed service area resident discharge total of 17,587 resulted in an ALOS of 4.69, an ADC of 226 and a bed need of 323 when a 70 percent target occupancy rate is utilized. The applicant indicates that its analysis is based on all residents of the service area treated at any central Florida acute care provider. The applicant notes that when only OH facilities are considered for the same timeframe, this even smaller subset results in 3,587 patients, with 15,087 patient days, an ADC of 41.3 and a bed need of 59, again assuming a 70 percent target occupancy rate. OHORMC emphasizes that this OH facility-only volume, by itself, is greater than the volume needed to support the proposed 50-bed facility.

The applicant utilizes Agency discharge data and Claritas population estimates, to project a six-year (2017-2023) patient discharge total of 19,953 and an 11-year (2017-2028) patient discharge total of 22,171. The reviewer combines two of the applicant's tables – see below.

⁷ CON application #10547, Appendix 7: Excluded MS-DRGs are: 001-006, 008, 014, 016 and 017, 020-027, 031-033, 040-042, 082-087, 889 and 890, 183-185, 215-217, 219-221, 228 and 229, 231-236, 266-269, 270-272, 480-482, 492-494, 496-498, 534-536, 562 and 563, 604 and 605, 614 and 615, 765-770, 774-782, 880-887, 894-897, 901-909, 913 and 914, 917 and 918, 927-929, 934 and 935, 945 and 946, 955-959, 963-965.

**Orlando Health Randal Park Service Area
(age 18+/target patients only)
2017-2023 and 2017-2028
Target Patient Volume Growth**

ZIP Code	2017 Target Patient Discharges	2018 to 2023 Annual CAGR	6-Year 2017 to 2023 Growth	2023 Target Patient Discharges	11-Year 2017 to 2028 Growth	2028 Target Patient Discharges
32827	557	2.13%	13.50%	632	26.10%	702
32829	1,061	2.44%	15.60%	1,227	30.37%	1,383
32831	47	1.26%	7.80%	51	14.77%	54
32832	758	1.99%	12.56%	853	24.20%	941
32822	4,869	1.63%	10.19%	5,365	19.47%	5,817
32824	2,741	2.63%	16.85%	3,203	33.05%	3,647
32825	3,984	1.99%	12.56%	4,484	24.20%	4,948
32828	2,818	2.56%	16.38%	3,280	32.06%	3,721
32833	757	2.23%	14.15%	858	27.46%	958
	17,587			19,953		22,171

Source: CON application #10547, pages 53 and 54 (combined tables)

Per OHORMC, the next step in the volume forecast is to define anticipated ZIP Code-specific market capture levels for the proposed hospital and then apply the expected market share capture rates to the forecasted target 2023 volume for each ZIP Code. OHORMC sets these market share capture levels at:

- Twenty percent for “Zone One”
- Ten percent for “Zone Two”

The reviewer indicates that most PSA ZIP Codes are “Zone Two” ZIP Codes and most SSA ZIP Codes are “Zone One” ZIP Codes.

The applicant indicates that taken together, the ZIP Code level market share rates result in a total service area market share capture rate of 11 percent. OHORMC contends that this is a reasonable market capture rate, especially as no acute hospitals are currently located, “within the core Randal Park area” and only one acute care facility currently located at the far northern periphery of the larger service area. The applicant previously recognized that FHEO is within the proposed service area, toward the northern periphery.

The applicant states that the proposed OHRPH is a 14-15 mile drive from OHORMC. The reviewer generates below the estimated driving miles and estimated driving minutes (under current traffic conditions as of 10/26/2018 as of 9:20 a.m.) from the proposed OHRPH to OHORMC and FHEO.

**Driving Mile and Driving Time (in Minutes)
from Proposed OHRPH to OROMC and Florid Hospital East Orlando (FHEO)**

Proposed OHRPH to:	Address	Driving Distance (in Miles)	Driving Distance (in Minutes)	Current Traffic Conditions as of 10/26/2018 9:20 a.m.
OHORMC	52 W Underwood Street Orlando, FL 32806	17.0 miles	18 min.	Light
FHEO	2722 Lake Underhill Road Orlando, FL 32822	7.5 miles	14 min.	Moderate

Source: <https://www.mapquest.com/>

Regarding the applicant’s contention that the proposed project would enhance geographic access to hospital services for the large and rapidly growing southeastern Orlando market, the applicant discusses that the only general hospital in the southeastern Orlando area is FHEO and that any operational problems or limitations at that facility would have the potential to cause significant impact throughout the local communities. OHORMC states that per Orange County Fire Rescue Department (OCFRD) data, FHEO has consistently shown worse than average offload times and that in many instances FHEO has shown the highest offload times within Orange County while OROMC characteristically has shorter average offload times than Orange County overall. See the table below.

**Orange County Fire Rescue Department
Offload Reports for Multiple Months**

	JUN 2018	JUL 2018	AUG 2018	SEPT 2018
FHEO Average Offload Time	20:35 minutes	21.37 minutes	22:13 minutes*	21:37 minutes*
ORMC Average Offload Time	17:22 minutes	16:43 minutes	16:06 minutes	17:54 minutes
Orange County Hospitals Average Offload Time	18:00 minutes	18:08 minutes	17:38 minutes	18:01 minutes
FHEO % of Offload Time >20 min.	42.58% *	44.98% *	50.87% *	46.12%
ORMC % of Offload Time >20 min.	24.72%	22.42%	20.28%	27.24%
Orange County Hospitals % of Offload Time >20 min.	29.48%	28.51%	27.91%	28.28%
FHEO % of Offload Time >20 min.	9.14%	11.88% **	13.85% * **	12.39% **
ORMC % of Offload Time >20 min.	5.62%	4.42%	4.41%	8.12%
Orange County Hospitals % of Offload Time >20 min.	5.76%	5.59%	5.48%	6.16%

* designates highest in Orange County

** designates more than double Orange County average

Source: CON application #10547, pages 35 and 46

The reviewer notes that in the context of having a history of providing health services to Medicaid patients and the medically indigent, the applicant mentions the Community Health Needs Assessment 2016 Report/the Central Florida Community Benefit Collaboration: Lake, Orange, Osceola and Seminole Counties, or the CHNAR. The reviewer indicates that this CHNAR is available at the following website:

http://orange.floridahealth.gov/programs-and-services/community-health-planning-and-statistics/_documents/chna-071316.pdf.

According to the 395-page CHNAR, this report is a collaboration between senior executives within:

- Aspire Health Partners
- Florida Hospital
- OH
- Orlando Health-South Lake Hospital

- The Florida Department of Health in:
 - Lake County
 - Orange County
 - Osceola County
 - Seminole County

The applicant contends that applying the ZIP Code-specific market shares to forecast 2023 target discharges, the result is a 2023 forecast for the proposed OHRPH of 2,272 discharges. See the table below.

**Orlando Health Randal Park Service Area
2023 Forecast Target Patient Volume
(age 18+/target patients only)**

ZIP Code	2023 Target Patient Discharges	Market Share Capture Zone	2023 Randal Park Market Share Capture	2023 Randal Park Discharges
32827	632	Zone 1	20%	126
32829	1,227	Zone 1	20%	245
32831	51	Zone 1	20%	10
32832	853	Zone 1	20%	171
32822	5,365	Zone 2	10%	527
32824	3,203	Zone 2	10%	320
32825	4,484	Zone 2	10%	448
32828	3,280	Zone 2	10%	328
32833	858	Zone 2	10%	86
	19,953			2,272

Source: CON application #10547, page 56

Per OHORMC, the next step in forecasting total facility volume is to define the expected percentage of patient volume at the proposed facility that would be associated with patients residing outside the nine ZIP Code target service area. The applicant assumes that 15 percent of total proposed hospital volume would be associated with patients from beyond the proposed service area is reasonable, especially considering the fluctuation of seasonal visitors in the area.

OHORMC summarizes its volume forecast approach (page 57 of the application):

Total Service Area 2023 Target Patient Discharges	19,953
Randal Park Hospital Forecasted 2023 Target Discharges Based on ZIP –Level Market Share Capture Levels	2,272
Randal Park Hospital Forecast Discharges Including 15% Out-of-Service Area Volume	2,673

Randal Park Hospital Forecasted 2023 Patient Days Based on 4.6 ALOS	12,296
Randal Park Hospital Forecasted ADC	33.7
Randal Park Bed Need Based on 65 Percent Occupancy	51.8

The applicant maintains that a 65 percent target occupancy is reasonable and appropriate in this setting, due to the:

- Small bed size of the proposed new hospital
- Variability of daily utilization associated with a small facility
- Anticipated volume swings expected at the new hospital associated with seasonality of hospital demand in central Florida

OHORMC comments that forecasting bed need out to 2028, following a similar formula, results in a Randal Park bed need of 57.5 beds—supporting the proposed 50-bed facility.

In addition to the above summary, OHORMC provides a “sensitivity analysis of various forecast scenarios” (page 58 of the application). According to OHORMC, these scenarios forecast a variable range for the overall service area market share capture levels (10 percent/12.5 percent/15 percent) and a range of in-migration percentage levels (15 percent and 20 percent), as well as a range of target occupancy factors (65 percent/70 percent). The applicant’s 2023 proposed OHRPH volume and bed need scenario analysis produces a bed need range of 42 beds to 72 beds, with a mid-range need expected to be in the low to mid 50 bed need range. Based on this, the applicant asserts that the 50-bed proposed project is realistic and reasonable.

The applicant asserts that with a significant portion of current service area patients traveling to OH facilities to obtain care expected to “stay local” and use the proposed OHRPH instead of out-migrating from the service area, and with service area market volume growth forecast to be above the volume needed to support the proposed project’s operation, there will be no material impact on existing providers. OHORMC maintains that the balancing of positive benefits and adverse impact from the proposed project “results in a clear conclusion that the project should be approved and developed”. The applicant contends that this is especially true when the two health systems in the marketplace, other than OH (the Adventist Health System and Hospital Corporation of America or HCA) currently have financial profit margins that make each system “bullet proof” to any meaningful impact. OH offers additional narrative discussion regarding the financial strength of Adventist Health System and HCA.

OHORMC explains that strong service area growth for the proposed facility will be able to reach its target volume levels without impacting the baseline number of service area patients at other existing facilities. The applicant expects that the proposed project will redirect a significant number of patients from OH facilities to OHRPH—minimizing any adverse impact. OHORMC states that in 2017, OH (all facilities) treated 3,587 target discharges from the proposed service area and that the majority of these patients were treated at OHORMC. The applicant comments that if only half of the current 2017 OH target patient volume from the service area would redirect to the proposed new facility, 1,794 patients would shift from OH facilities outside of the service area to the proposed OHRPH. OHORMC comments that with only 2,272 target patients from the proposed service area forecasted to be served at the proposed facility, OH redirection alone would account for more than 75 percent of the proposed facility’s volume.

- b. Will the proposed project foster competition to promote quality and cost-effectiveness? Please discuss the effect of the proposed project on any of the following:**
- **applicant facility;**
 - **current patient care costs and charges (if an existing facility);**
 - **reduction in charges to patients; and**
 - **extent to which proposed services will enhance access to health care for the residents of the service district.**
- ss. 408.035(1) (e) and (g), Florida Statutes.**

Orlando Health, Inc. d/b/a Orlando Health Orlando Regional Medical Center (CON application #10547): The applicant points out that the proposed project will foster competition within the service area, will promote quality and cost-effective care for service area residents and will positively impact OHORMC operations.

The applicant utilizes the Agency discharge database for the 12 months ending September 30, 2017, to indicate that the proposed total service area had discharges totaling 17,587, the Adventist Health System had an overall 73 percent market presence (with FHEO having a 42 percent presence) compared to OH having an overall 20 percent market presence (with OHORMC having a 14 percent market presence). See the table below.

**Orlando Health Randal Park Service Area
2017 Target Patient Volume
(Age 18+ / Target Patients Only)**

	Target Patient Discharges from Service Area	Percent Total Service Area Discharges
Adventist Health-All	12,903	73%
FHEO	7,348	42%
Orlando Health-All	3,587	20%
OHORMC	2,465	14%
Total	17,587	

Source: CON application #10547, page 67

OHORMC asserts that the proposed project will offer a realistic alternative to “this Adventist acute care monopoly” and will ensure service area patients a choice when an acute care hospital is required.

The applicant discusses that based on internal data (the reviewer notes that this stated internal data is not included in the application for Agency review) OHORMC is only able to operate 700 of its 813 licensed acute care beds (excluding inpatient rehabilitation beds) on a consistent basis. The applicant states that this is due to:

- Inability to use semi-private rooms for double-occupancy due to:
 - Challenges in maintaining rigorous infection control standards
 - Patient expectations
- Continuing expansion of required clinical and patient support activities that require offices and support spaces located within patient care areas
- Teaching and research functions located throughout the patient care units resulting in cannibalized space

According to the applicant, as a result of the constrained operational capacity described above, as of FY18, September YTD, OHORMC is operating at 86 percent of operational bed capacity, with utilization consistently at the high 80 percent level for the combined first five months of 2018. The reviewer notes that the applicant does not comment on the notifications to add beds already in the CON inventory to alleviate bed constraints. The applicant emphasizes that with the redirection of medically appropriate local southeastern Orlando patients from OHORMC to the proposed local OHRPH, the positive “relief valve” effect on OHORMC would:

- Reduce the patient volume served at OHORMC
- Leave more available capacity for OHORMC to treat its growing volume of trauma, tertiary and specialty care patients

OHORMC contends that the proposed project will provide local southeast Orlando access to OH’s growing managed care initiatives which will have a direct effect on reducing, or at least constraining, increases in health care costs within the central Florida community. The applicant maintains that OH’s Collaborative Care of Florida, stated to be one of Florida’s most successful Accountable Care Organizations (ACO) and OH’s Orlando Health Network (OHN) are examples of OH’s commitment. The applicant specifically references that OHN currently covers over 182,000 lives, is comprised of 3,000+ providers and since inception, has generated over \$85 million in savings to payers and employers. The reviewer notes that some of these OHN activities are briefly stated in letters of support.

c. Does the applicant have a history of providing health services to Medicaid patients and the medically indigent? Does the applicant propose to provide health services to Medicaid patients and the medically indigent? Ss. 408.035(1) (I), Florida Statutes.

The following table illustrates the Medicaid/Medicaid HMO days and percentages as well as charity percentages provided by the applicant and District 7 overall, in fiscal year (FY) 2017 data from the Florida Hospital Uniform Reporting System (FHURS).

**Medicaid, Medicaid HMO and Charity Data
OHORMC (CON application #10547) and
District 7 Total
FY 2017**

Applicant/Area	Medicaid and Medicaid HMO Days	Medicaid and Medicaid HMO Percent	Percent of Charity Care	Percent Combined Medicaid, Medicaid HMO and Charity Care
OHORMC	89,795	23.44%	4.37%	27.81%
District 7 Total	301.415	18.42%	3.79%	22.21%

Source: Agency for Health Care Administration Florida Hospital Uniform Reporting System

Further review of the entire complement of District 7 general acute care hospital providers for FY 2017 indicates that, compared to any other general acute care hospital in District 7, for the period, OHORMC had characteristics as described below.

- The second highest number of total Medicaid/Medicaid HMO patient days in the district (89,795), exceeded only by Florida Hospital
- The second highest percentage of Medicaid/Medicaid HMO patient days (23.44 percent), exceeded only by Nemours Children’s Hospital – a Class 2 Hospital for Children
- The fourth highest percentage of charity care patient days (4.37 percent)

- The second highest percentage of Medicaid, Medicaid HMO and charity care patient days combined (27.81 percent), exceeded only by Nemours Children’s Hospital

The table below illustrates the OHORMC hospital system, OH, state fiscal year (SFY) 2017-2018 low-income pool (LIP) program participation (as of August 17, 2018 at 2:34PM) and disproportionate share hospital (DSH) program participation (as of September 11, 2018 at 12:08PM).

**OHORMC (CON application #10547) Hospital System OH
LIP and DSH Program Participation
2017-2018**

Program/Provider	Annual Total Allocation	Year-to-Date Total Allocation as of August 17, 2018 2:34PM for LIP and as of September 11, 2018 12:08PM for DSH
LIP/OH	\$56,622,,928	\$56,622,,928
DSH/OH	\$3,398,888	\$3,398,888

Source: Agency Division of Medicaid, Office of Program Finance

As shown in the table above, OHORMC has drawn down the entirety of its SFY 2017-2018 respective LIP and DSH allocations.

Orlando Health, Inc. d/b/a Orlando Health Orlando Regional Medical Center (CON application #10547) states that OH and OHORMC have a strong history of providing health services to Medicaid patients and the medically indigent and are committed to continue to provide health care services to these two populations. This is stated to include both the under-served and the un-served, particularly the vulnerable uninsured, underinsured, minority populations and those at-risk residents of southeast Orlando and eastern Orange County. The applicant indicates a commitment to providing care to all residents of the local population regardless of insurance coverage or financial resources.

OHRMC contends that as the not-for-profit OH health care system, it believes in returning value locally to the community, not distributing value to shareholders. The applicant provides the following stated FY 2017 dollar values, totaling \$267,465,439.

Orlando Health FY 2017 Community Benefit	
Charity Care – at cost	\$95,819,289
Community Benefit Programs and Services	\$76,788,077
Means Tested Program Shortfalls – at cost	\$94,858,073
Total	\$267,465,439

Source: CON application #10547, page 72

OHORMC provides the OH 2017 Community Benefit Report (Appendix 3 of the application). The reviewer notes that according to page two of this report, under Community Benefit Financials, OH provided \$288,562,484 in total community benefit and \$450,947,156 in total value to the community.

OHORMC states membership in the Safety Net Hospital Alliance of Florida (the Alliance)⁸. The applicant maintains and the reviewer confirms through the Alliance's website, that OHORMC is the only Orlando-based provider participating in the Alliance.

The applicant discusses that in FY 2016, OH provided a combined \$34.1 percent of patient discharges to Medicaid/Medicaid managed care/self-pay patients. The applicant notes support provided by OH to the following (pages 73 and 74 of the application):

- Shepard's Hope
- OH Community Grant Program (OHCGP)
- Howard Phillips Center for Children and Families
- Primary Care Access Network (PCAN)
- Residency Clinic/Orange County Medical Clinic

OHORMC maintains that the OHCGP focuses mostly on funding initiatives that align with the 2016 CHNA, specifically initiatives that enhance access to care.

The applicant points out providing financial support to many PCAN organizations and providing inpatient hospital care to their patients at no cost (i.e., Shepard's Hope, Health Care Center for the Homeless d/b/a Orange Blossom Family Health and True Health™). The reviewer notes that letters of support were provided for this project by Shepard's Hope, and True Health™ (see item B of this report).

The applicant offers a Medicaid/Indigent Care condition (and other financial support conditions), pursuant to project approval, as follows:

- The proposed new hospital will provide at least 19 percent of patient discharge volume to Medicaid/Medicaid managed care/non-payment/self-pay/charity patients

⁸ According to the website <http://safetynetsflorida.org/4965-2>, the Alliance advocates on behalf of Florida's 14 safety net hospital systems located in the most densely populated areas, yet with clinics and transfer agreements covering Florida's rural communities and coast to coast. This website further states that the teaching, public, children's and regional perinatal intensive care hospitals comprising the Safety Net Hospital Alliance of Florida share a common, yet unique mission: We provide the most highly specialized medical care and train tomorrow's doctors. Yet, unlike some, our doors are open to all of our state's citizens. This combination of advanced medical care and commitment to our communities is what sets us apart.

- The proposed new hospital will include a minimum contribution of \$50,000 per year for at least three years to affiliated members of the PCAN, to expand its provision of care and coordination of care within the southeast Orlando/east Orange County area
- The proposed new hospital will include a minimum contribution of \$50,000 per year for at least three years to the Foundation for Orange County Public Schools, to provide support and programming to schools and students within the southeast Orlando/east Orange County area, with a focus on underserved schools and programs

- d. Does the applicant include a detailed description of the proposed general hospital project and a statement of its purpose and the need it will meet? The proposed project's location, as well as its primary and secondary service areas, must be identified by zip code. Primary service area is defined as the zip codes from which the applicant projects that it will draw 75 percent of its discharges, with the remaining 25 percent of zip codes being secondary. Projected admissions by zip code are to be provided by each zip code from largest to smallest volumes. Existing hospitals in these zip codes should be clearly identified. ss. 408.037(2), Florida Statutes.**

Orlando Health, Inc. d/b/a Orlando Health Orlando Regional Medical Center (CON application #10547): The applicant states having responded to this part of the application in prior sections. The applicant also restates its proposed PSA and SSA ZIP Codes (see item C of this report for those ZIP Codes). This total service area volume discharge estimate (2023), including the 15 percent of volume from beyond the expected service area ZIP Codes, is 2,673 total discharges.

OHORMC expects for the proposed project to draw approximately 76.66 percent of its patients from the proposed PSA (when including the expected 15 percent of volume from beyond service area ZIP Codes). The applicant indicates that the proposed project to draw approximately 82.69 percent of its patients from the proposed PSA (when excluding the expected 15 percent of volume from beyond the service area ZIP Codes). See the two tables below.

**Proposed OHRPH Patient Origin
Based on 2023 Forecast Patient Volumes
Including the 15 Percent of Volume
from Beyond Service Area ZIP Codes**

ZIP Code	PSA/SSA	Percent of Total Discharges	Cumulative Percent of Total Discharges	Forecast Discharges
32822	PSA	20%	20%	537
32835	PSA	17%	37%	448
32822	PSA	12%	49%	328
32824	PSA	12%	61%	320
32839	PSA	9%	70%	245
32832	PSA	6%	76%	171
32827	SSA	5%	81%	126
32833	SSA	3%	84%	86
32831	SSA	1%	85%	10
Out of SA		15%	100%	402
				2,673

Source: CON application #10547, page 78

The reviewer notes that in the above table, there is a total of nine ZIP Codes, six for the PSA and three for the SSA.

**Proposed OHRPH Patient Origin
Based on 2023 Forecast Patient Volumes
Excluding the 15 Percent of Volume
from Beyond Service Area ZIP Codes**

ZIP Code	PSA/SSA	Percent of Total Discharges	Cumulative Percent of Total Discharges	Forecast Discharges
32822	PSA	24%	24%	537
32835	PSA	18%	42%	448
32822	PSA	14%	56%	328
32824	PSA	14%	70%	320
32839	PSA	11%	81%	245
32832	SSA	8%	89%	171
32827	SSA	6%	95%	126
32833	SSA	4%	99%	86
32831	SSA	1%	100%	10
				2,271

Source: CON application #10547, page 79

The reviewer notes that in the above table, there is a total of nine ZIP Codes, five for the PSA and four for the SSA.

F. Written Statement(s) of Opposition

Except for competing applicants, in order to be eligible to challenge the Agency decision on a general hospital application under review pursuant to paragraph (5)(c), existing hospitals within the same district must submit a detailed written statement of opposition to the Agency and to the applicant. The detailed written statement must be received by the Agency and the applicant within 21 days after the general hospital application is deemed complete and made available to the public. ss. 408.039(3) (c), Florida Statutes.

The Agency received two detailed written statements of opposition (DWSO) to CON application #10547.

One DWSO was submitted by Craig D. Miller, Attorney and Associate, Rutledge Ecenia, Attorneys and Counselors at Law, on behalf of:

- Osceola Regional Hospital, Inc., d/b/a Osceola Regional Medical Center
- Central Florida Health Services, LLC

The reviewer notes that Osceola Regional Medical Center is an existing and operational general hospital located in Subdistrict 7-3 (Osceola County). The reviewer also notes that Central Florida Health Services, LLC, is the applicant entity for CON application #10451, to establish a general hospital project located in District 7/Subdistrict 7-2 (Orange County). The reviewer further notes that CON #10451 is not yet licensed.

One DWSO was submitted by Diane Godfrey, Adventist Health System-Regulatory Administration, on behalf of:

- Adventist Health System/Sunbelt, Inc., d/b/a Florida Hospital.

The reviewer notes that Florida Hospital is an existing and operational general hospital located in Subdistrict 7-2.

Each DWSO is briefly summarized below.

Osceola Regional Hospital, Inc. d/b/a Osceola Regional Medical Center (Osceola) and Central Florida Health Services, LLC (CFHS), also referenced collectively as the Opposition or HCA, states that CON application #10547 bases approval of the proposed project on the following points:

- The existing population base and forecast of population growth within the Randal Park and the southeastern Orlando communities
- The growing pool of patients capable of being served at the new hospital

- Enhanced geographic access to hospital services for the southeastern Orlando market
- The lack of impact on the CFHS project
- Enhanced geographic access to OH aligned patients
- Realistic market capture levels and minimal adverse impact levels
- Decompression of OHORMC's operations

Opposition asserts that OH failed to demonstrate the validity of any of the seven bulleted claims indicated above and that need for the proposed project was not demonstrated. In support of these assertions, opposition presents the following major points of contention:

- The proposed OHRPH:
 - Failed to address required review criteria
 - Erred in its consideration of impact on the CFHS project
 - Has a proposed service area that is not reasonable
 - Failed to demonstrate a need for 50 beds
 - Will not foster competition that promotes quality or cost-effectiveness
 - Will adversely impact existing and approved hospitals
 - Has proposed conditions that do not support approval
- A new hospital is not needed to decompress OHORMC
- Emergency off-load times are not a basis for approval
- Financial access is not a basis to approve the proposed OHRPH

Opposition contends that the application fails to address the provisions of Rule 59C-1.008(2), Florida Administrative Code and that other than addressing population trends, the application fails to address:

- Availability, utilization and quality of like services
- Medical treatment trends
- Market conditions

Per the opposition, CON application #10547's failure to address the referenced rule criteria renders the application "incomplete" which cannot be cured by attempting to address these criteria in the response to this DWSO. HCA maintains that the applicant's failure to address these required factors resulted in CON application #10547's reliance on unreasonable utilization projections and will adversely impact existing providers, including Osceola.

HCA indicates that CON application #10547 gives "no real consideration" to the approved CFHS in its assessment for need of OHRPH. The DWSO reiterates portions of CON application #10547 and OH's DWSO to CON application #10451. Opposition contends that it would be poor health planning to approve another community hospital to serve the same part of Orange County (CON application #10451). HCA provides maps to

indicate a substantial overlap between CFHS and the proposed OHRPH service area. Opposition also provides an itemized table of overlapping ZIP Codes (by PSA and SSA) between CFHS and the proposed OHRPH. HCA contends that approval of the proposed project would negatively impact the ability of CFHS to build its census and that the already approved CFHS project will limit the ability of the proposed OHRPH to achieve its projected utilization. Opposition asserts that the result would be two underutilized hospitals seeking to serve a similar geographic area. Opposition reproduces the applicant's table "Orlando Health Randal Park Service Area 2023 Forecast Target Patient Volume-age 18+/target patients only" and "Proposed OHRPH Patient Origin Based on 2023 Forecast Patient Volumes *Including* the 15 Percent of Volume from Beyond Service Area ZIP Codes". HCA maintains that there are a number of problems with the proposed service area. Opposition describes overlapping ZIP Codes between existing providers that already serve the proposed patient base and the applicant's proposed service area. HCA comments that the applicant leaves 15 percent of its patient origin and service area undefined. HCA asserts that CON application #10547's estimated 15 percent in-migration is unreasonable.

HCA emphasizes that CON application #10547 fails to demonstrate that a 50-bed general hospital facility is needed or will be able to achieve a reasonable level of utilization if constructed. Opposition maintains that due to the unreasonable definition of its service area, the results from OHRPH's projections are meaningless. HCA reproduces the applicant's volume forecast summary for year three – 2023 and indicates that there is no evidence that a shift of 33.7 to 36 patients from OHORMC to the proposed OHRPH, could be accomplished, particularly given the much greater spectrum of specialized services offered at OHORMC. Opposition indicates a 65 percent occupancy target is too low and that typically, a target of 70 to 75 percent is used for small community hospitals.

Opposition contends that among the factors that were not considered in CON application #10547 were trends in acute care discharge rates in the proposed service area. HCA utilizes the AHCA discharge database, CY 2015-2017 and the non-tertiary DRGs based on OH's exclusion list, to indicate a 2.0 percent rate of discharge decline annually. Opposition indicates that from the same source for the same period, discharge rates decreased per 1,000—4.3 percent for the PSA and 2.8 percent for the SSA, resulting in an overall rate of decline of 4.2. The reviewer collapses the discreet PSA and SSA ZIP Code totals into cumulative PSA and SSA ZIP Code totals. See the exhibits below.

**Proposed OHRPH Service Area
2015-2017 Non-Tertiary Discharges**

All ZIP Codes	2015	2016	2017	Percent CAGR
Primary Service Area				
PSA Total	17,945	17,626	17,190	-2.1%
Secondary Service Area				
SSA Total	1,461	1,421	1,440	-0.7%
PSA and SSA Total	19,406	19,047	18,630	-2.0%

Source: Osceola/CFHS DWSO, page 10, Exhibit 7

**Proposed OHRPH Service Area
2015-2017 Non-Tertiary Discharges per 1,000**

All ZIP Codes	2015	2016	2017	Percent CAGR
Primary Service Area				
PSA Total	84.9	81.5	77.8	-4.3
Secondary Service Area				
SSA Total	77.9	74.2	73.6	-2.8
PSA and SSA Total	84.3	80.9	77.4	-4.2

Source: Osceola/CFHS DWSO, page 11, Exhibit 8

HCA states that despite these material declines in discharge rates during the past three years, the applicant assumed that discharge rates would remain constant for the proposed service area ZIP Codes. Opposition maintains that CON application #10547’s projected growth estimates were overstated because it is unlikely that acute care discharges will remain constant and are more likely to experience further declines.

Opposition asserts that CON application #10547’s 10-year projection period (to 2028) is particularly unreasonable, given the assumption that use rates would remain constant when the most recent trend is declining discharge rates. According to HCA, no weight should be afforded to any projections that extend beyond five years.

HCA maintains that a major deficiency in CON application #10547’s utilization projections are the assumed market shares. The DWSO briefly discusses OHRPH’s “Zone One” and “Zone Two” market shares. Opposition points out that there was no context provided in developing these market share assumptions and no reference to the impact of the CFHS facility being in operation before the proposed OHRPH opens.

Opposition utilizes the AHCA patient database, 2017 and the non-tertiary DRGs based on OH’s exclusion list age 18+, to indicate that none of CON application #10547’s proposed service area ZIP Codes did OHORM have a 20 percent market share. Moreover, HCA notes that FHEO and Florida Hospital, overall, had the largest market share for

both the PSA and for the SSA. Opposition contends that the proposed project can only achieve its projected volume by redirecting patients from other hospitals.

HCA notes that Osceola is the fourth largest provider of inpatient services to the proposed OHRPH service area target population and that it will be adversely impacted by the development of OHRPH. Opposition maintains that with Osceola being a regional referral center (with specialized services) and already having the fourth highest volume of the applicant’s planned service area resident discharges, it is unlikely that the proposed service area residents will likely seek services at a limited scope facility such as OHRPH.

Opposition contends that CON application #10547 is not needed to decompress OHORMC. HCA indicates and the reviewer confirms that OHRPH makes this need-to-decompress contention without presenting any underlying data to demonstrate the claimed high occupancy rates. Opposition explains that CON application #10547 is not the only alternative to address decompression and that there are less costly options available. HCA asserts that one alternative is the redirection of patients to the new CON application #10454 (the reviewer notes that this project – the Orlando Health Central Horizon West Hospital - is not yet licensed). Opposition utilizes the Agency’s Florida Health Bed Need Projections and Services Utilization by District publication (for CY 2017) to indicate that OH has two other Orange County hospitals that have available acute care bed capacity. See the exhibit below.

Orlando Health Hospitals in Orange County

Facilities	Acute Beds	Patient Days	ADC	Occupancy Percentage
Health Central	211	51,815	142.0	67.3%
Dr. P Phillips Hospital	237	56,433	154.6	65.2%
OHORMC*	741/835	162,214	444.4	57.2%

* OHORMC reported 741 acute care beds in Q1 and Q2 and 835 acute beds in Q3 and Q4
 Source: Osceola/CFHR DWSO, page 14, Exhibit 10

HCA maintains that even if only 700 of OHORMC’s acute care beds are available on a regular basis, it would still have substantial available capacity for observation and for patients occupying inpatient beds.

The opposition notes that an emergency off-load times issue at FHEO was presented by the applicant as a justification for the proposed project. According to HCA, not only is this not a basis to approve CON application #10547, a solution to this will be realized with the opening of the CFHS hospital and its ED on the Lake Nona UCF campus with another site for EMS to transport patients in southeastern Orange

County. HCA notes that the applicant's own FSED in Randal Park will provide another alternative to the FHEO ED, reducing wait times for patients and EMS.

Opposition indicates that Osceola and the other hospitals in the HCA North Florida Division provide, "significant levels of uncompensated care and care to Medicaid patients".

HCA asserts that given the many problems with CON application #10547—from the unrealistic service area to the fatally flawed utilization projections—the likelihood is that the proposed OHRPH will be underutilized. Opposition maintains that the proposal will hinder the approved CFHS hospital on the UCF campus in Lake Nona, resulting in two new hospitals in southeastern Orange County operating at suboptimal levels of utilization.

Opposition points out that there is no quantitative assessment of adverse impact and that such analysis is conspicuously absent from the OHRPH proposal. HCA reiterates that the CON approved CFHS hospital and the proposed project would compete for essentially the same pool of patients, with declining discharge rates in the applicant's proposed service area, making the CFHS hospital constrained in growing its inpatient volumes in the first few years. Opposition stresses that CON application #10547's home ZIP Code 33832 is immediately adjacent to the CFHS hospital's home ZIP Code of 32827.

Opposition notes that nothing in the applicant's conditions will have a meaningful impact on access to acute care hospital services in Orange County. HCA asserts that while the applicant offers two separate conditions to contribute \$50,000 (each), OH is exempt from local, property, sales and income taxes. Opposition emphasizes that the CFHS hospital does not enjoy these exemptions. HCA contends that its contribution through local, property, sales and income taxes will, "far exceed the short-term \$100,000 contribution" proposed by the applicant. The reviewer notes that the applicant's cumulative contribution amount is conditioned at \$300,000 over a three-year period.

HCA maintains that there are no tangible benefits to the existing health care system that will result from the development of the proposed project.

Adventist Health System/Sunbelt, Inc. d/b/a Florida Hospital, also referenced as AHS/S, asserts that the proposed project does not provide a detailed description of the configuration of beds in terms of general medical/surgical and/or progressive care/intensive care. The reviewer

notes that CON application #10547 has no CON regulatory obligation or responsibility to provide a description of beds in terms of general medical/surgical and/or progressive care/intensive care.

AHS/S maintains that CON application #10547 failed to demonstrate a need for the proposed OHRPH and is devoid of any analysis from a health planning perspective to support the proposal. Opposition offers the following as criticisms, inconsistencies and documentation inadequacies that justify denial of CON application #10547:

- OHRPH failed to provide or discuss discharge trends, use rate trends, detailed market share, occupancy or bed availability trends of hospitals currently serving the proposed service area. These are all critical factors for consideration in the planning for a new acute care hospital.
- OHRPH did not provide quantitative or qualitative evidence to support the notion that there is a population in the proposed nine ZIP Code service area that is unserved or underserved by the current providers and that residents are unable to access high quality services in a timely manner through the current continuum of care in and around the proposed service area.
- Failure to account for use rate trends and the projection of future use rates by age group and/or ZIP Code for OHRPH's proposed service area indicates a lack of appropriate detail for projection reliability. Service area definition and projected market share capture are inconsistent. Failure to adjust the market shares for the effect of a new HCA/UCF hospital in its service area overstates likely utilization.
- The applicant included a 15 percent in-migration factor, which is high, and no supporting information or data was provided for justification. This flawed projection methodology is unreliable.
- The proposed OHRPH appears to have included a range of tertiary MS-DRGs and/or patient types that overstate the discharges produced by its "target market" and would not be served in this type of facility.
- The applicant fails to provide a quantitative adverse impact analysis showing the loss of discharges and/or patient days to existing hospitals serving the proposed service area. The OH narrative that the AHS/S and HCA are financially strong organizations is insufficient in addressing this question.

AHS/S offers a brief narrative description of the seven AHS/S hospitals within District 7, background on AHS/S, its 25 hospitals statewide and a list of 20 bulleted statistics about facilities/programs/characteristics regarding AHS/S.

According to the opposition, the majority of CON application #10547 simply provides information related to OH as a whole and provides minimal, if any, supportive detail or numerical analysis related to the need for a new 50-bed hospital in Orange County. Opposition maintains that prudent health planning for a new hospital at a minimum includes:

- A close look at historical market trends
- Analysis of patient access and availability of services
- Need for additional providers

Opposition indicates that CON application #10547 did not attempt to answer any of these questions with a meaningful level of detail. AHS/S points out that CON application #10547 does not mention a lack of bed availability or accessibility of high quality services within any of the facilities that currently serve residents of the proposed service area. Opposition maintains that the application made no attempt to provide evidence that patients are unsatisfied, unserved or unwilling to want to choose the facilities which currently serve them. AHS/S contends that CON application #10547 failed to provide the following:

- Discharge trends for the target area
 - AHS/S calls into question the adequacy of the one year discharge trend analysis (12 months ending September 30, 2017)
 - AHS/S finds it unclear how the applicant reaches the conclusion that the pool of patients (in the proposed service area) is growing since there is no trend analysis anywhere in the application
 - At a minimum, the applicant failed to present a historical look back to determine the dynamics of market discharges, resulting in a presentation of future projections that are not rooted in the realities of the market
- Use rate trends for the proposed service area
 - Conspicuously absent from the application is any reference to use rates for the target patient population – this is highly unusual for a new acute care hospital project
 - This may not have been addressed since a historical look back shows a decline in adult non-tertiary discharges in the proposed service area between 2015 and 2017
 - The market and utilization projections are based on incomplete assumptions which renders them unreliable
- Detailed market share for the proposed service area
 - OHRPH did not present any detailed market share information for the proposed service area
 - No evidence was provided to support that patients in the proposed service area want or need an additional provider in the immediate area
 - No quantitative impact was provided regarding existing providers in the area, with OH and AHS/S as the two dominant systems to the residents of Orange County

- Given the omissions of so many critical pieces of data, the application is completely unsupported by quantifiable evidence

AHS/S utilizes the Agency’s Florida Health Bed Need Projections and Services Utilization by District publication (for CY 2017) to indicate that five general hospital providers are utilized most often by residents of the proposed service area for OHRPH—with 922 available beds and FHEO alone having 95 available beds, on any given day, in CY 2017. See the figure below.

2017 Area Hospitals’ Acute Care Utilization and Available Beds

Hospital Name	Beds	Patient Days	ADC	Available Beds
<i>Florida Hospital East Orlando</i>	295	72,990	200.0	95
Florida Hospital Orlando	1,240	337,101	923.6	316
Orlando Health-ORMC	835	162,214	444.4	391
Osceola Regional Medical Center	333	98,879	270.9	62
Florida Hospital Kissimmee	162	37,891	103.8	58
Total Top 5 Providers of Adult Non-Tertiary Services to Nine-ZIP Code Residents	2,865	709,075	1,942	922

Source: AHS/S DWSO, page 11, Figure 2

Opposition contends that even if OHORMC had only 700 operational acute care beds, OHORMC would still have 256 beds available on any given day.

AHS/S comments that it is important that the applicant makes no mention of the fact that there are three approved hospitals under development in Orange County. Opposition asserts that, “Approval of a fourth hospital CON application in the district, while three other new hospitals are under development, would be unprecedented”.

Regarding CON application #10547, pages 35 and 46, “Orange County Fire Rescue Department Offload Reports for Multiple Months”, AHS/S asserts that the difference between EMS offload time described in the table between FHEO and the county average is not materially different and that the difference between FHEO and OHORMC is six minutes. Opposition states that for the 12 months ending June 30, 2018, FHEO accommodated 126,555 ED visits compared to 98,839 at OHORMC. AHS/S maintains that CON application #10547 does not produce a conclusion of clinical impact of the purported offload time disparity and does not produce a meaningful relationship between offload times and the need for additional acute care beds in a market.

Opposition stresses that CON application #10547’s failure to account for use rate trends and the projection of future use rates by age group and/or ZIP Code result in a lack of appropriate detail for projection reliability:

- The applicant ignores the past behavior of the market and uses the most recent year in a vacuum in which to forecast future projections going forward.
- The applicant determines (with no explanation or supportive numerical analysis) that “Zone One” ZIP Codes capture 20 percent market share and “Zone Two” ZIP Codes capture 10 percent market share.
- There is no reasonable basis for CON application #10547’s identified market shares.
- OHRPH completely leaves out the approved CON #10451 project with the exception of stating some significant differences between the HCA/UCF hospital project and the proposed OHRPH project
 - For the applicant to characterize the two hospital projects as dissimilar is disingenuous and CON application #10547 likely overstates utilization of the proposed project.
- The applicant did not define its service area, pursuant to Section 408.037(2), Florida Statutes.
 - 15 percent in-migration is unusually high and inconsistent with the statutory language (with no provision for in-migration)
 - The defined service area has no relationship to the identified market share zones (AHS/S points out the inconsistencies between PSA/Zone One ZIP Codes and SSA/Zone Two ZIP Codes).

AHS/S indicates that had the applicant “correctly” identified its service area based on its identified market share zones, then the proposal would not meet the 75 percent requirement set forth in the statute and that the four “Zone One” ZIP Codes would only account for 24 percent of OHRPH’s total proposed discharges. For distinction, the reviewer shades the “Zone One”/PSA rows and the “Zone Two”/SSA rows below.

OHRPH Corrected Service Area Definition Based on the Market Share Zones

ZIP Code	Market Share Zone	PSA/SSA	Projected Market Share	Forecast Discharges	Cumulative Percent of Total
32829	1	PSA	20.0%	245	10.8%
32832	1	PSA	20.0%	171	18.3%
32827	1	PSA	20.0%	126	23.9%
32831	1	PSA	20.0%	10	24.3%
32822	2	SSA	10.0%	537	48.0%
32825	2	SSA	10.0%	448	67.7%
32828	2	SSA	10.0%	328	82.1%
32824	2	SSA	10.0%	320	96.2%
32833	2	SSA	10.0%	86	100.0%
Total, All ZIP Codes				2,271	

Source: AHS/S DWSO, page 18, Figure 4

Opposition provides a summation of what makes CON application #10547’s projection methodology unreliable:

- Inconsistent service area definition
- Lack of historical discharge and use rate trend analysis
- Failure to identify detailed market share or utilization of existing providers who serve the area
- Failure to include the forthcoming HCA/UCF hospital in the analysis
- Unfounded market share capture
- Unusually high projected in-migration

AHS/S contends that some of the patient types/MS-DRGs not intended to be served at the proposed OHRPH are actually included in CON #10547's projections. Opposition maintains that some of the patient types that may not be appropriate for treatment at OHRPH, but were included in CON application #10547's database. The reviewer notes that AHS/S does not itemize or otherwise list what it considers to be overstated discharges by name or by MS-DRG.

Opposition emphasizes that CON application #10547 provides no analysis of adverse impact that illustrates the potential loss of discharges and/or patient days to existing hospitals serving the proposed service area. AHS/S maintains that, "the entire discussion of impact in the Orange County application is identical to the Seminole County application". Opposition asserts that the financial strength of multi-hospital organizations (such as that of HCA and AHS/S) has nothing to do with impact on specific hospitals within those systems.

In conclusion, opposition stresses that there is no reason to believe that accessibility or availability of inpatient services is an issue for residents of the proposed OHRPH service area. AHS/S maintains that CON application #10547 has not demonstrated quantifiable need for a new general hospital and should be denied.

G. Applicant Response to Written Statement(s) of Opposition

In those cases where a written statement of opposition has been timely filed regarding a certificate of need application for a general hospital, the applicant for the general hospital may submit a written response to the Agency. Such response must be received by the Agency within 10 days of the written statement due date. ss. 408.039(3) (d), Florida Statutes.

The Agency received two applicant responses to detailed written statements of opposition (RDWSO), both issued by Karen A. Putnal, Esq., Moyle Law Firm, on behalf of CON application #10547. One RDWSO is pursuant to the DWSO submitted by HCA and one is pursuant to the DWSO submitted by AHS/S.

Each RDWSO is briefly summarized below.

Orlando Health, Inc. d/b/a Orlando Health Orlando Regional Medical Center (CON application #10547) states that regarding HCA's DWSO, OHORMC recognizes that Osceola Regional Medical Center is authorized to submit a DWSO to the proposal. However, pursuant to Section 408.036(3)(c), Florida Statutes, the applicant objects to the Agency's acceptance or consideration of a DWSO by CFHS (an entity that is not an existing hospital).

OH reiterates that the proposal documents need and that the planned OHRPH will:

- Provide needed geographic access to community hospital services in the proposed service area for a growing service area population and particularly for financially underserved patients
- Reverse the existing high level of outmigration from the target service area (largely to OH facilities)
- Improve EMS patient offload times and access to inpatient services for emergency patients
- Help decompress OHORMC, improving access for patients needing tertiary or quaternary specialized care

The applicant maintains that the proposal properly presented a detailed analysis of all applicable CON statutory and regulatory review criteria set forth in Rule 59C-1.008(2)(e)2., Florida Administrative Code. OHORMC restates 25 points to support the proposal. The reviewer notes that OHORMC's major justifications to support the proposal were previously summarized within this report.

OHORMC offers discussion that based on current information and knowledge, the HCA/UCF hospital⁹ and the proposed OHRPH will focus on different services and program initiatives and will provide different operations and patient care priorities. The applicant maintains that as a result, the two facilities will not be duplicative with respect to programmatic focus and services provided, but rather will take parallel paths in providing care in support of each organization's unique and different operational goals and directions.

The applicant restates that the proposed service area and maintains that it is straightforward, reasonable appropriate and realistic (10-mile radius of the proposed OHRPH location). OHORMS indicates that its definition

⁹ The reviewer notes that while the OHRDWSO does not state a CON number, OH is describing CON application #10451, which was modified, effective 9/10/18 to establish a 64-bed acute care hospital in Subdistrict 7-2 (Orange County).

of the proposed service area is consistent with statutory requirements for general hospitals. OH explains that the proposal does not attempt to define or establish a service area with “manipulated” boundaries or to carve-in or carve-out specific ZIPs.

OHORMC points out that with regard to an in-migration factor, there is no definition of appropriate or allowable levels of in-migration within the health care planning industry, or in any statute or rule. The applicant asserts that, “the rate of in-migration should be determined based on the facts and circumstances of a defined geographic service area”. OHORMC contends that the proposed project’s 15 percent in-migration factor is appropriate, as the patients include:

- Full-time residents living in central Florida but outside of the proposed service area ZIP Codes
- Part-time residents of the proposed service area whose permanent residence is outside of central Florida but who spend significant portions of the year in the local area (snowbirds)
- Patients from outside the proposed service area who while traveling along the eastern Orlando/east Orange County highways who require emergency services at the new hospital and are admitted
- Short-term visitors/vacationers who may use the proposed Randal Park facility as they visit local central Florida attractions

The applicant maintains that the need for the proposed project, at either a 10 percent or 15 percent in-migration level or a 65 percent or 70 percent target occupancy level, is still fully supported.

OHORMC indicates that new hospital is appropriately sized, will be appropriately utilized and is based on a realistic and achievable forecast approach. The applicant identifies the following problems with HCA’s challenge to the projected utilization for OHRPH:

- Expected redirection to Randal Park from other OH facilities includes redirection from all OH facilities – not just OHORMC
 - OH’s existing non-tertiary service area patient volume alone is more than adequate to support the proposed project
- Non-tertiary/non-OB service area forecast volume growth alone is more than adequate to support the proposed project with an expected 5,953 service area non-tertiary/non-OB patients being able to support the 2,637 total hospital patients needed to fill the proposed hospital
- Even with a 70 percent occupancy rate and a 10 percent in-migration factor, need for the proposed hospital is proven

The applicant defends its use of a constant acute care use rate in the overall non-tertiary/non-OB volume estimates and need forecasts, stating that this is, “a realistic and commonly accepted method of forecasting future volumes and need”. OHORMC emphasizes that service

area population aging should drive increasing acute care use rates into the future but that in order to present a realistic and achievable forecast of service area volume and need, a constant discharge use rate was utilized. The applicant asserts that even if rates were reduced and forecast volumes declined by up to five percent, there would still be a strong and proven need for the proposed 50-bed OHRPH.

OHORMC points out that as for using forecast years of 2023 and 2028 for planning horizons, there is no rule or policy setting forth a defined planning or need methodology for general acute care hospital projects. The applicant notes that an applicant for a new general acute care hospital is permitted to present a need methodology that best illustrates need for the proposed project. OHORMC indicates that even without litigation, due to planning/permitting/building/commissioning of post-CON approval, a five-year planning horizon results in the second year of operation while a reasonable timeframe to establish new programs/services and reach maturity, is a six to eight-year planning horizon. The applicant contends that it is not unreasonable/impermissible to use a planning horizon longer than five years.

The applicant maintains that the proposed OHRPH “Zone One” and “Zone Two” ZIP Code level market share rates result in a reasonable and achievable total service area market share of 11 percent. OHORMC notes that the proposed new hospital is centrally located within the proposed service area and that the assumed OH out-of-area facility market share capture rate likely understates the capture levels that ultimately will be achieved at the proposed facility.

Regarding the contention that the proposed project will provide decompression, OHORMC comments that the establishment of OHRPH will benefit both patients residing in the Randal Park service area and OHORMC, by providing additional capacity to better serve patients requiring tertiary or quaternary services.

OHORMC reiterates EMS offload time delays as one of the justifications for the proposed project.

The applicant notes that OH provides a significantly higher level of care to the financially underserved and unserved patients of central Florida than other providers, including HCA facilities. OH indicates that this, “definitely should be considered as a basis for approval”.

Regarding the HCA contention that the proposed project is not consistent with CON criteria related to the fostering of competition to promote quality and cost-effectiveness, OHORMC contends that the proposed facility will:

- Establish a new state-of-the-art acute care hospital centrally located within the proposed service area, which will provide local, efficient and cost-effective care to patients in need
- Provide effective competition to all local providers, including HCA, enhancing quality of care and cost-efficiency in the services provided throughout the local community
- Support the growing OH managed care initiatives in the proposed service area and in the larger central Florida market, directly promoting cost-effectiveness and quality of care

OHORMC maintains that the proposed community hospital will not unduly adversely affect any existing provider and that AHS/S and HCA facilities in the area currently have financial profit margins that make each system “bullet proof” to any impact from the proposed hospital. The applicant discusses financial stability of both AHS/S and HCA based on recent FHURS filings.

The applicant asserts that its Schedule C conditions document OH’s commitment to establish needed services and access enhancements (geographic and financial access) through investing in the local communities it serves, supporting an optimal provision of community-wide health care services.

OHORMC concludes that CON application #10547 demonstrates:

- Need for the proposed community hospital
- Approval of the proposal will meaningfully enhance access
- The application, on balance, satisfies the statutory and regulatory criteria for approval and should be approved

OHORMC states that regarding the AHS/S DWSO, the application documents need and that the planned OHRPH will:

- Provide needed geographic access to community hospital services in the service area for a growing service area population and particularly for financially underserved patients
- Reverse the existing high level of outmigration from the target service area (outmigration largely to OH facilities)
- Improve EMS patient offload times and access to inpatient services for emergency patients
- Help decompress OHORMC, improving access for patients needing tertiary or quaternary specialized care

The applicant contends that regarding AHS/S’ contention that OHORMC provided only minimal, if any, supportive detail or numerical analyses related to the need for the proposal, OHORMC asserts that the analyses performed in support of the proposed project need assessment included:

- Definition of the proposed location of the new hospital

- Definition of the applicable service area for the new hospital
- Identification of geographic data for the proposed service area and analysis of population trends and dynamics
- Identification of applicable inpatient utilization generated from the service area
- Forecast of future area utilization levels and identification of volume growth or decline
- Review of existing patient flow data and market share capture rates within the proposed service area
- Identification of market or service gaps within the service area
- Forecast of expected new hospital market capture rates within the proposed service area
- Forecast of future new hospital patient volume and bed need
- Assessment of existing acute care services within the proposed service area and the distribution and availability of acute care services
- Assessment of potential adverse impact associated with the development of the proposed new hospital

According to OHORMC, a quantitative analysis was performed and this prudent analytic approach supports the developed of the proposed Randal Park project.

The applicant describes its constant use rate analysis methodology, indicating that the constant use rate assumption was based upon a review of the service area's extremely high population growth rates forecasted for the 65+ elderly population within the proposed service area. OHORMC emphasizes that service area population aging should drive increasing acute care use rates into the future. The applicant maintains that a recent decline in discharges from the proposed service area supports the use of a flat or constant use rate for the OHRPH forecast. OHORMC maintains that its conscious decision to use a constant use rate was based upon population market data and trends which is reasonable and appropriate for this forecast situation. The applicant asserts that even if rates were reduced and forecast volumes declined by up to five percent, there would still be a strong and proven need for the proposed OHRPH.

OHORMC describes its market share methodology analysis which is based on an experienced understanding of the local service area market and the ability to summarize data/information to efficiently and effectively draw conclusions and reach understanding of the data. The applicant stresses that a detailed assessment was performed to indicate that there would be no material impact associated with OHRPH to existing providers.

The applicant counters AHS/S that the proposed service area is well served by a large number of existing acute care providers with no need to enhance geographic access in the proposed service area. OHORMC maintains that close to 75 percent of the total proposed service area target non-tertiary volume is concentrated in the following three general hospitals:

- FHEO
- Florida Hospital
- OHORMC

OHORMC indicates that there is a geographic void in access to community-based acute care services within southeastern Orlando/east Orange County and that the reasonableness of the projections for the proposed OHRPH are fully supported. The applicant indicates that the distribution (or lack of distribution) of existing southeastern Orlando and east Orange County area hospitals supports the need for the proposed project.

The applicant comments that AHS/S' contention that in 2017, there were 922 available beds that should be considered as an alternative to the proposed OHRPH is unreasonable as approximately 90 percent of the "supposed" available beds were located well beyond the 10-mile service area and each of the non-service area facilities is located at least 15-20 miles from the proposed new hospital site.

Regarding the three CON approved¹⁰ general hospital projects in Subdistrict 7-2 which AHS/S contends should block approval of the proposed OHRPH, OHORMC comments that two of these projects are located toward western Orange County (with a target geographic focus on portions of western Orange County) and that HCA/UCF Lake Mary project is a planned teaching and research operation that will have little overlap with the community-focused OHRPH. The applicant contends that both OHRPH and the HCA/UCF Lake Nona project should be able to operate and succeed within the same communities.

OHORMC indicates that the availability of acute care beds should not be used as a blocking agent to stop, "reasonable and realistic growth and the introduction of patient choice within high growth service areas such as proposed in this project". The applicant itemizes five previously identified unserved/underserved markets/market segments in the proposed service area referencing letters of support. For a summary review of CON application #10547 letters of support, see item B of this report.

¹⁰ The reviewer notes that these general hospital projects are CON application #'s 10450, 10451 and 10454.

The applicant provides a description of its market growth assumptions and of its market share assumptions maintaining that the proposed OHRPH market and bed need projections are reasonable and realistic, presenting an appropriate health care planning approach to assess the need for the proposed project. OHORMC contends that the forecast approach and methodology in the proposal is reliable and realistic, given the use of:

- Appropriately sized and defined service area
- Accepted commonly used set of population estimates and forecasts
- An industry-accepted service area utilization data set
- An appropriate forecast use rate
- Reasonable market share capture rates

OHORMC offers discussion that based on current information and knowledge, the HCA/UCF hospital¹¹ and the proposed OHRPH will focus on different services and program initiatives and will provide different operations and patient care priorities. The applicant maintains that as a result, the two facilities will not be duplicative with respect to programmatic focus and services provided, but rather will take parallel paths in providing care in support of each organization's unique and different operational goals and directions.

The applicant points out, based on ZIP specific volume forecasts for the proposed OHRPH and taking a 2023 forecast of 2,272 target discharges to be served at the new hospital from the proposed service area as a starting point, that patients to be served from outside the proposed service area include:

- Full-time residents living in central Florida but outside of the target ZIP Codes
- Part-time service area residents whose permanent residence is outside of central Florida but who spend significant portions of the year in the local area (snowbirds)
- Patients from outside the service area who while traveling along the eastern Orlando/east Orange County highways who require emergency services at the new hospital's emergency service and are admitted
- Short-term visitors/vacationers who may use the proposed Randal Park facility as they visit local central Florida attractions

¹¹ The reviewer notes that while the OHRDWSO does not state a CON number, OH is describing CON application #10451, which was modified, effective 9/10/18 to establish a 64-bed acute care hospital in Subdistrict 7-2 (Orange County).

OHORMC comments that applying the 15 percent out-of-area factor to the service area forecast of 2,272, there is a total hospital forecast volume of 2,673 target discharges for 2023. The applicant reiterates its tables that are inclusive of and exclusive of out-of-area service volume. OHORMC comments that either way (whether inclusive of or exclusive of out-of-area volume estimates), it has appropriately defined the proposed service area.

The applicant emphasizes that the market share “Zone One” and “Zone Two” ZIP Code approach have nothing to do with the PSA or SSA definition for the proposed project. OHORMC maintains that once the actual ZIP-specific forecast of expected volume for the new hospital was generated, this dataset was then used to define the PSA and SSA.

OHORMC asserts that regarding the included and excluded DRGs used in the applicant’s assessment, the exclusion list used in this instance was based upon OHORMC’s best insight into the types of care that would be appropriately treated at the proposed OHRPH. The applicant concedes that there are likely a small number of DRG categories included in the inclusion list that are not appropriate for the proposed project and a similar small number of DRG categories that are currently assumed to be served at the new hospital that will not be treated. However, OHORMC expects that its estimates are still reasonable and realistic.

The applicant expects that combining the service area volume growth with the expected redirection of service area non-tertiary patients from OH facilities to OHRPH will allow the proposed facility to meet its volume forecasts without any material impact on existing acute care providers. OHORMC indicates that by year two, OH redirection alone would account for more than 75 percent of the proposed facility’s volume.

OH concludes that the proposal demonstrates:

- Need for the proposed community hospital
- Approval of the proposal will meaningfully enhance access
- The application, on balance, satisfies the statutory and regulatory criteria for approval and should be approved

H. SUMMARY

Orlando Health, Inc. d/b/a Orlando Health Orlando Regional Medical Center (CON application #10547), an existing, Class 1, not-for-profit general acute care hospital, affiliated with not-for-profit hospital system OH, proposes to establish a new 50-bed general acute care hospital in the Randal Park community, at 9349 Randal Park Blvd., Orlando, Florida 32832 in Orange County. This location is stated to be within the southeastern Orlando/eastern Orange County marketplace.

As required in Section 408.037(2), Florida Statutes, the applicant offers a proposed project location within ZIP Code 32832. According to OHORMC, the proposed OHRPH will focus on primary and secondary acute care services, targeted to the adult (age 18+) population within the service area. At opening, inpatient tertiary services and inpatient specialty services are not anticipated to be offered at the proposed OHRPH.

OHORMC offers nine ZIP Codes to account for the total proposed service area, with the following six ZIP Codes as the PSA and the remaining three ZIP Codes as the SSA, all in Orange County.

PSA ZIP Codes:

- 32822 (Orlando)
- 32825 (Orlando)
- 32828 (Orlando)
- 32824 (Orlando)
- 32829 (Orlando)
- 32832 (Orlando)

SSA ZIP Codes:

- 32827 (Orlando)
- 32833 (Orlando)
- 32831 (Orlando)

The applicant anticipates that by year one, 15.0 percent of forecasted volume will originate from in-migration beyond the nine ZIP Code proposed total service area.

OHORMC proposes conditions to CON approval on the application's Schedule C, identified on item C of this report.

Need:

According to the Agency's Florida Hospital Bed Need Projections and Service Utilization by District (published on July 20, 2018), Subdistrict 7-2 had a total of 3,663 licensed acute care beds with an occupancy rate of 64.93 percent for the January 1, 2017 through December 31, 2017 reporting period.

The reviewer notes that pursuant to Section 408.035(2), Florida Statutes, the Agency shall consider only the following criteria for each co-batched applicant for a general acute care hospital proposal:

- The need for the health care facilities and health services being proposed
- The availability, accessibility and extent of utilization of existing health care facilities and health services in the service district

- The extent to which the proposed services will enhance access to health care for residents of the service district
- The extent to which the proposal will foster competition that promotes quality and cost-effectiveness
- The applicant's past and proposed provision of health care services to Medicaid patients and the medically indigent

Orlando Health, Inc. d/b/a Orlando Health Orlando Regional Medical Center (CON application #10547) contends that the proposed project is supported by the following considerations:

- The strong existing population base and forecast of population growth within the Randal Park and the southeastern Orlando communities
- The large and growing pool of patients capable of being served at the new hospital
- Enhanced geographic access to hospital services for this large and rapidly growing southeastern Orlando market
- HCA/UCF Lake Nona project and the proposed project have distinctly different operational direction focus and both facilities can operate successfully
- Enhanced geographic access to OH aligned patients
- Strong community support for the proposed new project
- Ability to establish the proposed new facility and achieve significant access enhancement, with realistic market capture levels and minimal adverse impact levels
- Decompression of OHORMC operations
- Offload times for EMS services at FHEO are excessive, when compared to the subdistrict overall and when compared to OHORMC and the proposed project will help off-set some of this excess

In addition to the bulleted points above, OHORMC indicates the following additional OH health care services that will be used in support of the proposed project/services:

- Hospital-based home health care agency
- Orlando Cancer Center, Inc.
- OH Physician Group, Inc.
- OH Physician Associates, LLC
- Orlando Physicians Network, Inc.
- OH Physician Partners, Inc.
- OH Foundation, Inc.
- Healthcare Purchasing Alliance, LLC

Two DWSOs were received by the Agency regarding this proposal and **each** DWSO is briefly described below:

Osceola Regional Hospital, Inc. d/b/a Osceola Regional Medical Center (Osceola) and Central Florida Health Services, LLC (CFHS), state the following as the **CON application #10547** bases for approval of the proposed project:

- The existing population base and forecast of population growth within the Randal Park and the southeastern Orlando communities
- The growing pool of patients capable of being served at the new hospital
- Enhanced geographic access to hospital services for the southeastern Orlando market
- The lack of impact on the CFHS project
- Enhanced geographic access to Orlando Health aligned patients
- Realistic market capture levels and minimal adverse impact levels
- Decompression of OHORMC's operations

HCA maintains that OHORMC failed to demonstrate the validity of any of the seven bulleted claims indicated above and has not demonstrated a need for the proposed project. In support of these assertions, the following major points of contention are presented as reasons to deny the project:

- The proposed OHRPH:
 - Failed to address required review criteria
 - Erred in its consideration of impact on the CFHS project
 - Has a proposed service area that is not reasonable
 - Failed to demonstrate a need for 50 beds
 - Will not foster competition that promotes quality or cost-effectiveness
 - Will adversely impact existing and approved hospitals
 - Has proposed conditions that do not support approval
- A new hospital is not needed to decompress OHORMC
- Emergency off-load times are not a basis for approval
- Financial access is not a basis to approve the proposed OHRPH
- The proposal fails to address the provisions of Rule 59C-1.008(2), Florida Administrative Code, (other than addressing population trends) and this failure is with regard to:
 - Availability, utilization and quality of like services
 - Medical treatment trends
 - Market conditions

Adventist Health System/Sunbelt, Inc. d/b/a Florida Hospital, states the following reasons to deny the proposed project:

- Applicant failure to demonstrate a need for the proposed project
- Lack of any analysis from a health planning perspective to support the proposal
- Criticisms, inconsistencies and documentation inadequacies in the application that pertain to:
 - The lack of any supporting numerical analysis related to the proposed service area
 - Failure to provide or discuss discharge trends, use rate trends, detailed market share, occupancy or bed availability trends of hospitals currently serving the proposed service area – all being critical factors for consideration in the planning for a new acute care hospital
 - Failure to provide any discussion or evidence (whether qualitative or quantitative) supportive of an unserved market in the proposed service area
 - A flawed projection methodology that is unreliable
 - ❖ Failure to account for use rate trends and the projection of future use rates by age group and/or ZIP Code for the proposed service area
 - ❖ Lack of appropriate detail for projection reliability
 - ❖ A proposed service area definition and projected market share capture that are inconsistent
 - ❖ Failure to adjust the market shares for the effect of a new HCA/UCF hospital in the applicant’s service area overstates likely utilization
 - ❖ A 15 percent in-migration factor, which is high, and no supporting information or data was provided for justification
- The potential overstatement of the discharges generated by its proposed service area
 - The inclusion of a range of tertiary MS-DRGs and/or patient types that overstate the discharges produced by the “target market” that would not be served in this type of facility
- Failure to prepare a quantitative adverse impact analysis
 - Failure to provide an impact analysis showing the loss of discharges and/or patient days to existing hospitals serving the proposed service area

The Agency indicates that CON application #10547 will foster competition and therefore, pursuant to 408.035(1)(g), Florida Statutes, merits approval.

Competition

Orlando Health, Inc. d/b/a Orlando Health Orlando Regional Medical Center (CON application #10547) offers the contention that regarding competition:

- For the 12 months ending September 30, 2017, the total proposed service area had age 18+ discharges totaling 17,587 and of these, the following providers/systems captured the referenced market shares:
 - Adventist Health Systems captured 73 percent
 - FHEO alone captured 42 percent
 - OH captured 20 percent
 - OHORMC alone captured 14 percent
- The proposed project will offer a realistic alternative to AHS/S' acute care market monopoly and will offer total service area residents a choice when an acute care hospital is required
- OHORMC is only able to operate 700 of its 813 licensed acute care beds (excluding inpatient rehabilitation beds) on a consistent basis due to:
 - inability to use semi-private rooms for double-occupancy due to:
 - challenges in maintaining rigorous infection control standards
 - patients' services expectations
 - continuing expansion of required clinical and patient support activities that require offices and support spaces located within the patient care areas
 - teaching and research functions located throughout the patient care units resulting in cannibalized space
- Operational bed capacity at OHORMC has consistently been at the high 80 percent level for the combined first five months of 2018
- Redirection of medical appropriate local southeastern Orlando patients (from OHORMC to the proposed OHRPH) would have a needed positive "relief valve" effect on OHORMC operations and would:
 - reduce the patient volume served at OHORMC
 - leave more available capacity for OHORMC to treat its growing volume of trauma, tertiary and specialty care patients
- The proposed project will provide local southeast Orlando support with OH's growing management care initiatives, which OH stresses will have a direct effect on reducing, or at least constraining, increases in health care costs, through OH's:
 - Collaborative Care of Florida
 - OH Network

Medicaid/charity care:

Orlando Health, Inc. d/b/a Orlando Health South Seminole Hospital (CON application #10549): The applicant conditions, pursuant to project approval, as follows:

- The proposed new hospital will provide at least 19 percent of patient discharge volume to Medicaid/Medicaid managed care/non-payment/self-pay/charity patients
- The proposed new hospital will include a minimum contribution of \$50,000 per year for at least three years to affiliated members of the PCAN, to expand its provision of care and coordination of care within the southeast Orlando/east Orange County area
- The proposed new hospital will include a minimum contribution of \$50,000 per year for at least three years to the Foundation for Orange County Public Schools, to provide support and programming to schools and students within the southeast Orlando/east Orange County area, with a focus on underserved schools and programs

FHURS data indicates that during FYE September 30, 2017, OH provided 27.81 percent of its total patient days to Medicaid, Medicaid HMO and charity care (combined). This is the second highest percentage (exceeded only by Nemours Children’s Hospital-a Class 2 Hospital for Children) of Medicaid/Medicaid HMO and charity care patient days (combined) in District 7 general hospitals, for the 2017 reporting period.

OH participates in the LIP and the DSH programs. Below is the OH LIP/DSH allocation for SFY 2017-2018.

**OHORMC (CON application #10547) Hospital System OH
LIP and DSH Program Participation
2017-2018**

Program/Provider	Annual Total Allocation	Year-to-Date Total Allocation as of August 17, 2018 2:34PM for LIP and as of September 11, 2018 12:08PM for DSH
LIP/OH	\$56,622,928	\$56,622,928
DSH/OH	\$3,398,888	\$3,398,888

Source: Agency Division of Medicaid, Office of Program Finance

As shown in the table above, **CON application #10547** has drawn down the entirety of its SFY 2017-2018 respective LIP and DSH allocations.

According to the SNHAF member hospital website at <http://safetynetsflorida.org/member-hospitals>, OH is an SNHAF member and is the only District 7 provider participating in the SNHAF.

I. RECOMMENDATION:

Approve CON #10547 to establish a 50-bed acute care hospital in District 7, Subdistrict 2, Orange County.

1. The proposed new 50-bed hospital will be located at an 11.5-acre site situated at the northeast corner of Dowden Road and Randal Park Boulevard – located between Highway 417 (Central Florida GreenWay or the Orlando East Bypass Road and 528 (Beachline Expressway).
2. The proposed new hospital will provide at least 19 percent of patient discharge volume to Medicaid/Medicaid Managed Care/ non-payment/self-payment/charity patients.
3. The proposed new hospital will include a minimum contribution of \$50,000 per year for at least three years, to affiliated members of the Primary Care Access Network (PCAN), to expand its provision of care and coordination of care within the southeast Orlando/east Orange County area.
4. The proposed new hospital will include a minimum contribution of \$50,000 per year to the Foundation for Orange County Public Schools, to provide support and programming to schools and students within the southeast Orlando/east Orange County area, with a focus on underserved schools and programs.

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