

STATE AGENCY ACTION REPORT
ON APPLICATIONS FOR CERTIFICATE OF NEED

A. PROJECT IDENTIFICATION

1. Applicant/CON Action Number:

Central Florida Regional Hospital, Inc. d/b/a Central Florida Regional Hospital/CON #10548

1401 West Seminole Boulevard
Sanford, Florida 32771

Authorized Representative: Ms. Windy H. Brandon
Chief Executive Officer
(407) 321-4500

Orlando Health, Inc. d/b/a Orlando Health South Seminole Hospital/CON #10549

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 7-4 (Seminole County)

B. PUBLIC HEARING

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

Letters of Support

Central Florida Regional Hospital, Inc. d/b/a Central Florida Regional Hospital (CON application #10548) submitted 11 unduplicated letters of support in Attachment E of the application.

CON Action Numbers: 10548 and 10549

While the 11 support letters are individually composed, the letters include both recurring themes as well as some individualized attestations. The reviewer notes that some of the comments in these support letters include the following:

- North Seminole County communities will benefit greatly from the project, which will bring a wide range of acute inpatient, outpatient and emergency care services closer to home
- The proposal will enhance access to much needed medical services and overall comprehensive healthcare to residents of northern Seminole County and those west of I-4
 - The proposed project will be the only hospital in the county located west of I-4
- Communities in the area have experienced tremendous population growth in recent years and increasing traffic congestion makes travel to existing hospitals more difficult
 - Growth has been highest among senior citizens who often experience the greatest problems in accessing health care
 - Central Florida Regional Hospital (CFRH) has been impacted by some residents' ability to access the campus and the availability of bed space due to high volume in some key services
- For the last 36 years, CFRH and its parent company, HCA Healthcare, have responded to every need for expanded healthcare services for the residents of Seminole County, West Volusia County and surrounding communities
 - CFRH provides a full-service cardiac program (including open heart surgery), has a Level II Trauma Center designation and offers inpatient comprehensive medical rehabilitation (CMR)
- CFRH has a history of attacking problems and implementing solutions
- CFRH has partnered with local emergency medical services (EMS) to shorten off-load times, improved the patient and EMS personnel experience and created a congenial, cooperative and educational environment
 - Local EMS and CFRH, together, have provided new initiatives to improve response for victims of heart attack, stroke, trauma and sepsis
 - Local EMS and CFRH teamwork has left the community better prepared to handle a health crisis until emergency personnel arrive on the scene
- The proposal will allow CFRH to expand its more specialized services in its current location
 - Since opening in 2013, the CFRH CMR unit has cared for more than 1,412 patients and the need for this specialized level of care continues to increase

CON Action Numbers: 10548 and 10549

- This year, since January 2018, the CFRH CMR unit has had to turn away 48 patients who were in need of CMR services because of a lack of bed availability
 - Many of these patients were transferred to other rehabilitation centers far from home, creating challenges for their families
 - By relocating some acute inpatient services to the proposed project, CFRH can, in turn, free up space to add more inpatient rehabilitation beds at the current CFRH location
- CFRH continues to be one of the area's strongest partners in protecting the community from disease
- The proposal will be important to continued economic growth in Seminole County, will bring new jobs and investment to the community and will create new tax revenues that will support needed infrastructure in this part of Seminole County

Some support letters are noted from the following:

- Seminole County Board of County Commissioners
- Seminole County Sheriff
- Florida Department of Health (FDOH) in Seminole County, Health Officer
- City of Lake Mary, City of Longwood, City of Maitland, Orlando/Sanford Airport, City of Oviedo, City of Sanford, City of Winter Park, County of Seminole, Seminole County SWAT and City of Winter Springs SWAT, Office of the Medical Director – EMS Medical Director
- Leadership Seminole, President
- CFRH
 - The Board of Trustee (the chairman, vice chairman and the eight remaining trustees)
 - Trauma Medical Director
 - Medical Director of the Rehabilitation Center at CFRH
 - Chief of Staff

Orlando Health, Inc. d/b/a Orlando Health South Seminole Hospital (CON application #10549) submitted 38 unduplicated letters of support in Appendix 6 of the application and the Agency received two unduplicated letters of support for this project—totaling 40. The applicant quotes extracts of 10 of these 40 letters of support. While the 40 support letters are individually composed, the letters include both recurring themes as well as some individualized attestations. The reviewer notes that some of the comments in these support letters include the following:

CON Action Numbers: 10548 and 10549

- Orlando Health/Orlando Regional Medical Center (OH/ORMC), located in adjoining Orange County (District 7/Subdistrict 7-2) is the only Level I Trauma Center in the region¹
- The proposed hospital will be located at the same site where OH is currently constructing a free-standing emergency department (FSED) and medical office building, incorporating services that OH already provides in the Lake Mary community (including primary care)
- The proposal would provide needed competition and offer a competitive alternative for the provision of world-class health care services close to home
 - The community is faced with limited competition as a result of consolidation that has occurred in the health care delivery system over the last 15 years – leading to rising costs, a lack of transparency and limited competition
 - The proposal would present a significant step toward addressing the affordability of care in the community
- OH's presence in Lake Mary is an investment in the future of Seminole County and the project will allow for area residents to be able to access essential and high quality, world-class specialized care there (both inpatient and outpatient services) close to home
- OH recognizes that all health care is local and is committed to serving the community
- OH has supported a number of efforts taken on by the FDOH in Seminole County, including providing funding a mobile unit to bring immediate access and services to Seminole County residents most in need
 - The FDOH in Seminole County has received a number of competitive grants from OH
 - The Goldsboro Farmer's Market – a food area within Seminole County where area residents disproportionately affected by poverty and chronic disease now have access to fresh food and produce (\$38,000 from OH for this project)
 - The Florida Healthy Baby Initiative – the addressing of health literacy, specifically targeting 15-19 year olds from the African-American community in the area, to reduce poor birth outcomes and developing awareness around disparities among this vulnerable population (over \$5,000 from OH for this project)
 - Diabetes Prevention and Management program – to target 500 residents in Seminole County (\$20,000 from OH for this project)

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

CON Action Numbers: 10548 and 10549

- OH has proven to be a strong community partner and has provided commitment and financial support for many of the programs offered by the Health Care Center for the Homeless/Orange Blossom Family Health Center, Inc. (OBFHC)²
 - With OH's involvement and engagement, OBFHC has been able to obtain positive outcomes for the populations that OBFHC serves (primarily the homeless, uninsured and underinsured), especially through programs targeting the chronically homeless and uninsured members of the community
 - The proposal will bring more community outreach and education to the area
- OH has supported a number of efforts by the University of Florida (UF) IFAS Extension Seminole County
 - Helping to fund the Expanded Food and Nutrition Education Incentive program through the OH Community Grant program
- In fiscal year (FY) 2017, OH provided over \$450 million in community support, including \$100 million in charity care and \$79.9 in community benefit programs and services
- The proposal could transform the community into a destination medical campus, particularly for Seminole County residents
- The Lake Mary community is expected to grow by seven percent between 2018 and 2023, from 444,337 to 473,376
 - The age 65+ population in this same area is expected to grow by 22 percent, for the same period
- Seminole County may realize a 13-15 percent overall population increase over the next 12 years, according to Seminole County Economic Development (SCED)
 - The aging population is expected to grow upwards of 20-25 percent over the next five years, according to some sources (sources referenced not named)
- The City of Lake Mary is well aware of the excellent care that OH provides and has earned a reputation of excellence and empathetic care, with a comprehensive range of patient care services
- OH provides active teaching, research and an effective clinically integrated network with 3,000 employed and community affiliated providers serving more than 180,000 lives – the largest clinically integrated network in the region
- OH supports education initiatives, career readiness in the Seminole County Public School System, offering high school seniors clinical spots at Orlando Health South Seminole Hospital, so that students may gain valuable work experience and are able to become certified nursing assistants and allied health professionals before graduating high school

² According to the website <https://www.fachc.org/find-a-health-center#/>, OBFHC is a federally qualified health center (FQHC) and a member of the Florida Association of Community Health Centers (FACHC).

CON Action Numbers: 10548 and 10549

- OH is a good corporate citizen and community partner
- OH is a devoted steward beyond the walls of its hospitals
- OH puts the patient first
- The Central Florida Zoo and Botanical Gardens sees roughly 300,000 guests a year and has been a recipient of OH's charity and this affects many Seminole County residents
- The project would promote job opportunities, goods and services and overall economic activity

Some support letters are noted from the following:

- Robert "Bob" Cortes, State Representative (District 30) and Deputy Majority Whip, The Florida House of Representatives
- Seminole County Board of County Commissioners
 - Commissioner
 - District 1
 - District 5
- Seminole County Sheriff
- FDOH in Seminole County, Health Officer
- City of Lake Mary
 - Mayor
 - Commissioners
- City of Lake Mary, City of Longwood, City of Maitland, Orlando/Sanford Airport, City of Oviedo, City of Sanford, City of Winter Park, County of Seminole, Seminole County SWAT and City of Winter Springs SWAT, Office of the Medical Director – EMS Medical Director
- The Foundation for Seminole County Public Schools (FSCPS) - Executive Director
- The Rotary Club of Lake Mary, Florida – President
- Seminole County Regional Chamber of Commerce, President/CEO
- Oviedo–Winter Springs Regional Chamber of Commerce, President/CEO
- Health Care Center for the Homeless/OBFHC, President/CEO
- True Health™ (Central Florida Family Health Center, Inc., or CFFHC), CEO
- Hope Helps, Inc. (HH), CEO
- UF/IFAS Extension Director, Seminole County
- The Christian Sharing Center (TCSC), President/CEO
- Shepherd's Hope®, Inc. (SH), President/CEO
- National Alliance on Mental Illness (NAMI) Greater Orlando, Executive Director
- Habitat for Humanity of Seminole County and Greater Apopka
- Seminole State College, President
- Central Florida Zoo and Botanical Gardens, CEO

CON Action Numbers: 10548 and 10549

- Hylant of Orlando, Sr. Vice President: Client Strategy and Resource Development, Employee Benefits
- Leadership Seminole, President
- Next Horizon™ (NH), Vice President of Operations and Client Services
- OH-South Seminole Hospital
 - Assistant Medical Director and Chairman of Leadership
 - Chairman, Department of Emergency Medicine
 - Chief Quality Officer

C. PROJECT SUMMARY

Central Florida Regional Hospital, Inc. d/b/a Central Florida Regional Hospital (CON application #10548) also referenced as CFRH, or the applicant, is an existing, Class 1, for-profit general acute care hospital affiliated with the private-for-profit/proprietary hospital system Hospital Corporation of America (HCA) North Florida Division. The applicant proposes to establish a new 40-bed general acute care hospital (community hospital) named Central Florida Regional Hospital-International Parkway (or CFRHIP) in Seminole County (Subdistrict 7-4). CFRH indicates the opening of its new freestanding emergency department (FSED) in February 2019, at the site of the proposed CFRHIP and indicates that the FSED will be integrated into the proposed project. The planned address of CFRHIP is 4525 International Parkway, Sanford, Florida, 32771 (District 7, Subdistrict 7-4). CFRH maintains that this location is near the intersection of International Parkway and I-4 in the City of Sanford. CFRH states being approximately five miles east of the proposed CFRHIP and that CFRHIP will operate as a campus of CFRH.

CFRH comments that the proposed project will not add acute care beds to the bed inventory in Seminole County but will accommodate the growth of rehabilitation services at CFRH, as well as a new adult psychiatric program with a minimum of 14 beds³. The reviewer notes that unlike co-batched CON application #10549, through conditions, CFRH limits adding acute care beds back to the existing CFRH Class 1 facility for a period of two years following licensure and opening of the proposed project. CFRH states plans to relocate 21 of its medical/surgical beds and all of its 19 obstetrics (OB) beds to the proposed 40-bed CFRHIP.

As previously stated and as required in Section 408.037(2), Florida Statutes, the applicant offers a proposed project location within ZIP Code 32771. According to CFRH, the proposed CFRHIP will offer non-tertiary

³ Pursuant to Rule 59C-1.006(i), Florida Administrative Code, CFRH may add mental health services or beds, as defined in Rule 59C-1.002, Florida Administrative Code to its existing operations, through exemption, if the applicant commits to providing services to Medicaid or charity care patients at a level equal to or greater than the district average.

CON Action Numbers: 10548 and 10549

acute care, emergency services, inpatient and outpatient surgery, intensive care and women's services. Specialized and tertiary level services not to be offered include cardiac surgery and advanced cardiothoracic care, neurosurgery, trauma, burns, neonatal intensive care, neonatal intermediate care and inpatient CMR.

CFRH offers seven ZIP Codes to account for the total proposed service area, with the following three ZIP Codes as the primary service area (PSA) and the remaining four ZIP Codes as the secondary service area (SSA), all in Seminole County unless otherwise indicated. 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:

- 32771 (Sanford)
- 32746 (Lake Mary)
- 32713 (Debary – Volusia County) Outside of District 7

SSA ZIP Codes:

- 32725* (Deltona – Volusia County) Outside of District 7
- 32738 (Deltona – Volusia County) Outside of District 7
- 32773 (Sanford)
- 32763 (Orange City – Volusia County) Outside of District 7

* NOTE: This SSA ZIP Code is included in the applicant's list of SSA ZIP Codes on page 13 of the application and on the applicant's multiple exhibits that show all the proposed SSA ZIP Codes. However, this SSA ZIP Code is not included in the narrative list of SSA ZIP Codes found on page 37 and on page 70 of the application.

The applicant anticipates that by 2023 (year three) five percent of forecasted volume will originate from in-migration beyond the seven ZIP Code proposed total service area.

CFRH is a Class 1 general hospital with 221 licensed beds, including: 208 acute care beds and 13 comprehensive medical rehabilitation (CMR) beds. As of September 12, 2018 Agency records indicate no notifications (pursuant to Section 408.036(5), Florida Statutes) and no exemptions (pursuant to Section 408.036(3) and (4), Florida Statutes/Rule 59C-1.005, Florida Administrative Code), on file, regarding CFRH. Further, CFRH is a provider of non-CON regulated Level II adult cardiovascular services and is a designated primary stroke center. According to the Florida Department of Health (FDOH), Office of Trauma, CFRH is a designated Level II Trauma Center and is the only FDOH designated trauma center in Seminole County.

CON Action Numbers: 10548 and 10549

CFRH proposes the following condition(s) to CON approval on the application's Schedule C:

Location:

- The proposed hospital will be located at 4523 International Parkway, Sanford, FL 32771.

Bed Inventory

- Central Florida Regional Hospital commits that it will not add general acute care beds, not including rehabilitation and psychiatric beds, on the main campus for a minimum of two years following licensure and opening of Central Florida Regional Hospital – International Parkway unless general acute care bed capacity, not including psychiatric and rehabilitation bed capacity, at Central Florida Regional Hospital exceeds 80 percent for a rolling 12-month period.

Percent of a particular subgroup to be serviced:

- Central Florida Regional Hospital commits that Central Florida Regional Hospital – International Parkway will provide a minimum of 18 percent of its discharges to patients covered by Medicaid/Medicaid managed care or who meet the criteria for charity care, self-pay/no pay, combined.
- This condition will be measured by total inpatient discharges by payor reported annually to AHCA

Special Programs:

- Central Florida Regional Hospital commits to convert a minimum of 14 acute care beds to adult psychiatric beds upon licensure and opening of the proposed hospital: Central Florida Regional Hospital – International Parkway.

Orlando Health, Inc. d/b/a Orlando Health South Seminole Hospital (CON application #10549) also referenced as OHSSH 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 100-bed general acute care hospital named Orlando Health Lake Mary Hospital (or OMLMH). The proposed site is located at the 30-acre OH owned site at 380 Rinehart Road, Lake Mary, Florida 34746, on the northwest corner of Manderley Run and Rinehart Road, Seminole County, Subdistrict 7-4. The proposal is at the approximate same physical location as the OH's stated "in progress" non-CON regulated FSED and medical pavilion, to open fall 2019 – a service of the OH South Seminole Hospital.

The applicant notes that upon licensure of the proposed 100-bed OMLMH, 100 acute care beds will be delicensed from the existing OHSSH bed inventory.

Pursuant to 408.037(2), Florida Statutes, the applicant offers a proposed project location within ZIP Code 32746. According to OHSSH, the proposed campus will focus on primary and secondary acute care

CON Action Numbers: 10548 and 10549

services, including OB care, targeted to the adult (age 18+) population within the service area, excluding tertiary/specialty care such as behavioral health or acute rehabilitation care services. The reviewer notes that while both co-batched applicants state plans to offer OB services at their respective proposed sites, CON application #10549 states no plans for psychiatric beds at the proposed site but does indicate that the facility will continue to evolve to meet the growing and changing needs of the Lake Mary/Seminole County communities.

The proposal is part of an OH multi-phase health care development within Lake Mary:

- Phase one (with construction now underway with completion expected in late 2019):
 - Two-story 40,000 square foot FSED
 - Three-story 60,000 square foot medical office building to house:
 - Specialty physician offices
 - Ambulatory surgery center
 - Outpatient imaging and laboratory services
- Phase two (presuming final CON approval in January 2019, operations would begin in 2022):
 - Contiguous to the FSED operations
- Phase three:
 - Expansion of outpatient/medical office capabilities and expansion of inpatient facilities as needed

OHSSH offers 14 ZIP Codes to account for the total proposed service area, with the following six ZIP Codes as the PSA and the remaining eight ZIP Codes as the SSA, all in Seminole County unless otherwise indicated. 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. The reviewer notes that the applicant identifies it's PSA as "Zone One" and its SSA as "Zone Two"⁴.

PSA ZIP Codes:

- 32701 (Altamonte Springs)
- 32746 (Lake Mary)
- 32750 (Longwood)
- 32771 (Sanford)
- 32773 (Sanford)
- 32779 (Longwood)

⁴ The reviewer notes that on page 92 of the application, the narrative listing of PSA ZIP Codes includes the following ZIP Codes as PSAs, not as SSAs: 32708, 32712 and 32714. The reviewer indicates that on page 92 of the application, the narrative listing of SSA ZIP Codes does not include ZIP Code 32707 as an SSA ZIP Code or as a PSA ZIP Code. The reviewer states that on page 93 of the application, the narrative list of PSA ZIP Codes includes the following ZIP Codes as PSAs, not as SSAs: 32708 and 32712.

CON Action Numbers: 10548 and 10549

SSA ZIP Codes:

- 32707 (Casselberry)
- 32708 (Winter Springs)
- 32712 (Apopka – Orange County)
- 32713 (Debary – Volusia County) Outside of District 7
- 32714 (Altamonte Springs)
- 32730 (Casselberry)
- 32751 (Maitland – Orange County)
- 32776 (Sorrento – Lake County) Outside of District 7

See item E.1.d of this report for the applicant's full description of a range of PSA ZIP Codes (from eight to 10) and a description of a range of SSA ZIP Codes (from four to six). The applicant anticipates that by 2023 (year two), 15 percent of forecasted volume will originate from in-migration beyond the 14 ZIP Code proposed total service area.

OHSSH is a Class 1 general hospital with 206 licensed beds, including: 126 acute care beds, 62 adult psychiatric beds, eight child/adolescent psychiatric beds and 10 adult substance abuse beds. As of September 12, 2018 Agency records indicate no notifications and no exemptions on file, regarding OHSSH. Further, OHSSH is a provider of the non-CON regulated primary stroke center designation.

OHSSH proposes the following condition(s) to CON approval on the application's Schedule C:

1. The proposed new 100-bed hospital will be located in Lake Mary, at 380 Rinehart Road, on the northwest corner of Manderley Run and Rinehart Road.
2. Upon licensure of the 100 acute care beds at the Lake Mary hospital, 100 acute care beds will be delicensed from the South Seminole Hospital's bed inventory.
3. The proposed new hospital will include an obstetric program.
4. The proposed new hospital will provide at least 17 percent of patient discharge volume to Medicaid/Medicaid Managed Care/non-payment/self-pay/charity patients.
5. The proposed new hospital will include a minimum contribution of \$50,000 per year for at least three years to the Foundation for Seminole County Public Schools, to provide support and programming to schools and students within Lake Mary and surrounding communities, with a focus on underserved schools and programs.
6. The proposed new hospital will include a minimum contribution of \$50,000 per year for at least three years, to community organizations to expand their provision and coordination of care for the underserved population of Lake Mary and surrounding communities.

CON Action Numbers: 10548 and 10549

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.

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.

The Agency notes that co-batched **CON application #10548 and CON application #10549** have these same overlapping respective PSA ZIP Codes: 32771 (Sanford) and 32746 (Lake Mary), that **CON application #10548's** PSA ZIP Code 32713 (Debary) overlaps with **CON application #10549's** SSA ZIP Code 32713 (Debary) and that **CON application #10548's** SSA ZIP Code 32773 (Sanford) overlaps with **CON application #10549's** PSA ZIP Code 32773 (Sanford).

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 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

CON Action Numbers: 10548 and 10549

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), 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 co-batched projects with the review criteria and application content requirements 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.

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 Subdistrict 7-4 for the 12-month period ending December 31, 2017.

CON Action Numbers: 10548 and 10549

**Acute Care Hospital Utilization
District 7/Subdistrict 7-4 (Seminole County)
12-Month Period Ending December 31, 2017**

Hospital/Seminole County	Beds	Bed Days	Patient Days	Utilization
Central Florida Regional Hospital	208	75,920	45,587	60.05%
Florida Hospital Altamonte	383	144,280	95,784	66.39%
Orlando Health South Seminole Hosp.	126	45,990	19,785	43.02%
Oviedo Medical Center*	64	21,760	6,492	29.83%
Subdistrict 7-4 Total	781	287,950	167,648	58.22%
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

Note: *Oviedo Medical Center was first licensed 2/21/2017, pursuant to CON application #10223

Subdistrict 7-4 had 781 licensed acute care beds with an occupancy rate of 58.22 percent during the 12-month period ending December 31, 2017. As shown above, the subdistrict occupancy rate (58.22 percent) was less than that of District 7 (62.70 percent) and the state (58.39 percent). The most recently CON approved general acute care hospital in the subdistrict was Oviedo Medical Center (CON application #10223) which had less than 12 months of continuous licensed operation as of December 31, 2017. Oviedo Medical Center had the fewest number of acute care beds of any general acute care hospital in the subdistrict for the same time period. There is no other CON approved general hospital project in District 7, Subdistrict 7-4, pending licensure.

Below is a chart to account for existing notifications in Agency records concerning the addition or deletion of acute care beds at Subdistrict 7-4 general acute care hospitals, pursuant to Section 408.036(5), Florida Statutes. As shown below, notifications indicate that a net increase of six acute care beds are pending licensure in Seminole County. See the chart below.

**Acute Care Bed Addition or Deletion through Notification at
District 7/Subdistrict 7-4 Licensed General Acute Care Hospitals**

Notification Number	Notification Date	Facility	City	Notification Action	
				No. of Beds to Add	No. of Beds to Delete
NF#130011	6/13/2013	Florida Hospital Altamonte	Altamonte Springs		14
NF#150005	1/29/2015	Florida Hospital Altamonte	Altamonte Springs	36	
NF#150018	4/27/2015	Oviedo Medical Center	Oviedo		16
Total Number of Beds to Add/Delete				36	30
Net Number of Beds to Add				6	

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.

CON Action Numbers: 10548 and 10549

**District 7/Subdistrict 7-4 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	710	732	781
Percentage Occupancy	63.46%	66.10%	58.22%

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

As shown above, Subdistrict 7-4 had a 5.24 percent decrease in acute care bed utilization (from 63.46 percent to 58.22 percent) over the three-year period ending December 31, 2017. For this same three-year period, as licensed acute care bed totals increased (from 710 to 781), acute care bed utilization declined. From the same source for the same three year period in this same subdistrict, patient days increased approximately 2.78 percent from the 12 months ending December 31, 2015 (163,109 acute care patient days) to the 12 months ending December 31, 2017 (167,648 acute care patient days). For the three-year period, this was an increase of 4,539 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

The co-batched applicants state plans to establish their proposed projects at separate locations within the subdistrict. As previously indicated, CON application #10548 conditions to locate its proposed hospital at:

- 4525 International Parkway, Sanford, Florida 32771

CON application #10549 conditions to locate its proposed hospital at

- 380 Rinehart Road, Lake Mary, Florida 32746.

Below is a chart of the Seminole County (Subdistrict 7-4) general acute care hospitals that maintain operational FSEDs, as well as the ED address.

CON Action Numbers: 10548 and 10549

Subdistrict 7-4 General Acute Care Hospitals with Off-Site EDs

Hospital	Off-Site ED Name	Off-Site ED Address
Florida Hospital Altamonte	Florida Hospital Lake Mary ER	950 Rinehart Road Lake Mary, Florida 32746

Source: <http://www.floridahealthfinder.gov/facilitylocator/ListFacilities.aspx>

The reviewer notes that though off-site EDs are not subject to CON review, the above table is provided to reflect existing and operational off-site ED presence (or absence) in the subdistrict.

Central Florida Regional Hospital, Inc. d/b/a Central Florida Regional Hospital (CON application #10548) contends that the proposed project is supported by the following considerations:

- The service area is growing and is expected to continue to grow over the next five years. More specifically, population growth among the elderly is expected to grow at a higher rate than the overall population. The female population of childbearing age is also projected to grow over the next five years.
- In 2017, the service area experienced over 25,000 non-tertiary discharges and over 3,000 OB discharges. Without consideration of growth, these patients would need 422 medical/surgical/ICU beds at 75 percent occupancy and 32 OB beds at 70 percent occupancy for a total of 454 beds.
- Overall, use rates in the service area for both non-tertiary and OB services are increasing and are projected to continue to increase over time.
- With population growth and aging, as well as increased use rates, there will be continued growth in demand for hospital services in the proposed service area.
- CFRH is highly utilized, particularly its ICU and medical/surgical beds both of which are in need of greater capacity⁵.
- CFRH's rehab program is highly utilized and in need of expansion to accommodate future demand as well as address a current need for expanded clinical and support space.
- Due to limited available physical space, CFRH is not able to effectively operate all of its 208 licensed acute care beds, excluding the 13 CMR beds. Thus, the hospital's effective occupancy is much higher than the reported occupancy.
- There is a need for more access to adult psychiatric services in CFRH's service area. The closest psychiatric program, South Seminole Hospital, had an occupancy rate of 94 percent in 2017. South Seminole Hospital is currently the only provider of inpatient mental health services in Seminole County.

⁵ The reviewer notes that CFRH realized 60.05 percent occupancy (45,587 patient days out of a possible 75,920 patient days per licensed capacity) in CY 2017.

CON Action Numbers: 10548 and 10549

CFRH contends that the proposed project is the most efficient and cost-effective way to meet the growing demand for rehab and acute care services and to more effectively provide acute care hospital services within the market. The applicant reiterates needing to open a new, much-needed adult inpatient psychiatric program. CFRH maintains that in its current state, there is no physical space available to expand existing services or add new services and that delicensing 40 beds at the existing campus and relocating those 40 beds as proposed will allow CFRH to redistribute existing beds, effectively freeing up necessary physical space to better meet the needs of its patients without adding beds to the bed inventory and within the space constraints on CFRH's campus, while enhancing access to inpatient care through development of a new hospital at the International Parkway site.

To further justify need for the proposal, CFRH discusses current economic development activities in Sanford, Florida. CFRH maintains that according to the City of Sanford Planning and Development Department (CSPDD), 65 various new development projects are in the works (page 15 of the application). The applicant provides an aerial map of these locations, stated as impending major developments (page 16, Exhibit 2 of the application). CFRH further maintains that one of the developments is a large community project called the Goldsboro H.U.D (Project Number 65 in its Exhibit 2), indicated to be a "Choice Neighborhood-funded initiative, still in the planning phase". CFRH points out that this project will include:

- Four phases of rental housing accommodating 80 to 100 units of rental housing, per phase. Later phases will target families, seniors and permanent supportive housing for the homeless.
- Eight blocks for for-sale homes at affordable and market rates
- Cottage homes program – to incentivize new homebuilders and the productive reuse of vacant land
- Multipurpose playing fields
- A 6,000 square foot community resource center with additional area available for a health clinic
- Farmer's market

The applicant points out that the Goldsboro Project is being developed less than one mile, directly across the street, from CFRH. The reviewer notes that the applicant does not describe or otherwise explain how the proposed project will necessarily better serve the acute care inpatient hospital needs of its project's proposed PSA and/or SSA population, when the Goldsboro Project is stated to be less than one mile from the existing CFRH.

CON Action Numbers: 10548 and 10549

The applicant comments that Southgate, a \$70 million mixed-use project in Sanford, is getting ready to expand, due to growing demand from potential commercial tenants. The applicant comments that Southgate will include 80,000-85,000 square feet of shops and eateries and emphasizes that Southgate is just two miles east of the proposed facility.

CFRH contends that growth and economic development in Seminole County has and will drive the need for accessible health care and that the proposed project will address this need. The reviewer notes that based on the Agency records, over the past three years (ending December 31, 2017), subdistrict-wide, while the acute care bed licensed inventory has risen (from 710 to 781 for this three-year period), total occupancy has declined (from 63.46 percent to 58.22 percent). Again, through Agency records as of July 20, 2018, Subdistrict 7-4's existing general hospitals have a pending net increase of six acute care beds on file with the Agency, with the most recent of these notifications having been received by the Agency on April 27, 2015 (to delete 16 beds).

The applicant discusses the Orlando-Sanford International Airport, stated to be the largest private employer in Sanford, ranked as the fastest growing airport in the country for a number of years since 2000. CFRH contends that, over the last five years, this airport has seen a 60 percent increase in the number of passengers.

CFRH discusses roadway improvements indicating that I-4 is undergoing a massive \$2.3 billion dollar transformation along a 21-mile stretch, dubbed the I-4 Ultimate. The applicant describes that approximately five miles of the 21-mile I-4 Ultimate project is in Seminole County causing severe slowdowns. The Wekiva Parkway and other area road construction projects are also discussed by the applicant. CFRH points out that many of the projects are slated for completion between 2020 and 2021, around the time that the proposed facility will start accepting patients. The applicant contends that in light of the roadway improvements, the proposed location (close to I-4 on International Parkway and right off CR46) is ideal as patients will be able to quickly access the new hospital.

The applicant emphasizes that HCA brings experience to develop and operate the proposed facility. CFRH maintains that HCA collectively constitutes the largest provider of acute care hospital services in the world. In this regard, CFRH references its North Florida Division 2018 Impact Report (Attachment C of the application). Among other HCA

CON Action Numbers: 10548 and 10549

hospitals, this report includes data regarding HCA’s affiliate hospitals in the area:

- CFRH
- Osceola Regional Medical Center
- Poinciana Medical Center
- Oviedo Medical Center

The reviewer notes that while all four of the HCA hospitals bulleted above are located in District 7, only CFRH and Oviedo Medical Center are located in Seminole County.

CFRH asserts that HCA is financially accessible. The applicant provides a list of managed care plans accepted by CFRH and states that these managed care plans will extend to the proposed CFRHIP (Attachment G of the application).

The applicant explains that approval of CFRHIP will bring greater economic impact to the Sanford community. CFRH stresses that HCA-affiliated North Florida Division hospitals contribute significant financial support through property and other local taxes, indigent care taxes, sales and state and federal taxes. The applicant provides the following exhibit to reflect that in FY 2017, CFRH made an estimated \$155.2 million dollar economic impact on Sanford and surrounding communities.

Economic Impact

Total Salaries & Benefits	\$88,358,922
Cost of Charity and Uncompensated Care	\$24,609,659
Taxes Paid	
Federal Income Tax	\$6,801,161
State Income Tax	\$480,335
Indigent Care Tax	\$2,574,434
Property Tax	\$952,094
Sales Tax	\$1,209,640
Other Local Tax	\$53,882
Total Taxes	\$12,071,546
Capital Investment (1)	\$7,293,861
Total Local Vendor Support	\$14,998,878
Minority & Women Owned Business Support	\$842,535
Physician Specialty Coverage for Emergency Care	\$7,904,916
TOTAL Economic Impact	\$155,237,782

(1) Five-year annual average
 Source: CON application #10548, page 24, Exhibit 4 and Attachment B/CFRH 2018 Community Benefit Report, page 3

CFRH utilizes Claritas Spotlight 2018, Inc., to indicate that from January 2018 to January 2023, the total service area population will grow from 275,498 residents to 295,054 residents (a compound annual growth rate or CAGR of 1.4 percent) and the age 65+ population will grow from 45,956 residents to 55,888 (a CAGR of 4.0 percent). The applicant points out that the age 65+ cohort has the greatest CAGR of any of the four age cohorts and that it is this population that is most likely to be in

CON Action Numbers: 10548 and 10549

need of inpatient acute care. The reviewer collapses the discreet ZIP Code age cohorts into age cohort totals and includes the entirety of the proposed PSA and SSA ZIP Codes. See the exhibit below.

January 2018 Service Area Population

Age Groups

All ZIP Codes	0-17	18-44	45-64	65+	Total
Total	61,224	93,889	74,429	45,956	275,498

January 2023 Service Area Population

Age Groups

All ZIP Codes	0-17	18-44	45-64	65+	Total
Total	62,801	98,137	78,228	55,888	295,054

Service Area Population

CAGR 2018-2023

All ZIP Codes	0-17	18-44	45-64	65+	Total
Total	0.51%	0.89%	1.00%	3.99%	1.38%

Source: CON application #10548, pages 39 and 40, Exhibit 16

The applicant reiterates its plans to relocate its OB program to the proposed CFRHIP (the reviewer notes that this is stated but is not conditioned). CFRH utilizes Claritas, Inc., to illustrate that from 2018 to 2023, the total service area childbearing female population (ages 15-44) will grow from 52,763 residents (2018) to 54,798 residents (2023)—a 3.9 percent change and a CAGR of 0.8 percent. The reviewer collapses the discreet ZIP Codes year cohort totals and includes the entirety of the proposed PSA and SSA ZIP Codes. See the exhibit below.

Service Area Female Population

Ages 15-44

All ZIP Codes	2018	2023	% Change	CAGR
Total	52,763	54,798	3.9%	0.8%

Source: CON application #10548, page 40, Exhibit 17

CFRH asserts that service area population can support the proposed project.

CFRH discusses (with exhibits), as a whole, Seminole County existing providers and utilization trends, using results for each Subdistrict 7-4 general hospital, from 2013 to 2017, regarding the acute care bed inventory, acute care patient days, acute care bed occupancy rates the Seminole County estimated population growth from January 2018 to January 2023. The applicant notes CFRH's utilization from its own internal data records, regarding med/surg inpatient beds and med/surg-observation beds, ICU occupancy, rehabilitation program occupancy and OB bed capacity, from mostly 2016 to 2018 (year-to-date). Below is the

CON Action Numbers: 10548 and 10549

CFRH exhibit to account for the shifting of beds from CFRH to the proposed CRRHIP, should the project be approved.

Preliminary Plan to Shift Volume to CFRHIP

Existing CFRH			
	Current	Change	Future
Med/Surg	161		
Relocation to CFRHIP		-21	
Conversion to Psych Beds		-14	
Med/Surg Subtotal			126
ICU	28	0	28
OB	19	-19	0
Rehab	13		13
Psych (Conversion of Med/Surg Beds)	0	14	14
Total Bed Count	221	-40	181
Proposed CFRHIP			
	Current	Change	Future
Med/Surg	0	26	26
ICU	0	6	6
OB	0	8	8
Total Bed Count			40
Total CFRH + CFRHIP			221

Source: CON application #10548, page 36, Exhibit 13

The Agency notes that based on the applicant’s exhibit above, the total licensed bed count remains constant at 221 but a new CON regulated bed type is introduced at CFRH--psychiatric beds.

CFRH states the use of Agency Inpatient Discharge Database 2017 results indicate that Subdistrict 7-4 providers served approximately 25,200 non-tertiary discharges and 3,151 OB service area discharges in 2017. The applicant utilizes the Agency Inpatient Discharge Database 2017 and Claritas, Inc., to determine the corresponding non-tertiary and OB use rates. CFRH identifies the DRGs that are excluded or included for each of the referenced discharge populations. See the exhibits below.

Service Area Non-Tertiary Discharges by Age

Year	Age Groups				Total
	0-17	18-44	45-64	65+	
PSA					
2015 PSA	410	1,790	3,200	4,796	10,196
2016 PSA	464	1,822	3,509	5,117	10,912
2017 PSA	355	1,787	3,406	5,352	10,900
SSA					
2015 SSA	579	2,616	4,638	5,993	13,826
2016 SSA	603	2,767	4,912	6,461	14,743
2017 SSA	528	2,463	4,800	6,529	14,320
Total Service Area					
2015 Total SA	989	4,406	7,838	10,789	24,022
2016 Total SA	1,067	4,589	8,421	11,578	25,655
2017 Total SA	883	4,250	8,206	11,881	25,220

Non-tertiary excludes DRGs: 1-10, 14-42, 183-185, 215-238, 246-251, 652, 765-795, 849, 876-887, 894-897, 901-914, 927-935, 945-946, 955-965, 998-999

Source: CON application #10548, page 43, Exhibit 20

CON Action Numbers: 10548 and 10549

Service Area Non-Tertiary Use Rates by Age

Year	Age Groups				Total
	0-17	18-44	45-64	65+	
PSA					
2015 PSA	15.4	44.7	99.6	273.4	87.7
2016 PSA	17.4	45.1	107.7	276.9	92.3
2017 PSA	13.2	43.8	103.1	274.9	90.7
SSA					
2015 SSA	17.1	51.2	118.2	263.4	94.0
2016 SSA	17.8	53.6	123.4	273.6	98.9
2017 SSA	15.5	47.2	118.9	266.4	94.8
Total Service Area					
2015 Total SA	16.4	48.3	109.8	267.8	91.2
2016 Total SA	17.6	49.8	116.4	275.1	96.0
2017 Total SA	14.5	45.7	111.8	270.2	93.0

Non-tertiary excludes DRGs: 1-10, 14-42, 183-185, 215-238, 246-251, 652, 765-795, 849, 876-887, 894-897, 901-914, 927-935, 945-946, 955-965, 998-999

Source: CON application #10548, page 44, Exhibit 21

Trends in Service Area OB Utilization

Service Area OB Discharges			
	2015	2016	2017
PSA	1,279	1,387	1,350
SSA	1,694	1,827	1,801
Total SA	2,973	3,214	3,151
Service Area OB Use Rates			
	2015	2016	2017
PSA	56.0	60.1	58.0
SSA	59.5	63.6	62.1
Total SA	57.9	62.0	60.3

OB DRGs include: 765-770, 774-782

Source: CON application #10548, page 45, Exhibit 22

CFRH asserts that its utilization projections for the proposed CFRHIP conservatively assume a one percent annual increase in the OB use rate.

CFRH contends that Subdistrict 7-4 general hospital providers, other than the applicant, are not highly reliant on the defined service area patients for a large portion of their discharges and that project approval would not materially impact any existing Subdistrict 7-4 provider, again excluding the applicant.

The applicant explains that other than CFRH (which is only five miles to the east), the next closest Seminole County provider, to the proposed CFRHIP is the OHSSH, stated to be 13 miles (or a 20-25 minute drive) south of the proposed CFRHIP.

Again following this same 2017 AHCA Discharge Database result:

- 25,220 non-tertiary discharges among service area residents
- 3,151 OB patients
- Covering the same time period for the same service area
- Excluding the same DRGs among this non-tertiary discharge population

CON Action Numbers: 10548 and 10549

- Including the same DRGs among this OB discharge population CFRH determines the number of patients and the market share among area hospital systems. The reviewer collapses each discreet hospital into its respective hospital system. See the two exhibits below.

2017 Facility Market Share for Service Area Non-Tertiary Patients

Hospital System	Number of Patients	Market Share
Florida Hospital Health System	14,077	55.8%
HCA Health System	7,053	28.0%
Orlando Health System	2,414	9.6%
Halifax Health System	479	1.9%
Other Hospitals/Systems	1,197	4.7%
Total Service Area Patients	25,220	100.0%

Source: CON application #10548, page 46, Exhibit 23

2017 Facility Market Share for Service Area OB Patients

Hospital System	Number of Patients	Market Share
Florida Hospital Health System	1,893	60.1%
Orlando Health System	676	21.5%
HCA Health System	451	14.3%
Halifax Health System	77	2.4%
Other Hospitals/Systems	54	1.7%
Total Service Area Patients	3,151	100.0%

Source: CON application #10548, page 47, Exhibit 24

Based on its analysis and calculations, CFRH estimates a non-tertiary total service area acute care bed need of 421 at 75 percent occupancy (page 48, Exhibit 25 of the application) and an OB bed need of 32 at 70 percent occupancy (page 49, Exhibit 26 of the application). The applicant states that combined (non-tertiary acute care beds, including OB), the entire service area bed need at 70 percent occupancy is approximately 454 beds. The Agency notes that the applicant conditions, pursuant to the proposal, not to add general acute care beds to the bed inventory at CFRH for a minimum of two years following licensure and opening of the proposed CFRHIP unless general acute care bed occupancy at CFRH exceeds 80 percent for a rolling 12-month period.

CFRH asserts that the more important considerations in planning for a new hospital are improvements in access and improved geographic distribution of services, each of which the proposed CFRHIP is stated to offer. The applicant indicates that utilizing the AHCA Inpatient Database Discharge 2015-2017 results, market demand for the service area will increase from 28,168 non-tertiary discharges (2021) to 29,581 non-tertiary discharges (2023). The reviewer collapses each discreet service area ZIP Code into the projected 2021, 2022 and 2023 totals. See the exhibit below.

CON Action Numbers: 10548 and 10549

Service Area Projected Non-Tertiary Discharges

All ZIP Codes	2021	2022	2023
Total	28,168	28,834	29,581

Non-tertiary excludes DRGs: 1-10, 14-42, 183-185, 215-238, 246-251, 652, 765-795, 849, 876-887, 894-897, 901-914, 927-935, 945-946, 955-965, 998-999

Source: CON application #10548 page 50, Exhibit 27

The reviewer combines two of the applicant’s exhibits, whereby CFRH utilizes the AHCA Inpatient Database Discharge results (2017) for service area non-tertiary market share by area hospital systems and forecasts to year three (2023) CFRHIP service area non-tertiary market share by area hospital systems. The reviewer collapses the discreet ZIP Codes (PSA and SSA) into total percentages by hospital system. See the exhibit below

2017 Facility Market Share for Service Area Non-Tertiary Patients

Hospital System	Market Share (2017)	Market Share (2023)
Florida Hospital Health System	55.8%	43.8%
HCA Health System	28.0%	27.3%
Orlando Health System	9.6%	8.6%
Halifax Health System	1.9%	16.4%
Other Hospitals/Systems	4.7%	3.8%
Total Service Area Patients	100.0%	100.0%

Non-tertiary excludes DRGs: 1-10, 14-42, 183-185, 215-238, 246-251, 652, 765-795, 849, 876-887, 894-897, 901-914, 927-935, 945-946, 955-965, 998-999

Source: CON application #10548, page 51, Exhibit 28 and page 53, Exhibit 30 (combined)

The Agency notes that based on the applicant’s projections, the health system that would likely lose the greatest market share percentage in the above scenario would be the Florida Hospital Health System (Adventist Health System), going from 55.8 percent in 2017 to 43.8 percent in 2023) while the Halifax Health System would gain substantial market share (going from 1.9 percent in 2017 to 16.4 percent in 2023).

CFRH’s assumption percentages regarding changes in market share are provided, by ZIP Code (page 52 of the application). CFRH asserts that these are reasonable and conservative assumptions, based on the following:

- CFRH assumed that Halifax Deltona Hospital will open as planned in 2019 which will inevitably take volume from all existing providers who offer services to residents in the proposed service area. Based on Halifax Deltona’s service area as defined in its CON application and its projected market share, a percentage of market share loss to Halifax Deltona was factored into the projection assumption for all hospitals in the area, including CFRH.
- CFRH took the calculated market share for CFRH in the interim years where Halifax Deltona is operational and assumed a percentage of the market share would shift to the proposed CFRHIP proportionally over the first two years of operation (2021 and 2022). The highest market share shift was assumed for ZIP Code 32746 because there is no existing hospital in this ZIP Code, and the proposed location for

CON Action Numbers: 10548 and 10549

CFRHIP is significantly closer to 32746 than CFRH. Similar market share shifts were assumed in ZIP Codes 32713, 32763 and 32771 due to proximity to CFRHIP's proposed location.⁶

- CFRH took into consideration that the proposed CFRHIP will be a small community hospital in a service area with a large number of discharges. As such, CFRH assumed modest and reasonable new market share percentages for each service area ZIP Code in the first three years of operation with higher market share percentages in the areas that can most easily access CFRHIP.

By year three (2023), CFRH estimates 2,076 total service area non-tertiary discharges at CFRHIP (this includes a five percent in-migration estimate) with a need for 35 non-tertiary acute care beds at 75 percent occupancy (page 54, Exhibit 31 of the application) and 585 total service area OB discharges at CFRHIP (this also includes a five percent in-migration rate) with a need for six OB beds at 70 percent occupancy (page 56, Exhibit 34 of the application). At the proposed CFRHIP, by 2023, the applicant estimates 2,661 total discharges (with a five percent in-migration rate) with a total bed need of 40.6 at 75.4 percent occupancy (page 57, Exhibit 35 of the application). Below is the applicant's CFRHIP third year (2023) discharge estimates, patient origin percentage estimates and cumulative percentage estimates, by ZIP Code.

CFRHIP's Year 3 Projected Utilization and Service Area Definition

ZIP Code	Non-Tertiary Year 3 Discharges	OB Year 3 Discharges	Total Year 3 Discharges	Percent Patient Origin	Cumulative Percent
PSA					
32771	1,187	183	1,370	51.5%	51.5%
32746	337	75	412	15.5%	67.0%
32713	168	33	201	7.6%	74.5%
SSA					
32725	60	92	152	5.7%	80.2%
32738	47	88	135	5.1%	85.3%
32773	86	46	132	5.0%	90.3%
32763	86	40	126	4.7%	95.0%
Service Area Discharges	1,977	556	2,528	95%	
In-Migration	104	29	133	5.0%	100%
Total CFHIP Discharges	2,076	585	2,661	100%	

Source: CON application #10548, page 58, Exhibit 36 and page 71, Exhibit 39

The reviewer indicates that both CFRH and the proposed facility will be located in the same ZIP Code, 32771, which according to the applicant has a total estimated population of 57,268 and the second smallest 65+ population (7,699) by percentage for the defined service area (13.44 percent). Despite these facts, the applicant forecasts that more than 50

⁶ The reviewer confirms that ZIP Codes 32771, 32746 and 32713 comprise the entirety of the applicant's PSA, while ZIP Code 32763 is one of the applicant's four SSA ZIP Codes.

CON Action Numbers: 10548 and 10549

percent of all non-tertiary discharges will occur from this ZIP Code for the proposed facility. For the total service area, based on population estimates supplied by the applicant on page 39 of CON application #10548, approximately 2.1 percent of the estimated population of ZIP Code 32771 will utilize the proposed facility while approximately .72 percent of the total service area will utilize the proposed facility.

Orlando Health, Inc. d/b/a Orlando Health South Seminole Hospital (CON application #10549) contends that the need for the proposed project is based on the following:

- The strong existing population base and forecast of population growth within the Lake Mary and Seminole County 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 Lake Mary/Seminole County market
 - Enhanced geographic access for OH aligned patients
- Strong community support for the proposed project
- Ability to establish the proposed new facility and achieve significant access enhancement, with realistic market capture levels and minimal adverse impact levels
- Optimal resolution of existing OHSSH facility/space limitations

In addition to the bulleted points above, OHSSH 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

OHSSH provides two maps (pages 56 and 57 of the application) and contends that with acute care hospitals along the southern/central tier of Seminole County (Adventist Health in Altamonte, South Seminole Hospital in Longwood, Oviedo Medical Center in Oviedo) and at the far northeast of the county (Central Florida Regional Hospital in Sanford) there is a void in geographic access to acute care hospitals in the central/northern portions of Seminole County (north of Longwood/west of Sanford). The applicant maintains that this area is along the high growth I-4 corridor and that the proposed project will solve the access shortfall and ensure that all portions of Seminole County have adequate access to care. The reviewer notes that according to the applicant's

CON Action Numbers: 10548 and 10549

Yelp-Facebook map (page 57 of the application), OHLMH would be located slightly toward the northwest, between OHSSH and CFRH, immediately east of I-4.

OHSSH asserts that based on Claritas data for 2018, there are currently 351,831 adult (age 18+) residents within the defined service area and that this population is forecasted to grow to 379,220 residents by 2023, an increase of approximately 27,000 residents (eight percent) during this five-year period. OH indicates that “Zone One” is generally within seven miles of the proposed project and that “Zone Two” is generally beyond a seven-mile radius but within a 10-mile radius of the proposed project. See the table below.

Lake Mary Service Area Population Growth

ZIP	ZIP Code City	Market Share Zone	2018 Pop 18+	2023 Pop 18+	5-Year Growth Rate (Percent)
32701	Altamonte Springs	1	18,541	19,392	5%
32746	Lake Mary	1	34,434	37,643	9%
32750	Longwood	1	20,854	22,085	6%
32771	Sanford	1	42,839	46,647	9%
32773	Sanford	1	24,389	26,223	8%
32779	Longwood	1	25,379	27,397	8%
32707	Casselberry	2	30,701	32,491	6%
32708	Winter Springs	2	37,643	40,780	8%
32712	Apopka	2	38,200	42,138	10%
32713	Debary	2	17,876	19,187	7%
32714	Altamonte Springs	2	29,927	31,829	6%
32730	Casselberry	2	4,892	5,163	6%
32751	Maitland	2	17,263	18,488	7%
32776	Sorrento	2	8,893	9,757	10%
			351,831	379,220	

Source: CON application #10549, page 58

The applicant notes that by age cohort, the elderly population (age 65+) in the total defined service area is forecasted to experience the strongest growth (from 74,957 residents in 2018 to 91,325 in 2023, a 21.8 percent increase) and that the elderly population utilizes significantly higher levels of inpatient healthcare services than younger population groups. See the table below.

Lake Mary Service Area Population Growth

Age Group	2018 Pop	2023 Pop	Percent Growth
18-44	153,658	159,558	3.8%
45-64	123,216	128,337	4.2%
65+	74,957	91,325	21.8%
Total	351,831	379,220	7.8%

Source: CON application #10549, page 58

CON Action Numbers: 10548 and 10549

OHSSH points out that target patient volume excludes pediatrics (age 0-17), psychiatric/substance abuse patients, neurosurgery, cardiac surgery, trauma, transplant and rehabilitation patients. The applicant lists the excluded MS-DRGs⁷.

The applicant utilizes the service area definition as a baseline and data from the ACHA Discharge Database (12 months ending 9/17) to illustrate that service area residents experienced 34,540 acute care discharges of the type targeted to be served at the proposed new hospital (population age 18+ excluding tertiary and specialty care). OHSSH maintains that inpatient data for this same data set were 158,573 days, translating into a 434.4 average daily census (ADC) and a bed need of 620 beds, assuming a 70 percent occupancy rate and an average length of stay (ALOS) of 4.59 days. The applicant asserts that with 100 beds proposed for this project, there is an adequate market base to support the proposed project. OHSSH calculates that by year two of the proposed project (2023), based on service area population growth, a 37,744 applicable target discharge count, with 173,245 patient days (assuming a constant ALOS), converts to a 474.6 ADC and a 678 bed need (assuming a 70 percent occupancy rate).

**Lake Mary Service Area
2017-2023 Inpatient Target Discharges**

ZIP	ZIP Code City	2017 IP Discharges	2018-2023 Annual CAGR Percent	2017-2023 6-Year Percent Growth	2023 IP Discharges
32701	Altamonte Springs	2,440	0.90%	5.5	2,574
32746	Lake Mary	2,692	1.79%	11.2	2,994
32750	Longwood	2,089	1.15%	7.1	2,237
32771	Sanford	5,217	1.72%	10.8	5,780
32773	Sanford	2,584	1.46%	9.1	2,819
32779	Longwood	1,991	1.54%	9.6	2,182
32707	Casselberry	3,023	1.14%	7.0	3,235
32708	Winter Springs	3,033	1.61%	10.1	3,339
32712	Apopka	3,319	1.98%	12.5	3,734
32713	Debary	2,006	1.43%	8.9	2,185
32714	Altamonte Springs	2,890	1.24%	7.6	3,110
32730	Casselberry	612	1.08%	6.7	653
32751	Maitland	1,652	1.38%	8.6	1,794
32776	Sorrento	992	1.87%	11.7	1,108
		34,540			37,744

Source: CON application #10549, page 61

⁷ CON application #10549, Appendix 5: 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, 880-887, 894-897, 901-909, 913 and 914, 917 and 918, 927-929, 934 and 935, 945 and 946, 955-959, 963-965.

CON Action Numbers: 10548 and 10549

Per OHSSH, the next step in the volume forecast is to define anticipated ZIP Code-specific market capture levels and then apply the expected market share capture rates to the forecasted target 2023 volume for each ZIP Code. The applicant sets these market share capture levels at 20 percent for the proposed PSA and 10 percent for the proposed SSA. OHSSH indicates that taken together, the ZIP Code level market share rates result in a total service area market share capture rate of 15 percent. The applicant contends that this is a reasonable market share rate especially as no acute hospitals are currently located, “within the core” of the Lake Mary area.

OHSSH forecasts that for the defined ZIP Code-specific market shares in 2023 the proposed project would realize 5,633 discharges. See the table below.

**Orlando Health Lake Mary Service Area
2023 Forecast Target Patient Volume
(Age 18+, Target Patients Only)**

ZIP	ZIP City Name	2023 Target Market Discharges	2023 Lake Mary Market Share Percent	2023 Target Lake Mary Discharges
32701	Altamonte Springs	2,574	20%	515
32746	Lake Mary	2,994	20%	599
32750	Longwood	2,237	20%	447
32771	Sanford	5,780	20%	1,156
32773	Sanford	2,819	20%	564
32779	Longwood	2,182	20%	436
32707	Casselberry	3,235	10%	323
32708	Winter Springs	3,339	10%	334
32712	Apopka	3,734	10%	373
32713	Debary	2,185	10%	218
32714	Altamonte Springs	3,110	10%	311
32730	Casselberry	653	10%	65
32751	Maitland	1,794	10%	179
32776	Sorrento	1,108	10%	111
		37,744		5,633

Source: CON application #10549, page 63

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

CON Action Numbers: 10548 and 10549

OH summarizes its volume forecast approach as follows:

Total Service Area 2023 Target Patient Discharges	37,774
Lake Mary Hospital Forecasted 2023 Target Discharges Based on ZIP Code–Level Market Share Capture Levels	5,633
Lake Mary Hospital Forecast Discharges Including 15% Out-of-Service Area Volume	6,627
Lake Mary Hospital Forecasted 2023 Patient Days Based on 4.5 ALOS	29,822
Lake Mary Hospital Forecasted ADC	81.7
Lake Mary Bed Need Based on 70 Percent Occupancy	116

OHSSH provides a “sensitivity analysis of various forecast scenarios” on page 65 of CON application #10549. According to the applicant, these scenarios forecast a variable range for the overall service area market share capture levels (12.5 percent/15 percent/17 percent – current OH percent) and a range of in-migration percentage levels (10 percent and 15 percent). The applicant’s 2023 proposed volume/bed need scenario analysis produces a bed need range of 92 beds to 132 beds, with a mid-range need expected at 110 beds. Based on this, the applicant asserts that the 100-bed proposed project is realistic and reasonable. OHSSH contends that the proposed OHLMH will provide significant improvements in access to acute care services for residents of Lake Mary and Seminole County.

Regarding an obstetric need analysis, OHSSH points out that the volume forecasts and bed need analysis (above) includes OB services. The applicant provides some 2017 and expected 2023 OB discharge totals and the female of childbearing age (15-44) population estimates (2018 to 2023) for the total service area. The reviewer notes that OHSSH does not offer a specific data source, but indicates that proposed total service area 2017 OB discharges totaled 4,836 and expects 5,034 total service area OB discharges by 2023, with 744 total Lake Mary OB discharges for the same year. The reviewer combines portions of three of the applicant’s tables and collapses all of the proposed total service area ZIP Codes into a single total. See the table below.

CON Action Numbers: 10548 and 10549

**Lake Mary Service Area
2017-2023 OB Discharges**

All Proposed Service Area ZIP Codes (PSA and SSA)	2017 OB Discharges	2023 OB Discharges	Lake Mary 2023 OB Discharges
Total	4,836	5,034	744

Source: CON application #10549, pages 66, 68 and 69

OH does not offer a specific data source, but indicates a female population (age 15-44) from 2018 to 2023 of 85,649 to 88,527, respectively, with a 2018-2023 change of 3.4 percent. The reviewer collapses all of the proposed total service area ZIP Codes into a single total. See the table below.

**Lake Mary Service Area
2018-2023 Female 15-44 Population**

All Proposed Service Area ZIP Codes (PSA and SSA)	2018 Pop Female 14-44	2023 Female 15-44	2018-2023 Percent Change
Total	85,649	88,527	3.4%

Source: CON application #10549, pages 67

OHSSH states an expectation of a range from 850 OB cases (page 66 of the application) to 875 OB discharges by 2023 (page 69 of the application). The applicant maintains that these estimates are reasonable and achievable. The reviewer notes that the stated 850 to 875 OB cases are not borne out in the applicant’s OB tables on pages 66 thru 69 of the application but that the applicant validates the reasonableness of the estimated 875 OB discharge forecast because in 2017, 1,441 service area OB patients left the local service area to obtain OB care from Winnie Palmer for Women and Babies (an Orange County provider). OHSSH indicates that 10 of the proposed 100 beds at the proposed OHLMH will be utilized for OB services.

The applicant asserts that the proposed project will have no material adverse impact on existing providers and believes that the proposed project should be approved if, on balance, the proposed project will have a positive contribution to the community.

OHSSH maintains that in this situation, with a significant portion of current service area patients traveling to OHSSH and other OH facilities to obtain care and expected to utilize the proposed OHLMH, along with service area market volume growth forecasted to provide at least half of the volume needed to support the proposed project’s operation, there will be no material impact on existing providers. The applicant contends 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”. OHSSH asserts that this is especially true when the two health systems in the marketplace, other than OH (the Adventist Health System and HCA) currently have financial profit margins that make each

system “bullet proof” to any meaningful impact. The applicant offers additional narrative discussion regarding the financial strength of the Adventist Health System and HCA.

The applicant explains that strong service area growth for the proposed OHLMH will be able to reach 57 percent of its target volumes without impacting the baseline number. OHSSH indicates an expectation that the proposed project will redirect a significant number of service area residents from OHSSH and other OH facilities to the proposed facility, minimizing any adverse impact. The applicant states that in 2017, OH (all facilities) treated 5,851 target discharges from the proposed service area and that as a subset of this OH target patient volume, OHSSH alone treated 3,229 target patients from the proposed service area. The reviewer notes that the applicant indicates that the stated 5,851 and 3,229 discharges are validated through AHCA Discharge Database results for 2017 for the 12 months ending September 30, 2017.

- 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.**

Central Florida Regional Hospital, Inc. d/b/a Central Florida Regional Hospital (CON application #10548) previously indicated that the Adventist Health System currently captures a majority of the service area market share at 55.8 percent. CFRH maintains that it is the only meaningful competitor to Florida Hospital in the proposed service area. CFRH asserts that the proposed facility will increase competition by expanding HCA’s geographic presence in the service area without increasing the total number of acute care beds or negatively impacting existing providers.

CFRH contends that competition is in part based on how easy it is for a resident of the service area to access a hospital. The applicant states, and the reviewer confirms, that there is no hospital in ZIP Code 32746 or 32713. Per CFRH, the proposed location right off of I-4 provides more convenient access to patients who are already getting care at CFRH.

The applicant explains that the proposed project promotes cost effectiveness by allowing CFRH to expand its (existing) CMR unit and add an adult psychiatric unit without the need to undertake costly renovation

CON Action Numbers: 10548 and 10549

and expansion of its existing hospital campus. CFRH asserts that the proposed project will enhance efficiency and quality, leading to overall cost reductions.

CFRH states that the proposed project is the most efficient, cost-effective way to expand necessary services while improving geographic access to care. The applicant maintains that the proposed project does not create any redundancy in services while it controls capital costs. CFRH comments that as part of the parent HCA North Florida Division, both the existing and the proposed facilities will benefit from economies of scale in purchasing and system management which will further enhance cost-effectiveness of the project.

The applicant discusses numerous achievements and awards earned by HCA-affiliated hospitals, including CFRH, concerning clinical patient care and patient satisfaction on pages 61-62 of CON application #10548. HCA's quality efforts and results are described and documented in Attachment C (HCA North Florida Division 2018 Impact Report). CFRH provides numerous written policies and procedures that address quality assurance, performance improvement and patient safety in Attachment H. The applicant contains a list of accreditations as of October 16, 2018 in Attachment D. The reviewer notes that of the 40 listed accreditations/certifications, three are specific to CFRH. CFRH lists other Joint Commission accreditations specific to CFRH and more specifically to cardiology and cardiovascular surgery. The applicant intends that the proposed facility will operate with the same commitment to quality that is reflected in the awards and distinctions referenced.

Other HCA quality efforts and initiatives are discussed (page 62 to 64 of the application):

- The HCA-affiliated Sarah Common Research Institute (a cancer research/clinical trials center)
- HCA Green Initiative (in conjunction with Practice Greenhealth)
- HCA's "Step Up for Students" (since 2015, the provision of more than \$100 million dollars in scholarships providing a quality education tailored to the specific learning needs of more than 11,000 low income students in grades K-12 in Florida)

The reviewer notes that according to CFRH, clinical trials at the Sarah Common Research Institute will be available to proposed CFRHIP patients. However, the applicant does not include any documentation to confirm an existing memorandum of understanding or any other similar mechanism to verify that the stated clinical trials are currently available or will be available to the proposed CFRHIP.

CON Action Numbers: 10548 and 10549

The applicant states that CFRH and its employees provide both financial and volunteer support, “to countless civic organizations, schools, colleges, city projects, and nonprofit and charitable locations in their local communities” and the applicant names 21 of these community/ civic organizations (page 11 of the application) and separately names an additional 29 colleges and universities that CFRH partners with to provide educational opportunities for students (page 12 of the application).

Orlando Health, Inc. d/b/a Orlando Health South Seminole Hospital (CON application #10549) maintains 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 OHSSH operations.

OHSSH utilizes the AHCA Discharge Database (12-months ending September 30, 2017) to indicate that the proposed total service area had service area discharges totaling 34,553, with Adventist Health System having an overall 65 percent market presence compared to OH having an overall 17 percent market presence (with OHSSH having a nine percent market presence). See the table below.

**Orlando Health Lake Mary 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	22,316	65%
Adventist Atlamonte	12,468	36%
Orlando Health-All	5,851	17%
OHSSH	3,229	9%
Total	34,553	

Source: CON application #10549, page 81

The applicant asserts that the proposed project will offer a realistic alternative to Adventist Health System’s acute care market dominance and ensure service area patients a choice when an acute care hospital is needed. OHSSH maintains that at the present time the existing campus is significantly under-sized and inefficiently designed to meet current state-of-the-art hospital demands.

OHSSH contends that in order to upgrade the existing campus to meet expansion needs, meet all hurricane/storm standards and to bring all components of the hospital up to other codes/standards would cost in the range of \$310 to \$320 million with substantial disruption to

CON Action Numbers: 10548 and 10549

OHSSH’s ability to continue operations during such restructuring. The applicant states that the proposed project would cost approximately \$140 to \$150 million.

The applicant indicates that the proposed project would free up additional space and resources to be used in support of OHSSH’s behavioral health programs consisting of 62 adult psychiatric beds, eight child/adolescent psychiatric beds and 10 adult substance abuse beds.

OHSSH maintains that the proposed project will provide Seminole County support for 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 contends that OH’s Collaborative Care of Florida, stated to be one of Florida’s most successful Accountable Care Organizations (ACOs), and OH’s Orlando Health Network are examples of OH’s commitment in helping to reduce costs.

- 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 each of the co-batched applicants and District 7 overall, in fiscal year (FY) 2017 data from the Florida Hospital Uniform Reporting System (FHURS).

**Medicaid, Medicaid HMO and Charity Data
CFRH (CON application #10548),
OHSSH (CON application #10549) 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
CFRH	7,570	14.39%	2.01%	16.40%
OH	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, CFRH (CON application #10548) and OHSSH (CON application #10549) had characteristics as described below.

CON Action Numbers: 10548 and 10549

CFRH (CON application #10548) had:

- The seventh highest number of total Medicaid/Medicaid HMO patient days in the district (7,570)
- The ninth highest percentage of Medicaid/Medicaid HMO patient days (14.39 percent)
- The ninth highest percentage of charity care patient days (2.01 percent), which nearly tied with Parish Medical Center (at 2.02 percent)
- The 10th highest percentage of Medicaid, Medicaid HMO and charity care patient days combined (16.40 percent)

OHORMC (CON application #10549) had:

- 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 CFRH (CON application #10548) and the OHSSH (CON application #10549) 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).

**CFRH (CON application #10548 and
OHSSH (CON application #10549) 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/CFRH	\$13,896	\$13,896
DSH/CFRH	\$0	\$0
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 #10548 and the hospital system (OH) in conjunctions with CON application #10549 have both drawn down the entirety of their SFY 2017-2018 respective LIP and DSH allocations.

CON Action Numbers: 10548 and 10549

Central Florida Regional Hospital, Inc. d/b/a Central Florida Regional Hospital (CON application #10548) states that it has a history of providing a significant amount of free and discounted care. Utilizing the AHCA Inpatient Discharge Database for CY 2017, CFRH offers its 2017 payer mix, by discharges and by percent of discharges. See the exhibit below.

2017 Payer Mix for CFRH

Payer	All Discharges	Non-Tertiary Discharges	OB Discharges
Medicare	5,124	4,664	0
Medicaid	1,421	803	182
Commercial	2,011	1,431	114
Self-Pay/No Pay	1,295	1,063	23
Other*	389	331	2
Total	10,240	8,292	321
Payer	Percent of All Discharges	Percent of Non-Tertiary Discharges	Percent of OB Discharges
Medicare	50.04%	56.22%	0.00%
Medicaid	13.88%	9.71%	56.70%
Commercial	19.64%	17.26%	35.51%
Self-Pay/No Pay	12.65%	12.82%	7.1%
Other*	3.08%	3.99%	0.62%
Total	100%	100%	100%

*Other state/local government: TriCare, VA, Worker's Comp, Commercial Liability Coverage
 Source: CON application #10548, page 65, Exhibit 37

The applicant provides its financial assistance/charity care policies in Attachment F:

- Financial Assistance Policy for Uninsured Patients (effective date 6/14/2018)
- Charity Write-Office Policy for Florida Patients (effective date 11/1/2017)
- Financial Assistance Policy for Patients (effective date 6/14/2018)

The applicant states that HCA affiliates consider patients with incomes less than 200 percent of the Federal Poverty Level who are having non-elective procedures to be eligible for charity care and that additionally, discounts are offered to uninsured patients who are not eligible for charity care or Medicaid. CFRH maintains that the proposed facility will utilize the same charity care policies and uninsured discount policies as other affiliated HCA facilities.

CFRH provides an estimated payer mix in year three (2023) of the proposed project by discharge and percentage, for specific payer types. See the exhibit below.

CON Action Numbers: 10548 and 10549

CFRHIP Service Area Year Three Projected Payer Mix

	Medicare	Medicaid	Comm.	Self-Pay/ No Pay	Other	Total
Non-Tertiary Discharges	1,104	239	452	195	86	2,076
Payer Mix	53.2%	11.5%	21.8%	9.4%	4.1%	100%
OB Discharges	4	254	302	14	11	585
Payer Mix	0.8%	43.5%	51.6%	2.3%	1.9%	100%

Non-tertiary excludes DRGs: 1-10, 14-42, 183-185, 215-238, 246-251, 652, 765-795, 849, 876-887, 894-897, 901-914, 927-935, 945-946, 955-965, 998-999

Source: CON application #10548, page 66, Exhibit 38

The reviewer notes that in the exhibit above, CFRH is estimating a year three (2023) Medicaid/self-pay/no pay payer mix of 26.38 percent. The reviewer notes that in the table above regarding OB discharges, the applicant does not list the following included OB discharge DRGs that were referenced in the applicant's earlier OB discharge exhibits: 765-770 and 774-782.

CFRH states being experienced with patients in the proposed service area and is equipped with all the necessary resources to meet patients' needs. The applicant discusses the Health Care Access Criteria on pages 67-69 of CON application #10548.

The applicant offers a Medicaid/indigent care condition, pursuant to project approval, as follows:

- CFRH commits that CFRHIP will provide a minimum of 18 percent of its discharges to patients covered by Medicaid/Medicaid managed care or who meet the criteria for charity care or self-pay/no pay combined.

Orlando Health, Inc. d/b/a Orlando Health South Seminole Hospital (CON application #10549) states that it has 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 by the applicant to include both the under-served and the un-served, particularly the vulnerable uninsured and underinsured and minority populations. OHSSH maintains that it has a commitment to providing care to all segments of the community regardless of insurance coverage or financial resources and that this same commitment extends to the proposed OHLMH project.

The applicant asserts that as a not-for-profit healthcare system, OH 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.

CON Action Numbers: 10548 and 10549

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 #10549, page 85

OHSSH provides the OH 2017 Community Benefit Report in Appendix 3. 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.

The applicant notes that OH is a member of the Safety Net Hospital Alliance of Florida (the Alliance)⁸ and the only Orlando-based provider participating in the Alliance. The reviewer notes that per the Alliance website, OH is the sole Alliance member in District 7.

OHSSH discusses that in FY 2016, OH provided a combined 34.1 percent of patient discharges to Medicaid/Medicaid managed care/self-pay patients, compared to the Adventist Health Systems’ combined 23.5 percent and the CFRH’s combined 29.9 percent (pages 85 and 86 of the application). The applicant notes the support provided by OH to the following (pages 86 thru 88 of the application):

- Shepard’s Hope
- OH Community Grant Program
- Howard Phillips Center for Children and Families
- Primary care access network (PCAN)
- Residency clinic/Orange County medical clinic

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, Health Care Center for the Homeless d/b/a Orange Blossom Family Health and True Health (see item B of this report). The reviewer again notes that Orange Blossom Family Health and True Health are both area FQHCs and are members of the FACHC.

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. The website 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.”

CON Action Numbers: 10548 and 10549

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 17 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 the Foundation for Seminole County Public Schools, to provide support and programming to schools and students within Lake Mary and surrounding communities, with a focus on underserved schools and programs
- The proposed new hospital will include a minimum contribution of \$50,000 per year for at least three years, to community organizations to expand their provision and coordination of care for the underserved population of Lake Mary and surrounding communities

- 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 SSAs, 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.**

Central Florida Regional Hospital, Inc. d/b/a Central Florida Regional Hospital (CON application #10548) expects for the proposed project to draw at least 75 percent of its patients from the proposed PSA, 20 percent from the proposed SSA and the remaining five percent from anticipated in-migration from other areas. The applicant's expected CFRHIP patient origin, utilization and service area definition data table was previously indicated in item E.1.a of this report. However, for convenience, it is reproduced below.

CON Action Numbers: 10548 and 10549

CFRHIP's Year Three Projected Utilization and Service Area Definition

ZIP Code	Non-Tertiary Year Three Discharges	OB Year Three Discharges	Total Year Three Discharges	Percent Patient Origin	Cumulative Percent
PSA					
32771	1,187	183	1,370	51.5%	51.5%
32746	337	75	412	15.5%	67.0%
32713	168	33	201	7.6%	74.5%
SSA					
32725	60	92	152	5.7%	80.2%
32738	47	88	135	5.1%	85.3%
32773	86	46	132	5.0%	90.3%
32763	86	40	126	4.7%	95.0%
Service Area Discharges	1,977	556	2,528	95%	
In-Migration	104	29	133	5.0%	100%
Total CFRHIP Discharges	2,076	585	2,661	100%	

Source: CON application #10548, page 58, Exhibit 36 and page 71, Exhibit 39

Orlando Health, Inc. d/b/a Orlando Health South Seminole Hospital (CON application #10549) expects for the proposed project to draw 76.3 percent of its patients from the proposed PSA (when including the expected 15 percent of volume from beyond service area ZIP Codes). OHSSH indicates that the proposed project will draw 78.5 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 OHLMH Patient Origin
Based on 2023 Forecast Patient Volumes
Including the 15 Percent of Volume
from Beyond Service Area ZIP Codes**

ZIP	Zip City Name	2023 Target Lake Mary Discharges	2023 Percent of Total Discharges	Cumulative Percent	PSA/SSA
32771	Sanford	1,156	17.4%		PSA
32746	Lake Mary	599	9.0%	26.5%	PSA
32773	Sanford	564	8.5%	35.0%	PSA
32701	Altamonte Springs	515	7.8%	42.8%	PSA
32750	Longwood	447	6.8%	49.5%	PSA
32779	Longwood	436	6.6%	56.1%	PSA
32712	Apopka	373	5.6%	61.7%	PSA
32708	Winter Springs	334	5.0%	66.8%	PSA
32707	Casselberry	323	4.9%	71.6%	PSA
32714	Altamonte Springs	311	4.7%	76.3%	PSA
32713	Debary	218	3.3%	79.6%	SSA
32751	Maitland	179	2.7%	82.3%	SSA
32776	Sorrento	111	1.7%	84.0%	SSA
32730	Casselberry	65	1.0%	85.0%	SSA
	Out of Area	994	15.0%	100.0%	
		6,627			

Source: CON application #10549, page 92

CON Action Numbers: 10548 and 10549

The reviewer notes that in the above table, there are 14 ZIP Codes, 10 for the PSA and four for the SSA.

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

ZIP	Zip City Name	2023 Target Lake Mary Discharges	2023 Percent of Total Discharges	Cumulative Percent	PSA/SSA
32771	Sanford	1,156	20.5%		PSA
32746	Lake Mary	599	10.6%	31.2%	PSA
32773	Sanford	564	10.0%	41.2%	PSA
32701	Altamonte Springs	515	9.1%	50.3%	PSA
32750	Longwood	447	7.9%	58.2%	PSA
32779	Longwood	436	7.7%	66.0%	PSA
32712	Apopka	373	6.6%	72.6%	PSA
32708	Winter Springs	334	5.9%	78.5%	PSA
32707	Casselberry	323	5.7%	84.3%	SSA
32714	Altamonte Springs	311	5.5%	89.8%	SSA
32713	Debary	218	3.9%	93.7%	SSA
32751	Maitland	179	3.2%	96.9%	SSA
32776	Sorrento	111	2.0%	98.8%	SSA
32730	Casselberry	65	1.2%	100.0%	SSA
		5,633			

Source: CON application #10549, page 93

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 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 co-batched/competing **CON application #10548** and two DWSOs to co-batched/competing **CON application #10549**.

One DWSO to **CON application #10548** was submitted by co-batched/competing **CON application #10549**, through Karen A. Putnal, Attorney, Moyle Law Firm, on behalf of:

- Orlando Health, Inc. d/b/a Orlando Health South Seminole Hospital

One DWSO to **CON application #10548** was submitted by Diane Godfrey, Adventist Health System-Regulatory Administration, on behalf of:

CON Action Numbers: 10548 and 10549

- Adventist Health System/Sunbelt, Inc. d/b/a Florida Hospital
- Southwest Volusia Healthcare Corporation d/b/a Florida Hospital Fish Memorial (also referenced as FHFMM)
- Florida Hospital Waterman, Inc. d/b/a Florida Hospital Waterman (also referenced as FHW)

Here, the reviewer notes that FHFMM (an existing District 4 general hospital) and FHW (an existing District 3 general hospital) are not located in the same district or subdistrict as **CON application #10548's** proposed facility. The reviewer further notes that Section 408.039(5)(c), Florida Statutes, reads as follows:

In administrative proceedings challenging the issuance or denial of a certificate of need, only applicants considered by the agency in the same batching cycle are entitled to a comparative hearing on their applications. Existing health care facilities may initiate or intervene in an administrative hearing upon a showing that an established program will be substantially affected by the issuance of any certificate of need, whether reviewed under s. 408.036(1) or (2), to a competing proposed facility or program within the same district. With respect to an application for a general hospital, competing applicants and only those existing hospitals that submitted a detailed written statement of opposition to an application as provided in this paragraph may initiate or intervene in an administrative hearing. Such challenges to a general hospital application shall be limited in scope to the issues raised in the detailed written statement of opposition that was provided to the agency. The administrative law judge may, upon a motion showing good cause expand the scope of the issues to be heard at the hearing. Such motion shall include substantial and detailed facts and reasons for failure to include such issues in the original written statement of opposition.

The Agency notes that since FHFMM and FHW are not competing applicants in this batching cycle and are not existing health care facilities within the same district or subdistrict as the applicant (**CON application #10548**) FHFMM and FHW have no standing to oppose **CON application #10548**. Therefore, any opposition submitted on behalf of FHFMM and/or FHW was not reviewed, pursuant to the referenced statute.

One DWSO to **CON application #10549** was submitted by co-batched/competing **CON application #10548**, through Craig D. Miller, Attorney and Associate, Rutledge Ecenia, Attorneys and Counselors at Law, on behalf of:

- Central Florida Regional Hospital, Inc. d/b/a Central Florida Regional Hospital

CON Action Numbers: 10548 and 10549

One DWSO to **CON application #10549** was submitted by Diane Godfrey, Adventist Health System-Regulatory Administration, on behalf of:

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

The Agency notes that since FHFH and FHW are not competing applicants in this batching cycle and are not existing health care facilities within the same district or subdistrict as the applicant (**CON application #10549**) FHFH and FHW have no standing to oppose **CON application #10549**. Therefore, any opposition submitted on behalf of FHFH and/or FHW was not reviewed, pursuant to the referenced statute.

Each of the four DWSOs are briefly summarized below.

🚩 Two DWSOs regarding **CON application #10548**:

OHSSH (CON application #10549) urges denial of co-batched CON application #10548 based on the following major points:

- The determination for need for a new hospital is governed by statutory criteria
- The proposed CFRHIP is inadequate to meet community needs and fails to provide any meaningful community benefit
- The service area utilized by **CON application #10548** is artificially constrained and not appropriate for the proposed hospital
- The proposal will not provide adequate or appropriate access for medically indigent patients and will divert a higher than market share level of insured patients away from OHSSH, the region's safety-net provider and other not-for-profit providers
- The services associated with CFRH's proposed 14-bed psychiatric program are already available and accessible to the community at OHSSH's proven and successful inpatient and Baker Act receiving facility
- The proposal will adversely impact OHSSH operations as the region's safety-net provider

Opposition bullets 13 acute care services currently offered at OHSSH. OHSSH explains that the determination of need for a new acute care hospital must be made based on a balanced consideration of statutory and rule criteria. The opposition contends that while 59C-1.008(2), Florida Administrative Code permits a CON applicant to present to the Agency a needs assessment methodology, "the rule prohibits consideration of need methodologies that are inconsistent with the CON statute". The opposition contends that particularly with regard to the OB

CON Action Numbers: 10548 and 10549

services portion of the proposal, the planned project brings nothing new to the Lake Mary/Sanford portions of Seminole County and is just a relocation of an existing small OB program five miles to the west of CFRH.

OHSSH asserts that CFRHIP will have little incremental positive impact on the needs of the community and will result only in a change of percentage discharges for ZIP Code 32771, based on **CON application #10548**'s own estimates. The DWSO emphasizes that, again based on CFRH's own estimates, 76 percent of the proposed CFRHIP's volume from ZIP Code 32771 will be a redirection and that the proposed project is, "to just establish a new hospital location five miles west of the current facility and just provide existing services (and a diminished OB services) at the new hospital". The opposition maintains no material community benefit and no new competition will result from the proposed CFRHIP.

Opposition provides driving miles from CFRHIP and other general hospitals in the area. See the table below.

Travel Distance from Proposed HCA/CFRH Site

To South Seminole Hospital	10 miles
To Florida Hospital Fish Memorial	10 miles
To Halifax Deltona Proposed Site	9 miles

Source: OHSSH DWSO, page 8

NOTE: The Agency has previously indicated that FHFM is located in District 4. Additionally, all Halifax Health System facilities, as well as planned facilities, are also located in District 4.

OHSSH discusses the geographic distribution of CON application #10548's service area ZIP Codes and notes that CFRH's exclusion of southern ZIP Codes and OHSSH's services and programs from the CON application #10548 analysis artificially slants the market analyses and conclusion presented by CFRH.

Opposition asserts that lower income or no income residents within the proposed CFRH new hospital service area will have limited access to CON application #10548. OHSSH references Schedule C condition to provide a minimum of 18 percent of its discharges to patients covered by Medicaid/Medicaid managed care or who meet the criteria for charity care, self-pay/no pay, combined. However, OHSSH contends that based on a review of the actual payer mix for just the non-tertiary patients that CFRH would ostensibly serve at the new hospital shows that the actual percentage of Medicaid/Medicaid managed care, self-pay and no pay non-tertiary patient volume in CFRH's self-define service area is 19.3 percent. Opposition emphasizes that the reason that the HCA/CFRH 18 percent condition is not, in particular, superior is because of the concentration of proposed beds to OB care. OHSSH explains that simply calculating a weighted average expected payer class for the proposed CFRHIP facility (80 percent non-tertiary plus 20 percent OB) shows that

CON Action Numbers: 10548 and 10549

the new hospital would be expected to have a 24.9 percent Medicaid/Medicaid managed care, self-pay and no pay patient payer mix (80 percent at 19.3 percent plus 20 percent of 47.3 percent equaling 24.9 percent) to match service area market needs. According to OHSSH, a more detailed analysis indicates that the new HCA/CFRH facility should have 26 percent of total volume within the Medicaid/Medicaid managed care, self-pay and no pay patient categories to meet local service area needs.

OHSSH indicates that while no specific level of charity care is proposed for CON application #10548, the assessment of the level of charity care provided by the following three HCA facilities within the Orlando area during 2016 was analyzed to provide insight into the expected level of charity care at CFRHIP. Opposition notes that the three HCA hospitals listed below, combined, provided 0.7 percent of total revenue to charity care in FY 2016. OHSSH contends that even if charity care is added into the equation, the proposed facility will be providing less than market average levels of Medicaid/Medicaid managed care, self-pay, no pay and charity care to service area residents.

**HCA Orlando Area Hospital Charity Care
Data from FY 2016 FHURS Actual Reports Filed by Each Facility**

HCA Hospital	Charity Care (millions)	Total Revenue (millions)	Percent Charity Care
Central Florida Regional	\$18.3	1,159.5	1.2%
Osceola Regional	\$16.3	3,036.8	0.5%
Poinciana Med. Ctr.	\$2.8	709.6	0.4%
	\$37.4	5,265.9	0.7%

Source: OH/OHSSH, DWSO, page 11

Regarding CON application #10548’s proposed inpatient psychiatric beds and services, opposition maintains that OHSSH is better positioned and equipped to meet the psychiatric services needs of the Seminole County community than an additional 14-bed generalist psychiatric service at CFRH. OHSSH indicates that whether psychiatric inpatient services for the proposed project would be available for patients with limited or no financial resources is also an issue.

In addition to the denial justifications listed above, opposition points out the proposed CFRH facility may exacerbate staffing shortages for existing facilities and services, including existing Orlando Health facilities.

Adventist Health System/Sunbelt, Inc. d/b/a Florida Hospital, referenced as AHS/S, asserts that **CON application #10548** does not make sense as the proposed project is located in the same ZIP Code and city as the main CFRH campus, approximately five to six driving miles of each other. AHS/S indicates that the proposed project, “seems small and insignificant” particularly in light of the purported need rationale and should be denied based on the following factors:

CON Action Numbers: 10548 and 10549

- The proposed project intends to delicense and relocate 40 beds in order to create CFRHIP, but also argues that CFRH is capacity constrained and lacks available beds to grow specialized services. However, CFRH's own data tables demonstrate that decreasing bed capacity at CFRH will only complicate or worsen CFRH's purported capacity issues.
- The proposed project will have a minimal effect on patient census at CFRH and will not decompress the existing CFRH facility.
- The current use rate for the proposed seven ZIP Code service area is significantly higher than Seminole County overall, which indicates no access issues exist as residents are accessing health care services at a rate higher than the county average. The market is served by four significant health systems with a wide array of resources and locations. AHS/S has invested significant resources in planning for the current and future health care needs of the area.
- CFRH states that it "promotes cost-effectiveness" to build a new hospital rather than renovate the existing CFRH campus. This argument has no basis since additional rehabilitation beds or new psychiatric/substance abuse beds would certainly require renovation to convert a general medical surgical or OB patient room for a specialized service with specific space requirements. CON application #10548 lacks any discussion of the actual space associated with the beds to be transferred from CFRH to create the proposed facility.
- CFRH has not provided any examples of patients who have been unable to access needed high quality non-tertiary healthcare services within the existing continuum of hospitals that serve the proposed seven ZIP Code service area. There is no need for an additional hospital in the area at this time, particularly in light of the fact that Halifax Health Deltona Hospital has yet to open and will serve essentially the same area.
- This is a 180-degree turn from its arguments for a new hospital in Miami-Dade County, which are all based on the HCA affiliate's high market share of the area it proposes to serve. HCA's position regarding competition in CON application #10548 is contrary to its arguments put forth in multiple CON applications for a new hospital in Miami-Dade County (Doral).
- CFRHIP's proposed PSA does not account for 75 percent of its projected discharges.

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. Opposition also provides a brief description of FHF, Florida Hospital Altamonte (FHA) and the FHA's off-site Florida Hospital Lake Mary FSED.

CON Action Numbers: 10548 and 10549

According to the opposition, the proposal is not consistent with the applicant's primary rationale for the project. AHS/S offers a brief description of the applicant's plan to delicense and relocate some beds/services due to capacity constraints at CFRH. However, AHS/S contends that this rationale seems illogical, indicating:

"If a facility is capacity constrained, why would it give up beds? This strategy begs the question: How would operation of fewer beds help alleviate capacity constraints?"

AHS/S asserts that CON application #10548's rationale regarding a need for more psychiatric/substance abuse beds and expanded capacity of the CMR program "seem contrived, disingenuous and simply do not make sense in light of the primary arguments in CFRH's numerical need analysis". AHS/S stresses that if CFRH is highly utilized, particularly in ICU and medical/surgical beds, a decrease in such beds will only exacerbate the problem, particularly given the self-touted specialized nature of the services offered at CFRH.

Opposition notes that CFRH does not count its own beds accurately and then asserts that, "CFRH's erroneous presentation of its own bed count and utilization information casts further doubt on the validity of its project and the actual plan for the main campus and CFRHIP". AHS/S comments on the CON application #10548 Schedule C condition regarding the self-imposed restriction of adding general acute care beds (except under limited circumstances), stating that depending on how CFRH shows and calculates occupancy rates, CFRH already operates in the range of 64 to 80 percent occupancy and therefore, a 40-bed reduction (as proposed by CFRH) will almost immediately place CFRH over an 80 percent threshold. Based on this, AHS/S contends that the Schedule C acute care bed addition condition is, "of little value or consideration".

The reviewer notes that AHS/S provides other narrative descriptions of CFRH's utilization arguments concerning its ICU beds, CMR beds and OB beds. AHS/S maintains that CON application #10548 will not solve these stated occupancy constraint issues and the rationale presented by CFRH is not logical and the proposal will not alleviate capacity constraints.

Opposition emphasizes that the proposed project will only decrease CFRH's ADC of non-tertiary patients by approximately 12 patients on any given day. AHS/S asserts that the idea that the proposed project will provide decompression to CFRH is unsupported by CFRH's own numerical analysis in order to mask adverse impact on existing providers. AHS/S maintains that the majority of the proposed CFRHIP's patient census will come at the expense of existing providers.

CON Action Numbers: 10548 and 10549

AHS/S stresses that the applicant's own estimate of service area population growth (an increase of 1.38 percent between 2018 and 2023) is insignificant.

Regarding non-tertiary discharges and use rates by age in the area, AHS/S maintains that CFRH's own estimates show several important considerations that the applicant fails to mention:

- Discharges for younger age cohorts are declining in the proposed seven ZIP Code service area
- While discharges increased for the older age cohorts, from 2015 to 2017, there was a decline in discharges for the 45-64 age cohort between 2016 and 2017
- From 2015 to 2017, the overall area use rate is basically flat

AHS/S maintains that a higher use rate in the proposed area does not indicate an access issue, but confirms the exact opposite.

Opposition states that area residents are served by four large health systems with a variety of services, locations and resources, as well as available beds, including:

- AHS/S
- HCA Health System
- OH System
- Halifax Community Health System

AHS/S explains that the market dynamics set forth in CFRH's own analysis show that the area is adequately served by existing providers noting that CFRH did not provide a single example of a patient who was in need of non-tertiary or obstetrics acute care services who was unable to access high quality care based on the fact that CFRH does not operate an additional 40-bed hospital in the same ZIP Code as at its main campus.

Concerning CFRH's discussion of cost-effectiveness as a justification to support the proposed project, AHS/S counters that:

- There is no cost information provided anywhere in CON application #10548 with regard to renovation of the existing facility or construction of the new hospital from which CFRH draws this conclusion.
- There is no discussion of the space associated with the beds to be transferred and its location relative to the existing CMR unit.

CON Action Numbers: 10548 and 10549

- CFRH fails to acknowledge that significant renovation would be required to convert general medical/surgical and OB patient rooms/units to CMR or psychiatric rooms/units, as these specialized programs have significant programmatic and space requirements related to common space, security, room size and bathrooms.

AHS/S indicates that since CFRH has not demonstrated need for the proposed project, project approval will result in adverse impact. Opposition contends that it is premature to consider approval of development of an additional acute care hospital in the proposed service area because of CON application #10429⁹. Per AHS/S, CON application #10429 is still, “under appeal”.

Opposition comments that, in prior CON applications, HCA has had the position that when a provider is the dominant provider in a market due to choice, market dominance does not mean there is a need for competition. AHS/S states, “However, based on HCA’s own positions in the DMC case in Miami-Dade, Florida Hospital System facilities’ high market share of the proposed seven ZIP Code service area does not show a need for competition, but a patient preference for those hospitals”. AHS/S asserts that HCA is disingenuous in one case or the other, since the positions are counter to one another and these inconsistent positions are clearly self-serving—suggesting that HCA chooses whichever side it needs to in order to support its own position.

AHS/S indicates that the CFRHIP proposal did not define its service area with the applicable statutory requirement and reproduces CON application #10548, page 58, Exhibit 36 and page 71, Exhibit 39.

✚ Two DWSOs regarding **CON application #10549:**

Central Florida Regional Hospital, Inc. d/b/a Central Florida Regional Hospital/CON application #10548 objects to CON application #10549, stating that the applicant’s claims are without merit and failed to demonstrate the validity of its proposal. Opposition maintains that OHSSH did not satisfy the relevant statutory criteria. CFRH maintains that CON application #10549 is inferior to the CFRH project.

CFRH notes that OHSSH sets forth the following bases for approval of CON application #10549:

- The existing population base and forecast of population growth within the Lake Mary and Seminole communities

⁹ The reviewer confirms that effective June 3, 2016 the Agency issued CON #10429 to Halifax Hospital Medical Center to establish a new 96-bed acute care hospital (Halifax Hospital Deltona) in District 4, Subdistrict 4-5 (Volusia County). CON #10429 is pending licensure.

CON Action Numbers: 10548 and 10549

- Enhanced geographic access to hospital services for the Lake Mary/Seminole County market
- Enhanced geographic access to OH aligned patients
- Resolution of facility limitations at OHSSH

According to opposition, CON application #10549 should be denied based on the following factors:

- OHLMH failed to address required review criteria
 - Population demographics and dynamics
 - Availability, utilization and quality of like services in the subdistrict
 - Medical treatment trends
 - Market conditions
- OHLMH's proposed service area is not reasonable
- OHLMH failed to demonstrate a need for 100 beds
- OHSSH's proposed "transfer" of 100 beds to OHLMH is not meaningful
- The proposed project will decimate acute care services at OHSSH
- Financial access is not a basis for approval of the OHLMH application
- OHLMH will not foster competition that promotes quality or cost-effectiveness
- A new hospital is not needed to address facility issues at OHSSH
- OHLMH's conditions do not support approval
- OHLMH's impact will be greater than CFRHIP and will fall heavily on CFRH

CFRH maintains that other than addressing population trends, the application does not address other criteria, which renders the application "incomplete". Opposition asserts that this omission cannot be corrected by attempting to address criteria in OHLMH's response to this DWSO. CFRH contends that of equal importance, CON application #10549's failure to address these factors resulted in the proposal's reliance on unreasonable utilization projections, too large for the population it proposes to serve, and will adversely impact existing providers.

Opposition reproduces OHSSH's table, "Proposed OHLMH Patient Origin Based on 2023 Forecast Patient Volumes *Including* the 15 Percent of Volume from Beyond Service Area ZIP Codes" and indicates that there are a number of problems with the OHLMH's service area as defined. CFRH notes that OHLMH's proposed service area extends far to the south of the proposed site and would require patients from ZIP Codes 32714, 32701, 32707, 32708 and 32779¹⁰ to travel, "significantly or away from closer hospitals such as Florida Hospital Altamonte, Oviedo

¹⁰ The reviewer confirms that these five ZIP Codes are within CON application #10549's PSA, according to the referenced CON application #10549 table.

CON Action Numbers: 10548 and 10549

Medical Center, and South Seminole Hospital”. This DWSO maintains that OHLMH’s SSA extends all the way south to Maitland which is in Orange County. Opposition states that as a result, there will be no geographic access improvement for patients in these southern ZIP Codes which represents 34 percent of OHLMH’s projected inpatient discharges.

CFRH comments that OHLMH leaves 15 percent of its patient origin and service area undefined and that this does not comport with Section 408.037(2), Florida Statutes.

Opposition emphasizes that the OHLMH site is to the east of I-4, where all the other hospitals in Seminole County are located, while the proposed CFRHIP project is to the west of I-4, which will improve the distribution of inpatient services in the county.

CFRH asserts that OHLMH has not demonstrated that the proposed 100-bed hospital can be supported based on the needs of the population, or that a reasonable level of utilization will be achieved if constructed. Opposition stresses that the proposed OHLMH utilization projections used to support CON application #10549 are “seriously flawed” rendering any results meaningless.

Opposition utilizes the Agency’s Florida Hospital Bed Need Projections and Service Utilization by District publications, issued July 2014 thru July 2018, to account for acute care occupancy rates in Seminole County general hospitals from 2013 to 2017, to point out that OHSSH cannot support 100 beds. The reviewer notes that the CON application #10549’s Schedule C conditions do not indicate that the proposed project would increase the net number of acute care beds. The reviewer indicates that OHSSH is already supporting 126 acute care beds at its existing facility, though at a lower acute care bed occupancy rate than other general hospitals in Subdistrict 7-4. CFRH comments that OHSSH’s occupancy is the lowest in the county and has been for several years. See the exhibit below.

Seminole County Acute Care Hospitals Occupancy Rates

	2013	2014	2015	2016	2017
CFRH	54.2%	58.7%	58.8%	63.3%	60.0%
FL Hospital-Altamonte	74.5%	70.9%	70.2%	74.4%	66.4%
OHSSH	48.3%	48.2%	48.1%	44.5%	43.0%
Oviedo Medical Center*					29.8%

*Opened February 2017

Source: CFRH, DWSO, page 6, Exhibit 4

CFRH utilizes the same source for the same five-year period to indicate that OHSSH’s highest ADC (60.9) was in CY 2013 and that OHSSH’s lowest ADC (54.2) was in CY 2017. Based on the referenced exhibit,

CON Action Numbers: 10548 and 10549

opposition notes that OHSSH's ADC has been declining and at no time supported 100 beds at its current location. The reviewer confirms this CFRH contention.

Opposition reproduces OHLMH's summary volume forecast and states that, "the projections of utilization for the new 100-bed hospital indicate that by 2023, which is assumed to be the third year of operation of the facility, it will achieve an average census of 81.4 patients". However, CFRH points out that CON application #10549 does not discuss what the census will be in the 26 remaining acute care beds at OHSSH after the opening of the proposed OHLMH. Opposition contends that to the extent that these beds were to be occupied at close to historical percentages, the total acute care census between OHLMH and OHSSH would be approximately 94 percent, which would require more than 75 percent growth in 2017 utilization. CFRH emphasizes that there is no explanation given in the application of how such dramatic growth will be achieved or what incremental market share will be required in each ZIP Code to support these projections. Opposition asserts that there is simply no basis to believe that a new hospital with a limited range of services within three years will be able to surpass, by a wide margin, the utilization of OHSSH which has been operating for decades.

CFRH maintains that another unrealistic assumption is that 15 percent of the patients that the proposed OHLMH will serve will reside outside of the proposed service area. Opposition states that such a high percentage of out-migration is unlikely given the service area is already drawn too broadly for a proposed community hospital providing only non-tertiary services. CFRH asserts that the 15 percent in-migration estimate is inconsistent with statutory requirements for new acute care hospitals.

Opposition note that CON application #10549 failed to project separately the utilization of medical/surgical services and OB services and instead performed a single projection for all patients. CFRH concedes that OHLMH provides tables to address the service area 2017-2023 OB discharges but comments that OHLMH gave no separate consideration to trends in use rates or factors that differentiate OB from other acute care services.

CFRH explains that among the factors that were not considered by OHLMH were trends in acute care and OB discharge rates in its proposed service area and growth was overstated by OHLMH as it is unlikely that acute care discharges will remain constant. Opposition notes that acute care discharges are likely to experience further declines.

Opposition utilizes AHCA database discharge records (2015-2017) for acute care discharges for the proposed OHLMH service area per 1,000, age 18+ to have a CAGR of -1.2 percent (for the PSA) and -1.8 percent

CON Action Numbers: 10548 and 10549

(for the SSA). Stating the use of the same source for the same time period, CFRH indicates that the OB discharges for the proposed OHLMH service area per 1,000 had a two-year CAGR of 2.3 percent for the PSA and 5.3 percent for the SSA. The reviewer notes that in the exhibits below, CFRH utilizes the 10 ZIP Code PSA and four ZIP Code SSA arrangement presented by the OHSSH table, “Proposed OHLMH Patient Origin Based on 2023 Forecast Patient Volumes *Including* the 15 Percent of Volume from Beyond Service Area ZIP Codes”. The reviewer collapses the discreet ZIP Codes into PSA and SSA totals. See the exhibits below.

**Orlando Health Service - Lake Mary Service Area
2015-2017 Acute Care Discharges per 1,000 Age 18+**

ZIP Codes	2015	2016	2017	CAGR
PSA				
PSA Total	101.9	105.1	99.4	-1.2%
SSA				
SSA Total	118.9	117.6	114.5	-1.8%
PSA/SSA Total	104.2	106.9	101.5	-1.3%

Source: CFRH DWSO, page 8, Exhibit 7

**Orlando Health Service - Lake Mary Service Area
2015-2017 OB Discharges per 1,000 Age 18+**

ZIP Codes	2015	2016	2017	2-Yr CAGR
PSA				
PSA Total	55.5	58.7	58.1	2.3%
SSA				
SSA Total	54.3	62.2	60.3	5.3%
PSA/SSA Total	55.4	59.1	58.3	2.7%

Source: CFRH DWSO, page 9, Exhibit 8

CFRH asserts that a major deficiency in the OHLMH utilization projections are the assumed market shares. Opposition briefly discusses CON application 10549’s “Zone One” and “Zone Two” market shares. CFRH points out that there was no context provided in developing these market share assumptions and no reference to OHSSH’s market share by ZIP Code historically.

Opposition utilizes the AHCA discharge database for non-tertiary DRGs in 2017 that OHLMH targets to indicate that in only its home ZIP Code (32750) did OHSSH have a market share that exceeded 20 percent. According to CFRH (for PSA ZIP Codes) the greatest market share percentage was at FHA (36.2 percent), the second greatest market share percentage was Florida Hospital (15.1 percent), the third greatest market share percentage was at CFRH (14.7 percent) and the fourth greatest market share percentage was at OHSSH (9.6 percent). Opposition maintains that given that the most proximate ZIP Codes are where OHLMH is likely to draw the largest portion of its patients, it is clear that the market share will need to grow significantly above OHSSH’s historical levels, impacting market shares of existing providers including CFRH.

CON Action Numbers: 10548 and 10549

CFRH utilizes the same source and data to indicate that in 2017 (for SSA ZIP Codes) the greatest market share percentage was at FHA (19.1 percent), the second greatest market share percentage was at Florida Hospital (18.2 percent), the third greatest market share percentage was at FHFH (15.5 percent) and the fourth greatest market share percentage was at CFRH (12.4 percent). Opposition stresses that OHSSH failed to consider the impact of the approved Halifax Hospital Deltona which undermines the credibility of the OHLMH projections.

Opposition indicates that the OHLMH proposal discusses redirecting patients from other OH facilities. CFRH maintains that most of the patients leaving the service area to utilize OH facilities are traveling to OHORMC or Arnold Palmer Medical Center, both of which are regional referral centers. Opposition maintains that it is unlikely that patients who currently bypass available hospital alternatives in and around Seminole County will choose in the future to go to a new hospital with a limited scope of services.

Regarding OHSSH proposing to “transfer” 100 beds from OHSSH to OHLMH, CFRH points out that CON application #10549 proposed no condition that would limit, “the reopening of these beds” at OHSSH which could be accomplished without CON review.

Opposition utilizes internal data to indicate the CFRH’s actual med/surg occupancy in 2017 was, on average, almost 78 percent and is actually 13 percentage points higher than what is reported to the Agency.

According to CFRH, with the proposed transfer of beds from OHSSH, there will be limited acute services offered at OHSSH and that the feasibility of operating only 26 acute care beds is highly suspect. The reviewer notes that CFRHIP is proposed to operate an acute care facility of only 40 beds without the additional specialized services that will remain at OHSSH. The reviewer notes that according to the Agency’s most recent Hospital Beds and Services List publication, issued 7/20/2018, District 7’s general hospital with the fewest licensed acute care beds is HCA’s Oviedo Medical Center, in Subdistrict 7-4 (Seminole County), with a total of 64 acute care beds. Based on this Agency publication, the reviewer notes that OHSSH is proposed to operate with 38 fewer acute care beds and correspondingly at 40.63 percent of acute care bed capacity compared to Oviedo Medical Center.

Opposition emphasizes that OHLMH can only achieve its utilization projections by taking patients from other non-aligned providers—decreasing the efficiency of those hospitals. CFRH asserts that with 26 acute care beds at OHSSH, OHSSH will present a poor operational platform for the delivery of inpatient acute services.

CON Action Numbers: 10548 and 10549

CFRH maintains that given OHSSH’s low existing occupancy rates of its acute care beds, OHSSH can “simply close any unneeded beds and undertake facility renovations without constructing an unneeded new hospital”.

Opposition asserts that nothing in the applicant’s conditions will have a meaningful impact on access to acute care hospital services in Seminole County. CFRH indicates that while the applicant offers two separate conditions to contribute \$50,000 (each), this is irrelevant to the consideration of need for a new hospital. Opposition also notes that OH is exempt from local, property, sales and income taxes while HCA hospitals do not enjoy tax exemptions. CFRH contends that its contribution through local, property, sales and income taxes will, “far exceed the short-term \$100,000 contributions” proposed by OHLMH. The reviewer notes that CON application #10549’s cumulative contribution amount is conditioned at \$300,000 over a three-year period.

CFRH indicates that OHLM provides no quantitative assessment of adverse impact and instead dismisses the potential impact that the OHLMH proposal will inflict as being immaterial. Opposition maintains that this approach is not reasonable from a health planning perspective. Below, CFRH provides a comparison of what it considers a superior application, CFRHIP (CON application #10548) and OHLMH (CON application #10549).

Applicant Comparison

	CFRHIP (CON application #10548)	OHLMH (CON application #10549)
Historical Presence in Proposed PSA	✓	
Site Location	✓	
Utilization of Affiliated Hospital	✓	
Reasonable Utilization Projections	✓	
Limited Impact on Non-Aligned Providers	✓	
Financial Accessibility (Medicaid and Self-Pay/ Non-Pay)	✓	

Source: CFRH, DWSO, page 17

Adventist Health System/Sunbelt, Inc. d/b/a Florida Hospital, asserts that **CON application #10549** is “wholly inadequate and is devoid of any objective or subjective analysis relevant to the need for a new hospital in Seminole County and does not put forth any discussion of a population that is unserved by the current providers in the area”.

CON Action Numbers: 10548 and 10549

AHS/S maintains 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 #10549 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. The Agency reviews general hospital projects within the context of acute care beds, as defined in Rule 59C-1.002(1), Florida Administrative Code, and overall, pursuant to Section 408.035(2), Florida Statutes.

Opposition stresses that CON application #10549 fails to present a rigorous planning analysis for OHLMH. AHS/S offers the following as criticisms, inconsistencies and documentation inadequacies that justify denial of CON application #10549:

- OHLMH states that it will not repurpose the OHSSH campus. It appears that the proposal essentially plans to build a replacement hospital for its OHSSH but will retain it as an acute care hospital with an array of services. OHLMH did not provide detail for the need to essentially replace and relocate OHSSH.
- OHLMH 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.
- OHLMH did not provide quantitative or qualitative evidence to support the notion that there is a population in the proposed 14 ZIP Code service area that is 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.
- Failure to account for use rate trends and the projection of future use rates by age group and/or ZIP Code for OHLMH's proposed service area indicates a lack of appropriate detail for projection reliability. Service area definition and projected market share capture are inconsistent. The applicant included a 15 percent in-migration factor, which is high, and no supporting information or data was provided for justification. The projection methodology is flawed and unreliable.
- The proposed OHLMH 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 provides no 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 and should have included a quantitative impact analysis.

CON Action Numbers: 10548 and 10549

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.

Opposition contends that there is a fundamental problem with the proposal—nothing prevents OHSSH from adding back the beds that are being proposed to be moved to OHLMH. AHS/S asserts that this would result in creating two full service hospitals within the same service area.

According to AHS/S, the majority of CON application #10549 simply provides information related to OH as a whole and provides minimal, if any, supportive detail/numerical analysis related to the need for a new 100-bed hospital in Seminole 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 #10549 did not attempt to answer any of these questions with a meaningful level of detail. AHS/S points out that CON application #10549 does not mention any 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 #10549 failed to provide the following:

- Discharge trends for the proposed service 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
 - Consideration of the fact that the discharge trend in the 14-ZIP Code area shows that the target patients' generated by the market declined in the past two CYs reported to the AHCA database (2016-2017)
 - ❖ It is not reasonable to rely upon one year of data in a vacuum and presume that the market will increase relative to population growth, which is what **CON application #10549** did
 - 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

CON Action Numbers: 10548 and 10549

- 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 recent decline in adult non-tertiary discharges
 - The market and utilization projections are based on incomplete assumptions, which renders them unreliable
- Detailed market share for the proposed service area
 - OH did not present any detailed market share information for the proposed service area
 - A closer look at all the detailed market share data for the 14 ZIP Code area would be a necessary step in determining availability and accessibility of services in the area, as well as assessing impact on existing providers
 - No evidence was provided to support that patients in the proposed service area want or need an additional provider in the immediate area
- The high market share of AHS/S facilities in and around the applicant's proposed service area indicates that patients (in large numbers) choose to seek care at AHS/S facilities
 - There are a large number of hospitals that are proximate to the proposed service area
 - ❖ Clearly, the area is well-served by facilities associated with a variety of systems
 - The applicant failed to quantify the impact on existing providers in the area proposed to be served
 - 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 (issued 7/20/2018 for CY 2017) to indicate that the seven hospitals are utilized most often by residents of the proposed OHLMH 14 ZIP Code service area—with 3,444 acute care beds, a reported ADC of 2,181 and 1,263 empty beds on any given day. Opposition emphasizes that of particular importance, for this same time period, FHA (the most proximate facility relative to the service area) had an average of 121 beds available (on any given day) and that this is more than sufficient to accommodate the patients the proposed OHLMH 100-bed hospital would serve. See the figure below.

CON Action Numbers: 10548 and 10549

2017 Area Hospitals' Acute Care Utilization and Available Beds

Hospital Name	Beds	Patient Days	ADC	Available Beds
<i>Florida Hospital Altamonte</i>	383	95,784	262.4	121
Florida Hospital	1,240	337,101	923.6	316
Central Florida Regional Hospital	208	45,587	124.9	83
South Seminole Hospital	126	19,785	54.2	72
Winter Park Memorial Hospital	288	58,227	159.5	128
Orlando Health	835	162,214	444.4	391
Arnold Palmer Medical Center	364	77,516	212.4	152
Total Top 7 Providers of Adult Non-Tertiary/Obstetrics Services to 14-ZIP Code Residents	3,444	796,214	2,181	1,263

Source: AHS/S DWSO, page 12, Figure 2

Opposition asserts that based on the totality of the factors shown above, CON application #10549 has not demonstrated need for its proposal.

AHS/S provides a map to indicate that the applicant's service area includes ZIP Codes in not only Seminole County, but that also include ZIP Codes in Lake, Volusia and Orange Counties.

Opposition stresses that CON application #10549'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 #10549's identified market shares.
- One of the applicant's PSA ZIP Codes (32701) is the same ZIP Code as Florida Hospital Altamonte.
 - It seems unlikely that a new 100-bed hospital could draw a high market share of a ZIP Code that already contains a large hospital with well-established patient patterns and medical staff infrastructure.
- Service Area Definition and Market Share Capture are Inconsistent.
- 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).

CON Action Numbers: 10548 and 10549

- 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).
- The applicant’s identified market share zones, service area definition and projected market share capture by ZIP Code are completely unrelated.

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 statute and that the six “Zone One” ZIP Codes would only account for 66 percent of OHLMH proposed discharges. For distinction, the reviewer shades the “Zone One”/PSA rows and the “Zone Two”/SSA rows below.

OHLMH 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
32771	1	PSA	20.0%	1,156	20.5%
32746	1	PSA	20.0%	599	31.2%
32773	1	PSA	20.0%	564	41.2%
32701	1	PSA	20.0%	515	50.3%
32750	1	PSA	20.0%	447	58.2%
32779	1	PSA	20.0%	436	66.0%
32712	2	SSA	10.0%	373	72.6%
32708	2	SSA	10.0%	334	78.5%
32707	2	SSA	10.0%	323	84.3%
32714	2	SSA	10.0%	311	89.8%
32713	2	SSA	10.0%	218	93.7%
32751	2	SSA	10.0%	179	96.8%
32776	2	SSA	10.0%	111	98.8%
32730	2	SSA	10.0%	65	100.0%
Total, All ZIP Codes				5,633	

Source: AHS/S DWSO, page 18, Figure 5

Opposition provides a summation of what makes CON application #10549’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
- 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 OHLMH are actually included in CON application #10549’s projections. Opposition maintains that some of these patient types may not be appropriate for treatment at OHLMH, but were included in CON application #10549’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 #10549 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 Seminole County application is identical to the Orange 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, the opposition stresses that there is no reason to believe that accessibility or availability of inpatient services is an issue for residents of the proposed OHLMH service area. AHS/S maintains that CON application #10549 has not demonstrated objective or subjective need for a new general hospital, as presented, 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 three applicant responses to detailed written statements of opposition (RDWSO), pursuant to the DWSOs indicated in item F of this report.

One RDWSO was provided by Craig D. Miller, Attorney and Associate, Rutledge Ecenia, Attorneys and Counselors at Law, on behalf of **CON application #10548**. This RDWSO is pursuant to the DWSOs submitted by:

- AHS/S
- FHFM
- FHW
- OH

CFRH refers to these four entities, collectively, as the opponents.

One RDWSO was provided by Karen A. Putnal, Esq., Moyle Law Firm, on behalf of **CON application #10549**. This RDWSO is pursuant to the DWSO submitted by co-batched/competing:

- HCA/CFRH

CON Action Numbers: 10548 and 10549

Another RDWSO was provided by Karen A. Putnal, Esq., Moyle Law Firm, on behalf of **CON application #10549** pursuant to the DWSO submitted by:

- AHS/S
- FHFH
- FHW

Each of the three RDWSOs is briefly summarized below.

Central Florida Regional Hospital, Inc. d/b/a Central Florida Regional Hospital/CON application #10548 contends that while the DWSOs raise a variety of questions and issues, none of them are material to the main issues addressed by the proposed hospital:

- There is a need for greater access to hospital, inpatient services for residents of Seminole County, particularly west of I-4
- CFRH is highly utilized and facing considerable capacity constraints that cannot easily be addressed on its existing campus
- CFRHIP will improve access and address capacity constraints on the CFRH Sanford campus
- There is a need for additional psychiatric services in Seminole County that will be addressed by CFRH as a result of reducing capacity constraints

CFRH maintains that this RDWSO addresses each of the Opponents 12 major criticisms of the CFRHIP proposal and asserts that these criticisms are without merit, irrelevant and misrepresent the need for the proposed project.

The applicant indicates that its proposal to transfer bed capacity is clearly documented and supported in CON application #10548. CFRH maintains that the proposal will allow for the use of all of CFRH's existing licensed acute care beds, as well as the appropriate and effective use of all licensed beds within the categories and uses needed to meet patient demand.

CFRH reiterates that the proposal will, "improve the distribution of acute care hospital services in Seminole County". The applicant contends that rather than try to retrofit the Sanford campus it is a better health planning decision to create a new campus in an area that currently does not have a hospital and optimize the existing facility. CFRH indicates that the proposed project will help alleviate ICU and CMR bed constraints and that the AHS/S arguments toward this objective are without merit.

The applicant asserts that the proposed 32 medical/surgical beds at CFRHIP are sufficient because there is only moderate population growth in the service area and declining use rates.

CON Action Numbers: 10548 and 10549

CFRH provides what is described as a corrected CY 2017 average occupancy rate of 64.8 percent for its 161 med/surg beds that are IP only beds, 70.5 percent for its 148 med/surg that are IP only beds and 77.6 percent for its 148 med/surg that are IP and observation beds. The applicant references CON application #10548 to indicate that there is no doubt that the proposed project addresses the targeted constraints on CFRH's existing campus and will allow for all licensed beds to become operational.

CFRH stresses that the proposed project will have 32 medical/surgical beds, including ICU beds and eight OB beds. The applicant contends that, despite AHS/S' comment about ICU beds at the proposed facility, new general hospital applications uniformly propose ICU beds as non-tertiary DRGs can necessitate intensive care during some portion of a patient's stay. The applicant indicates that there is a "significant" level of physician support for the CFRHIP proposal.

Regarding CMR beds, CFRH contends having identified space immediately adjacent to its existing CMR unit in which to add bed capacity. The applicant maintains that while some renovation costs will be required, the costs are far less than suggested, as the unit is existing and all support services and amenities are in place.

Regarding OB beds, CFRF previously indicated need for six OB beds at 70 percent occupancy with a projected census of 4.17 OB patients, which does not include observation patients (including those presenting with false labor and other situations). The applicant maintains that these circumstances reasonably support eight OB beds.

The applicant points out that AHS/S suggests that growth in demand for OB services should result in the need for more OB beds at CFRH. The applicant utilizes the AHCA inpatient discharge database and OB DRGs 765-770 and 774-782 to show 3,151 OB patients (2015-2017) with AHS/S facilities capturing 1,893 discharges (a 60.1 percent market share) and CFRH capturing 451 discharges (a 14.3 percent market share). The applicant asserts that AHS/S ignores its own market dominance in falsely suggesting that the projected service area growth in demand for OB services would result in need for more OB beds at CFRHIP than the eight proposed. CFRH maintains that it is perfectly appropriate to relocate and right-size an existing OB program, with physician support. See the table below.

CON Action Numbers: 10548 and 10549

Facility Market Share for Service Area OB Patients

Facility	Discharges	Market Share
<i>Florida Hospital Health System</i>		
Florida Hospital Health System Total	1,893	60.1%
<i>Orlando Health System</i>		
Arnold Palmer Medical Center	676	21.5%
<i>HCA Health System</i>		
Central Florida Regional Hospital	451	14.3%
<i>Halifax Community Health System</i>		
Halifax Health Medical Center	77	2.4%
<i>Other Facilities</i>		
Other Total	54	1.7%
Total Service Area Patients	3,151	100.0%

Source: CFRH RDWSO, page 7, Table 1

CFRH maintains that it fully considered all factors regarding market dynamics in proposing CON application #10548, including moderate growth in population and declining use rates in the service area—stressing that the proposal is a transfer of beds not the addition of beds in Seminole County. The applicant explains that the proposed project will allow CFRH to remain an effective competitor while benefiting the community within its proposed services with enhanced access to inpatient care and that the proposal “must be viewed in light of the combined campus with CFRH to recognize the multiple benefits of the project, which OH overlooks”.

The applicant emphasizes that the proposed service area is based on CFRH’s current service area as CON application #10548 is expected to serve much of the same base of patients with the same medical staff—noting that CFRHIP’s service area will be within the PSA for CFRH. The reviewer notes that based on this statement, CFRH is stating that the proposed service area is already served by the existing facility. The applicant utilizes the AHCA inpatient database 2017 (non-tertiary and OB DRGs) to compare CFRH historical patient origin and the proposed CFRHIP service area definition. CFRH maintains that the percentage of total discharges that it captures from the home ZIP Code for OHSSH is 0.5 percent and for Florida Hospital Altamonte is 0.2 percent. CFRH takes the position that the proposed service area for CFRHIP is reasonably and appropriately defined. See the table below.

CFRH Historical Patient Origin and CFRHIP Service Area Definition

	Non-Tertiary	OB	Grand Total	Percent of Total	Cumulative Percent	CFRHIP
32771	3,065	129	3,194	31.9%	31.9	PSA
32773	1,108	47	1,153	11.5%	43.4	SSA
32725	872	86	958	9.6%	53.0	SSA
32738	637	64	721	7.2%	60.2	SSA
32713	641	21	662	6.6%	66.8	PSA
32746	416	49	465	4.6%	71.4	PSA
32763	279	35	314	3.1%	74.5	SSA
Total All Zip Codes	9,444	575	10,019			

Source: CFRH RDWSO, page 9, Table 2

CON Action Numbers: 10548 and 10549

CFRH maintains that proposed PSA/SSA for CFRHIP is not constrained to the south and does not have an extension to the north.

Regarding services to medically indigent patients, The applicant utilizes the Agency inpatient discharge database 2017 (with non-tertiary excluded DRGs 1-10, 14-42, 183-185, 215-238, 246-251, 652, 765-795, 849, 876-887, 894-897, 901-914, 927-935, 945-946, 955-965 and 998-999) to indicate non-tertiary and OB discharges, by payor category. See the table below.

CFRH Service Area Year 3 Projected Payor Mix

	Medicare	Medicaid	Commercial	Self-Pay No Pay	Other*	Total
Non-Tertiary Discharges	1,104	239	452	195	86	2,076
Payor Mix	53.2%	11.5%	21.8%	9.4%	4.1%	100%
OB Discharges	4	254	302	14	11	585
Payor Mix	0.8%	43.5%	51.6%	2.3%	1.9%	100%
Total Discharges	1,109	510	773	210	97	2,699
Payor Mix	41.09%	18.88%	28.65%	7.76%	3.61%	100.00%

Source: CFRH RDWSO, page 11, Table 4

Regarding the OH contention that HCA-affiliated facilities in the district provide insufficient charity care, CFRH notes that HCA-affiliated hospitals pay taxes and OH does not. The applicant emphasizes that OH receives a Medicaid DRG rate enhancement equating to almost \$20 million in the most recent year. CFRH states the use of the “Provider DRG Rate Calculator FY2018-2019, AHCA” to indicate that OH receives an average per-discharge automatic rate enhancement payment of \$873.82 with an annual rate enhancement allocation of \$19,947,607, while HCA-affiliated facilities receive an average per-discharge automatic rate enhancement of \$0. See the table below.

Comparative Medicaid Rate Enhancement

Provider Name	DRG Base Rate	Provider Average Per-Discharge Automatic Rate Enhancement Payment	Provider Annual Automatic Rate Enhancement Allocation
Orlando Health	\$3,437.60	\$873.82	\$19,947,607
Osceola Regional Medical Center	\$3,437.60	\$0	\$0
Central Florida Regional Hospital	\$3,437.60	\$0	\$0
Poinciana Medical Center	\$3,437.60	\$0	\$0
Oviedo Medical Center	\$3,437.60	\$0	\$0

Source: CFRH RDWSO, page 12, Table 5

The applicant assert that the CFRH historic and the proposed CFRHIP projected commitment to serving Medicaid and charity care patients is reasonable and appropriate for the service area mix of patients served.

CON Action Numbers: 10548 and 10549

Regarding inpatient psychiatric beds in Seminole County, CFRH contends that with OHSSH being the only access point in Seminole County and OHSSH having a relatively high occupancy rate for its psychiatric beds, it is clear there is a need for greater access to adult psychiatric services in Seminole County. The reviewer notes that while CON application #10548 is a general hospital proposal and not a psychiatric hospital proposal, the Agency issues psychiatric and substance abuse bed need, pursuant to Rule 59C-1.040-.041, Florida Administrative Code.

Regarding the proposed CFRHIP cost-effectiveness challenges presented in the DWSOs, the applicant contends that the relevant comparison is the cost to add more overall bed capacity at CFRH or to build capacity at the proposed CFRHIP. CFRH maintains that the existing facility is congested and that the design/construction/staging of a bed addition is more time consuming and complicated than construction of a new hospital.

CFRH points out that OH provides no quantitative evidence to support that the proposed facility will have an adverse impact on OH. The applicant maintains that CFRHIP will have minimal, if any, adverse impact on OH.

Regarding the AHS/S contention that the proposal will have a significant impact on FHFH, CFRH maintains that the 15 to 20 market share FHFH states it would lose upon approval of CON application #10548 is mathematically impossible, given that CFRHIP only projects to serve between one percent and 2.8 percent market share of the ZIP Codes where FHFH expects to lose 15 to 20 percent market share. CFRH states that the impact that AHS/S suggests will come from the Halifax Health Deltona project.

The applicant states that AHS/S competition arguments that an HCA affiliate made in an application for a new hospital in Miami-Dade are contrary to statements made in CON application #10548. CFRH indicates that there is no inconsistency between the positions taken in the two applications as the market conditions, the distribution of/access to existing hospitals and the competitive landscape between the two projects are completely different and render any comparisons meaningless. CFRH provides additional discussion regarding differences in the Miami-Dade application and the CFRHIP application, indicating that concern of competition is irrelevant and without merit.

CFRH states that the AHS/S contention that the CFRHIP proposal is not consistent with Section 408.037, Florida Statutes is based on the fact that the proposed PSA ZIP Codes comprise 74.5 of its patients instead of 75 percent. The applicant indicates that this is irrelevant and that the

CON Action Numbers: 10548 and 10549

Agency has not required past applicants for new acute care hospitals to have a PSA that contributes exactly 75 percent of its patients and has approved applicants that have proposed just slightly less than or more than 75 percent.

CFRH offers an RDWSO summary to indicate that arguments set forth by AHS/S and OH are either misrepresented or inaccurate. CFRH also indicates in its summary that the proposal meets all rule and statutory requirements and should be approved.

Orlando Health, Inc. d/b/a Orlando Health South Seminole Hospital (CON application #10549) responds to the HCA DWSO by first restating that its proposed facility will provide significantly greater enhancement of access and community benefits than would be associated CON application #10548 and that on a comparative basis, OHLMH is the superior project, better positioned to meet existing and future community needs and best satisfies the statutory/regulatory criteria.

OHSSH 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. The applicant restates that the proposed service area is reasonable and appropriate.

The applicant emphasizes that CON application #10548 proposed service area appears to exclude OHSSH's current service area from the market analysis/adverse impact computations. OHSSH maintains that the exclusion of the southern ZIP Codes and OHSSH's services and programs from CFRH's analysis, "artificially slants the market analyses and conclusions presented by HCA in its CON application".

OHSSH points out that with regard to in-migration there is no definition of "appropriate" levels of in-migration in any state/AHCA regulation or rule. The applicant contends that the use of a 15 percent in-migration factor in this circumstance is appropriate and is based on sound health planning analysis, as the patients making up this 15 percent in-migration category include:

- Full-time residents living in central Florida but outside of the proposed service area ZIP Codes
- Part-time residents whose permanent residence is outside of central Florida but who spend significant portions of the year in the local area
- Patients from outside the service area who while traveling along I-4 or other Seminole County highways who require emergency services at the new hospital's ER and are admitted
- Short term visitors/vacationers who may use the proposed Lake Mary facility as they visit local central Florida attractions

CON Action Numbers: 10548 and 10549

The applicant maintains that the proposed new hospital is appropriately sized, will be appropriately utilized and is based on a realistic and achievable forecast approach. OHSSH points out that the need for CON application #10549 is not based just on the existing OHSSH volume alone but on the following factors:

- The redirection of service area non-tertiary patients currently leaving Seminole County to access care at other OH facilities
- The significant volume growth within the proposed service area
- The new facility will provide state-of-the-art acute care services as part of the Lake Mary continuum of care resolving a geographic access void in the central/northern portions of Seminole County, along the I-4 corridor

OHSSH maintains that OH facilities, in total, capture a 17 percent market share of the proposed service area non-tertiary patient volume, therefore the establishment of the proposed acute care hospital will be able to reach the 15 percent market share level. The applicant states that the acute care volume historically served at OHSSH will not limit the future acute care volume to be provided at the proposed facility.

Regarding redirection of service area non-tertiary OH patients to the proposed hospital, the applicant expects that the redirection is based solely on non-tertiary patients within the proposed service area who currently bypass available and closer non-tertiary services at existing Seminole hospitals to obtain care at an OH hospital. The applicant maintains that it is not based on tertiary care or any services that will not be provided at the new hospital. The applicant challenges and provides discussion regarding the HCA DWSO that non-tertiary use rates in the proposed service area declined over the 2015-2017 timeframe.

OHSSH maintains that CON application #10549 provides a detailed OB forecast, documenting the need for the proposed OB service.

The applicant indicates that it applied a constant discharge use rate to its overall non-tertiary (including OB care) volume and bed need forecasts—a conservative approach when compared to the co-batched CON application #10548 increased use rate model. OHSSH emphasizes that the proposed 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/need, a constant discharge use rate was utilized. The applicant notes that even if rates were reduced and forecast volumes declined by five percent, there would still be a strong and proven need for the proposed 100-bed hospital.

CON Action Numbers: 10548 and 10549

OHSSH asserts that the market share capture level forecast for the proposed hospital are reasonable and achievable and that OHSSH's current market share position is not the sole determinant of reasonable market share.

Regarding the CFRH contention that CON application #10549 failed to consider the potential development of a new Halifax Hospital Deltona hospital and that lack of consideration of this facility undermines the OHLMH forecast projections, the applicant indicates that CFRH is mistaken. OHSSH points out that while CFRH believes that the new Halifax Hospital Deltona will significantly impact HCA operations, it is clear that Halifax Hospital Deltona is not and will not be a factor with respect to CON application #10549.

OHSSH maintains that the relocation of 100 OHSSH acute care beds to the proposed facility will not decimate the acute care services at OHSSH. The applicant comments that the proposed relocation is consistent with and will support the OHSSH mission to meet community health care needs in a manner that will efficiently and effectively maximize community benefit throughout the Seminole County community. The applicant asserts that the proposal has been vetted and approved by OHSSH and OH management, with the full support of the local community and key community stakeholders.

The applicant asserts that CON application #10549 will better meet the financial access needs of the community than CON application #10548. OHSSH references CON application #10548's Schedule C condition to provide a minimum of 18 percent of its discharges to patients covered by Medicaid/Medicaid managed care or who meet the criteria for charity care, self-pay/no pay, combined. According to OHSSH, development of the proposed CFRHIP would:

- Service a higher than "market" portion of patients with more attractive financial status
- Result in access to care by the financially underserved patients in the service area not being enhanced
- Draw insured patients away from hospitals with proven commitments to care for the local indigent populations

OHSSH notes that the three HCA hospitals within the Orlando area, combined, provided 0.7 percent of total revenue to charity care in FY 2016. The applicant indicates that even if charity care is added into the equation, the proposed CFRHIP will be providing less than market average levels of Medicaid/Medicaid managed care, self-pay, no pay and charity care to service area residents.

CON Action Numbers: 10548 and 10549

Regarding the contention that the proposed project will not foster competition to promote quality and cost-effectiveness, OHSSH contends that the proposed facility will:

- Establish a new state-of-the-art acute care hospital that will provide enhanced efficiencies and cost-effectiveness when compared to the existing operations at OHSSH
- Allow for reconfiguration at OHSSH to provide enhanced and expanded non-acute care programs and services to community patients
- Provide effective competition to HCA's existing operations

OHSSH notes CFRH's contention regarding the necessity of constructing an unneeded new hospital to close any unnecessary beds and undertake facility renovations at OHSSH. The applicant contends that CON application #10549 is the, "best development solution to optimally meet the combined community needs of the residents of central and northern Seminole County".

The applicant maintains that the proposed facility will not unduly adversely affect any existing provider.

OHSSH concedes that while the CFRH project will be a taxable organization, the applicant stresses that a primary obligation of HCA as a for-profit provider is to maximize financial return to shareholders. The applicant stresses that its mission is to maximize and return measurable value to the local community that it serves. OHSSH contends that CON application #10549 will provide substantially more actual and measurable local community benefit than would be provided by CON application #10548.

OH concludes that the proposal demonstrates:

- Need for the proposed Lake Mary community hospital
- Approval of the proposal will meaningfully enhance access
- The application, on balance, satisfies the statutory and regulatory criteria for approval
- On a comparative basis, CON application #10549 is superior and should be approved

Orlando Health, Inc. d/b/a Orlando Health South Seminole Hospital (CON application #10549) responds to the AHS/S DWSO by stating that the applicant recognizes that AHS/S d/b/a Florida Hospital has entitlement to submit a DWSO to the proposal. However, pursuant to Section 408.036(3)(c), Florida Statutes, OH objects to the Agency's acceptance or consideration of a DWSO by FHFH and FHW, as these two facilities are located outside of District 7.

CON Action Numbers: 10548 and 10549

OHSSH maintains that CON application #10549 will significantly enhance geographic, programmatic and financial access to high quality acute care services, including OB, for the Lake Mary community and the larger central/northern portions of Seminole County. The applicant notes that the proposal will be created through the redistribution of 100 acute care beds while enabling OHSSH to maintain and enhance its existing comprehensive behavioral health program, ED, Baker Act Receiving Facility status, and supporting general medical/surgical acute care beds at the Longwood campus.

The applicant contends that the ongoing and deliberate planning process for the reconfiguration of the Longwood campus is prudent and appropriate—ensuring an optimal result consistent with OH’s long-established history of developing high quality cost-effective inpatient and outpatient services to meet community needs. The applicant maintains that the existing OHSSH campus is under-sized and inefficiently designed to meet current state-of-the-art hospital demands and in order to support the current/future provision of high quality patient care for Seminole County residents, a major renovation and expansion of the existing space is required. OHSSH restates that preliminary estimates of adding “Phase Two” (including OHLMH) to the currently under-developed “Phase One” would cost in the \$140-\$150 million range versus the \$310 to \$320 million estimate to renovate OHSSH.

Regarding the AHS/S DWSO contention that CON application #10549 provided only minimal, if any supportive detail or numerical analyses related to the need for the proposal, OHSSH 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 service area and analysis of service area 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 service area
- Identification of market or service gaps within the service area
- Forecast of expected new hospital market capture rates within the target service area
- Forecast of future new hospital patient volume and bed need
- Assessment of existing acute care services within the target 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

CON Action Numbers: 10548 and 10549

According to the applicant, a quantitative analysis was performed and supported the development of the proposed OHLMH facility.

OHSSH maintains that its constant use rate assumption was based upon a review of the proposed service area's non-tertiary and OB volumes during the 12 three-month periods ending 9/2018. Based on this analysis, the applicant indicates a slight increase in non-tertiary obstetric patient volume was observed over this three-year (2015-2017) period, as well as the high population growth forecast for the 65+ elderly population growth rates within the proposed service area. OHSSH emphasizes that the proposed service area population aging should drive increasing acute care use rates into the future. The applicant contends that the use of a constant use rate in this situation is reasonable, appropriate and is based on a methodical consideration of market dynamics. OHSSH emphasizes that even if rates were reduced and forecast volumes declined five percent for the CON application #10549 forecast, there would still be a strong and proven need for the proposed hospital.

The applicant contends that its market share analysis is based on an experienced understanding of the local service area market and the ability to summarize data and information to efficiently and effectively draw conclusions and reach understanding of the data. OHSSH maintains that a detailed assessment was performed to illustrate that there would be no material impact associated with the proposed facility to existing providers.

OHSSH counters the assertion by AHS/S that the proposed service area is well served by a large number of existing acute care providers and there is no need to enhance geographic access in the proposed service area by noting that there is geographic voice in the area north of OHSSH and west of CFRH. The applicant notes that over 75 percent of the proposed service area volume is concentrated in four general hospitals (Florida Hospital Altamonte, Florida Hospital, CFRH and OHSSH). OHSSH stresses that the distribution of existing Seminole County and service area hospitals supports the approval of CON application #10549.

The applicant comments that regarding the AHS/S DWSO contention that in 2017, there were 1,263 available beds that should be considered as an alternative to the proposed OHLMH, over 2/3rds of the "supposed" available beds are located in Orlando, and each of the non-Seminole Count facilities are located at least 15+ miles from the proposed new hospital site. OHSSH contends that the availability of distantly-located

CON Action Numbers: 10548 and 10549

acute care beds should not be used as a blocking agent to prevent, “reasonable and realistic geographic access enhancement and the introduction of patient choice within high growth service areas such as proposed in this project”.

OHSSH provides a description of its market growth assumptions and of its market share assumptions—noting that the proposed market and bed need projections are reasonable and realistic, presenting an appropriate health care planning approach to assess the need for the proposed project. The applicant 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

The applicant counters the AHS/S contention that it is unlikely that the proposed OHLMH will be able to capture any significant level of market share from ZIP Codes 32701 (home ZIP Code of Florida Hospital Altamonte). OHSSH states an expectation of a significant increase in market share for the 32701 ZIP Code due to:

- A new state-of-the-art hospital at the proposed Lake Mary site
- Easy interstate access from the residents of ZIP Code 32701 to reach the proposed OHLMH campus via I-4
- Expansion of services at Lake Mary versus the current OHSSH profile of services

OHSSH also comments about capturing more market share regarding ZIP Code 32750. The reviewer notes that the proposed OHLMH service area PSA is six ZIP Codes, two of which being 32701 (Altamonte Springs) and 32750 (Longwood).

The applicant offers brief discussion concerning AHS/S’ CON application #10450 (Florida Hospital Winter Garden). OHSSH contends that the proposed 14.9 percent market share capture level that CON application #10549 expects is “very close” to the 14.6 percent market share capture level in the Florida Hospital Winter Garden proposal. The applicant explains that this provides additional confidence that the market share forecasts proposed for the proposed facility are reasonable and achievable.

CON Action Numbers: 10548 and 10549

OHSSH points out that based on ZIP Code specific volume forecasts for CON application #10549 and taking a 2023 forecast of 5,633 target discharges to be served at the new hospital from the service area as a starting point, 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 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 I-4 or other Seminole 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 Lake Mary facility as they visit local central Florida attractions

The applicant comments that applying the 15 percent out-of-area factor to the service area forecast of 5,633, results in a total hospital forecast volume of 6,627 target discharges for 2023. OHSSH maintains that it has appropriately defined the proposed service area.

OHSSH emphasizes that the market share "Zone One" and "Zone Two" ZIP Codes approach have nothing to do with the PSA or SSA definition for the proposed project. The applicant indicates 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.

The applicant asserts that the basis for the included and excluded DRGs utilized in the assessment for CON application #10549 was OH's best insight into the types of care that would be appropriately treated at the proposed facility. OHSSH 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, the applicant expects that its overall estimates (the non-tertiary and OB baseline pool) are still reasonable and realistic.

The applicant expects that combining the proposed service area volume growth with the expected redirection of service area non-tertiary patients from OH facilities will allow the proposed facility to meet its volume forecasts without any material impact on existing acute care providers. OHSSH notes that by year two, OH/OHSSH redirection alone would account for more than 60 percent of the proposed facility's volume.

OHSSH 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

Each co-batched applicant proposes a general acute care hospital within Seminole County, Florida, District 7, Subdistrict 7-4.

Central Florida Regional Hospital, Inc. d/b/a Central Florida Regional Hospital (CON application #10548), an existing, Class 1, for-profit general acute care hospital, an affiliate of the for-profit HCA North Florida Division, proposes to establish a new 40-bed general acute care hospital. The proposed project is to be a campus of CFRH and is to be located on the same site as CFRH's February 2019 FSED at 4525 International Parkway, Sanford, Florida, 32771. CFRH states being approximately five miles east of the proposed CFRHIP—both facilities will be located in the same ZIP Code.

CFRH comments that the proposed project will not add acute care beds to the bed inventory in Seminole County but will accommodate the growth of rehabilitation services at CFRH, as well as a new adult psychiatric program with a minimum of 14 beds. CFRH states plans to relocate 21 of its medical/surgical beds and all of its 19 OB beds to the proposed 40-bed CFRHIP. According to the applicant, the proposed CFRHIP will offer non-tertiary acute care, emergency services, inpatient and outpatient surgery, intensive care and women's services.

The applicant offers a proposed project location within ZIP Code 32771. CFRH provides seven ZIP Codes to account for the total proposed service area, with the following three ZIP Codes as the PSA and the remaining four ZIP Codes as the SSA.

PSA ZIP Codes:

- 32771 (Sanford)
- 32746 (Lake Mary)
- 32713 (Debary – Volusia County) Outside of District 7

SSA ZIP Codes:

- 32725 (Deltona – Volusia County) Outside of District 7
- 32738 (Deltona – Volusia County) Outside of District 7
- 32773 (Sanford)
- 32763 (Orange City – Volusia County) Outside of District 7

CON Action Numbers: 10548 and 10549

The applicant anticipates that by 2023 (year three) five percent of forecasted volume will originate from in-migration beyond the seven ZIP Code proposed total service area.

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

Orlando Health, Inc. d/b/a Orlando Health South Seminole Hospital (CON application #10549), an existing Class 1, not-for-profit general acute care hospital, affiliated with OH, proposes to establish a new 100-bed general acute care hospital to be located at the 30-acre OH owned site at 380 Rinehart Road, Lake Mary, Florida 34746, on the northwest corner of Manderley Run and Rinehart Road, Seminole County, Florida. The proposal is at the approximate same physical location as the OH's stated "in progress" non-CON regulated FSED and medical pavilion, to open fall 2019 – a service of the OHSSH.

The applicant comments that upon licensure of the proposed 100-bed acute care Lake Mary campus, 100 acute care beds will be delicensed from the existing OHSSH bed inventory. The reviewer notes that this is conditioned (see Conditions in item C of this report). However, through the notification process, pursuant to Section 408.036(5), Florida Statutes, OHSSH has sole discretion to add or delete any number of acute care beds, at any time, at the existing OHSSH general hospital.

The applicant offers a proposed project location within ZIP Code 34746. According to OHSSH, the proposed campus will focus on primary and secondary acute care services, including OB care, targeted to the adult population within the service area, excluding tertiary/specialty care such as behavioral health or acute rehabilitation care services. The proposal is part of an OH three-phase healthcare development within Lake Mary, with the proposed project falling within phase two.

OHSSH offers 14 ZIP Codes to account for the total proposed service area, with the following six ZIP Codes as the PSA and the remaining eight ZIP Codes as the SSA, all in Seminole County unless otherwise indicated. The reviewer notes that other tables within the application identify as many as 18 ZIP Codes for the proposed service area.

PSA ZIP Codes:

- 32701 (Altamonte Springs)
- 32746 (Lake Mary)
- 32750 (Longwood)
- 32771 (Sanford)
- 32773 (Sanford)
- 32779 (Longwood)

CON Action Numbers: 10548 and 10549

SSA ZIP Codes:

- 32707 (Casselberry)
- 32708 (Winter Springs)
- 32712 (Apopka – Orange County)
- 32713 (Debary – Volusia County) Outside of District 7
- 32714 (Altamonte Springs)
- 32730 (Casselberry)
- 32751 (Maitland – Orange County)
- 32776 (Sorrento – Lake County) Outside of District 7

The applicant anticipates that by 2023 (year two), 15 percent of forecasted volume will originate from in-migration beyond the 14 ZIP Code proposed total service area.

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

The Agency notes that co-batched CON application #10548 and CON application #10549 have these same overlapping respective PSA ZIP Codes: 32771 (Sanford) and 32746 (Lake Mary), that CON application #10549's PSA ZIP Code 32773 (Sanford) overlaps with CON application #10548's SSA ZIP Code 32773 and that CON application #10548's PSA ZIP Code 32713 (Debary) overlaps with CON application #10549's SSA ZIP Code 32713.

Need:

According to the Agency's Florida Hospital Bed Need Projections and Service Utilization by District (published on July 20, 2018) District 7, Subdistrict 7-4 had a total of 781 licensed acute care beds with an occupancy rate of 58.22 percent for the January 1, 2017 through December 31, 2017 reporting period. From the same source for the same 12-month period, general acute care hospital in District 7 overall realized a 62.70 percent occupancy rate, while general acute care hospitals in the state overall realized a 58.39 percent occupancy rate.

As of September 12, 2018, Agency records indicate that three notifications submitted by existing Subdistrict 7-4 general acute care hospitals confirm that a net increase of six acute care beds in Seminole County are pending licensure. There are no CON approved general acute care hospitals pending licensure in Subdistrict 7-4.

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:

CON Action Numbers: 10548 and 10549

- 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

Central Florida Regional Hospital, Inc. d/b/a Central Florida Regional Hospital (CON application #10548) contends that the proposed project is supported by the following considerations:

- The service area is growing and is expected to continue to grow over the next five years.
- In 2017, the service area experienced over 25,000 non-tertiary discharges and over 3,000 OB discharges. Without consideration of growth, these patients would need 422 medical/surgical/ICU beds at 75 percent occupancy and 32 OB beds at 70 percent occupancy for a total of 454 beds.
- Overall, use rates in the service area for both non-tertiary and OB services are increasing and are projected to continue to increase over time.
- With population growth and aging, as well as increased use rates, there will be continued growth in demand for hospital services in the proposed service area.
- CFRH is highly utilized, particularly its ICU and medical/surgical beds both of which are in need of greater capacity.
- CFRH's rehab program is highly utilized and in need of expansion.
- Due to limited available physical space, CFRH is not able to effectively operate all of its 208 licensed acute care beds, excluding the 13 CMR beds.
- There is a need for more access to adult psychiatric services in CFRH's service area. The closest psychiatric program, OHSSH, had an occupancy rate of 94 percent in 2017 and is the only provider on inpatient mental health services in Seminole County.
- The proposed project is the most efficient and cost-effective way for CFRH to meet the growing demand for rehab and acute care services and to more effectively provide acute care hospital services within the market that CFRH is serving.
- In its current state, CFRH has no physical space available to expand existing services or add new services.

CON Action Numbers: 10548 and 10549

Two detailed written statements of opposition (DWSO) were received by the Agency regarding this proposal and **each** is briefly described below:

🚩 Two DWSOs regarding **CON application #10548**:

Orlando Health, Inc. d/b/a Orlando Health South Seminole Hospital urges denial of co-batched CON application #10548 based on the following major points:

- The determination for need for a new hospital is governed by statutory criteria
- The proposed CFRHIP is inadequate to meet community needs and fails to provide any meaningful community benefit
- The service area utilized by CON application #10548 is artificially constrained and not appropriate for CFRH's proposed new hospital
- The proposal will not provide adequate or appropriate access for medically indigent patients and will divert a higher than market share level of insured patients away from OH, the region's safety-net provider and other not-for-profit providers
- The services associated with CFRH's proposed 14-bed psychiatric program are already available and accessible to the community at OHSSH's proven and successful Inpatient and Baker Act Receiving Facility Behavioral Health Program
- The proposal will adversely impact OH operations as the region's safety-net provider

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

asserts that CON application #10548 does not make sense as the proposed project is located in the same ZIP Code and city as the main CFRH campus (approximately five to six driving miles of each other) and further asserts that the proposed project seems small and insignificant. AHS/S contends that particularly in light of the purported need rationale, CON application #10548 should/must be denied based on the following factors that AHS/S identifies as criticisms/short-falls of the proposal:

- Transfer of beds is counterintuitive to the need argument put forth by CFRH
- The proposed project will not decompress CFRH
- Market dynamics do not result in a need for CFRH's proposed project
- Discussion of cost-effectiveness does not demonstrate need for the proposed hospital
- CFRH's project will result in adverse impact on existing providers
- HCA's position regarding competition in **CON application #10548** is contrary to its arguments put forth in multiple CON applications for a new hospital in Miami-Dade County
- CFRHIP's service area is not in compliance with the "75 Percent Rule"

CON Action Numbers: 10548 and 10549

Orlando Health, Inc. d/b/a Orlando Health South Seminole Hospital (CON application #10549) contends that the need for the proposed project is based on the following:

- The strong existing population base and forecast of population growth within the Lake Mary and the Seminole County 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 Lake Mary/Seminole County market
 - Enhanced geographic access to Orlando Health aligned patients
- Strong community support for the proposed project
- Ability to establish the proposed new facility and achieve significant access enhancement, with realistic market capture levels and minimal adverse impact levels
- Optimal resolution of existing OHSSH facility/space limitations
- There is a void in geographic access to acute care hospitals in the central/northern portions of Seminole County (north of Longwood/ west of Sanford)

In addition to the bulleted points above, OHSSH 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** is briefly described below:

🚩 Two DWSOs regarding **CON application #10549**:

Central Florida Regional Hospital, Inc. d/b/a Central Florida Regional Hospital opposes co-batched CON application #10549, stating that the applicant's claims are without merit, that the OHSSH project failed to demonstrate the validity of its proposal, that OHSSH has not demonstrated a need for its project and that additionally, OHSSH does not satisfy the relevant statutory criteria under Section 408.038, Florida Statutes. CFRH maintains that CON application #10549 is inferior to the CFRH project. CFRH also maintains that OHSSH sets forth the following bases for approval of CON application #10549:

CON Action Numbers: 10548 and 10549

- The existing population base and forecast of population growth within the Lake Mary and the Seminole Communities
- Enhanced geographic access to hospital services for the Lake Mary/Seminole County market
- Enhanced geographic access to OH aligned patients
- Resolution of facility limitations at OHSSH

According to CFRH, CON application #10549 should be denied based on the following factors:

- OH-Lake Mary failed to address required review criteria
 - Population demographics and dynamics
 - Availability, utilization and quality of like services in the district, subdistrict, both
 - Medical treatment trends
 - Market conditions
- OH-Lake Mary's proposed service area is not reasonable
- OH-Lake Mary failed to demonstrate a need for 100 beds
- OH's proposed "transfer" of 100 beds to OH-Lake Mary is not meaningful
- The project will decimate acute care services at OHSSH
- Financial access is not a basis for approval of the OH-Lake Mary application
- OH-Lake Mary will not foster competition that promotes quality or cost-effectiveness
- A new hospital is not needed to address facility issues at OHSSH
- OH-Lake Mary's conditions do not support approval
- OH-Lake Mary's impact will be greater than CFRHIP and will fall heavily on CFRH

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

asserts that CON application #10549, in short, is wholly inadequate and is devoid of any objective or subjective analysis relevant to the need for a new hospital in Seminole County and does not put forth any discussion of a population that is unserved by the current providers in the area.

AHS/S maintains that CON application #10549 fails to present a rigorous planning analysis on which to base the proposed OHLMH. AHS/S offers the following as criticisms, inconsistencies and documentation inadequacies that justify denial of CON application #10549:

- Unclear plans for the OHSSH campus
- The lack of any supporting numerical analysis related to the proposed service area
- Failure to provide any discussion or evidence supportive of an unserved market in the proposed service area
- A flawed projection methodology that is unreliable

CON Action Numbers: 10548 and 10549

- The potential overstatement of the discharges generated by its proposed service area
- Failure to prepare a quantitative adverse impact analysis

The Agency finds access can increase when additional facilities are licensed. The Agency finds that co-batched CON applications #10548 and #10549 will increase the number of hospitals within the service district and therefore, both applications merit approval.

Competition

Central Florida Regional Hospital, Inc. d/b/a Central Florida Regional Hospital (CON application #10548) offers the contention that regarding competition:

- The Adventist Health System currently captures a majority of the proposed service area market share at 55.8 percent
- CFRH is the only meaningful competitor to Florida Hospital in the proposed service area
- The proposed project will increase competition by expanding HCA's geographic presence in the service area without increasing the total number of acute care beds or negatively impacting existing providers
- Competition is in part based on how easy it is for a resident of the service area to access a hospital and currently there is no hospital in ZIP Code 32746 or 32713 (two of CFRH's three PSA Zip Codes)¹¹
- The proposed CFRHIP's location right off of I-4 provides more convenient access to patients who are already getting care at CFRH
- The proposed project promotes cost effectiveness by allowing CFRH to expand its CMR unit and add an adult psychiatric unit without the need to undertake costly renovation and expansion of its existing hospital campus
- The proposed project will enhance efficiency and quality, leading to overall cost reductions
 - The project is CFRH's most efficient, cost-effective way to expand necessary services provided at CFRH, while improving geographic access to care, without creating any redundancy in service offerings, controlling capital costs
 - As part of the parent HCA North Florida Division, CFRH and the proposed CFRHIP will benefit from economies of scale in purchasing and system management which will further enhance cost-effectiveness of the project

¹¹ The reviewer notes while there are no hospitals in ZIP Codes 32746 or 32713 (accounting for approximately 23.10 of forecasted discharges), if the proposed hospital is approved, there will be two hospitals in ZIP Code 32771 which accounts for 51.5 percent of forecasted discharges.

CON Action Numbers: 10548 and 10549

Orlando Health, Inc. d/b/a Orlando Health South Seminole Hospital (CON application #10549) offers the contention that regarding competition:

- For the 12 months ending September 30, 2017, the total proposed service area had age 18+ discharges totaling 34,553 and of these, the following providers/systems captured the referenced market shares/market presence:
 - Adventist Health Systems captured 65 percent
 - Adventist Altamonte alone captured 36 percent
 - OH captured 17 percent
 - OHSSH alone captured nine percent
- The proposed project will offer a realistic alternative to Adventist Health System’s acute care market dominance and will offer total service area residents a choice when an acute care hospital is needed
- The present OHSSH campus is under-sized and inefficiently designed to meet current state-of-the art hospital demands
 - Upgrading/reconfiguring, meeting hurricane/storm standards and other codes and standards would cost in the range of \$310 to \$320 million whereas the proposed project would cost approximately \$140 to \$150 million
- The proposed project would free up additional space and resources to be used in support of OHSSH behavioral health programs
- The proposed project will provide Seminole County with OH’s growing management care initiatives, which the applicant 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:

The table below illustrates the CFRH (**CON application #10548**) and the OHSSH (**CON application #10549**) hospital system, OH, SFY 2017-2018 LIP program participation (as of August 17, 2018 at 2:34PM) and DSH program participation (as of September 11, 2018 at 12:08PM).

**CFRH (CON application #10548 and
OHSSH (CON application #10549) 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/CFRH	\$13,896	\$13,896
DSH/CFRH	\$0	\$0
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

CON Action Numbers: 10548 and 10549

As shown in the table above, **CON application #10548** and the hospital system (OH) to **CON application #10549** have both drawn down the entirety of their SFY 2017-2018 respective LIP and DSH allocations.

Central Florida Regional Hospital, Inc. d/b/a Central Florida Regional Hospital (CON application #10548): The applicant conditions, pursuant to project approval, as follows:

- CFRH commits that CFRHIP will provide a minimum of 18 percent of its discharges to patients covered by Medicaid/Medicaid managed care or those who meet the criteria for charity care or self-pay/no pay combined

FHURS data indicates that during FYE December 31, 2017, CFRH provided 16.40 percent of its total patient days to Medicaid, Medicaid HMO and charity care. This is the 10th highest percentage of Medicaid/Medicaid HMO and charity care patient days (combined) in District 7 general hospitals, for the 2017 reporting period.

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 17 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 the Foundation for Seminole County Public Schools, to provide support and programming to schools and students within Lake Mary and surrounding communities, with a focus on underserved schools and programs
- The proposed new hospital will include a minimum contribution of \$50,000 per year for at least three years, to community organizations to expand their provision and coordination of care for the underserved population of Lake Mary and surrounding communities

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. This 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.

I. RECOMMENDATION:

Approve CON #10548 to establish a 40-bed acute care hospital in District 7, Subdistrict 4, Seminole County.

CONDITIONS:

- The proposed hospital will be located at 4523 International Parkway, Sanford, FL 32771.

Bed Inventory

- Central Florida Regional Hospital commits that it will not add general acute care beds, not including rehabilitation and psychiatric beds, on the main campus for a minimum of two years following licensure and opening of Central Florida Regional Hospital – International Parkway unless general acute care bed capacity, not including psychiatric and rehabilitation bed capacity, at Central Florida Regional Hospital exceeds 80 percent for a rolling 12-month period.

Percent of a particular subgroup to be serviced:

- Central Florida Regional Hospital commits that Central Florida Regional Hospital – International Parkway will provide a minimum of 18 percent of its discharges to patients covered by Medicaid/Medicaid managed care or who meet the criteria for charity care, self-pay/no pay, combined.
- This condition will be measured by total inpatient discharges by payor reported annually to AHCA

Special Programs:

- Central Florida Regional Hospital commits to convert a minimum of 14 acute care beds to adult psychiatric beds upon licensure and opening of the proposed hospital: Central Florida Regional Hospital – International Parkway.

CON Action Numbers: 10548 and 10549

Approve CON #10549 to establish a 100-bed acute care hospital in District 7, Subdistrict 4, Seminole County.

CONDITIONS:

1. The proposed new 100-bed hospital will be located in Lake Mary, at 380 Rinehart Road, on the northwest corner of Manderley Run and Rinehart Road.
2. Upon licensure of the 100 acute care beds at the Lake Mary hospital, 100 acute care beds will be delicensed from the South Seminole Hospital's bed inventory.
3. The proposed new hospital will include an obstetric program.
4. The proposed new hospital will provide at least 17 percent of patient discharge volume to Medicaid/Medicaid Managed Care/non-payment/self-pay/charity patients.
5. The proposed new hospital will include a minimum contribution of \$50,000 per year for at least three years to the Foundation for Seminole County Public Schools, to provide support and programming to schools and students within Lake Mary and surrounding communities, with a focus on underserved schools and programs.
6. The proposed new hospital will include a minimum contribution of \$50,000 per year for at least three years, to community organizations to expand their provision and coordination of care for the underserved population of Lake Mary and surrounding communities.

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